

Notice of meeting and agenda

City of Edinburgh Council

10.00 am Thursday, 19th November, 2020

Virtual Meeting - via Microsoft Teams

This is a public meeting and members of the public are welcome to watch the live webcast 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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.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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- 5.4 By Councillor Staniforth - Vehicles Parking at Shared Cycling-Walking Route – for answer by the Convener of the Transport and Environment Committee 121 - 122
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9. Motions

9.1 By Councillor Lang - Regulation of Fireworks

“Council:

- 1) recognises that whilst the majority of people use fireworks in a safe and responsible manner, the reckless misuse of fireworks by a minority has continued to caused damage and distress in a number of local communities.
- 2) expresses its sincere thanks to the emergency services who tended to a number of serious incidents in the city earlier this month because of the misuse of fireworks.
- 3) notes that 94% of those who responded to the 2019 Scottish Government consultation on the regulation of fireworks agreed there should be more control over the sale of fireworks and 92% were in favour of greater control on the use of fireworks.
- 4) welcomes the recent report from the Fireworks Review Group and the 11 recommendations submitted to the Scottish Government, including the creation of no firework zones, limitations on the days and times that fireworks can be set off, and measures to tackle proxy-purchasing of fireworks by those under the age of 18.
- 5) agrees that the Leader of the Council write to the Minister for Community Safety to express the Council’s support for additional measures to address the misuse of fireworks and to ask that such measures are put in place in time for November 2021.”

9.2 By Councillor Neil Ross - Additional Costs Arising from The Short Term Lets Legislation

“Council:

- Welcomes the intention of the Scottish Government, following a second consultation which closed on 16 October 2020, to publish legislation in December to give local authorities powers to license short-term lets and introduce control areas.
- Notes that the Control Area Regulations, as defined in the Consultation Paper, would allow planning authorities to designate all or part(s) of their area as a control area.
- Notes that within such a designated area, the use of a dwelling house for short term letting, in a property where the host does not normally live, would always be deemed to involve a material change of use and to require planning permission.
- Notes that there are over 6,500 active listings of entire properties for short term letting in Edinburgh.
- Recognises that, should this legislation be introduced next year, the Council’s Planning and Licensing Departments are likely to receive a significant number of applications from short term let landlords.
- Therefore, given the current pressures on the Council’s finances, requests a report to the Finance & Resources Committee within two cycles to quantify the likely costs to process these applications, which may be received as a result of this new legislation, and to outline the options for funding.”

9.3 By Councillor Neil Ross - Extension of Visitor Parking Permits

“Council:

- Notes that the Council issues visitor parking permits in books of 10 and will exchange or refund only complete books of unused out of date permits.
- Notes that many residents hold a stock of visitor parking permits to be handed out to family, friends, carers and other visitors.
- Notes that, as a result of the restrictions during lockdown

and the more recent restrictions on meeting other people, many of these permits remain unused.

- Where the permits expire at the end of 2020, in order to avoid books of 2020 permits being posted into the Council in 2021 in order to be exchanged for books of 2021 permits, agrees that their validity should be extended to 31 December 2021.”

9.4 By Councillor Johnston – Celebrating the Rainbow Box Foundation

“Council

- 1) Recognises the fantastic work of the Rainbow Box campaign, which now provides personal items, toiletries and iPads to over 60 wards across ten hospitals across the Lothians, for those suffering from Covid-19.
- 2) Further recognises the work of Staff Nurse Alison Williams, who founded the campaign in March of this year, and who has since been awarded the British Empire Medal and asks the Lord Provost to further recognise on behalf of the Council.
- 3) Requests that the Chief Officer of the Health and Social Care Partnership explore how the campaign can be further supported, with specific reference to volunteers.”

9.5 By Councillor Rose - Non-Disclosure Agreements

“Council:

Instructs the Monitoring Officer to produce a report in one cycle of Council setting out:

- 1) How individuals shall be assured that City of Edinburgh Council or any subsidiary organisations will not enforce any Non-Disclosure Agreements regarding any information shared with the Independent Inquiries launched by Council.
- 2) The mechanism to alert Council should the Independent Inquiry take an interest in an area where the City of

Edinburgh Council may be inhibited by Non-Disclosure Agreements.”

9.6 By Councillor Lezley Marion Cameron - Small Business Saturday 2020 and Challenges Facing Edinburgh Businesses

“Council notes that Small Business Saturday 2020 takes place on 5th December, and that the day-to-day environment within which businesses operate has changed vastly due to Government restrictions and efforts to minimise and mitigate the risks and impact of COVID-19 on Public Health.

Council notes the impact of COVID-19 on key industry sectors of our economy, including hospitality, entertainment, the arts and creative sectors, our festivals, leisure, culture and attractions.

Council notes that from 1 January 2021, businesses will be required to comply with new rules following the UK leaving the EU Single Market and Customs Union. Council recognises that we must work to support businesses when they come into effect on 1 January 2021.

Council further notes challenges which Edinburgh businesses are continuing to face; and welcomes the investment and changes to operational arrangements made by Edinburgh business owners to comply with COVID-19 restrictions and to keep patrons, customers and employees safe.

Council recognises the work undertaken to support businesses through business support, through work within the regulatory department to make it easier for businesses to adapt as we move through different restriction levels and the work done to distribute grants which has been of vital importance to businesses throughout the pandemic.

Council also notes that work has also begun on the new Economy Strategy which will build on previous strategies with a focus on good growth, wellbeing, sustainability and tackling poverty and inequality, but which will also need to adapt significantly to reflect the twin challenges of Brexit and the Coronavirus.

Council therefore calls for a report in one cycle to the Housing, Homelessness and Fair Work committee to set out the work that

is being done on the Edinburgh Guarantee, in partnership with businesses across the city.

Council calls for a further report, in one cycle, to the Housing Homelessness and Fair Work committee that gives a detailed update, on business support that has been paid to Edinburgh businesses including insights and feedback received on the efficiency of the process.”

Andrew Kerr

Chief Executive

Information about the City of Edinburgh Council

The City of Edinburgh Council consists of 63 Councillors and is elected under proportional representation. The City of Edinburgh Council usually meets once a month and the Lord Provost is the Convener when it meets.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Gavin King, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4239, email gavin.king@edinburgh.gov.uk.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online at <https://democracy.edinburgh.gov.uk> .

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Minutes

The City of Edinburgh Council

Edinburgh, Thursday 15 October 2020

Present:-

LORD PROVOST

The Right Honourable Frank Ross

COUNCILLORS

Robert C Aldridge
Scott Arthur
Gavin Barrie
Eleanor Bird
Chas Booth
Claire Bridgman
Mark A Brown
Graeme Bruce
Steve Burgess
Lezley Marion Cameron
Jim Campbell
Kate Campbell
Mary Campbell
Maureen M Child
Nick Cook
Gavin Corbett
Cammy Day
Alison Dickie
Denis C Dixon
Phil Duggart
Karen Doran
Scott Douglas
Neil Gardiner
Gillian Gloyer
George Gordon
Ashley Graczyk
Joan Griffiths
Ricky Henderson
Derek Howie

Graham J Hutchison
Andrew Johnston
David Key
Callum Laidlaw
Kevin Lang
Lesley Macinnes
Melanie Main
John McLellan
Amy McNeese-Mechan
Adam McVey
Claire Miller
Max Mitchell
Joanna Mowat
Rob Munn
Gordon J Munro
Hal Osler
Ian Perry
Susan Rae
Cameron Rose
Neil Ross
Jason Rust
Stephanie Smith
Alex Staniforth
Mandy Watt
Susan Webber
Iain Whyte
Donald Wilson
Norman J Work
Louise Young

1 Response to Council Motion on Whistleblowing Culture – referral from the Policy and Sustainability Committee

On 17 September 2020, the City of Edinburgh Council considered an emergency motion by Councillor Whyte on Whistleblowing Culture. This motion was referred onto the Policy and Sustainability Committee of 6 October 2020 to allow any relevant information relating to the process and timeline of investigations to be presented by officers and then brought back to Council on 15 October 2020 for a full discussion.

The Policy and Sustainability Committee had referred the report which provided a response to Councillor Whyte's motion and which also set out some details in relation to the current confidential ongoing investigation, to the Council for decision.

Tom Stocker of Pinsent Masons was present to answer questions.

Decision

To approve the following motion by Councillor McVey:

- 1) Council notes:
 - a) that the Chief Executive has commissioned Pinsent Masons to undertake an independent review into certain specific matters and this is currently expected to complete its work in the Spring next year. Group Leaders have been consulted on the remit of this review, it is now underway as set out in paragraph 4.7 of the report by the Chief Executive, and that an independent Chair will join this work when appointed;
 - b) that Pinsent Masons have already recommended names of potential independent Chairs for this and a wider inquiry into Council culture and an approach has been made to the Dean of the Faculty of Advocates seeking suggestions for additional candidates;
- 2) Building on the decision made at Council on 17 September 2020 Council agrees that:
 - a) a further independent inquiry into organisational culture and relevant processes will be undertaken as outlined in paragraphs 4.17-4.22 of the report by the Chief Executive as called for in the motion in Appendix 1 to the report;
 - b) the appointment of an independent Chair will be undertaken through a selection process by Group Leaders following meetings with suitable available candidates identified through the process at 1b) above;

- c) the remit of the investigation into organisational culture will be determined by the independent chair after consultation with Group Leaders as set out in paragraph 4.18 of the report.
 - d) regular updates will be provided to Group Leaders as set out in paragraph 5.1 of the report and requests that these meetings be clerked to ensure formal minuting of this reporting structure.
- 3) That the Chief Executive provide a briefing on other Councils who have adopted this Council's best practice in respect of Whistleblowing and the use of Safecall and how they have taken that forward, together with details of Safecall's current reporting structure.

- moved by Councillor McVey, seconded by Councillor Whyte

(References: Act of Council No 16 of 17 September 2020; Policy and Sustainability Committee of 6 October 2020 (item 1); referral from the Policy and Sustainability Committee, submitted.)

2 Spaces for People – East Craigs Low Traffic Neighbourhoods – referral from the Transport and Environment Committee

(a) Deputation – Low Traffic Corstorphine

A written deputation was presented on behalf of Low Traffic Corstorphine.

The deputation noted there was good evidence from other places in the UK and Europe that showed it was likely a low traffic neighbourhood (LTN) would bring benefits to East Craigs and west Edinburgh. The deputation acknowledged there had been some opposition to this scheme but hoped that the Council would support the trial and all the potential that came with it.

(b) Deputation – Drum Brae Community Council

A written deputation was presented on behalf of Drum Brae Community Council.

The deputation raised concerns about the introduction of the East Craig's LTN and particularly about democratic accountability, the need for greater transparency from the Council administration about the strategy and methodology, and equality impact and emergency service access, especially given the older demographic of the area.

They indicated that many residents believed that they were already in a 'low traffic neighborhood' and therefore sought to engage with the Council around

focused interventions on specific issues, rather than what they viewed as an extreme measure.

(c) Deputation – Corstorphine Community Council

A written deputation was presented on behalf of Corstorphine Community Council.

The deputation stated that Corstorphine Community Council was entirely supportive of the health and safety rationale behind the 'Spaces for People' measures; recognised the intent behind Low Transport Neighbourhoods; continued to advocate for traffic management measures including combating parking and 'rat running' issues; and encouraged provision for cyclists and walkers. They strongly advocated for an exacting Low Emission Zone (LEZ) for the whole City and not the two-tier LEZ that was currently proposed.

The deputation indicated that they would continue to engage with the City Council in a collaborative manner and to solicit the views of all members of their community to represent them faithfully as they worked with the Council in helping find solutions that addressed issues in ways that commanded community support.

(d) Deputation – Get Edinburgh Moving

A written deputation was presented on behalf of Get Edinburgh Moving.

The deputation believed that the Council's process in advancing the LTN proposals had been far from optimal, and its divisive methods had created a lack of trust on the part of the community. There were deep concerns about the extent to which the transport agenda was being driven by SusTrans as key council staff were seconded from SusTrans, funding was provided by them, and implementation responsibility ceded to them by the Council.

The deputation urged the Council to cancel or at least pause the process and give the community a say and proper consultation.

(e) Referral from the Transport and Environment Committee

The Transport and Environment Committee had referred a report on proposals for the introduction of temporary Low Traffic Neighbourhood (LTN) in East Craigs to the Council for approval.

Details were provided on further plans for temporary LTNs and a Quiet Route which were being developed as part of the Spaces for People programme.

Motion

Council:

Notes that the report by the Executive Director of Place was examined in full, with detailed officer responses, at the Transport and Environment Committee on 1 October 2020 where it was agreed by the Committee, before being referred to Full Council for further consideration under the relevant standing orders.

Notes that questions emerged from some residents over the legal basis of the LTN proposal and that this was detailed in a deputation to Transport and Environment Committee received immediately prior to the meeting.

Requests officers provide a summary of legal advice provided to members prior to the next Transport and Environment Committee meeting on 12 November 2020 to allow full scrutiny of this matter by elected members.

Agrees that, if necessary, options for further compliant revised designs should be brought forward to that 12 November 2020 meeting which would address any issues resulting from legal advice and ensure the safety of the public and better conditions for walking, cycling and wheeling on a temporary basis during the public health crisis.

Notes the agreement of the Policy and Sustainability Committee on 14 May 2020 to a composite motion proposed by Councillor McVey, seconded by Councillor Day, to move forward as early as possible, and that the report included a proposal to “Close selected roads to enable local trips to be made safely, especially to parks etc and schools” in the East Craigs area.

- moved by Councillor Macinnes, seconded by Councillor Doran

Amendment 1

Council:

- 1) Agrees that until legal counsel has been received and made available, Members are not in a position to approve this report.
- 2) Agrees that in absence of same, Council will refer this back to Full Council next month for further scrutiny.
- 3) Irrespective of the outcome of 1), agrees no part of the programme will be progressed unless or until a redesign is in place that gains local support and therefore requests a full, comprehensive consultation with the local community.
- 4) Agrees that this will include a) road safety audits b) equalities impact assessments c) plans for significant improvements to current path network in

East Craigs. D) prioritises the views of residents living within the proposed area.

- 5) Notes with concern that the West Edinburgh Link Consultation is being used as evidence of wide-spread approval for this scheme.
- 6) Agrees to implement an immediate and ongoing programme of works to strip back the overgrown vegetation on pavements on both sides of Maybury Road in order to reclaim the full pavement area as space for people.
- 7) Agrees to a full review of the East Craigs Path Network to make it safe underfoot to make it enjoyable for all residents to use in line with social distancing guidelines under Spaces for People.

- moved by Councillor Webber, seconded by Councillor Brown

Amendment 2

Council:

- 1) notes the substantial opposition expressed by residents in East Craigs, North Gyle and Craigmount; local ward councillors and the local community council to the original Low Traffic Neighbourhood proposals for this area.
- 2) acknowledges the considerable concerns that remain around the revised scheme and that a number of issues raised in regards to the original plans have still not been addressed.
- 3) notes the external legal opinion presented to the Transport and Environment Committee which questions the legality of pursuing a scheme of this scale through emergency TTRO powers, and that no alternative opinion was provided to councillors in time for proper consideration before the Council meeting.
- 4) therefore agrees not to proceed with implementing the East Craigs Low Traffic Neighbourhood scheme until (a) a full public consultation has been carried out and a report presented to the Transport and Environment Committee on the consultation findings and (b) clarity is provided by the Council's inhouse legal team on the issues around the process for implementing a LTN through TTRO powers.
- 5) further agrees that other LTN and Quiet Route proposals should be subject to the same level of public consultation and committee scrutiny before being introduced.

- moved by Councillor Aldridge, seconded by Councillor Lang

In accordance with Standing Order 22(12), paragraphs 1) and 6) of Amendment 1 and paragraph 1) of Amendment 2 were accepted as addendums to the motion.

In accordance with Standing Order 22(12), paragraphs 1), 2), 4) and 5) of Amendment 2 were accepted as an addendum to Amendment 1 with paragraphs 2) and 3) being removed from Amendment 1.

Voting

The voting was as follows

For the motion (as adjusted)	-	34 votes
For Amendment 1 (as adjusted)	-	25 votes

(For the Motion (as adjusted): The Lord Provost, Councillors Arthur, Bird, Booth, Burgess, Cameron, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gordon, Graczyk, Griffiths, Henderson, Howie, Key, Macinnes, Main, McNeese-Mechan, McVey, Miller, Munn, Munro, Perry, Rae, Staniforth, Watt, Wilson and Work.

For Amendment 1 (as adjusted): Councillors Aldridge, Barrie, Bridgman, Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Gloyer, Hutchison, Johnston, Laidlaw, Lang, McLellan, Mitchell, Mowat, Osler, Rose, Neil Ross, Rust, Smith, Webber, Whyte and Young.)

Decision

To approve the following adjusted motion by Councillor Macinnes:

- 1) To note that the report by the Executive Director of Place was examined in full, with detailed officer responses, at the Transport and Environment Committee on 1 October 2020 where it was agreed by the Committee, before being referred to Full Council for further consideration under the relevant standing orders.
- 2) To note that questions emerged from some residents over the legal basis of the LTN proposal and that this was detailed in a deputation to the Transport and Environment Committee received immediately prior to the meeting.
- 3) To request that officers provide a summary of legal advice provided to members prior to the next Transport and Environment Committee meeting on 12 November 2020 to allow full scrutiny of this matter by elected members.
- 4) To agree that, if necessary, options for further compliant revised designs should be brought forward to that 12 November 2020 meeting which would address any issues resulting from legal advice and ensure the safety of the

public and better conditions for walking, cycling and wheeling on a temporary basis during the public health crisis.

- 5) To note the agreement of the Policy and Sustainability Committee on 14 May 2020 to a composite motion proposed by Councillor McVey, seconded by Councillor Day, to move forward as early as possible, and that the report included a proposal to “Close selected roads to enable local trips to be made safely, especially to parks etc and schools” in the East Craigs area.
- 6) To agree that until legal counsel had been received and made available, Members were not in a position to approve this report.
- 7) To agree to implement an immediate and ongoing programme of works to strip back the overgrown vegetation on pavements on both sides of Maybury Road in order to reclaim the full pavement area as space for people.
- 8) To note the substantial opposition expressed by residents in East Craigs, North Gyle and Craigmount; local ward councillors and the local community council to the original Low Traffic Neighbourhood proposals for this area.

(References – Transport and Environment Committee of 1 October 2020 (item 5); referral from the Transport and Environment Committee, submitted.)

3 Adaptation and Renewal Programme Update – referral from the Policy and Sustainability Committee

a) Deputation - Joint trade unions of City of Edinburgh Council SJC trade unions; UNISON, GMB and Unite the union.

A written deputation was presented on behalf of the Joint trade unions of City of Edinburgh Council SJC trade unions; UNISON, GMB and Unite the union.

The deputation was concerned at the proposals which would enable council officials to access the full transformation reserve of £14.8 million with the only highlighted use for this cash being voluntary severance payments. They stressed that the workforce and services were already at breaking point and to cut more jobs and hours would only compound the problems.

b) Referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report which provided the fifth iteration of regular updates on the Adaptation and Renewal Programme, as was agreed at the meeting of 28 May 2020, to the Council for approval of the use of earmarked reserves up to £14.8m from the Workforce Transformation Fund.

The progress update covered decisions taken in period 14 August to 13 September 2020, the latest COVID-19 Dashboard and a wider programme update together with details on the planning that was underway for the 21/22 Budget process.

Decision

To approve the use of earmarked reserves up to £14.8m from the Workforce Transformation Fund.

(References – Policy and Sustainability Committee of 6 October 2020 (item 10); referral from the Policy and Sustainability Committee, submitted.)

4 Public Safety Improvements at Junction of Liberton Brae, Kirk Brae, Mayfield Road and Braefoot Terrace TSB Closures - Motion by Councillor Lezley Marion Cameron

a) Deputation - Liberton and District Community Council

A written deputation was presented on behalf of Liberton and District Community Council.

The deputation expressed concerns about the safety of this junction for pedestrians and cyclists due in part to the increase in vehicle and pedestrian traffic. They believed that active travel could be encouraged if this junction was made more manageable for pedestrians and cyclists, which included walking to the Cameron Toll retail complex, accessing the Braid Hills area for recreation, walking to school and also accessing the bus stops in Liberton Road for non car travel.

b) Deputation - Liberton Primary School Association

A written deputation was presented on behalf of Liberton Primary School Association.

The deputation expressed concern at the lack of a Safe Route to School for Liberton Primary School children. Whilst the Active Travel Department had been extremely helpful in keeping the Association up to date and involving them as far as possible in this project, they indicated that they would like to ensure that their input to the final designs was taken on board to ensure that the crossing met the needs of children, parents and careers using this route to travel to and from school and that the crossing was put in place next summer as planned.

c) Motion by Councillor Lezley Marion Cameron

The following motion by Councillor Lezley Marion Cameron was submitted in terms of Standing Order 17:

“Council notes constituent concerns and representations to Liberton and Gilmerton Ward Councillors and the Liberton and District Community Council, regarding public safety at the major road junction where Liberton Brae, Kirk Brae, Mayfield Road and Liberton Road converge, caused by increasing traffic flows into, and from, this part of South Edinburgh.

Council calls for an assessment of conditions for pedestrians and cyclists to be made at this junction; and a report thereon to be submitted to the Transport and Environment Committee within 3 cycles, outlining what steps can be taken to promote, protect and improve public safety at this major junction, and to encourage more people to adopt and embrace Active Travel choices in this part of South Edinburgh.

The report to include indicative costs and timescales.”

- moved by Councillor Lezley Marion Cameron, seconded by Councillor Macinnes

Decision

To approve the motion by Councillor Lezley Marion Cameron.

5 Minutes

Decision

To approve the minute of the Council of 17 September 2020 as a correct record.

6 Questions

The questions put by members to this meeting, written answers and supplementary questions and answers are contained in Appendix 1 to this minute.

7 Leader’s Report

The Leader presented his report to the Council. He commented on:

- New restrictions which Edinburgh is included in
- Re-opening of facilities
- Support for hospitality providers
- Funding for businesses

- Resignation of the Executive Director for Communities and Families

The following questions/comments were made:

- | | | |
|-----------------------|---|---|
| Councillor Whyte | - | East Craigs Low Traffic Neighbourhood – working with communities |
| Councillor Main | - | Covid19 - cases and deaths in care homes - testing regime |
| Councillor Aldridge | - | Alistair Gaw, Executive Director for Communities and Families |
| | - | Availability of Counsel's opinion on TTROs for low traffic neighbourhoods |
| Councillor Dickie | - | Black History month – support for young people |
| Councillor Johnston | - | Grants for businesses forced to close – applications process |
| Councillor Staniforth | - | Best wishes to Alistair Gaw, Executive Director for Communities and Families |
| | - | Edinburgh Poverty Commission final report – housing crisis |
| Councillor Neil Ross | - | Local Businesses in Morningside and Bruntsfield – traders concerns following the introduction of Spaces for People measures |
| Councillor Munro | - | Eradicating poverty – meeting with the Scottish Government to ensure that Edinburgh was fully and properly funded |
| Councillor Gardiner | - | Black History month – role of Andrew Watson in scottish sporting history |
| Councillor Cook | - | Potential for reduced capacity of Administration in the Council |
| Councillor Osler | - | Request to meet with representatives from businesses in the Stockbridge area |

- Councillor Wilson
 - Congratulations to Parks staff and friends groups for:
 - the award of 34 green flag status in 2020 competition
 - Thriving Green Spaces project funding
- Councillor Rust
 - East Craigs LTN – unheard voices – consultation process
- Councillor Cameron
 - Small Business Champion – involvement to help and support work being carried out
- Councillor Mowat
 - Footfall from outwith the city centre area – concerns around christmas
- Councillor Rae
 - Congratulations to Linda Somerville for appointment as general secretary to the STUC

8 Supplementary Agreement to Minute of Agreement for the Edinburgh and South East Scotland Region Joint Committee

Details were provided on the Draft supplementary agreement to the Minute of Agreement for the Edinburgh and South East Scotland City Region (ESESCR) Deal. The supplementary agreement had been approved by the ESESCR Joint Committee at its meeting on 4 September 2020.

Decision

To approve the supplementary agreement to the Minute of Agreement for the Edinburgh and South East Scotland City Region (ESESCR) Deal.

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

9 The Scheme of Delegation

Details were provided on proposed amendments to the Council's Scheme of Delegation to Officers, in relation to the delegated powers to proper officers.

Decision

- 1) To repeal the Scheme of Delegation to Officers and approve in its place Appendix 1 in the report by the Chief Executive, such repeal and approval to take effect from 1 November 2020.

- 2) To designate the proper officer functions currently appointed to the Head of Strategy and Communications to the Chief Executive from 1 November 2020.
- 3) To designate the function of the Senior Information Risk Officer to the Democracy, Governance and Resilience Senior Manager from 1 November 2020.
- 4) To designate the function of the Investigation Officer (Community Council Complaints) to the Democracy, Governance and Resilience Senior Manager from 1 November 2020.

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

10 Lothian Pension Fund Audited Annual Report (and Financial Statements) 2020 referral from the Pensions Committee

The Pensions Committee had referred a report which set out the Audited Annual Report and Financial Statements for 2020 for the Lothian Pension Fund (LPF) and Scottish Homes Pension Fund to the Council for information.

Motion

Council:

- 1) Notes the audited Annual Report (and Financial Statements) for the year ended 31 March 2020 for Lothian Pension Fund and Scottish Homes Pension Fund;
- 2) Notes the content of the Lothian Pension Fund (LPF) Annual Report 2019/20 relating to Environmental and Social Governance (ESG) and particularly Climate Change and recognises the quality and transparency of reporting by LPF on these issues and its activities in relation to them;
- 3) Notes the decision of this Council to declare a Climate Emergency and to seek to reduce the City's contribution to climate-changing pollution to net zero by 2030;
- 4) Welcomes the recent decision by LPF in its 'Statement of Responsible Principles' not to make any new investments in companies deemed not to be aligned with the goals of the 2015 Paris UN agreement on Climate Change;
- 5) Notes that LPF has established a sizeable portfolio of renewable energy assets within its infrastructure asset class and that the growing market in renewable energy and energy efficiency services provide an opportunity for pension funds such as LPF to make further secure and profitable investments in these clean energy companies;

- 6) Notes that LPF intends to be measuring the carbon intensity of 100% of its assets by the end-2022 reporting cycle and believes that this would provide a basis on which to consider a fossil fuel divestment strategy;
- 7) Recognises the role of the Pension Committee in determining matters relating to Lothian Pension Fund and agrees that these issues should be considered further by that committee.

- moved by Councillor Munn, seconded by Councillor Child

Amendment

- 1) To note the audited Annual Report (and Financial Statements) for the year ended 31 March 2020 for Lothian Pension Fund and Scottish Homes Pension Fund.
- 2) Notes the content of this Lothian Pension Fund (LPF) Annual Report 2019/20 relating to Environmental and Social Governance (ESG) and particularly Climate Change.
- 3) Notes the decision of this Council to declare a Climate Emergency and to seek to reduce the City's contribution to climate-changing pollution to net zero by 2030 and that the current policy of LPF to continue to invest in fossil fuel companies is not compatible with this aim.
- 4) Notes that across the world hundreds of institutions with trillions of investments have already committed to divest from fossil fuels.
- 5) Notes that pension funds in the UK local government scheme including the Environmental Protection Agency, Haringey, Hackney, Waltham Forest, Southwark, South Yorkshire and Cardiff have already committed to cut their fossil fuel investments and that two of the the UK's largest pension funds the National Employment Savings Trust (NEST) and Aviva are actively divesting.
- 6) Recognises the 'fiduciary duty' of the LPF to make returns for its members and notes that there are financial and reputational risks to the fund as a result of continuing with investments in fossil fuels, including the possibility of having stranded assets.
- 7) Notes yesterday's Pensions and Lifetime Savings Annual (PLSA) conference keynote session on 'Investing for Good - Climate change poses a systemic risk to nearly all businesses and sectors. It will impact the value of scheme investments and, ultimately, that of individuals retirement savings'.
- 8) Notes the recent negative oil price and low value of shares in fossil fuel companies and the expectation that as global agreements to reduce climate-

changing pollution continue to take effect, investment in fossil fuel companies is likely to become increasingly unprofitable and risky and the Financial Times recent report on scaling back of oil exploration by the industry.

- 9) Notes the massive growing market in renewable energy and energy efficiency services and the opportunity for pension funds such as LPF to make secure and profitable investments in these clean energy companies.
- 10) Believes that many individual members of the LPF would not wish to see their investments continuing to contribute to the global Climate Emergency and that continued fossil fuel investment poses a risk to members and their savings.
- 11) Welcomes the recent decision by LPF in its 'Statement of Responsible Principles' not to make any new investments in companies deemed not to be aligned with the goals of the 2015 Paris UN agreement on Climate Change. However, notes that this policy allows LPF to expand its existing investments in such companies.
- 12) Notes that LPF intends to be measuring the carbon intensity of 100% of its assets by the end-2022 reporting cycle and believes that this would provide a basis on which to implement a fossil fuel divestment strategy.
- 13) Notes the Short-Window Improvement Plan approved by this Council on 25 October 2019 on those actions that can be taken by the Council with immediate effect to improve the organisation's approach to sustainability, included working with LPF 'to seek a wholesale shift away from investment in hydrocarbons' as a way of reducing emissions.
- 14) Therefore this Council believes that the Lothian Pension Fund should divest from companies whose business is the extraction and trading in fossil fuels and requests that it produces a report as to how this will be achieved.

- moved by Councillor Milller, seconded by Councillor Corbett

Voting

For the motion	-	48 votes
For the amendment	-	10 votes

(For the motion: The Lord Provost, Councillors Aldridge, Arthur, Barrie, Bird, Bridgman, Brown, Bruce, Cameron, Jim Campbell, Kate Campbell, Child, Cook, Day, Dickie, Dixon, Doggart, Doran, Douglas, Gardiner, Gloyer, Gordon, Griffiths, Henderson, Hutchison, Johnston, Key, Laidlaw, Lang, Macinnes, McLellan, McNeese-Mechan, McVey, Mitchell, Mowat, Munn, Munro, Osler, Perry, Rose, Neil Ross, Rust, Smith, Watt, Webber, Whyte, Wilson and Work

For the amendment: Councillors Booth, Burgess, Mary Campbell, Corbett, Graczyk, Howie, Main, Miller, Rae and Staniforth.)

Decision

To approve the motion by Councillor Munn:

(References – Pensions Committee of 29 September 2020; referral from the Pensions Committee, submitted.)

Declaration of Interests

Councillor Aldridge declared a non-financial interest in the above item as the recipient of a pension from Lothian Pension Fund

Councillors Burgess, Child and Munn declared a non-financial interest in the above item as members of the Pension Committee

Councillor Rose declared a non-financial interest in the above item as a Trustee of the Lothian Pension Fund.

Councillor Neil Ross, declared a non-financial interest in the above item as a Trustee of the Lothian Pension Fund and a member of the Pensions Committee

11 Edinburgh Leisure – Request for Additional Funding Support, 2020/21 – referral from the Finance and Resources Committee

The Finance and Resources Committee had referred a report on a proposal to increase the contract payments to Edinburgh Leisure (EL) in 2020/21 by up to £6m to safeguard the on-going operation of the charity and to support the safe re-opening of venues and services in line with Scottish Government guidance, to the Council for approval.

Decision

To agree to increase the contract payments to Edinburgh Leisure (EL) in 2020/21 by up to £6m.

(References – Finance and Resource Committee of 24 September 2020 (item 5); referral from the Finance and Resources Committee, submitted)

Declaration of Interests

Councillor Barrie declared a non-financial interest in the above item as a paid up member of Edinburgh Leisure.

Councillors Bruce, Cameron, Dixon, Osler and Staniforth declared a non-financial interest in the above item as Directors of Edinburgh Leisure.

12 Re-opening of Public Conveniences – referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report which provided an update on how the public conveniences which had been reopened in July 2020 were operating and the next steps for developing a public conveniences strategy for Edinburgh.

Decision

To approve the measures and investment required to continue with opening seven public conveniences to the end of the financial year.

(References – Policy and Sustainability Committee of 6 October 2020 (item 14); referral from the Policy and Sustainability Committee, submitted.)

13 West Edinburgh Update – referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report which provided an update on recent progress and developments including the spatial study for West Edinburgh to maximise inclusive and sustainable growth, and included details of Phase 2 of the study which would be developed alongside the preparation of the proposed City Plan 2030, to Council for approval of the authorisation for the Executive Director of Place to enter into the contract for Phase 2 of the project.

Decision

To authorise the Executive Director of Place to enter into the contract for Phase 2 of the project.

(References – Policy and Sustainability Committee of 6 October 2020 (item 23); referral from the Policy and Sustainability Committee, submitted.)

14 Child Protection - Motion by Councillor Dickie

The following motion by Councillor Dickie was submitted in terms of Standing Order 17:

“Council:

Welcomes the introduction of the Scottish Government’s landmark ‘UNCRC Incorporation (Scotland) Bill to incorporate the UNCRC into Scots law.

Notes, in particular, Article 19 and the right for children and young people to be protected from all forms of violence, abuse, neglect and mistreatment.

Notes, the section on child protection in the Annual Performance Report to Full Council on 25th August, specifically,

‘There has been a steady reduction in the number of children on the Child Protection Register over the last 12 months which is now at historical lows. End of year figures also show reductions over the last four years from 288 in 2016 to 121 in 2019.’

Recognises, the impact of lockdown on children and families, and on normal engagement with them, and that a spike in child protection concerns is possible as children reconnect with trusted adults in school.

Notes that two elected members (Cllr Alison Dickie for child protection and Cllr Ricky Henderson for adult protection) were invited onto the Chief Officers Group for Public Protection last year to promote best practice and an open dialogue about the service provision and processes for ensuring child (and public) protection.

Further notes, the self-evaluation discussion at the COG on Public Protection on 18 June 2019, about the need to provide elected members with sufficient and appropriate information to help them feel fully assured about the protection of children (and the public) in our city, in line with Scottish Government child protection guidance which states that we all have a role to play in keeping children and young people safe.

Acknowledges, the improved information available to support this assurance, particularly the ‘Children’s and Adult’s Dataset Returns Report’ from the Scottish Government, which provides benchmarks on child protection across local authorities and an analysis of trends.

Further acknowledges, the decision to submit the Child Protection Committee’s Annual Report to the Education, Children and Families Committee to further support accountability and scrutiny.

Council therefore requests,

That the Council, as a whole, reaffirms its commitment to the protection of children in our city, and elected members to actively seeking assurance about their protection.

That the Annual Child Protection Committee Report be submitted to Full Council, in one cycle, to ensure the widest commitment to open dialogue and the protection of children – and every year thereafter.

That the ‘Scottish Government and SOLACE Weekly Dataset on Vulnerable Children’ and ‘Children and Adult’s Dataset Returns Report’ be regularly sent to

elected members on the COG for Public Protection, and all elected members on the Education, Children and Families Committee.

The Chief Social Worker and Head of Safer and Stronger Communities (and Chair of Edinburgh's Child Protection Committee) reports to Education, Children and Families Committee in two cycles, referred onto full Council, on any increase in child protection issues that have been reported since the return to school in August.

Recognising that appropriate information for elected members acting on behalf of constituents is essential in child protection case which may relate to whistleblowing reports, asks that a review of the present arrangements be undertaken in order to suggest ways in which it can be improved.

The report to include action that can further promote public awareness of child protection issues and support for young people to speak out.

A review of the training given to all staff working with children and all councillors be undertaken to suggest how this can be improved including information and guidance about elected members assurance in relation to individual child protection cases.

That consideration be given to extending the whistleblowing audit and review to include,

The recommendations of all whistleblowing reports relating to child protection over the past 10 years, reporting the outcomes to the Governance, Risk and Best Value and Education, Children and Families Committees, and those committees consider any ward callings, or callings to any other elected members as appropriate.

A recommendation that all current and forward whistleblowing reports relating to child protection issues go appropriately to the Governance, Risk and Best Value and Education, Children and Families Committees, and those committees consider any ward callings, or callings to any other elected members as appropriate.”

- moved by Councillor Dickie, seconded by Councillor Perry

Decision

To approve the motion by Councillor Dickie.

15 TSB Closures - Motion by Councillor McVey

The following motion by Councillor McVey was submitted in terms of Standing Order 17:

“Council regrets the decision of TSB to close branches in Pilton, Gorgie and Corstorphine.

Notes for many digitally excluded residents and customers, this will have a negative impact on their ability to carry out essential banking.

Agrees that the Council Leader write to TSB in the strongest possible terms to urge a reversal of this decision and request a meeting with senior TSB management to discuss this issue further, inviting local Councillors, MPs and MSPs in affected areas of the City.”

- moved by Councillor McVey, seconded by Councillor Perry

Decision

To approve the motion by Councillor McVey.

16 Edinburgh International Activity - Motion by the Lord Provost

The following motion by the Lord Provost was submitted in terms of Standing Order 17:

“Council notes;

That the Edinburgh International Activity Report was passed by Policy and Sustainability on the 6th August 2019.

That Recommendation 1.3 in the above report was “to work with partners to establish a new International Edinburgh Group as a collaborative way of working”.

Instructs the Chief Executive to report, in one cycle, on progress to establish this group and on the detail of any meetings which have taken place.”

- moved by the Lord Provost, seconded by Councillor Griffiths

Decision

To approve the motion by the Lord Provost.

17 University response to Covid Crisis - Motion by Councillor Staniforth

The following motion by Councillor Staniforth was submitted in terms of Standing Order 17:

“Council:

- 1) Notes that Edinburgh is a university city, with 3 major universities within the city and one further just outside; as well as Edinburgh College.

- 2) Notes that the city's 80,000 students make up a huge part of the city's population, economy and social fabric.
- 3) Acknowledges the huge challenge faced by higher education institutions in the context of the coronavirus pandemic.
- 4) Recognises widespread concern among the student population about the way that the beginning of the 20-21 term has been managed: such concerns including arrangements for and fees for halls of residence; access to food and other support; support for student wellbeing; inconsistent messaging on student movement; and access to testing.
- 5) Therefore agrees that the council leader shall write to the main higher education institutions and to Universities Scotland on behalf of the council seeking assurances that concerns about the welfare of students are addressed and identifying ways in which the council, partners and the higher education sector can work more effectively together to support students through this period."

Motion

To approve the motion by Councillor Staniforth

- moved by Councillor Staniforth, seconded by Councillor Corbett

Amendment

To delete paragraph 5 of the motion by Councillor Staniforth and replace with:

"Notes the work that has been done with the city's universities and colleges in relation to student welfare and agrees that CEC will remain in close contact with these organisations with a view to continuing support."

- moved by Councillor McVey, seconded by Councillor Perry

In accordance with Standing Order 22(12), the amendment was accepted as an amendment to the motion.

Decision

To approve the following adjusted motion by Councillor Staniforth:

- 1) To note that Edinburgh was a university city, with 3 major universities within the city and one further just outside; as well as Edinburgh College.
- 2) To note that the city's 80,000 students made up a huge part of the city's population, economy and social fabric.

- 3) To acknowledge the huge challenge faced by higher education institutions in the context of the coronavirus pandemic.
- 4) To recognise widespread concern among the student population about the way that the beginning of the 20-21 term had been managed: such concerns included arrangements for and fees for halls of residence; access to food and other support; support for student wellbeing; inconsistent messaging on student movement; and access to testing.
- 5) To note the work that had been done with the city's universities and colleges in relation to student welfare and agree that CEC would remain in close contact with these organisations with a view to continuing support.

Declaration of Interests

Councillor Arthur declared a non-financial interest as a member of UCU and a financial interest as an employee at Heriot Watt University and took no part in the Council's consideration of the above item.

18 Community Factoring – Motion by By Councillor Laidlaw

The following motion by Councillor Laidlaw was submitted in terms of Standing Order 17:

“Council

- 1) Recognises the economic challenges the coronavirus pandemic has wrought and the likelihood of redundancies and increased unemployment as part of the economic recession.
- 2) Notes that factoring of new developments, especially those in mixed tenure, has often been challenging to enforce and there has been a lack of clarity as to whom holds responsibility for certain actions between Council and factors.
- 3) Recognises the challenges that Council Parks and Greenspaces teams face in maintaining verges and borders in traditional social housing schemes.
- 4) Notes the opportunity to outsource some maintenance work to community-led social enterprise factoring schemes.
- 5) Recognises the interest expressed in such an initiative by the Craigmillar Neighbourhood Alliance, and the offer of a pilot scheme at no cost to the Council.
- 6) Agrees a report is produced by the Directorate of Place Management for the next meeting of the Finance and Resources committee to examine how

Council procurement could support the development and implementation of a community factoring scheme and what steps local groups would need to undertake to be able to tender.”

Motion

To approve the motion by Councillor Laidlaw.

- moved by Councillor Laidlaw, seconded by Councillor Bruce

Amendment

To delete all of the motion by Councillor Laidlaw and replace with:

Council:

- 1) Recognises the contribution to the regeneration of Craigmillar by the Neighbourhood Alliance and the valuable local knowledge they possess. Recognises further that organisations rooted in their communities have a contribution to make to the ongoing enhancement of the area.
- 2) Therefore, instructs officers to engage with partner organisations; including the Neighbourhood Alliance and Registered Social Landlords, co-operatives and social enterprises to discuss opportunities for community factoring in new developments.
- 3) Agrees that officers report back to the Housing Homelessness and Fair Work committee in two cycles on the outcomes of these discussions, what the next steps could be, and how they could support other local groups with similar aims.

- moved by Councillor Kate Campbell, seconded by Councillor Watt

In accordance with Standing order 22(2) the amendment was accepted as an amendment to the motion.

Decision

To approve the following adjusted motion by Councillor Laidlaw:

- 1) To recognise the contribution to the regeneration of Craigmillar by the Neighbourhood Alliance and the valuable local knowledge they possessed. To recognise further that organisations rooted in their communities had a contribution to make to the ongoing enhancement of the area.
- 2) To therefore, instruct officers to engage with partner organisations; including the Neighbourhood Alliance and Registered Social Landlords, co-operatives

and social enterprises to discuss opportunities for community factoring in new developments.

- 3) To agree that officers report back to the Housing Homelessness and Fair Work committee in two cycles on the outcomes of these discussions, what the next steps could be, and how they could support other local groups with similar aims.

Declaration of Interests

Councillors Kate Campbell and Cameron declared a non-financial interest in the above item as Directors of EDI, of which the organisation being discussed was a tenant.

19 Emissions Profile of Scotrail's Inter7City Fleet - Motion by Councillor Jim Campbell

The following motion by Councillor Jim Campbell was submitted in terms of Standing Order 17:

“Council:

Notes the low numbers of passengers currently traveling by all modes of public transport, including intercity train. Recognises this has substantially increase the emissions and the costs of public transport, when expressed in terms of passenger kilometres.

Wishes to understand the environmental impact of Scotrail's Inter7City fleet, which are anticipated to be a significant source of diesel emissions in the Waverley Valley and therefore instructs the Executive Director of Place to write to the Engineering Director of Scotrail to request:

- a) Information on the emissions standards these engines conform to; and
- b) The projected engine emissions in the Waverley Valley of the Inter7City fleet of trains running a full timetable, in terms of CO₂, NO_x and Particulate matter.

Should this not be forthcoming to Council by the end of 2020, suggests the Convener of the Transport and Environment Committee to pursue this matter with Scotrail and, if necessary, the Cabinet Secretary for Transport, Infrastructure and Connectivity.”

Motion

To approve the motion by Councillor Jim Campbell.

- moved by Councillor Jim Campbell, seconded by Councillor Mowat

Amendment

To delete from “instructs the Executive Director of Place” in Paragraph 2 of the motion by Councillor Jim Campbell but keeping a) and b) and replace with:

“Request the Transport Convener write to Scotrail to seek their direct commitment to Edinburgh’s 2030 net-zero carbon target and get assurance that their investment plans will reflect this aim.”

- moved by Councillor Macinnes, seconded by Councillor Doran

In accordance with Standing Order 22(12) the amendment was accepted as an amendment to the motion by Councillor Jim Campbell.

Decision

To approve the following adjusted motion by Councillor Jim Campbell:

- 1) To note the low numbers of passengers currently traveling by all modes of public transport, including intercity train. Recognise this had substantially increased the emissions and the costs of public transport, when expressed in terms of passenger kilometres.
- 2) Wish to understand the environmental impact of Scotrail’s Inter7City fleet, which were anticipated to be a significant source of diesel emissions in the Waverley Valley and therefore request the Transport Convener to write to Scotrail to seek their direct commitment to Edinburgh’s 2030 net-zero carbon target and get assurance that their investment plans will reflect this aim with:
 - a) Information on the emissions standards these engines conformed to; and
 - b) The projected engine emissions in the Waverley Valley of the Inter7City fleet of trains running a full timetable, in terms of CO₂, NO_x and Particulate matter.

20 A Fab Currie, Mr Hugh Thomson – Motion by Councillor Webber

The following motion by Councillor Jim Campbell was submitted in terms of Standing Order 17:

“Council:

Recognises the heroic efforts of one man in Currie, Mr Hugh Thomson, an ex-employee of the City of Edinburgh Council, who has mobilised an elite group of crack commandoes.

Notes, if you have a problem with weeds, overgrown hedges, sorry looking parks, pavements or public spaces, if the council can't help, and if you can find him, maybe you can hire... the A-Fab-Currie Team

As a special thanks, asks that Lord Provost invites Mr Hugh Thomson to share a socially distanced cool beverage at a local establishment, which is the way Hugh likes to relax after a hard day grafting across the community.”

- moved by Councillor Webber, seconded by Councillor Bruce

Decision

To approve the motion by Councillor Webber.

21 Pavements Clear of Signs – Motion by Councillor Webber

The following motion by Councillor Jim Campbell was submitted in terms of Standing Order 17:

“Council:

Understands the need for temporary signs to inform road users of changes and limitations to the road network.

Notes that in many locations, it is highly undesirable for these temporary signs to be placed in the roadway or on the pavement.

Therefore, instructs the Executive Director of Place to seek to explore the barriers to displaying these signs at a high level, making use of lampposts or other Council infrastructure, so that messages are clear to drivers but do not restrict the pavement or the roadway. This should include sounding out other Local Roads Authorities, Local Government associations, levels of Government and Government Agencies.

Asks the Executive Director to report his findings to the Transport and Environment Committee within six cycles.”

Motion

To approve the motion by Councillor Webber.

- moved by Councillor Webber, seconded by Councillor Cook

Amendment

To insert the following additional text into paragraph 3 of motion by Councillor Webber to read:

“Therefore, instructs the Executive Director of Place to seek to explore the barriers to displaying these signs at a high level, making use of lampposts or other Council infrastructure, so that messages are clear to drivers but do not restrict the pavement or the roadway, with the ultimate aspiration of removing all redundant poles and street clutter, from roads, pavements and cycle tracks. This should include sounding out disability groups and charities, other Local Roads Authorities, Local Government associations, levels of Government and Government Agencies.”

- moved by Councillor Miller, seconded by Councillor Corbett

In accordance with Standing Order 22(12), the amendment was accepted as an addendum to the motion.

Decision

To approve the following adjusted motion by Councillor Webber:

- 1) To understand the need for temporary signs to inform road users of changes and limitations to the road network.
- 2) To note that in many locations, it was highly undesirable for these temporary signs to be placed in the roadway or on the pavement.
- 3) To therefore, instruct the Executive Director of Place to seek to explore the barriers to displaying these signs at a high level, making use of lampposts or other Council infrastructure, so that messages are clear to drivers but do not restrict the pavement or the roadway, with the ultimate aspiration of removing all redundant poles and street clutter, from roads, pavements and cycle tracks. This should include sounding out disability groups and charities, other Local Roads Authorities, Local Government associations, levels of Government and Government Agencies.

- 4) To ask the Executive Director to report his findings to the Transport and Environment Committee within six cycles.

22 Seasonal Maintenance – Spaces for People – Motion by Councillor Webber

The following motion by Councillor Jim Campbell was submitted in terms of Standing Order 17:

“Council:

Notes that autumn and winter bring seasonal challenges in maintaining our roads and pavements with leaves collecting in road gutters and pavements, making surfaces slippery for all and can block and obstruct gullies with other consequences, for example localised flooding.

Notes that as we plan for winter the role of our gritters gaining access to keep roads clear is key to ensuring the city stays connected across all the communities.

Requests a report for next Transport and Environment Committee, on the impact of the active and planned Spaces for People schemes on the ability to carry out winter maintenance and preparedness including but not limited to street sweeping, gully cleaning and road and footpath maintenance. That will also include any operational adaptations needed and their financial impact to the directorate.”

Motion

To approve the motion by Councillor Webber.

- moved by Councillor Webber, seconded by Councillor Cook

Amendment 1

- 1) To accept Paragraphs 1 and 2 of the motion by Councillor Webber.
- 2) To replace paragraph 3 of the motion with:

“Notes that there are existing, well-developed operational measures and plans for winter maintenance and preparedness including but not limited to street sweeping, gully cleaning and road and footpath maintenance. This includes, for example, recent winter maintenance operational plans which include use of advanced technology to direct where operational activity is most effectively deployed.

Notes that any likely financial impact of changes to those operational activities as a result of Spaces for People road space reallocation will be treated as a

project-related cost and will be recovered from the Scottish Government funding provided for Spaces for People.

Requests a Business Bulletin item to November's Transport and Environment Committee which illustrates any additional activity required and likely impact of Spaces for People projects.

That if necessary a briefing note be provided to elected members after the meeting of the Transport and Environment Committee to provide a more detailed update."

- moved by Councillor Macinnes, seconded by Councillor Doran

Amendment 2

To delete paragraph 3 of the motion by Councillor Webber and insert:

- “3) Notes that overhanging branches can also reduce the safety of paths if they are not sufficiently trimmed back, by creating hazards at head height and blocking light from street lamps.
- 4) Notes that access to roads and paths for gritting, gully-cleaning, leaf-sweeping or maintenance is very often difficult due to parked vehicles, and notes that Spaces for People projects help in this regard.
- 5) Commends the Sustrans “Traffic-free routes and greenways design guide”, particularly section 11 on management and maintenance.
- 6) Therefore agrees that council officers will consult with key stakeholders such as Lothian Buses, the Edinburgh Access Panel, Sustrans, Spokes and Living Streets and will present a draft maintenance plan for the council's footpaths, off-road paths and on-street cycle lanes to Transport and Environment Committee within two cycles; this plan to include, but not be limited to, the following:
 - a) an inspection regime for routes and all physical assets associated with them, including structures, drainage, signage, interpretation panels, benches, access barriers and any artwork, and including any trees or other vegetation in the immediate vicinity of the path;
 - b) a timetable for proactive winter gritting and autumn leaf sweeping;
 - c) a timetable for proactive vegetation management, including verges and any overhanging vegetation.

- moved by Councillor Corbett, seconded by Councillor Booth

In accordance with Standing Order 22(12), Amendments 1 and 2 were accepted as amendments to the motion.

Decision

To approve the following adjusted motion by Councillor Webber:

- 1) To note that autumn and winter brought seasonal challenges in maintaining our roads and pavements with leaves collecting in road gutters and pavements, making surfaces slippery for all and can block and obstruct gullies with other consequences, for example localised flooding.
- 2) To note that as we plan for winter the role of our gritters gaining access to keep roads clear was key to ensuring the city stayed connected across all the communities.
- 3) To note that there were existing, well-developed operational measures and plans for winter maintenance and preparedness including but not limited to street sweeping, gully cleaning and road and footpath maintenance. This included, for example, recent winter maintenance operational plans which included use of advanced technology to direct where operational activity was most effectively deployed.
- 4) To note that any likely financial impact of changes to those operational activities as a result of Spaces for People road space reallocation would be treated as a project-related cost and would be recovered from the Scottish Government funding provided for Spaces for People.
- 5) To request a Business Bulletin item to November's Transport and Environment Committee which illustrated any additional activity required and likely impact of Spaces for People projects.
- 6) That if necessary a briefing note be provided to elected members after the meeting of the Transport and Environment Committee to provide a more detailed update.
- 7) To note that overhanging branches could also reduce the safety of paths if they were not sufficiently trimmed back, by creating hazards at head height and blocking light from street lamps.
- 8) To note that access to roads and paths for gritting, gully-cleaning, leaf-sweeping or maintenance was very often difficult due to parked vehicles, and note that Spaces for People projects helped in this regard.
- 9) To commend the Sustrans "Traffic-free routes and greenways design guide", particularly section 11 on management and maintenance.

- 10) To therefore agree that council officers would consult with key stakeholders such as Lothian Buses, the Edinburgh Access Panel, Sustrans, Spokes and Living Streets and would present a draft maintenance plan for the council's footpaths, off-road paths and on-street cycle lanes to Transport and Environment Committee within two cycles; this plan to include, but not be limited to, the following:
- a) an inspection regime for routes and all physical assets associated with them, including structures, drainage, signage, interpretation panels, benches, access barriers and any artwork, and including any trees or other vegetation in the immediate vicinity of the path;
 - b) a timetable for proactive winter gritting and autumn leaf sweeping;
 - c) a timetable for proactive vegetation management, including verges and any overhanging vegetation.

23 Leadership Pure and Simple? – Motion by Councillor Jim Campbell

The following motion by Councillor Jim Campbell was submitted in terms of Standing Order 17:

“Council:

Agrees that the Leader and Depute Leader write to the Aberdeen City Council to congratulate it on its recent achievement in being named UK Local Authority of the Year at the prestigious Municipal Journal Achievement Awards.

Recognises the judges' comments that, “The council has an impressive story to tell in terms of its changing economic context and the bold steps it is taking to deliver an unprecedented transformation of the city through a pioneering capital programme and significant investments in the social and cultural future of its communities.”

Suggests the Leader and Depute Leader enquire what qualities the Co-Leaders of Aberdeen City Council have demonstrated to help their organisation win this award.”

Motion

Council:

Agrees that the Leader and Depute Leader write to the Aberdeen City Council to congratulate it on its recent achievement in being named UK Local Authority of the Year at the prestigious Municipal Journal Achievement Awards.

Recognises the judges' comments that, "The council has an impressive story to tell in terms of its changing economic context and the bold steps it is taking to deliver an unprecedented transformation of the city through a pioneering capital programme and significant investments in the social and cultural future of its communities."

Suggests the Leader and Depute Leader consider enquiring what qualities the Co-Leaders of Aberdeen City Council have demonstrated to help their organisation win this award.

- moved by Councillor Jim Campbell, seconded by Councillor Cook

Amendment

To delete the last paragraph of the motion by Councillor Jim Campbell and replace with:

"Notes the positive impact of the Aberdeen City deal in helping drive this change and the similar work ongoing in the Capital to drive forward inclusive growth through the Edinburgh City Region deal, as well as world-leading developments like Granton Waterfront and Bio-quarter."

- moved by Councillor McVey, seconded by Councillor Perry

In accordance with Standing Order 22(12), the amendment was adjusted to remove the words "To delete the last paragraph of the motion and replace with", and accepted as an addendum to the motion.

Voting

The voting was as follows:

For the motion (as adjusted)	-	17 votes
For the amendment	-	42 votes

(For the motion (as adjusted): Councillors Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Hutchison, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

For the amendment: The Lord Provost, Councillors Aldridge, Arthur, Barrie, Bird, Booth, Bridgman, Burgess, Cameron, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gloyer, Gordon, Graczyk, Griffiths, Henderson, Howie, Key, Lang, Macinnes, Main, McNeese-Mechan, McVey, Miller, Munn, Munro, Osler, Perry, Rae, Neil Ross, Staniforth, Watt, Wilson, Work and Young.)

Decision

To approve the amendment by Councillor McVey as follows;

- 1) To agree that the Leader and Depute Leader write to the Aberdeen City Council to congratulate it on its recent achievement in being named UK Local Authority of the Year at the prestigious Municipal Journal Achievement Awards.
- 2) To recognise the judges' comments that, "The council has an impressive story to tell in terms of its changing economic context and the bold steps it is taking to deliver an unprecedented transformation of the city through a pioneering capital programme and significant investments in the social and cultural future of its communities."
- 3) To note the positive impact of the Aberdeen City deal in helping drive this change and the similar work ongoing in the Capital to drive forward inclusive growth through the Edinburgh City Region deal, as well as world-leading developments like Granton Waterfront and Bio-quarter.

24 Re-Prioritise within the Spaces for People Programme - Motion by Councillor Mowat

The following motion by Councillor Mowat was submitted in terms of Standing Order 17:

"Council:

Notes many other Local Authorities have had to modify their proposals and schemes brought forward without proper planning and scrutiny in the immediate aftermath of the Coronavirus Pandemic and associated Public Health Emergency.

Further notes the significant objections that have been raised by different communities in Edinburgh to some of the Spaces for People schemes in this Authority; not least from groups representing disabled people; from businesses and from residents directly impacted by schemes in their local area.

Is concerned that the implementation of the Spaces for People programme is undermining public confidence in Local Government amongst significant sections of our City at a time of great shared risk.

Nonetheless, recognises the intention of Spaces for People to provide safe, distanced space and encourage active travel.

Therefore, in order to re-build public confidence, and deliver on elements that are likely to command widespread support, instructs the Executive Director of Place to immediately re-prioritise the Spaces for People programme in this Council towards:

- 1) Bringing forward “Safe Transport to Schools” proposals for every school in Edinburgh
- 2) Clear all overgrowing vegetation from the Council’s off-road path network, including a clear verge of 400mm where this is possible, so that users can freely travel the full width of these paths irrespective of the permitted mode.
- 3) Commence the process of serving Statutory Notices where vegetation is overgrowing pavements, restricting the available width by more than 100mm.
- 4) Accelerate the removal of railings on Pavements, in line with agreed Council policy.”

Motion

To approve the motion by Councillor Mowat.

- moved by Councillor Mowat, seconded by Councillor Webber

Amendment 1

Replaces all of the motion by Councillor Mowat with:

Notes that the COVID pandemic and resulting public health emergency has required local authorities to adjust normal procedures, including expected levels of public consultation and scrutiny, to permit a more flexible, responsive approach to alleviating the pressures of the pandemic on residents, the local economy and the provision of services.

Notes, however, that this Council agreed new structures of decision-making early in the pandemic period to allow progress to be made in a timely way.

Recognises that Council agreed, within the Spaces for People initiative, that feedback on proposed schemes would be sought from elected ward members, and key stakeholder groups including Community Councils and special interest groups and that this has led to changes to proposed schemes, where applicable.

Recognises that an ongoing review of schemes was built into the Spaces for People initiative from the start and welcomes that this will be reported to the Transport and Environment Committee in November, for full scrutiny and agreement by elected members.

Notes that the work themes and prioritisation within Spaces for People were brought forward and agreed in May by the Policy and Sustainability Committee.

Welcomes continued input from local groups on specific projects and will continue to work with residents to ensure that the Spaces for People initiative is both effective and understood.

- moved by Councillor Macinnes, seconded by Councillor Doran

Amendment 2

Council:

Notes the finite amount of funding awarded to implement Spaces for People and the difficult work which has been carried out to prioritise measures;

Calls on Scottish Government to provide complete funding for the full suite of measures that are required across the whole of Edinburgh, and to work collaboratively with the Government to continue to encourage everyone who can to travel by walking, wheeling and by bike.

- moved by Councillor Miller, seconded by Councillor Corbett

Amendment 3

In paragraph 3 of the motion by Councillor Mowat, after “implementation of”, insert: “parts of”.

In paragraph 5 of the motion, delete “to immediately re-prioritise the Spaces for People programme in this Council towards” and insert: “to ensure the Spaces for People report coming to [the 12 November](#) meeting of the Transport and Environment Committee covers the following”.

In 4) of the motion, insert at end: “and unnecessary barriers located on footpaths which force cyclists and pedestrians to come in close proximity to one another.

- moved by Councillor Lang, seconded by Councillor Aldridge

In accordance with Standing Order 22(12), Amendment 2 was adjusted and accepted as an addendum to Amendment 1.

Voting

The voting was as follows:

For the Motion	-	19 votes
For Amendment 1 (as adjusted)	-	34 votes
For Amendment 3	-	6 votes

(For the Motion: Councillors ~Barrie, Bridgman, Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Hutchison, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.)

For Amendment 1 (as adjusted): The Lord Provost, Councillors Arthur, Bird, Booth, Burgess, Cameron, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gordon, Graczyk, Griffiths, Henderson, Howie, Key, Macinnes, Main, McNeese-Mechan, McVey, Miller, Munn, Munro, Perry, Rae, Staniforth, Watt, Wilson and Work.

For Amendment 3: Councillors Aldridge, Gloyer, Lang, Osler, Neil Ross and Young.)

Decision

To approve the following adjusted Amendment 1 by Councillor Macinnes:

- 1) To note that the COVID pandemic and resulting public health emergency had required local authorities to adjust normal procedures, including expected levels of public consultation and scrutiny, to permit a more flexible, responsive approach to alleviating the pressures of the pandemic on residents, the local economy and the provision of services.
- 2) To note, however, that this Council agreed new structures of decision-making early in the pandemic period to allow progress to be made in a timely way.
- 3) To recognise that Council agreed, within the Spaces for People initiative, that feedback on proposed schemes would be sought from elected ward members, and key stakeholder groups including Community Councils and special interest groups and that this had led to changes to proposed schemes, where applicable.
- 4) To recognise that an ongoing review of schemes was built into the Spaces for People initiative from the start and welcomes that this would be reported to the Transport and Environment Committee in November, for full scrutiny and agreement by elected members.
- 5) To note that the work themes and prioritisation within Spaces for People were brought forward and agreed in May by the Policy and Sustainability Committee.
- 6) To welcome continued input from local groups on specific projects and would continue to work with residents to ensure that the Spaces for People initiative was both effective and understood.
- 7) To note the finite amount of funding awarded to implement Spaces for People and the difficult work which had been carried out to prioritise measures.

- 8) To note the Council would continue to work collaboratively with the Government to continue to encourage everyone who could to travel by walking, wheeling and by bike.

25 Bonaly Scout Centre – Possible Provision of Outdoor Adventure Days for Edinburgh’s School Children, Spring 2021 - Motion by Councillor Rust

The following motion by Councillor Rust was submitted in terms of Standing Order 17:

“Council:

- 1) Is aware that during the on-going Covid-19 pandemic, outdoor education and activity centres through Scotland are substantially closed down, particularly those more remote centres which rely on residential stays by children and adults, with trained activity instructors out of work.
- 2) Regrets that Bonaly Scout Centre and Campsite has been severely impacted, with staff made redundant, accommodation lying idle and with no instructors, activities being limited to a few visits from Scouting and the forest nursery, therefore meaning loss of revenue and diminishing funds. As a result, Bonaly Scout Centre has the space to host adventure days for children (and adults).
- 3) Notes schools are cancelling their planned residential adventure weeks for certain school years.
- 4) Further notes an offer by the Centre to provide every child across Edinburgh (and West, Mid and East Lothian) who would normally be offered a residential outdoor adventure week during the current school session (at least) 1 adventure day to remember at Bonaly Scout Centre.
- 5) Therefore commits the Education, Children and Families department and appropriate Council officers to work with Bonaly Scout Centre’s staff (and volunteers where appropriate) to explore possible opportunities for outdoor adventure days for young people to be provided in 2021, bringing the young people, facilities and funding together to provide a memorable and revitalising adventure experience during challenging times.”

Motion

To approve the motion by Councillor Rust.

- moved by Councillor Rust, seconded by Councillor Doggart

Amendment

- 1) Before Paragraph 1 in the motion by Councillor Rust, insert new paragraph:

“Notes that since 1931 Bonaly Scout Centre has welcomed young people from the local, national and international Scouting movement. These children have benefited from the outdoor setting and learnt skills that will last a lifetime.”

- 2) After Paragraph 2 in the motion, insert 2 new paragraphs:

“Recognises the work Annette Mackenzie, Barbara Murray and others in the local community have undertaken recently to raise substantial funds for the Centre.

Notes the work Council staff have undertaken to ensure Bonaly Scout Centre pays the correct rate of Council Tax.”

- 3) In the original Paragraph 4 of the motion, replace “notes” with welcomes.
- 4) In the original Paragraph 5 of the motion, replace “commits” with asks.
- 5) Inserts after “2021” “subject to public health guidance.

- moved by Councillor Arthur, seconded by Councillor Gardiner

In accordance with Standing Order 22(12), the amendment was accepted as an amendment to the motion.

Decision

To approve the following adjusted motion by Councillor Rust:

- 1) To note that since 1931 Bonaly Scout Centre had welcomed young people from the local, national and international Scouting movement. These children had benefited from the outdoor setting and learnt skills that will last a lifetime
- 2) Council is aware that during the on-going Covid-19 pandemic, outdoor education and activity centres through Scotland were substantially closed down, particularly those more remote centres which relied on residential stays by children and adults, with trained activity instructors out of work.
- 3) To regret that Bonaly Scout Centre and Campsite had been severely impacted, with staff made redundant, accommodation lying idle and with no instructors, activities being limited to a few visits from Scouting and the forest nursery, therefore meaning loss of revenue and diminishing funds. As a

result, Bonaly Scout Centre had the space to host adventure days for children (and adults).

- 4) To recognise the work Annette Mackenzie, Barbara Murray and others in the local community had undertaken recently to raise substantial funds for the Centre.
- 5) To note the work Council staff had undertaken to ensure Bonaly Scout Centre paid the correct rate of Council Tax.
- 6) To note schools were cancelling their planned residential adventure weeks for certain school years.
- 6) To further welcome an offer by the Centre to provide every child across Edinburgh (and West, Mid and East Lothian) who would normally be offered a residential outdoor adventure week during the current school session (at least) 1 adventure day to remember at Bonaly Scout Centre.
- 7) To therefore asks the Education, Children and Families department and appropriate Council officers to work with Bonaly Scout Centre's staff (and volunteers where appropriate) to explore possible opportunities for outdoor adventure days for young people to be provided in 2021 subject to public health guidance, bringing the young people, facilities and funding together to provide a memorable and revitalising adventure experience during challenging times.

26 Public Health Emergency Measures - Motion by Councillor Doggart

The Lord Provost 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.

The following motion by Councillor Rust was submitted in terms of Standing Order 17:

“Council:

- 1) Notes the measures implemented on 9 October to deal with the increase in Covid-19 cases across NHS Lothian.
- 2) Requests a briefing in one cycle to the Policy & Sustainability Committee from the Chief Executive setting out the Council's participation in discussion with the Scottish Government and NHS Lothian in relation to the revised measures.

- 3) Regrets the briefing promised in the Administration amendment of 25 August to Cllr Jim Campbell’s motion has not been provided and instructs that this is expedited.”

Motion

To approve the motion by Councillor Doggart.

- moved by Councillor Doggart, seconded by Councillor Whyte

Amendment

Deletes all of the motion by Councillor Doggart and replaces with:

Notes that on August 25th Council agreed:

- 1) To note the ongoing need to follow national advice and guidance and for partners at a regional and City level to respond to national advice and guidance.
- 2) To note the constructive partnership working between relevant agencies and organisations in Edinburgh to ensure public health was protected.
- 3) To agree that a Members briefing should be issued setting out the powers the Council had to act on public health guidance and the process for partnership working to implement guidance set nationally or for Edinburgh specifically.
- 4) To also agree to add to that briefing any pertinent information in relation to point 3 relevant to the current extension of restrictions and requests this is sent to elected members in one cycle.

- moved by Councillor McVey, seconded by Councillor Perry

Voting

The voting was as follows:

For the motion	-	25 votes
For the amendment	-	34 votes

(For the motion: Councillors Aldridge, Barrie, Bridgman, Brown, Bruce, Jim Campbell, Cook, Doggart, Douglas, Gloyer, Hutchison, Johnston, Laidlaw, Lang, McLellan, Mitchell, Mowat, Osler, Rose, Neil Ross, Rust, Smith, Webber, Whyte and Young.

For the amendment: The Lord Provost, Councillors Arthur, Bird, Booth, Burgess, Cameron, Kate Campbell, Mary Campbell, Child, Corbett, Day, Dickie, Dixon, Doran, Gardiner, Gordon, Graczyk, Griffiths, Henderson, Howie, Key, Macinnes, Main,

McNeese-Mechan, McVey, Miller, Munn, Munro, Perry, Rae, Staniforth, Watt, Wilson and Work.)

Decision

To approve the amendment by Councillor McVey.

27 Granton Marina - Motion by Councillor Jim Campbell

The Lord Provost 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.

The following motion by Councillor Rust was submitted in terms of Standing Order 17:

- “1) Council notes that:
- a) On or around October 7, 2020 a “blight notice” was served on CEC’s Chief Executive on behalf of Granton Central Developments Ltd (GCDL).
 - b) GCDL believes its land is under an informal threat of compulsory purchase and this is known to a third party.
 - c) The notice alleges that a third party funder was advised by a council representative that on acquiring the GCDL land through compulsory purchase the funder could participate in a joint venture with CEC to develop the property.
 - d) It is further alleged CEC advised it was willing to acquire the GCDL property to facilitate delivery of regeneration of the entire Granton Waterfront site at as low a price as possible under the statutory compensation code.
- 2) Council therefore requests a report on these allegations to be submitted to the next Policy & Sustainability Committee. The report should include:
- a) The full background and circumstances of any discussions held with third parties in relation to land owned by GCDL
 - b) A full explanation of the council’s policies towards GCDL and the development of the entire Waterfront site.
 - c) Full explanation of the implications of the Council’s position on the blight notice.”

Motion

To approve the motion by Councillor Jim Campbell.

- moved by Councillor Jim Campbell, seconded by Councillor McLellan

Amendment 1

Deletes all of the motion by Councillor McLellan and replaces with:

Regrets the motion is based on unsubstantiated and incomplete information and presented as an “emergency motion”.

Notes that the Council has been served with legal notices and is taking legal advice in relation to these in order that it can consider its position and that for the time being these are operational issues.

Notes any actions relevant to the delivery of the Graton Waterfront regeneration will be brought to relevant committees in due course if required.

- moved by Councillor McVey, seconded by Councillor Perry

Amendment 2

To take no action on the matter.

- moved by Councillor Lang, seconded by Councillor Aldridge

Voting

In terms of Standing Order 24(4), the Lord Provost ruled that a first vote be taken for or against the motion for no action.

First Vote

The voting was as follows:

For the motion for no action	-	8 votes
Against the motion for no action	-	49 votes

(For the motion for continuation: Councillors Aldridge, Barrie, Bridgman, Gloyer, Lang, Osler, Neil Ross and Young.

Against the motion for continuation: The Lord Provost, Councillors Arthur, Bird, Booth, Brown, Bruce, Burgess, Cameron, Jim Campbell, Kate Campbell, Mary Campbell, Child, Corbett, Dickie, Dixon, Duggart, Doran, Douglas, Gardiner, Gordon, Gracyk, Griffiths, Henderson, Howie, Hutchison, Johnston, Key, Laidlaw, Macinnes,

Main, McLellan, McNeese-Mechan, McVey, Miller, Mitchell, Mowat, Munn, Munro, Perry, Rae, Rose, Rust, Smith, Staniforth, Watt, Webber, Whyte, Wilson and Work.)

As the vote for no action was lost, a second vote between the motion by Councillor Rose and Amendment 1 by Councillor McVey was then taken.

Second Vote

The voting was as follows:

For the Motion	-	16 votes
For Amendment 1	-	33 votes

(For the motion: Councillors Brown, Bruce, Jim Campbell, Doggart, Douglas, Hutchison, Johnston, Laidlaw, McLellan, Mitchell, Mowat, Rose, Rust, Smith, Webber and Whyte.

For Amendment 1: The Lord Provost, Councillors Arthur, Bird, Booth, Burgess, Cameron, Kate Campbell, Mary Campbell, Child, Corbett, Dickie, Dixon, Doran, Gardiner, Gordon, Graczyk, Griffiths, Henderson, Howie, Key, Macinnes, Main, McNeese-Mechan, McVey, Miller, Munn, Munro, Perry, Rae, Staniforth, Watt, Wilson and Work.

Abstentions: Councillors Aldridge, Barrie, Bridgman, Gloyer, Lang, Osler, Neil Ross and Young.)

Decision

To approve Amendment 1 by Councillor McVey.

Appendix 1

(As referred to in Act of Council No 6 of 15 October 2020)

QUESTION NO 1

By Councillor Miller for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 15 October 2020

Question (1) How many households hold resident parking permit(s), broken down by zone?

Answer (1) The table below shows the number of permits broken down by permit type and zone.

Question (2) How many permits are currently in issue, broken down by zone and by households with 1 permit or multiple permits?

Answer (2) The table below shows the breakdown of permits by households.

Question (3) How many spaces are available for permit holders, broken down by zone?

Answer (3) The table below shows the total number of permit and shared use parking spaces.

Supplementary Question Thank you Lord Provost and my thanks to the Convener for the answer to my written question. I wondered if I could please ask the Convener to clarify for me that I've interpreted the figures correctly and that the Council has sold permits for more spaces than it can actually provide in the central peripheral zones across the board by I think 40% more than the number of spaces on offer and in some zones as much as 80% more, and if I have understood the Convener's answer correctly, can she explain what is being done to help reduce car ownership and to enable different transport choices for those who can make them?

**Supplementary
Answer**

Thank you Councillor Miller. Yes that certainly appears to be the case that that has occurred. I mean clearly we have an issue here with an over stocking of cars on public roads which is what this represents and there are a number of means of us encouraging people to meet alternative transport choices that wouldn't require them then to look, to search for a parking permit or indeed space to use afterwards, and that centres around our active travel and our support for public transport in particular. If you want to follow this up in more detail I'd be happy to do so.

Table 1 - Residents Parking Permits

		Households with a permit	Households with 1 permit	Households with 2 permits	Total active permits	Total number of permit and shared use parking places
Central	1	1015	826	189	1204	804
	1a	540	422	118	658	628
	2	248	210	38	286	315
	3	596	551	45	641	503
	4	1052	940	112	1164	864
Peripheral	5	944	749	195	1139	778
	5A	1083	889	194	1277	793
	6	1494	1245	249	1743	1254
	7	1268	1082	186	1454	796
	8	1200	1024	176	1376	851
Extended	N1	1681	1509	172	1853	2339
	N2	718	604	114	832	1299
	N3	1175	990	185	1360	1377
	N4	98	88	10	108	373
	N5	275	232	43	318	1243
	S1	1069	858	211	1280	2414
	S2	1421	1189	232	1653	1831
	S3	1279	1062	217	1496	1932
	S4	1129	1026	103	1232	1301
Priority Parking Area	B1	448	365	83	531	740
	B2	321	265	56	377	450
	B3	19	14	5	24	71
	B4	47	39	8	55	155
	B5	30	25	5	35	169
	B6	170	135	35	205	465
	B7	135	107	28	163	420
	B8	21	18	3	24	117
	B9	226	165	61	287	573
	B10	60	55	5	65	207

QUESTION NO 2

By Councillor Miller for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 15 October 2020

Question (1) Please list all current strategic gaps in the cycle network.

Answer (1) It is not possible to provide a list of the strategic gaps in the cycle network however the maps below show the current, planned and future investment plans for Active Travel investments.

Map 1 shows the existing Quiet Routes network, the planned Active Travel schemes and the longer term proposals.

Map 2 shows the completed Quiet Routes network 2019-2023.

Map 3 shows the Spaces for People temporary interventions which are currently in progress.

Question (2) Please provide the current status and date for completing all strategic links in the cycle network as listed in the answer to question 1.

Answer (2) Table 1 below provides a status update for all cycle route schemes in the current approved Active Travel investment programme. These schemes correlate with the red lines on the Map 1. There are also a small number of schemes listed below which are still to be added to the Map.

In addition to the Active Travel investment programme, there are a small number of roads renewal schemes which will also enhance the cycle network by providing new infrastructure, but which are not shown on the maps. These include cycle segregation along sections of Portobello Road and Gilmerton Road (both of which are due to be completed in the 2020/21 financial year).

A refresh of the Active Travel Action Plan is due to be progressed over the coming year and will identify any further gaps.

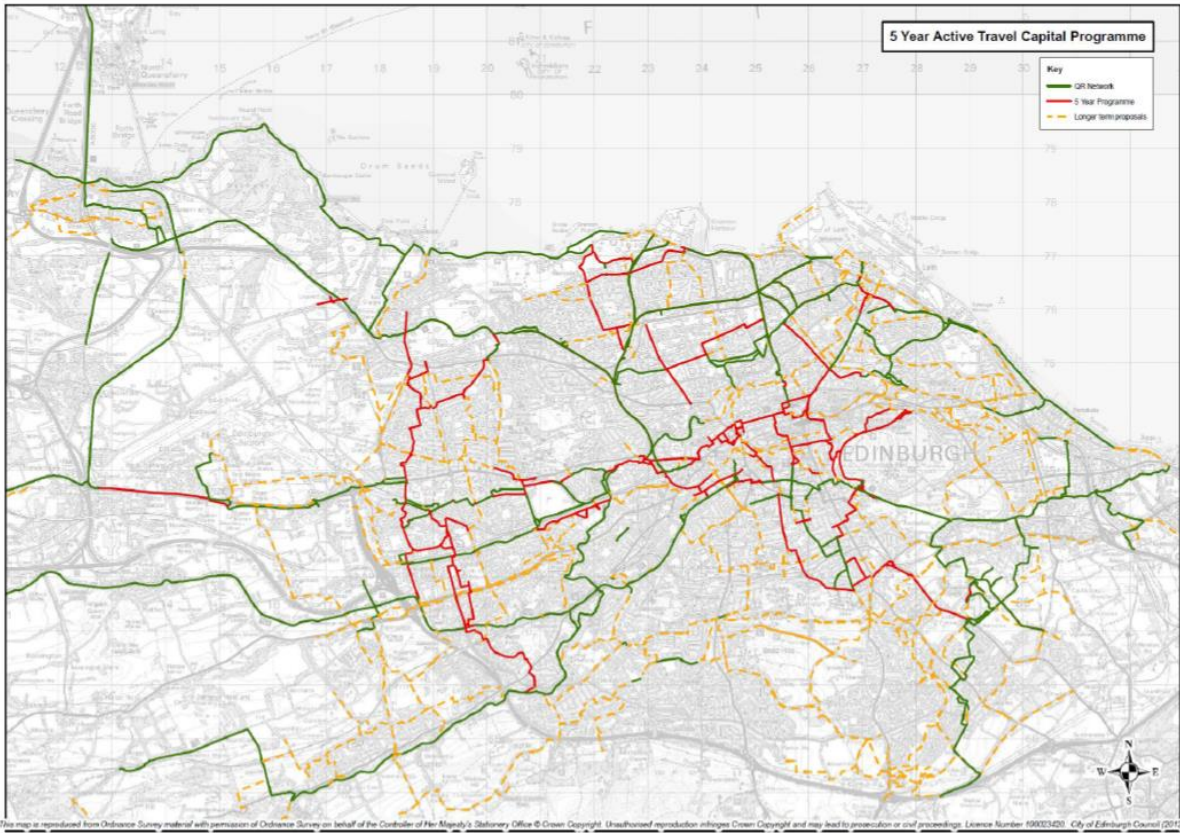
**Supplementary
Question**

Thank you Lord Provost and again thank you to the Convener for her answer to my written question which is very helpful, however raises quite a large number of additional questions, but don't worry Lord Provost I know I'm only allowed to ask one clarifying supplementary question. I would just like to seek a bit of clarity around the Convener's answer to point 2 please. She says that there are a small number of roads renewal schemes which will also enhance the cycle network and it sounds like a point of grammar but I just want to check, can she please tell me does she mean that they're only a small number of roads renewal schemes or are there only a small number of those schemes which will enhance the cycle network with new infrastructure, and if it is the latter, could she assure me that she will ensure that all further schemes are designed to achieve this please?

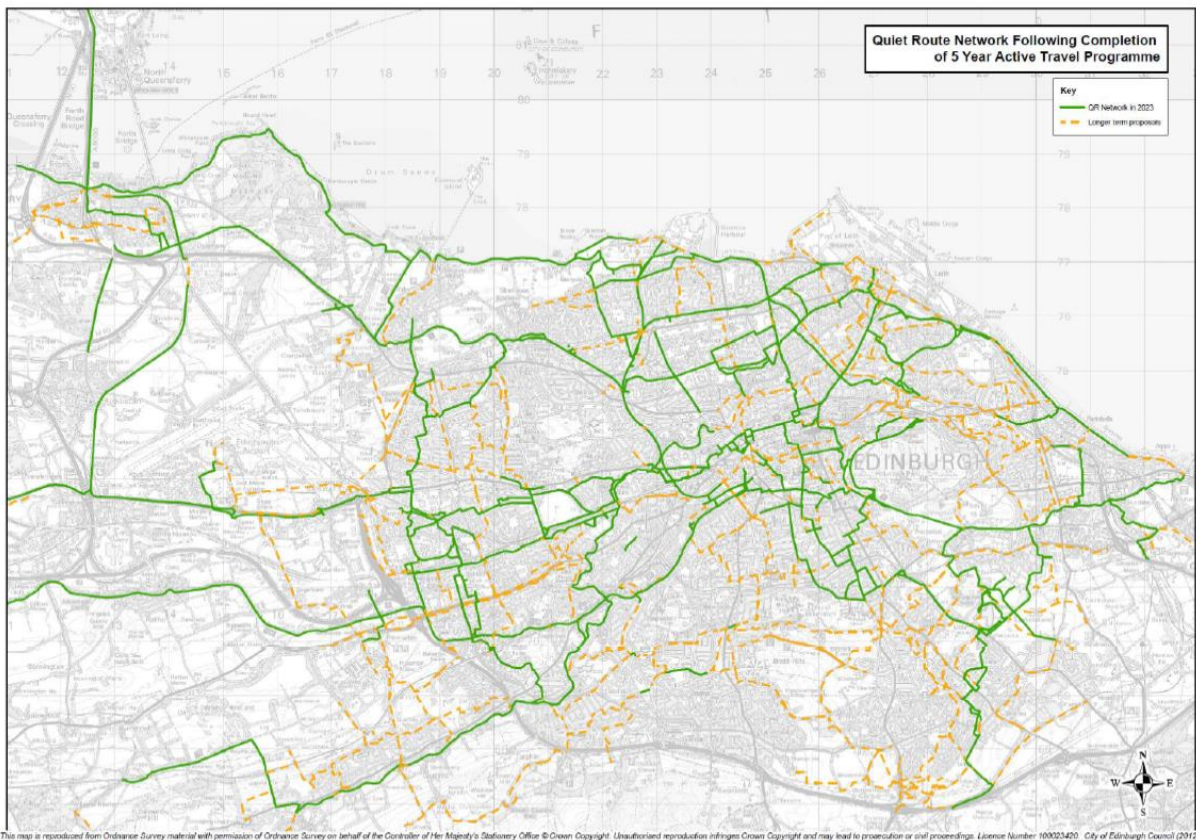
**Supplementary
Answer**

I think that last point would follow our intention that sits behind the Edinburgh Street Design guidance and so yes I would certainly hope that that is the case. As you'll know there's sometimes constraints on what we can do in certain road spaces because the space does not allow us to fully implement all aspects of that, but that's where the transport hierarchy has to come into play, and so that's where we have to place pedestrians at the top, followed by cyclists, then followed by motor vehicles, and increasingly I think we're able to take quite a useful position on that when looking at the design of these schemes.

Map 1: Active Travel Network: Existing Quiet Routes and Planned Active Travel programme



Map 2 - Quiet Routes network following completion of 2019-2023 programme



Map 3 - Spaces for People programme (excluding pedestrian shopping street improvements)



Key

Travelling Safely Package

- Segregated cycling
- Potential bus lane and cycle improvements
- On hold subject to further design/budget review
- Quiet link

- New quiet connection
- Road closure on hold subject to design/budget

Spaces Exercise

- Bus gate and additional pedestrian/cycling space
- Road Closure On hold subject to design/budget
- Segregated cycling and 1 way vehicle traffic
- Shared space for walking and cycling

for package

- Segregated Cycling
- Point closure
- Crossing
- Link
- Access for local vehicles only

City Centre Interventions

Low

Neighbourhoods

- Closure
- Segregated cycling
- Bus gate
- Segregated cycling and footway widening
- Widened footway
- Subject to further design review

National Cycle Network

Existing Quiet Routes

Traffic

Table 1 – Status Update on Cycle Route Schemes in Active Travel Investment Programme

Scheme	Current Stage (RIBA Plan of Work)	Location and route Short summary	Date completed or Anticipated completion
City Centre West to East Link	Stage 4 Technical Design	Segregated cycle lanes, crossings and street improvements from Roseburn via Haymarket to George St and from George St to York Place.	May 2022
Meadows to Union Canal	Stage 2 Concept Design	Segregated cycle lanes and toucan and Street Improvements.	May 2023
West Edinburgh Link	Stage 3 Developed Design	Segregated cycle lanes, crossings, street and path improvements and a bridge over Fife Railway linking East Craigs and Wester Hailes to Edinburgh Park/Gyle.	October 2023
Main Roads Study	Stage 1 Preparation and Brief	Feasibility study of potential on road cycle lanes/segregation and enhancements to yellow line restrictions. Further assessment required for potential delivery opportunities under Spaces for People.	End of Preparation and Brief by Summer 2020
Princes Street East End	Stage 1 Preparation and Brief	Under review	Under review
Roseburn Path – Union Canal	Stage 3 Developed Design	Connection from North Edinburgh Path Network at Roseburn to Union Canal via new off-road path, including bridges and Dalry Park improvements.	June 2022
Meadows to George Street	Stage 3 Developed Design	Street improvements and segregated cycle lanes.	November 2023

Scheme	Current Stage (RIBA Plan of Work)	Location and route Short summary	Date completed or Anticipated completion
North Edinburgh Active Travel (NEAT) Connections	Stage 1 Preparation and Brief	New segregated cycleways, crossings and street improvements.	August 2023
Leith Connections / Foot of the Walk to Ocean Terminal	Stage 1 Preparation and Brief	Improved walking and cycling connections from the Foot of Leith Walk to Ocean Terminal and development of other local proposals.	Under review
Morrison Street	Stage 1 Preparation and Brief	Street improvements, including to footways, crossings and cycle provision.	June 2023
Marchmont to Blackford	Stage 3 Developed Design	New cycle lanes, junction and crossing improvements.	July 2021
QuietRoute 8 – Balgreen to Edinburgh Park	Stage 1 Preparation and Brief	Quiet street improvements and new crossings.	October 2022
Cameron Toll to BioQuarter	Stage 4 Technical Design	Segregated cycleways and shared footpaths.	April 2022
Fountainbridge / Dundee Street	Stage 1 Preparation and Brief	Segregated link between Telfer Subway and Union Canal. Optioneering for remainder of street. Further assessment required for potential delivery opportunities under Spaces for People.	June 2023
Maybury Road	Stage 1 Preparation and Brief	Feasibility study of potential to improve cycle provision along Maybury Road, taking account of dependencies with proposals under the Local Development Plan Action Programme (LDPAP).	Preparation and Brief complete early 2020.
QuietRoute 6 – Grange Road	Stage 4 Technical	New crossings, including footway and path	November 2020

Scheme	Current Stage (RIBA Plan of Work)	Location and route Short summary	Date completed or Anticipated completion
Crossings	Design	improvements.	
St Leonards – Canongate / Holyrood Drive	Stage 2 Concept Design	On carriageway cycle provision, crossings and path improvements.	June 2021
QuietRoute 9	Stage 2 Concept Design	Pedestrian and cycle improvements to paths and crossing and Quiet Streets.	September 2021
QuietRoute 5 – Holyrood Park	Stage 3 Developed Design	Improved cycle and foot paths and new crossings.	July 2022
QuietRoute 61 - Niddry to Moredun via Bioquarter	Stage 3 Developed Design	Quiet street improvements and new crossings.	December 2020
A8 Gyle – Newbridge	Stage 1 Preparation and Brief	Path widening between Middle Norton and Gogarstone and new road layout at Gogarstone Road junction with A8.	September 2021
QuietRoute 30 – Holyrood Park to Ratcliffe Terrace	Stage 2 Concept Design	Quiet street improvements and new crossings.	Summer 2022
QuietRoute 6 – Meadows to Bread Street	Stage 2 Concept Design	Quiet street improvements and new crossings.	March 2022
One-way Street Exemptions	Stage 2 Concept Design	City-wide signs, markings and traffic management.	November 2021
QuietRoute 60 – Davidson's Mains Park	Stage 7 In use	Footpath widening and lighting from Queensferry Road to Barnton Avenue.	Complete 2019/20
Lower Granton Road	Stage 7 In use		Complete 2019/20
Marchmont Filtered Permeability	Stage 1 Preparation and Brief		Under review
Deanhaugh	Stage 4	Pedestrian crossings upgrade	March 2021

Scheme	Current Stage (RIBA Plan of Work)	Location and route Short summary	Date completed or Anticipated completion
Street and Leslie Place	Technical Design	at junction.	
Minor Improvements	Stage 1 Preparation and Brief	City-wide low cost and delivery risk package of interventions to support walking and cycling.	Under review
QuietRoute 60 – Davidson's Mains Park (Phase 2)	Stage 2 Concept Design	Improvements to prioritise pedestrian and cycle movements.	July 2021
Salvesen Steps	Stage 1 Preparation and Brief		Under review
Powderhall Railway	Stage 1 Preparation and Brief	Repurposing disused railway into green active travel corridor for cycling and walking.	March 2023
Cultins Road Cycleway	Stage 1 Preparation and Brief	Improved cycle and walking link between the Canal and QuietRoute 8.	Under review
The Causey Project	Stage 2 Concept Design		Under review
Minor Lighting Schemes	Stage 3 Developed Design	Lighting upgrades at Innocent Path.	October 2020

QUESTION NO 3

**By Councillor Lang for answer by the
Leader of the Council at a meeting of
the Council on 15 October 2020**

At the 28 July meeting of the Council, the Leader of the Council said a series of small business champion networks would be established “in the next four to six weeks”.

Question (1) How many small business networks have been established since 28 July?

Answer (1) Since 28 July 10 Business Champions Networks (BCN) have been established. These are:

- Portobello
- Queensferry
- Morningside/Bruntsfield/Tollcross
- Old Town
- Greater Grassmarket
- Stockbridge
- Leith/Leith Walk
- Gorgie/Dalry
- Corstorphine
- Southside

These are in addition to the established relationships with the Business Improvement districts in the City Centre and West End. An internal BCN has also been established within the Council.

Question (2) How have the members of each small business network been recruited?

Answer (2) Initial invitations were issued to people within these local areas who have previously worked with the Council. As well as an initial introduction to the BCN and its function, it encouraged recipients to pass the invitation to anyone in their local community who would also be interested in participating.

- Question** (3) How have the members of each small business network been recruited?
- Answer** (3) See answer 2 above
- Question** (4) What actions or suggestions have emerged from each small business network so far?
- Answer** (4) Initial discussions have focused on the proposed actions for the Shop Local programme. These have received good feedback with some suggestions for change now incorporated into the plans including less focus on physical 'shop local' posters etc. but instead providing support for businesses with things like distance markers, printing 'good to go' posters, and further social media engagement with the local areas (utilising the channels available to the Council to amplify activity in the areas etc.).
- Feedback received on other Council or city activities, like Spaces for People and Edinburgh Christmas, have been fed back to relevant colleagues and/or initiating contact between the businesses and the relevant Council contact.
- Question** (5) How many small business networks are still to be established?
- Answer** (5) Initial meetings have taken place with all BCNs except Stockbridge (although email contact has been established). Work is now progressing with the BCNs on specific projects such as Shop Local.
- Supplementary Question** Yes thank you Lord Provost and my thanks to the Council Leader for the information that he provided and it was very encouraging to see these networks being up and running. To clarify on the memberships, back in July we were assured that ward Councillors would be kept fully informed as to which people were serving on which networks in their area, I know I'm not alone in not having been provided with that information, so can the Council Leader please just ensure that ward councillors are kept informed of who is sitting on these groups because I think these are bodies that we as ward Councillors would very much like to engage with too?

**Supplementary
Answer**

Yes, I thank Councillor Lang for that the supplementary. I think from information that's come back in relation to how these are developed, they're very much tried to mould into a shape to fit the businesses themselves, Councillor Lang and other members will appreciate that some of the dialogue is happening on the terms of the businesses and therefore is a little bit more organic and less perhaps a table that people are sitting round format even if it's an online table that we perhaps envisaged at the start of this process, but absolutely, I will go back to officers to see whether it's that engagement and there are flashpoints of engagement from those businesses, that ward members are fully updated on what's coming back, I think that's entirely appropriate.

QUESTION NO 4

**By Councillor Lang for answer by the
Convener of the Transport and
Environment Committee at a meeting
of the Council on 15 October 2020**

Question

What is the current status of the proposal to create a quiet cycle route through Silverknowes, as issued by the Spaces for People team on 18 August 2020?

Answer

Following the Notification period and in response to stakeholder feedback, it was decided to revisit the original design and develop an alternative proposal.

An alternative layout will now be developed for the main section of Silverknowes Road (South section) and will be shared with the stakeholder notification group.

QUESTION NO 5

By Councillor Lang for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 15 October 2020

In August 2018, there was an in-principle decision to install a new speed table on Rosshill Terrace near Dalmeny Station. Council officials initially offered to carry out the work “in the first weeks” of the 2019 school summer holidays. This was then delayed until autumn 2019 then to spring 2020 and, in the most recent answer provided by the Convener on 12 March, to summer 2020.

Question (1) Can the Convener confirm that the tendering of the work is complete?

Answer (1) Unfortunately, the tendering of this work has not yet been completed

Question (2) Can the Convener give the latest expected installation date?

Answer (2) This is not available at present. However, I have asked the department to provide an expected installation date to myself and local members as quickly as possible. I have also highlighted my concern at such a lengthy delay.

Question (3) Does the Convener agree that the proposed one-way system on the Queensferry High Street, which will direct more traffic along Rosshill Terrace, should be paused until the new speed table is installed?

Answer (3) It is acknowledged that some existing traffic displaced by the proposed one-way arrangement on Queensferry High Street may make use of alternative routes in a westbound direction.

In anticipation of this, additional signage and traffic calming features will be placed on the Station Road/Rosshill Terrace corridor to mitigate any increase in traffic levels. Traffic diversion signage is also proposed on the A90, directing drivers to stay on the local arterial routes which is expected

to reduce some level of traffic using the area as a through route.

It should be acknowledged that the proposed scheme for Queensferry High Street aims to deliver pavement widening in the Town Centre. This is critical to reduce the likelihood of danger to the public and support the recovery of the local economy.

Supplementary Question

Thank you and again my thanks to the Convener both for her answer and for agreeing to come back with that follow up information and I hope her answer recognises the frustration which I have and which the residents have here when we see lots of the other things happening, emergency powers being used, that we still have these issues of very long standing, a really simple thing is taking a long time. Can I just ask the Convener, she's promised to come back to me on the timing of the installation, if she can succeed even more where I have failed and try to get an explanation as to why something that is to my mind so simple, really is taking so long?

Supplementary Answer

Thank you for your supplementary Councillor Lang and as you'll no doubt have noted by numerous responses I've given around Council questions, often what appears to be a simple option can be much more complicated because it has a knock on effect on something else, I'm talking in generalities not necessarily about this specific project but when there are asks given to the transport team, they're often a lot more complicated in nature to implement or to design than those who are doing the asking can appreciate, because of our requirements to meet statutory guidelines because of our requirements to meet the Edinburgh street guidance for example and certainly to meet the transport hierarchy. So on this particular note as I've said, I definitely will come back to you with some more information on this and I will endeavour to get this in place. I don't think it should be underestimated however that there is no reason to conflate the requirement on us to put in place emergency powers in the midst of a pandemic with the progress made around longer term or strategic projects that we've got in

place. There's not an organisation or a business in the land which is not having to juggle that balance between short term responses and longer term normal procedure. So we're trying to do our best to get that balance right, in some instances it won't be to the satisfaction of a particular community or requirement, it may not even be understandable but I would say that that is a genuine effort being made to balance those twin requirements of us as a Council, thank you.

QUESTION NO 6

By Councillor Booth for answer by the Convener of the Housing, Homelessness and Fair Work Committee at a meeting of the Council on 15 October 2020

Question

What policies or procedures are in place to ensure that new council housing is accessible to disabled people?

Answer

All new build affordable Council homes are designed and built to Housing for Varying Needs standard which allows homes to be adapted to meet the needs of the household where these change over time. These homes are designed to be 'barrier free' and will be suitable for those with visual and mobility impairments. In addition, most ground floor properties will also be suitable for wheelchair users as they also provide main door, level-entry access. As a minimum 10% of all new homes will be fully wheelchair accessible. These standards are integrated into the new build design guidance for new Council homes.

As part of the Housing Contribution statement to the Edinburgh Health & Social Care Partnership Strategic Plan there is a commitment to deliver 4,500 of the 20,000 new homes to support health and social care priorities. A working group of Council officers are progressing work on this and homes in design and under construction are already being delivered for specific client groups.

When tenants or households seeking social housing have mobility issues in their existing home that cannot be adapted to meet their needs, they can be awarded a gold priority to help them access ground floor accessible homes. New build homes are advertised in same way as existing council homes on Edindex and so the same allocations policies apply.

Urgent cases such as hospital discharge can be awarded urgent gold priority. Any award of priority and the needs of the household would normally require an Occupational Therapist Assessment.

**Supplementary
Question**

Thank you Lord Provost and I thank the Convener for her answer. The answer says that most ground-floor properties will also be suitable for wheelchair users, please can the Convener clarify, at what proportion of ground-floor properties are suitable for wheelchair users and what are the barriers to making all of them suitable?

**Supplementary
Answer**

I'd first like to thank Councillor Booth for his question, it is a very very important part of our house-building programme and I sometimes think we get very distracted with some of the big challenges around homelessness, and it's good that he's brought this to attention because it is fundamental and vital that we get this right. So in terms of new build Council houses, around 10% are built as wheelchair accessible ground-floor properties, the reason we don't build all of them to a wheelchair accessible standard is that not all of them are necessarily required for wheelchair access, so it does depend on the level of need, but all new Council homes are built to the Housing for Varying Needs Standards, so that means that the doors are wider, there's level access and that means that the vast majority of homes could be adapted to wheelchair use if that was needed although they're not necessarily built to that standard initially.

QUESTION NO 7

By Councillor Booth for answer by the Convener of the Planning Committee at a meeting of the Council on 15 October 2020

Question (1) What requirements are in place through planning or building standards to ensure that new buildings, including social and private housing, in Edinburgh are accessible to disabled people?

Answer (1) Planning decisions are made with regard to the Equalities Act 2010 which places on the Council a public sector duty regarding socio-economic inequalities and identified “Protected Characteristics” e.g. age, disability, race, sexual orientation etc....

There are planning policies in place that support accessibility including:

- Edinburgh Local Development Plan Policy Des 7 c) which states that planning permission will be granted where safe and convenient access and movement in and around the development will be promoted, having regard to the needs of people with limited mobility or special needs. Planning application decisions are made with regard to Local Development Policy.
- Policy Hou 2 and the Edinburgh Design Guidance reference the need to meet a range of housing needs.

The principle way in which the detail of accessibility is considered is through the Building Standards system. This requires routes from streets to buildings to be accessible and ensure that internal layouts of buildings are accessible. The Technical Standards which set out the minimum requirements have evolved to ensure that current standards are better than historical standards.

Question (2) What future changes to requirements for accessible buildings are being considered through planning or building standards?

Answer (2) The Building Standards Division of the Scottish Government issues the Building Regulations and national guidance on what requirements there should be for any new building. Officers are not aware of any pending or imminent changes to the requirements of the Building Regulations for accessibility issues into or throughout buildings. Any changes will follow a period of consultation established by the Scottish Government.

In Choices for City Plan 2030, Choice 2, part A proposes:

‘We want all development (including change of use), through a design and access statement, to demonstrate how their design will incorporate measures to tackle and adapt to climate change, their future adaptability and measure to address accessibility for people with varying needs, age and mobility issues as a key part of their layouts.’

Consultation responses to this proposed policy are generally supportive and the proposed plan will consider the evidence provided in those responses in finalising a new policy on this matter.

Supplementary Question

Thank you Lord Provost and again I thank the Convener for his answer. Please can he clarify, my understanding of the answer that he's given is that there are no requirements under planning policy, aside for the need for an Access Statement for major developments, for developers to go further than the building standards in terms of accessibility for disabled people, is that correct and if so does he feel that's adequate?

Supplementary Answer

Like Councillor Campbell I thank Councillor Booth for the very relevant question. I'll have to answer that factually and then he's asked for my opinion and I'm happy to give that as well. So factually you're correct, planning policies have to be competent and robust and focus on matters which is within the remit of planning, so building standards deals with individual buildings, planning deals with other things including the wider site, in City Plan choices there is something about accessibility and you're on the leadership forum where you make good contributions to that and I'm happy for that to be a topic of a future leadership forum, in

terms of that, what we look at is site layout and matters like that for forward planning. Yesterday at the Committee for example we talked about the Waverley Valley strategy and I made a very clear point as did officers about the problems of access out of the gardens up to Princess Street and how we need to address that I'd also bring your attention to the A-board at ban where we removed A-board clutter and I was happy to see my former colleague and friend Councillor Howie there on the broadcast and I know he was very pleased to see that and walking down the street I know what an impact that will have on people that have disabilities, so in essence it's really about the outside spaces, that's the way it works and building standards works the inside of building so there's an opportunity to lobby the Government through Holyrood to change the building regulations and I'd advise him and I'm happy to work with him on that to see if we can take that further, but currently planning only deals really with outside of buildings. I'm happy for that to be the subject of the leadership forum. As I say, in answer to his question to me, yes I think we should be going further but we can only work within the remit that we've been given, so I hope that answers his question.

QUESTION NO 8

**By Councillor Neil Ross for answer
by the Convener of the Transport and
Environment Committee at a meeting
of the Council on 15 October 2020**

Question (1) When devising the Spaces for People measures in our local town centres, involving the widening of pavements by suspending 'Pay and Display' parking and single yellow lines, what consideration has been given to ensuring that disabled people have preferential access to shops?

Answer (1) Access for blue badge holders has been and will continue to be considered as part of the Spaces for People (SfP) town centre measures. In doing so, the Mobility and Access Committee for Scotland (MACS) guidance is being taken into consideration alongside any reports from blue badge holders.

Question (2) There is only one Disabled parking space along the entire length of both Morningside Road and Bruntsfield Place for the exclusive use of blue badge holders. In each of the local town centres with Spaces for People measures, how many disabled parking bays are there?

Answer (2) No blue badge bays have been suspended with SfP town centre measures. The blue badge bays in each town centre are as follows:

- There are no blue badge bays in the boundaries of Gorgie/Dalry, Bruntsfield or Tollcross;
- There is one in Morningside which remains open;
- There is one in Stockbridge which remains open; and

There are no impacts on existing blue badge bays within Portobello, Corstorphine or Great Junction Street.

Question (3) I recently visited a disabled constituent and her husband who live on Comiston Road/Pentland Terrace. When they asked about disabled parking, they were given, without any consultation, a disabled parking space in the middle of the road outside their house which they feel is too dangerous to use. In future, will the provision of disabled parking spaces involve full consultation with the disabled resident prior to implementation?

Answer (3) A request was received from local residents to incorporate a disabled parking bay within the Comiston Road scheme. After a robust risk analysis for the designed parking bays in the area, a disabled parking bay (in accordance with the national guidance) was provided on Pentland Terrace at the edge of the parking bay. Disabled parking bays are for those who have a blue badge, a bay does not belong to any one single individual and as you are aware usual consultation processes do not apply under these emergency schemes.

Supplementary Question Thank you Lord Provost and thank you to the Convener for her answers. With regard to the third part of my question, as the Convener knows there is a 5-day consultation for Councillors on the Spaces for People measures before implementation, given this disabled bay was a late addition to the original cycle scheme and in this case I was involved in helping to raise my disabled resident's request, would it be possible to engage with a Councillor, if even only briefly, in advance, should this situation arise again?

Supplementary Answer I'm sorry Councillor Ross I'll need to ask you to clarify your question here because I'm just wondering what it is that you're looking for, are you looking for the team to anticipate where there might be a request from an individual resident that needs to be acted upon or are you requesting further involvement from the Councillor when that request has already been made?

Councillor Neil Ross The latter Convener so that there might be a little bit of feedback before action is taken to implement, that might be helpful, thank you.

**Councillor
Macinnes**

I am not too sure how often though that situation will occur again, I know in this particular instance there was considerable effort put in to try to provide something that would suit the resident as much as is possible. I think yes, clearly if the request has come via an individual Councillor then yes that would be the case, however there is also the established feedback mechanism when any proposals have gone out to local Councillors and indeed any other key stakeholders so they get to see what officer responses around the specific asks that have of come in via councillors and/or via other stakeholder groups, so there is that opportunity for individual Councillors to pick up and continued that dialogue.

QUESTION NO 9

**By Councillor Neil Ross for answer
by the Convener of the Transport and
Environment Committee at a meeting
of the Council on 15 October 2020**

Question

Traffic volumes in the city are reported to have been significantly lower during lockdown but rising more recently. A report has been issued showing a 10% increase in the number of vehicles on the A702 at Morningside Station and at Greenbank crossroads. What are the recorded volumes of traffic at the same, or similar, time periods on the A70, the A701, the A772 and the A7, or any of the main arterial routes into Edinburgh where data is available?

Answer

The attached graphs display traffic trend data from 01/01/2019 to 31/12/2019; and 01/01/2020 to 06/10/2020 for the following arterial routes – A8 (inbound & outbound); A71 (inbound); A70 (inbound & outbound); and A701 (inbound & outbound).

The A71 outbound data contained several outages and anomalies and is not of a high-enough quality to include.

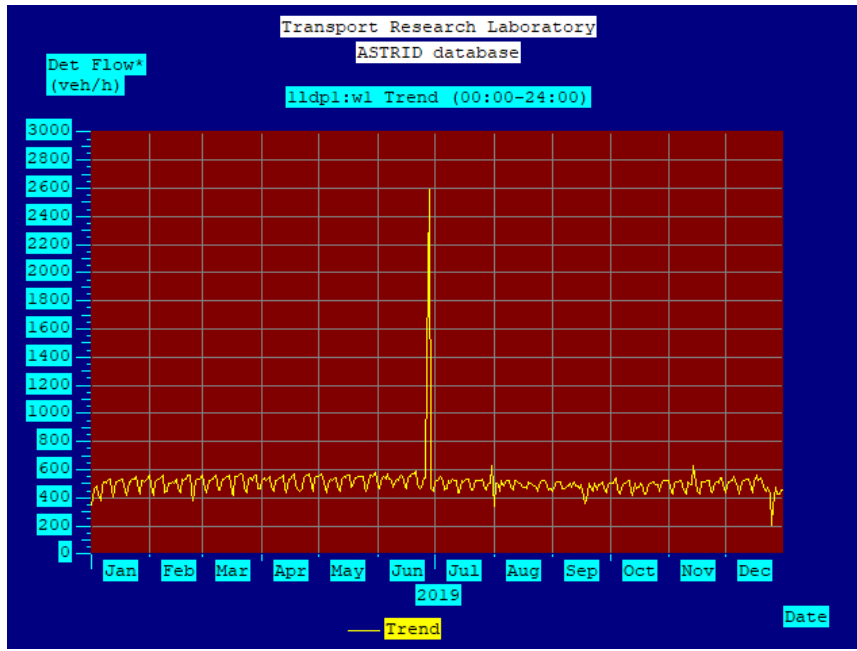
There is no infrastructure to provide any traffic trend data for the A772 in this format.

Traffic trend data for the A1; A199; A90; A7; A702; and Ferry Road is included in the dashboard which is distributed to Elected Members on a monthly basis.

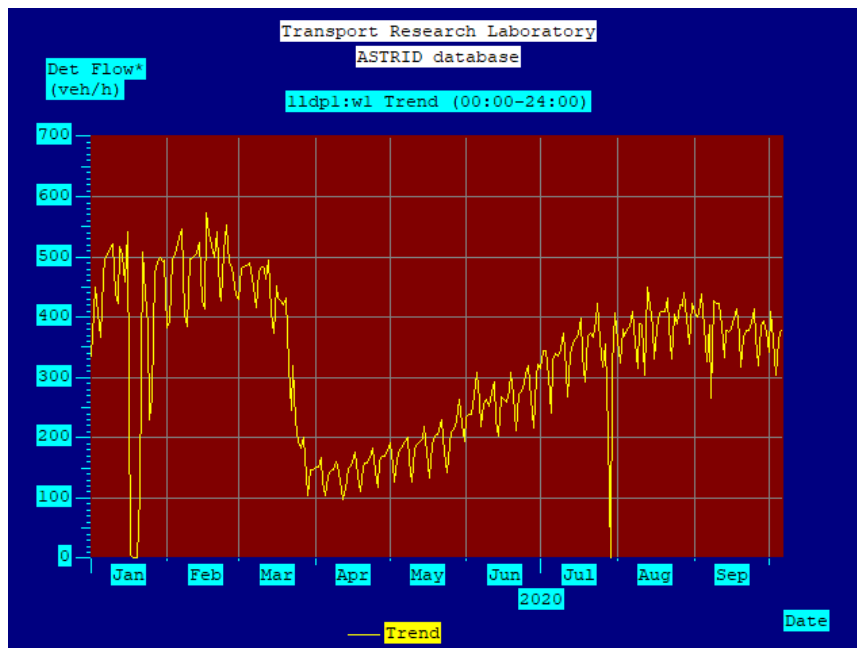
Overall, the trend shows that traffic levels are at approximately 70-90% of what they were in 2019.

A8 – Inbound: St John’s Road / Manse Road

2019



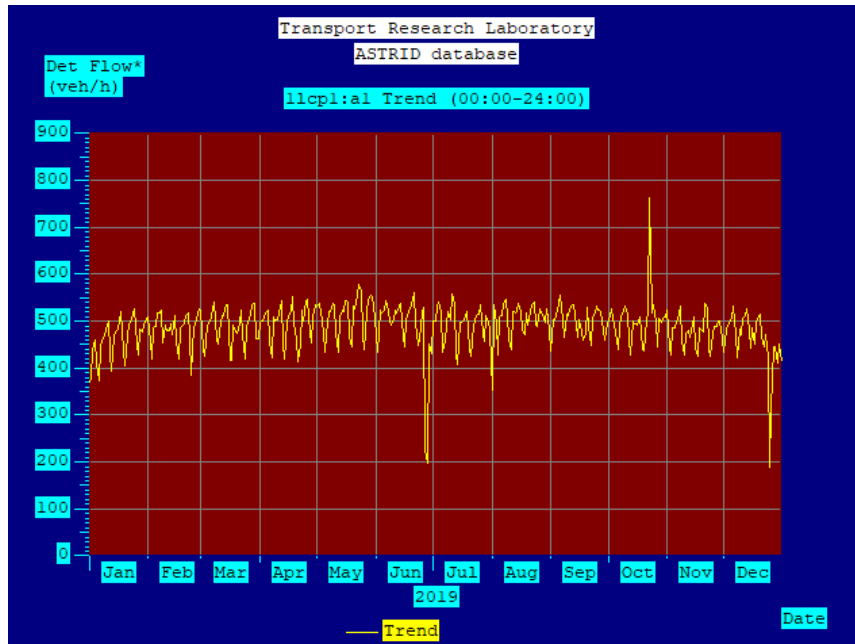
2020



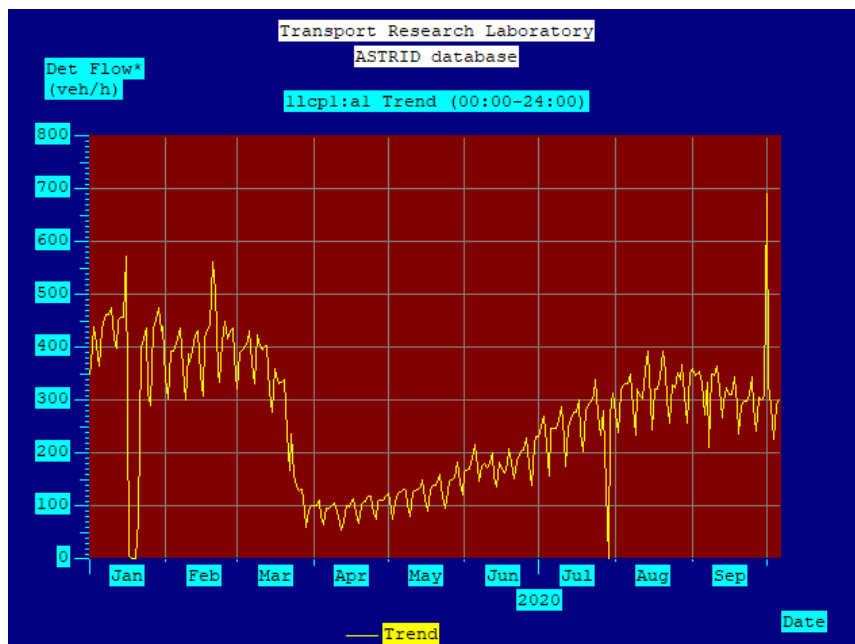
Approximately 80 – 90% of 2019 levels.

A8 – Outbound: St John’s Road / Manse Road

2019



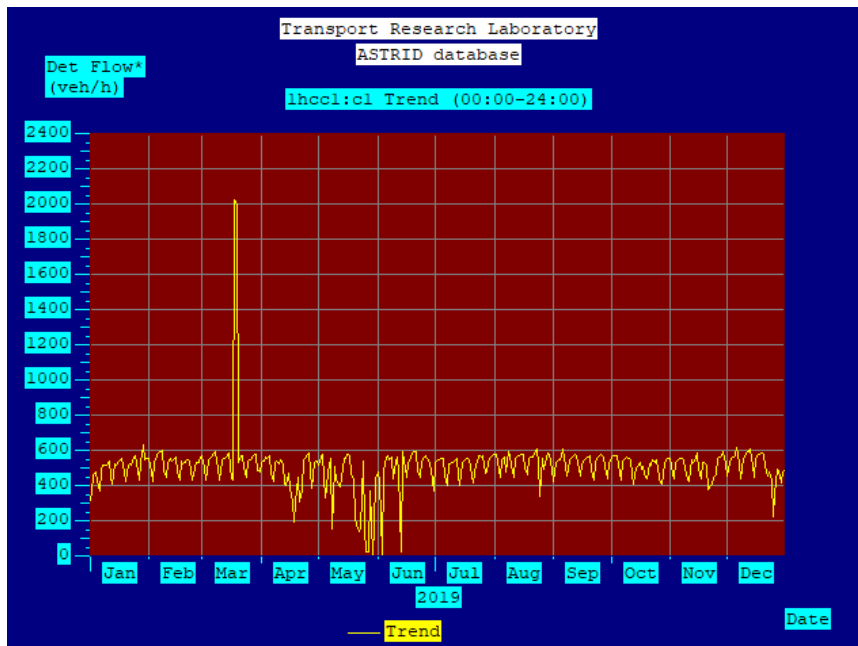
2020



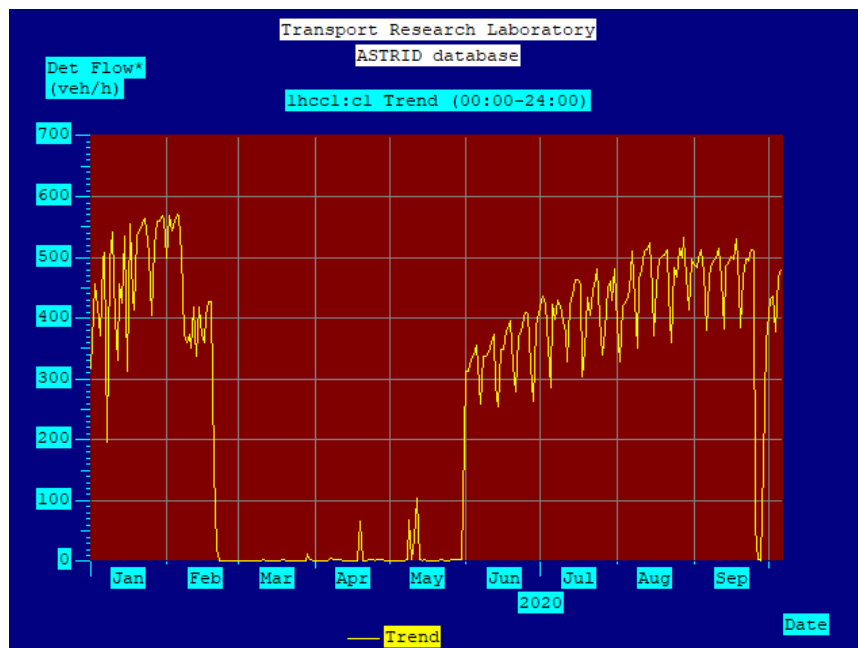
Approximately 70 – 90% of 2019 levels.

A71 – Inbound: Gorgie Road / Chesser Avenue

2019



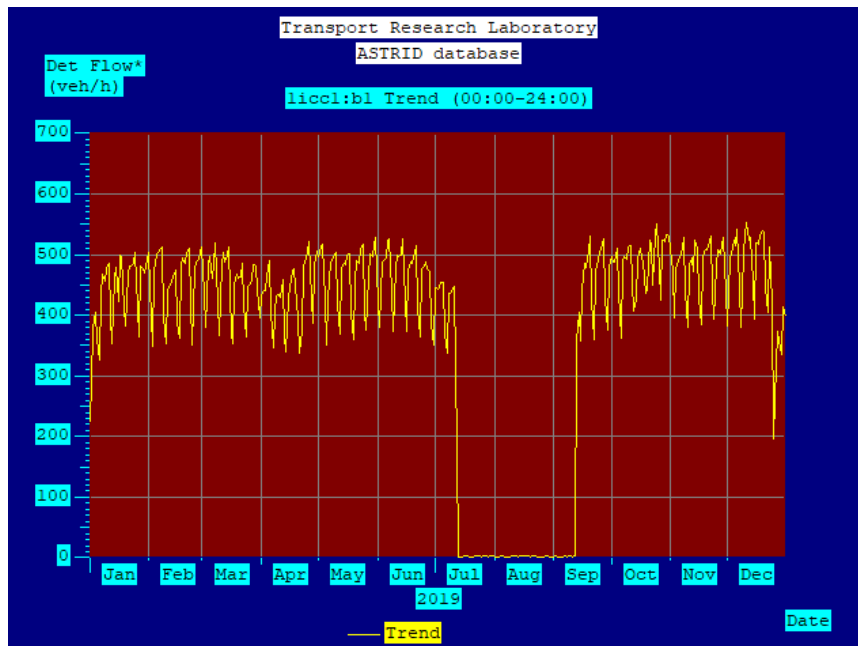
2020



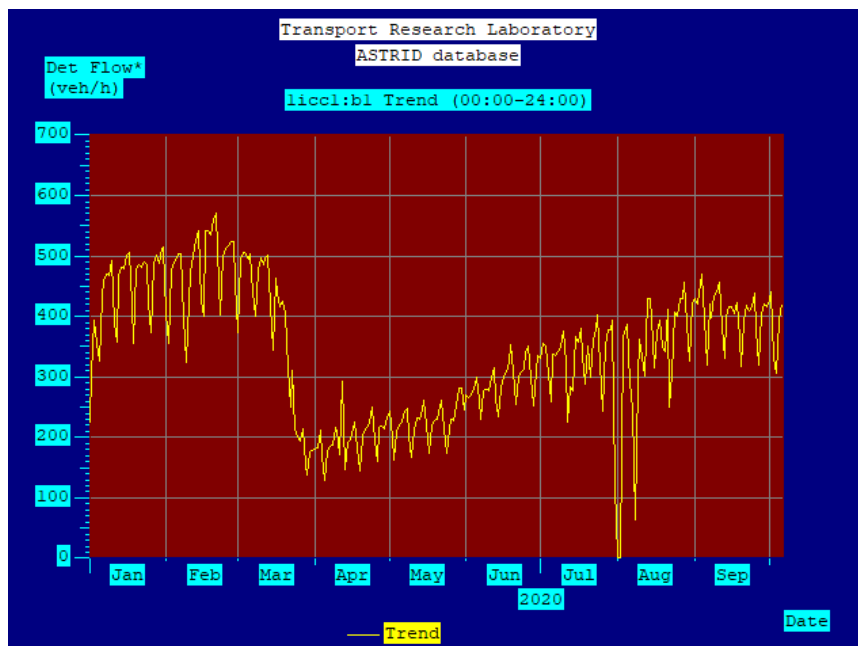
Approximately 80 – 90% of 2019 levels.

A70 – Inbound: Slateford Road / Craiglockhart Avenue

2019



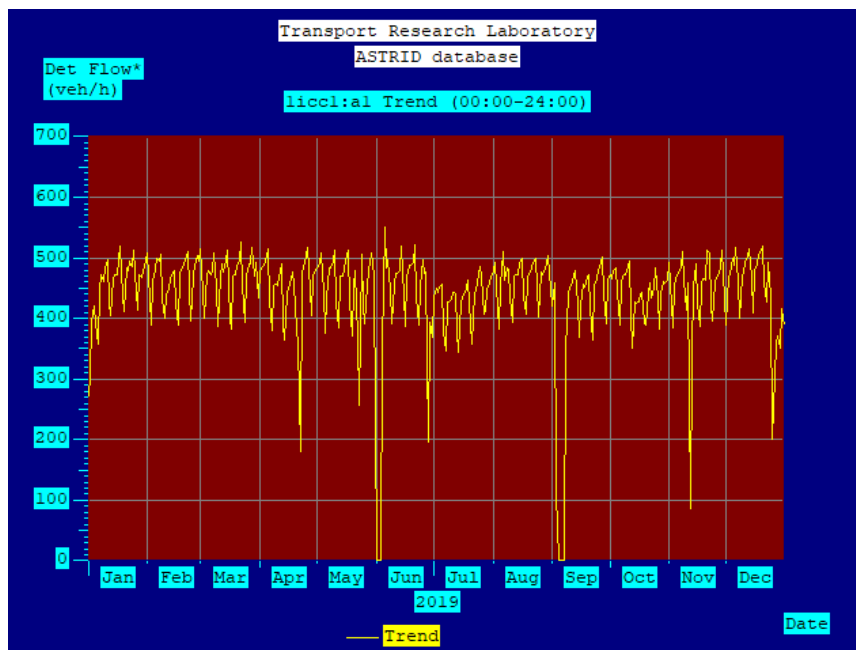
2020



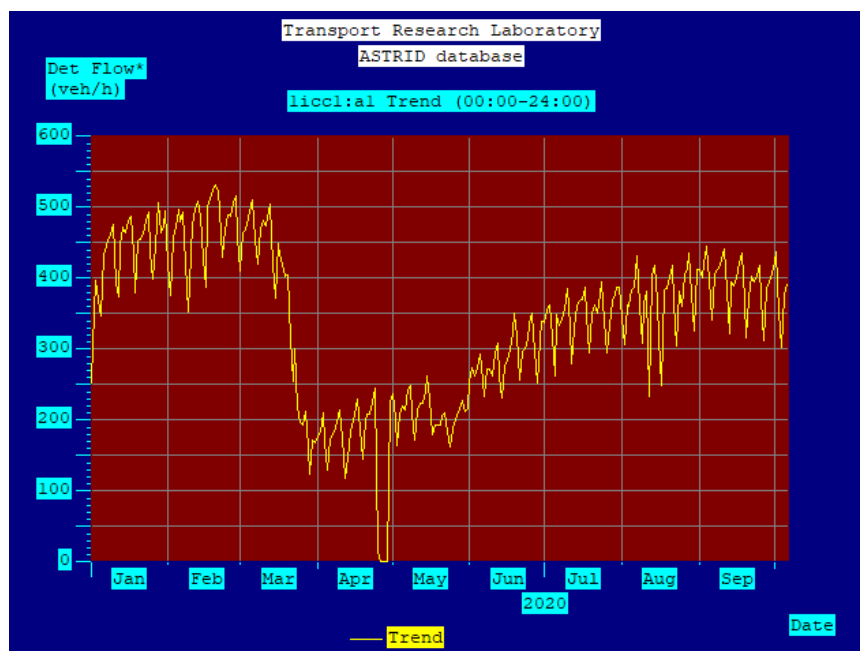
Approximately 80 – 90% of 2019 levels.

A70 – Outbound: Slateford Road / Craiglockhart Avenue

2019



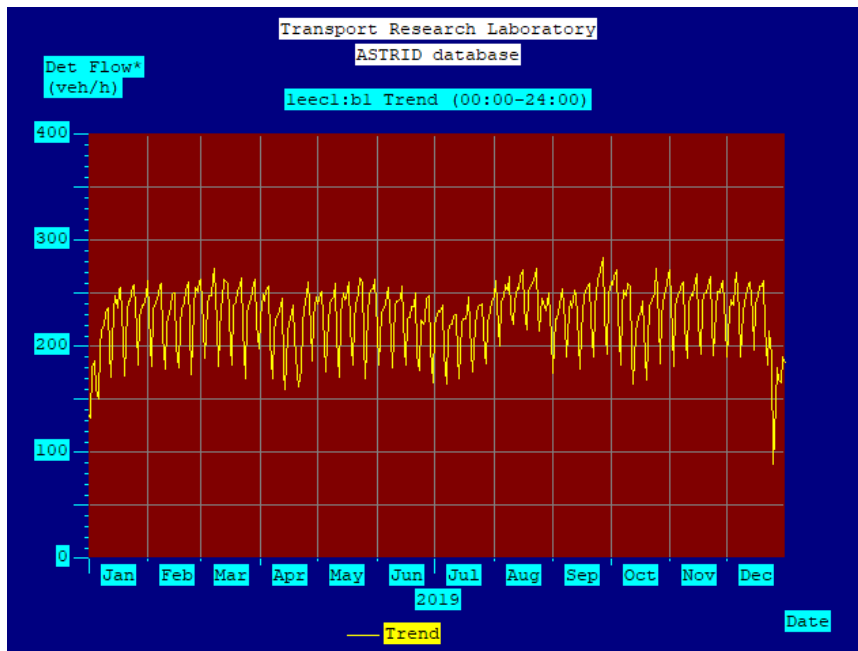
2020



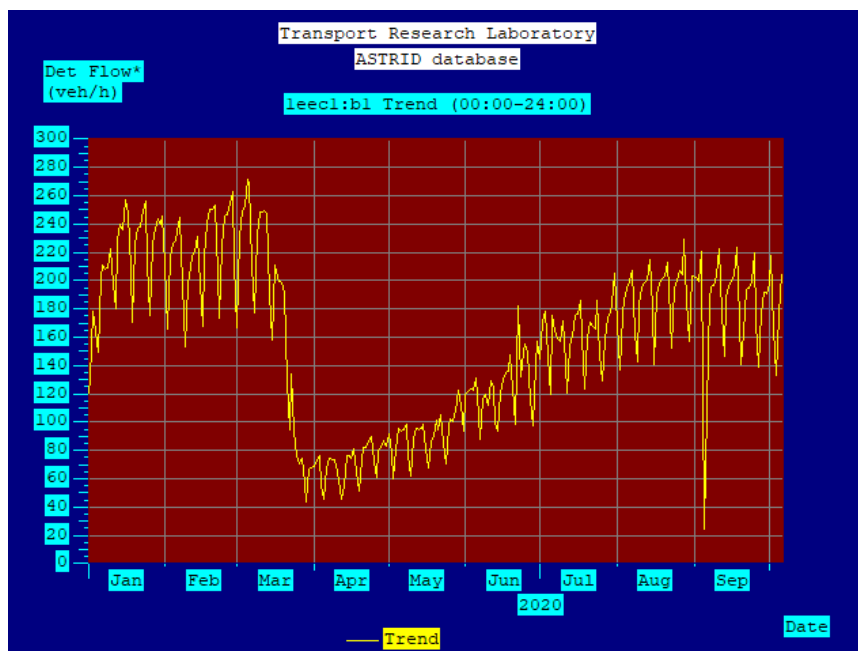
Approximately 90% of 2019 levels.

A701 – Inbound: Grange Road / Causewayside

2019



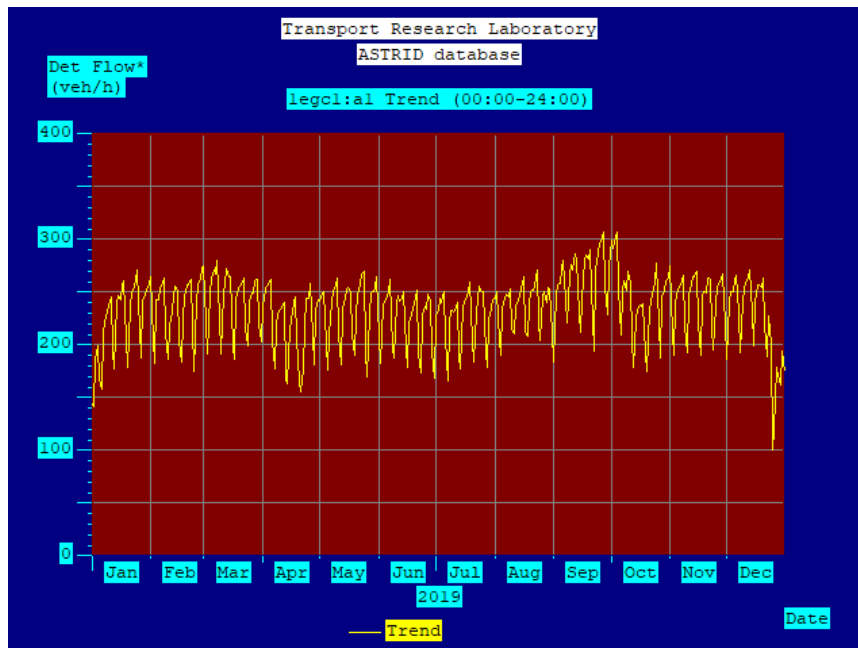
2020



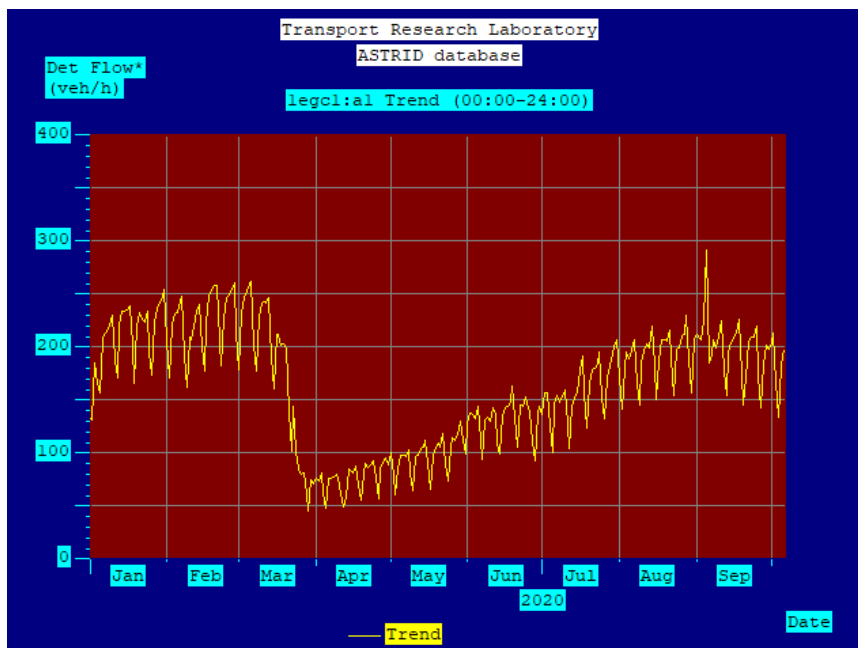
Approximately 80 – 85% of 2019 levels.

A701 – Outbound: Grange Road / Causewayside

2019



2020



Approximately 90% of 2019 levels.

QUESTION NO 10

By Councillor Howie for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 15 October 2020

Question (1) What specific measures have been put in place as a result of consultations with disability charities on the guideline and licensing requirements for street furniture?

Answer (1) Pavement obstructions, contrasting colours of crossing paving and ramps were all raised at a focus group of stakeholders including the Royal National Institute for Blind People (RNIB) in 2013. From this, the Council changed its practices to place solid barriers (tapping rails) around every location where tables and chairs were located, not just specific city centre ones (as had previously been the case).

In addition, the [Edinburgh Street Design Guide](#) covers all aspects of street furniture and was developed in consultation with various bodies such as the RNIB and Edinburgh Access Panel.

Question (2) Do licensing requirements mean all street furniture must allow space on the pavement to allow people to pass each other while maintaining social distancing and if so, what is the minimum distance required?

Answer (2) In response to COVID-19, tables and chairs permit applications will only be considered if it can be demonstrated that a clear unobstructed footway width of **3m** can be maintained (although in some cases a smaller width could be considered depending on the location of the premises i.e. footfall, side streets, availability of space on the carriageway etc.).

New guidance for Tables and Chairs was developed to accommodate all new and amended applications to allow a 3m clear walkway. All Tables and Chairs permits that were in place prior to COVID-19 are still permitted to keep their previous space, but these will be monitored and businesses

are asked to amend their allocated area if it creates an issue with access along the footway. This is an attempt to balance the need for safety and also to support business recovery.

Prior to the COVID-19 restrictions, a minimum from 1.4m of clear footway had to be available for the passing public.

Question (3) What are the requirements for any barriers around the areas of street furniture to prevent them being a threat to disabled people?

Answer (3) It is a mandatory requirement that solid barriers are placed surrounding the tables and chairs area specified in the permit. A detailed description of barriers must be provided with permit applications for Tables and Chairs. Failure to include adequate details of barrier proposals mean applications will not be considered.

Barriers should:

- Be at least one metre in height from the footway level;
- Extend the full width of your tables and chairs area. Incorporate a tapping rail or other demarcation approximately 150mm above ground level to guide blind or partially sighted pedestrians;
- Be capable of withstanding winds blowing from any direction;
- Be fixed to suitable mountings and substantial enough to resist collapse if walked or stumbled into;
- Not be Rope and pole fixtures;
- Not contain any advertising or advertisements;
- Not contain the name of your premises;
- Be of a colour and design that takes account of the needs of people with a visual impairment, ideally providing a contrast with its surroundings; and
- Be of a high-quality design and materials.

In addition, planters are encouraged, while other solutions including fabric banners and metal, or timber panels are

also acceptable (as long as they meet the other requirements). Plastic is not acceptable.

Question (4) What measures have been taken to ensure compliance with these requirements and have any licenses for street furniture been withdrawn because of failure to comply?

Answer

(4) The Street Enforcement Team provides a compliance patrol service which operates during all permitted hours, seven days per week. Permit holders who fail to comply with the conditions or allow their area of pavement to cause undue nuisance, will initially receive a verbal warning, confirmed in writing, which will be followed by any of the following actions should non-compliance or nuisance continue:

- Reduction of extended hours;
- Suspension of Permit;
- Withdrawal of Permit for remainder of term;
- Confiscation of furniture.

If a permit is suspended or withdrawn because of permit condition breach, no payment will be refunded.

Confiscation of furniture will be considered if tables and chairs remain on the pavement or roadway:

- Without permit approval.
- Out with permitted hours.
- After your permit has been withdrawn or suspended.

This matter may also result in a report being submitted to the Procurator Fiscal for the offence of obstructing the public pavement. The Council reserves the right to suspend any Tables and Chairs permit at any time where sufficient reason exists in relation to matters of public safety.

Supplementary Question

Thank you Lord Provost and thank you to the Convener for her answer. The issue of the supplementary is to do with enforcement and I wondered if the Convener could provide details of the enforcement actions taken out over the past 12 months please?

**Supplementary
Answer**

Thank you Councillor Howie. I don't have specific information about the number of enforcement actions that have been taken over the last 12 months, as you can imagine I didn't prepare anything in terms of that particular timeframe but what I can do is give you a little bit of augmented information around what types of enforcement action are possible under this situation. So for example enforcement action can include the suspension of permits for 4 weeks if there have been repeated breaches of permit conditions, where they have been verified and in fact I've got one little bit of information about frequency, there were 3 in 2018 and 1 in 2019, clearly that's a question of repeated breaches of conditions, however, the full scale enforcement, the last measure of confiscation of furniture a full revocation of a permit has never yet been necessary because clearly there's a dialogue going on between the businesses and Council officers. So the process that is followed is, advice and education points are given to a business, then there's a verbal warning and engagement, there's a written warning and engagement then followed by a suspension of permit and further enforcement and then the removal of permit and an enforcement with the potential to confiscate furniture as mentioned there, so I hope that gives sufficient indication that there are numerous stages which can be followed through, thank you.

**Councillor
Howie**

Can I come back on that and ask for written details for the last 12 months, I appreciate that I'm not expecting Councillor Macinnes to have that to hand but if that could be provided that would be helpful, thank you.

**Councillor
Macinnes**

I'm sure that can be done.

QUESTION NO 11

By Councillor Howie for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 15 October 2020

Question

As the Edinburgh Bike Hire scheme evolves, are there any plans for council representatives on the Transport for Edinburgh Board to discuss the introduction of adapted bikes and the inclusion of people with disabilities?

Answer

Adaptive cycles did not form part of the statement of requirement for the Edinburgh Cycle Hire Scheme upon advice from a wide Stakeholder Group and following a benchmarking exercise. Currently there are two places in Edinburgh that already offer free borrowing of adaptive cycles in the Saughton Park and Bangholm areas of the City for the inclusion of disabled people.

Benchmarking exercises and comparisons with other adaptive cycle hire schemes have taken place since the scheme was introduced but have found these to be expensive for the User.

Whilst officers were unable to identify a UK city that offered a city cycle hire scheme that provide paid access to adaptive bikes through their main cycle hire programme. They did investigate the set up in US cities and found two schemes that offered paid access through a different branch of the main hire schemes. Further information can be found using the links below:

Detroit, Michigan <https://mogodetroit.org/adaptive-mogo/>

Portland, Oregon <http://adaptivebiketown.com/>

Both these projects, whilst linked from the main City Cycle Hire Scheme website, do not utilise the same cycle hire point infrastructure as the main scheme, both MoGo and Biketown appear to use traditional docking stations. In both US cities they have identified partner providers which are bikeshops in their respective waterfront areas.

In Edinburgh adaptive cycles can be borrowed without a cost to the user, following a similar set up to the American cities where the adaptive cycles can be borrowed from different organisations/shops. This allows for face to face contact at the point of hire so that specific assistance can be given to suit an individuals needs.

If adaptive bikes were to be accessible from cycle hire points it would raise concerns such as those listed below, that we would not be able to support users adequately as there would be no face to face assistance.

The small number of adaptive bikes that the cycle hire scheme would have, means that it is likely they would be mal-located for regular use, making city centre cycling less attractive.

Cycles larger than standard cycle points would risk causing impediment to the space round them. As the micro siting of each cycle hire point has been determined utilising the Edinburgh Design Guidance, this would have a detrimental impact on pedestrians, for those on shared space and those that are in road space would be a hazard to traffic.

As a city we wish to be accessible and inclusive to all. I have instructed officers to reach out to the adaptive cycle organisations in the city, with a view to look at linking in their websites with our main cyclehire website. In addition, we will continue to monitor the scheme going forward and consider any additions we can make.

**Supplementary
Question**

Thank you Lord Provost and thank you to the Convener for her answer. I want to clarify the position here in terms of the Convener's response, as things stand with the Edinburgh Scheme it is exclusively the preserve of able-bodied people, none of the 105,000 disabled people in the city plus visitors have access to it, so will it continue, does Councillor Macinnes support the continuation of that exclusion, that exclusive preserve for able-bodied people and the continued exclusion of disabled people, saying as it would do, as it does to people with disabilities you're not welcome to participate in this scheme, you are excluded if you want to hire a bike you have to go to Saughton or Bangholm five

miles away, but if you are walking up the High Street and a family are in a group and everybody else can hire a bike from the quad well we're sorry Bangholm or Saughton for you if you want to hire a bike. So can the Convener clarify that continues to be her position or there is a way forward here, much more positive enlightened way forward, would she be prepared to adopt a more positive approach and forget the negative approach and the can't do culture in favour of a can do culture and turn Edinburgh into an example of how things can be done and really not bother about all the examples of how things can't be done, thank you.

**Supplementary
Answer**

Thank you for your supplementary there was a great deal in that Councillor Howie so I will attempt to answer as clearly as I can. The written answer makes it quite clear I think that there are distinct issues, issues that have been found not only in Edinburgh but across the world in absorbing adapted bikes which of course come in many shapes and sizes to suit particular requirements for those particularly obviously with mobility or with vision issues, there is a distinct difficulty in making sure that you can service the needs of users who would want use that within an overall scheme because the simple structural of it does not allow that to happen. One of the illustrations of that is the fact that, is the fact that the bike-hire scheme works on the basis that you can hire it from any point and you can return it at any point and then it's available for the next user. The problem is if you have a number of adapted bikes which of course are lesser in number and often have got very specific aspects to them that suit particular users, there would be no way in which the Bike Hire Scheme could guarantee that the next user of that particular form of adapted bike would be able to get it where they wanted it to be, that is why there is no scheme anywhere that we've been able to identify across the world that incorporates adapted bikes without there being some limitation, the only 2 ones that we've been able to find have been in Detroit, Michigan and Portland, Oregon and particularly the one I know best is the one in Detroit, Michigan where you can hire 13 bikes that are adapted in various forms out of a total of 650, but those bikes have to be picked up from one location and returned to the same location and it's for that particular reason that we cannot

supply the right level of adaptation in bikes to make sure that they're in the right spot in a Bike Hire scheme. There are however very good facilities in this city for those who would wish to hire adapted bikes, I appreciate it's not as good as it can be in the normal bike hire scheme and that is something which I definitely regret but it's down to those practical reasons that we would not be able to service the needs of adapted bike users in a way that would be comparable to the structure of the normal bikes that that occurs. So there are two opportunities specifically at Bangholm and Saughton for people to be able to borrow bikes there's also another one at Saughton as well, and there's one in the city called Charlotte's tandems in the city where you can also pick those up. To the best of my knowledge, I hope I'm not going to be corrected here, those facilities are free of charge for people to use them, I appreciate that that does not allow the same level of freedom and mobility that it gives to somebody who is able bodied and able to go out and use the Edinburgh Bike Hire scheme but that unfortunately is down to the nature of demand and supply attached to this, I wish it were different, but I think we have made a reasonably good effort in the city to try to provide opportunities for those who would wish to have access to adapted bikes, to actually access them thank you.

QUESTION NO 12

By Councillor Webber for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 15 October 2020

Question (1) How many Computers are due to be provided to students in City of Edinburgh schools as part of the emergency response to the Coronavirus pandemic?

Answer (1) 2550 iPads will be provided to students funded via Scottish Government.

Question (2) How many students received a computer as part of this response for the start of the 2020/21 school year?

Answer (2) 615 CEC-purchased iPads were distributed to senior phase pupils with no home access.

Approximately 200 CEC-purchased iPads were issued to additional students identified as requiring a device in direct response to Coronavirus pandemic.

Question (3) How many students have received a computer since the start of this school year, that is not attributed to the emergency response, for example through PEF funding, PC/PTA donation or other initiative?

Answer (3) 1950 iPads have been procured by schools since May. These have been utilised either as 1:1 devices for learners, devices for classes, replacements for outdated/damaged stock or for staff. A further 980 are on order for schools and due to arrive into CEC soon.

Supplementary Question Thank you Lord Provost and thanks Convener for your answer. I suppose it'll be quite a succinct subtle supplementary. We've heard at length about the i-pad's that will be coming from the Scottish Government and I think we were all under the impression that they might all be here already and in circulation, but your answer to my question says 2,550 will be provided so I suppose my question is, what's the hold-up and why aren't they out there?

That's 2 questions I know, I'm sorry Lord Provost.

**Supplementary
Answer**

Thank you for your supplementary I think if you look at answer 3 you'll get a number there about the i-pads or devices which are on order and apparently I've been told it's a supply problem, we have issued the tender and it's taken longer than normal. What I've said to officials is that clearly that's unacceptable and they are looking at ways in which we can expedite the matter – I don't think she could hear me, could she?

**Councillor
Webber**

I could but I'm asking about the ones from the Scottish Government Councillor Perry, the 2,550 not the 980?

**Councillor
Perry**

Ah right, okay, well I don't know the answer to that so I'll have to get back to you.

QUESTION NO 13

By Councillor Douglas for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 15 October 2020

As part of the Spaces for People programme covering Safe Travel to Schools, and since his previous answer to August Council, can the Convener list the schools which as part of this initiative and before the end of September have had:

Question (1) Enhancements implemented and completed “on the ground”?

Answer (1) As you will be aware, from the previous answer given to the member, there had been 6 measures implemented at the time of 25 August Full Council. I can advise 66 schools now have measures in place, ranging from arrows and footpath markings to full road closures. Notifications go out daily on new proposed measures.

Whilst we had hoped all interventions would be in place by Mid-September, the process has been complex as officers are also working on a range of schemes across the city. Assessments are however nearing completion for all schools so the team are working through feedback and design review at a rapid pace.

Question (2) Enhancements planned and proposals shared with the relevant school’s ward Members, Parents Council and Head Teacher?

Answer (2) Assessments are ongoing and plans are still being developed. These will go through the Spaces for People notification process, which includes ward members. Officers are also liaising with the head teachers on proposals and plans. Outwith Spaces for People, officers are also working on a wider review of school travel plans which will involve close dialogue with schools.

QUESTION NO 14

By Councillor Mowat for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 15 October 2020

It is understood that vehicles loading or unloading goods to make deliveries for businesses located on George IV Bridge are expected to stop in the carriageway and the central setted area of the carriageway is then to be used for overtaking the vehicle which is stationary in the carriageway;

Question (1) Can the position of the delivery of goods in the urban transport hierarchy be confirmed?

Answer (1) The hierarchy is as follows:

Pedestrians and cyclists;

Public transport;

All other vehicles.

Question (2) Was there any communication with delivery trade bodies such as the Freight Transport Association, the Road Haulage Association prior to this arrangement being introduced? If so, can this be shared with Council.

Answer (2) Trade bodies such as the Freight Transport Association and the Haulage Association are not included in the agreed Notification process carried out in advance of the design being approved. These bodies are only consulted when a permanent Traffic Regulation order is being promoted.

No correspondence has been received from either Body raising any concerns with the temporary project.

Question (3) Was there any consultation with businesses based on George IV Bridge, or representative bodies, prior to this arrangement being introduced for deliveries? If so, can this be shared with Council.

Answer (3) Due to the emergency nature of the works, the approved procedure for notification of a project prior to it being delivered on site was to include the following:

Local Councillors; Community Councils; Royal National Institute for Blind People (RNIB); Spokes; Living Streets; and the emergency services.

Question (4) Can links be provided to research by official bodies or organisations with professional standing on the safety of loading and unloading in the middle of the road in unmarked bays?

Answer (4) The areas available for loading, which are marked with double yellow lines are positioned next to the temporary kerb line which is a standard approach for all road layouts. The central reserve allows additional carriageway space for vehicles to pass if safe to do so.

More information on design guidance can be found here:

[Traffic Signs Manual - Chapter 5 Line markings](#)

[Safety at Street Works Code of Practice](#)

A safety audit is being carried out on George IV bridge as part of the review process and any issues highlighted in the report will be addressed.

Question (5) Were the loading arrangements in place at this location drawn to police and fire services attention and did they express views on this at the consultation stage or subsequently?

Answer (5) The design of the loading areas involved carrying out vehicle tracking on a 13m triple axle bus, which is larger than any of the emergency services vehicles. All emergency services were included in the notification process and no concerns were raised at that time or since the measures have been installed.

Supplementary Question Thank you Lord Provost and I thank the Convener for her lengthy extensive very useful answer which had a very useful appendix Safety at Street Works Code of Practice. On the first page of Safety at Street Works and Roadworks

Code of Practice it states as the very first item “ask yourself the following key questions - will someone using the road or footway from any direction understand exactly what is happening and what is expected of them”, now given that I have stood and watched with a business owner and a Council officer who we fortuitously ran into hail-fellow-well-met indeed and that we, the business owner and myself, looked in astonishment as someone was loading from the centre of the carriage way, impeding all the traffic and said this is ridiculous, and were then told, no, that's the correct way to do it, and the council officer was getting very excited because there was and there have been other examples of this, someone loading from the cycle path, because that is where they thought. Now I think, there have been a number examples of this, I think there is a problem with this because people don't understand how to use this arrangement and if you stand and watch what's happening on George IV Bridge this becomes increasingly clear. So will the Convener take some measures to communicate to businesses the correct way to use this unusual and unique arrangement and will the Convener also communicate the results of the Road Safety Audit when that has been carried out, to all ward Councillors, thank you?

**Supplementary
Answer**

Happy to say yes to both those particular questions Councillor Mowat and I think it is worthwhile though reflecting on the fact that there is inevitably pressure on road space allocation particularly within the City Centre as we know and there will have to be adjustments made in terms of how people go about doing things, there are some cities where of course loading irrespective of where a business might be specifically located would have to be done from a slightly more remote site and that's something which I think we have to ask businesses to consider to see whether or not they can absorb that into their particular business model, or if they expect to be able to continue despite changing road conditions and road space allocation which is very necessary for some of the broader aims of this city in terms of moving towards sustainability and in this particular instance temporary measures to meet the Spaces for People objectives whether or not they can actually move to help us to achieve those in how they go about receiving

deliveries. I appreciate that that can often be a contentious topic, it can often feel like a pressure on businesses, but I think we stand ready to be of assistance where we can.

QUESTION NO 15

**By Councillor Rust for answer by the
Convener of the Transport and
Environment Committee at a meeting
of the Council on 15 October 2020**

Question (1) Given the introduction of travel infrastructure measures under the Spaces for People (SFP) programme, which are 'temporary', how much of the award of money from Sustrans is being retained from that sum to return infrastructure at the end of the TTRO period?

Answer (1) £277,884

Question (2) In respect of review of the new measures thus far implemented:

- a) what assessment of volume of footfall, wheeling and cycling is being undertaken on the roads closed as spaces for exercise and how will this be reported?
- b) what assessment in SFP schemes is being undertaken in respect of volume of cyclists where new segregated cycle lanes have been installed and how will this be reported?
- c) what assessment is being undertaken of vehicular traffic and traffic flows on the roads where SPF has been implemented and how will this be reported?

Answer (2) a) Regular reviews of all schemes include a site visit to take pedestrian and cyclist counts. This enables the project team to assess the usage and popularity levels of the schemes, to speak to users about their experience of using the infrastructure and to recommend any design changes. Video counts have also been collected for Cammo Walk, Leith Links and Silverknowes Road.

b) Baseline monitoring is being undertaken on the majority of Spaces for People schemes where cycle segregation is being introduced. Cyclist counts are

either being captured through the Council's existing network of cycle counters, or through video counts. These will be repeated at a future date to consider changes over time. This detailed monitoring data will form part of scheme reviews in due course.

- c) Traffic levels are currently monitored at various locations across the city. Specific additional counter equipment has and will be deployed to inform scheme reviews throughout the Programme

Question (3) Has Legal Advice been obtained by the Council regarding implementation of SFP measures in advance of road safety audits and can this be shared?

Answer (3) No Legal Advice was felt to be necessary in respect of implementing measures in advance of road safety audits. The design approach undertaken for these schemes mirrors the normal process for temporary traffic management arrangements which would be deployed by the Council.

Supplementary Question Thank you Lord Provost and thank you to the Convener for her answer. The answer to point 3 does concern me slightly in I think that there is a material difference between say the very temporary removal of a parking bay or a road closure for an event or urgent utility works compared to the significant travel infrastructure works and the risks and safety of SfP but my supplementary is actually on point 1, in Aberdeen for instance £420,000, around a quarter of its grant received is being retained to do work, significantly less has been set aside here despite a much larger grant in Edinburgh, will the Convener guarantee that other council budgets will not be impacted beyond this sum mentioned in the answer to undo spaces for people measures and that the works will not be made permanent simply on the basis there are no funds left to put back, thank you.

Supplementary Answer Thank you Councillor Rust for the question. Clearly I'm not going to guarantee anything about operational budgets because that's not a matter for me to be concerned with, that's a matter for the officers, however what I would indicate very clearly is that there will always be a gap

between temporary spaces for people pieces and any shift towards absorbing what we've learned from that, what the possibilities are that we've learned from that into any kind of permanent measure. So there would always be some degree of a break there. Any changes that might occur around Spaces for People projects that form part of the initiative will of course come back to Transport and Environment for review and agreement, and that would form part of that discussion.

QUESTION NO 16

By Councillor Miller for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 15 October 2020

Question

What information and evidence has been gathered from other cities in relation to design, consultation, implementation, adaptation/improvement and measurement of Low Traffic Neighbourhoods?

Answer

In preparing the proposals for Low Traffic Neighbourhoods (LTNs) research was done on LTNs, and similar type interventions, in other cities, including:

- Waltham Forrest
- Ealing
- Enfield
- Oxford
- Bristol
- Glasgow
- Copenhagen

Further to this research papers were reviewed on ways of reducing traffic levels and creating better and safer use of road space. These papers drew on evidence and research across a wide variety of projects in the UK and Europe.

In general, research and evidence suggest that the introduction of LTNs:

- Making it more attractive and safer for people to travel through the area on foot, wheeling or by bike;
- Reduced levels of traffic, especially rat running at peak times; and

Making streets more adaptable for other uses by local residents, such as for children to play and for community activities

**Supplementary
Question**

Thank you Lord Provost and thank you to the Convener for the answer to my written question. I would please like to clarify the answer that she's given which is very brief for such a complex subject. She says that evidence showed that low traffic neighbourhoods reduced the levels of traffic and I would just like to double-check please that I've understood correctly, that the research and evidence that the council has used does show that overall levels of traffic are reduced and that the result of introducing a low traffic neighbourhood is not increased traffic on the arterial routes surrounding but total traffic levels in the whole area are indeed reduced?.

**Supplementary
Answer**

Thank you for the supplementary. Yes, clearly it was always going to be difficult for us to incorporate the vast array of research around low traffic neighbourhoods in a simple written answer here, and I certainly didn't want to produce a tome for you to work your way through. I think there is a general acceptance in terms of evidence what has happened around low traffic neighbourhoods that have been put in place, where we generally see in the area a reduction in traffic, it's called traffic evaporation, we accept that because people then are encouraged to make alternative choices particularly for those shorter trips, as we see in certain parts of the city, we see high level of short trips of between 1 and 3 kilometres for example which could be easily done by foot or by bike or by public transport and encourages people to make those choices rather than to automatically take their car. In Waltham Forest for example I think I'm correct in saying I can't remember the exact figure - between 15 and 17% traffic evaporation around that by area and that's a phenomenon that's been observed elsewhere. Now it doesn't happen immediately, it doesn't happen the night after you put the measures in, but it takes a little bit of time for that evidence to come forward and to be seen to have a significant impact. When you have that, you have a reduction then in terms of both congestion and the difficulties that are attached to that, in terms of lost economic value, quality of life issues etc., also plays into the air pollution discussion as well around overall areas, much of the conversation however around traffic displacement and/or evaporation tends to be zoned in on a particular road

or a particular couple of roads and it's often not very helpful to do that because what you have to do is take it outside into a slightly larger area and to understand what the overall impact is at the moment, so for example on Comiston Road at the moment where we have not put in a low traffic neighbourhood but we have put in some changes, we have seen an overall drop in that area of 35% of traffic at this point, that may of course change, it's a temporary measure at this point, so you can see that kind of thing developing elsewhere, people make different choices when they are presented with the opportunity to make more sustainable transport choices and to enjoy walking or cycling in an area where there's traffic reduction.

QUESTION NO 17

By Councillor Cook for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 15 October 2020

Question (1) Since the resumption of Pay and Display parking charges, how much Pay and Display income has the Council lost - thus far - as a result of the Spaces for People programme?

Answer (1) The table below shows the total income received for public parking in the streets where parking places have been affected by the Spaces for People programme.

	2019	2020	% change
July	£104,516.35	£76,992.00	-26.33%
August	£96,903.00	£88,779.20	-8.38%

For comparison, the table below shows the total income received for public parking across the city over the same periods:

	2019	2020	% change
July	£1,757,587.20	£1,215,270.74	-30.86%
August	£1,842,126.60	£1,531,109.11	-16.88%

Please note that the data for September is not yet available

Question (2) How much Pay and Display income is the Council is projected to lose should Spaces for People measures remain in place until expiry of the relevant traffic orders?

Answer (2) Looking forward, it is extremely difficult to predict future pay and display income when the uncertainty remains regarding the Covid-19 pandemic. However, the available data suggests that pay and display income could be down between 5 and 10% in these areas.

Supplementary Question Thank you Lord Provost. Obviously the information presented shows as much as a 31% drop in income to the authority for pay and display parking, I'm slightly troubled by your comments in terms of saying operational budgets are

not your concern Convener, I think they're of prime concern to people elected to this authority not just by officers. Given these steep declines and the uncertainty around how sustained the decline will be, will you agree to a regular business bulletin update which charts the increase possibly or the decrease in parking income being reported to the Transport and Environment Committee so Councillors can keep watch on this?

**Supplementary
Answer**

I think I'd like to clarify, so thank you for your supplementary but I think I'd like to clarify my previous comment so that it's not misconstrued, clearly of course budget issues are of importance to Conveners, Vice Conveners and indeed anybody in the Council as an elected member, what I meant was that I could not guarantee that that would not go forward because that's based on operational activity and that was the precise question I was being asked earlier on, so I was not going to give a guarantee that was not mine to give, simple as that. In terms of reporting, yes clearly these figures reflect the fact that we're in an incredibly fluid situation at the moment, this is a year like no other and we do not yet know how that is going to change and go forward, we have no real understanding, nobody has in the world of transport about exactly what will happen and when, as we go through our recovery stages and back to a more normal situation, however I'm very happy to commit to having a business bulletin which will give at least a rough overview and as informed a view as possible at each of the time to go through our transport and Environment schedule, thank you.

QUESTION NO 18

By Councillor Burgess for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 15 October 2020

Question

What conversations has the Convener had with the Gaelic community in the last six months about council proposals for GME at secondary level?

Answer

The Convener and Vice Convener have met with representatives of the Gaelic community on various occasions to discuss the Council proposals. There has been extensive informal discussions throughout this time as well as the following formal meetings;

- 22nd January - a meeting of officers, elected members and the parent body at Taobh na Pàirce to present options and a vision for a future GME secondary.
- 13th February - parents representatives met with the Convener and Vice-Convener to discuss a mechanism to examine the options further with outside expertise.
- 5th May – virtual meeting which involved representation from the Edinburgh Gaelic school community and the wider Gaelic community across Scotland including the Scottish Government, Bòrd na Gàidhlig and Glasgow Council to discuss co-location and standalone models.
- 22nd September - parents representatives met with the Convener and Vice-Convener to discuss a plan for, and information provided in, a pre-consultation.

Further meetings with the whole school community will take place before the end of 2020 but no specific dates have been set.

**Supplementary
Question**

Thanks Lord Provost and I thank the Convener for his answer. I wonder if the Convener could clarify when the consultation about a Gaelic Medium secondary is likely to be made public and as requested by Gaelic school parents whether it will contain balanced information on all the options?

**Supplementary
Answer**

Thank you for the supplementary question. We discussed it with the small working group that we meet with and met with on 22 September and what we agreed is we would try as much as possible to start the informal consultation after the October break and I think we will still keep to that schedule, although we're in constant contact with them. The big problem is of course, is how you do it, you want to be able to involve all the parents in the consultation and in trying to do that and coming up with a scheme that actually makes sense is not that easy, however we've agreed that we'll make sure that if it's a virtual meeting that we have to do, and I can't see any other way of doing it, we'll have enough to allow all the parents to participate so that informal consultation is likely to last over a longer period in order to make sure all parents are allowed to participate. The other big issue is that we were conscious of is when we have to apply for Wave 4 funding, whatever happens we will need Scottish Government support for this, and we have discovered that's now flexible, so while we were trying to rush beforehand in order to meet the October timescale, although I think there's still an indication this October's where we would be going, but made that a bit more flexible so I guess that gives us a wee bit more time to actually to fit the consultation into a timescale that suits everyone.

QUESTION NO 1

By Councillor Lang for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 19 November 2020

Question

Can the Convener list the road safety projects in which the design, tendering or implementation has been delayed as a result of officer resource being diverted to Spaces for People projects?

Answer

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QUESTION NO 2

By Councillor Lang for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 19 November 2020

Further to the answer provided in response to question 5.5 at the 15 October 2020 meeting of the Council:

Question (1) Has the Convener been able to obtain an installation date for the speed table?

Answer (1)

Question (2) Has the Convener been able to obtain an explanation for the delays to the installation timetable?

Answer (2)

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QUESTION NO 3

By Councillor Lang for answer by the Convener of the Housing, Homelessness and Fair Work Committee at a meeting of the Council on 19 November 2020

Question (1) Can the Convener confirm the criteria currently being used to determine whether a repair in a Council tenant property is considered an emergency?

Answer (1)

Question (2) In light of the ongoing COVID-19 restrictions, what is the current position with respect to addressing non-emergency repairs which have been reported by Council housing tenants?

Answer (2)

Questions (3) How many non-emergency Council housing repairs are currently outstanding and how does this compare to pre-COVID levels?

Answer (3)

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QUESTION NO 4

**By Councillor Staniforth for answer
by the Convener of the Transport and
Environment Committee at a meeting
of the Council on 19 November 2020**

Residents of both Craigentenny and Duddingston ward and Portobello and Craigmillar ward have raised the issue of vehicles parking in front of the shared cycle/walking route at the Seafield end of Portobello promenade thus blocking access.

Question (1) Are there any plans to address this issue?

Answer (1)

Question (2) If 'yes', when can we expect to see those measures introduced?

Answer (2)

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QUESTION NO 5

By Councillor Howie for answer by the Convener of the Housing, Homelessness and Fair Work Committee at a meeting of the Council on 19 November 2020

Question (1) What is the current criteria for the allocation of sheltered housing?

Answer (1)

Question (2) How many sheltered housing tenancies have been allocated to applicants who require partially or fully adapted accommodation in the last 5 years?

Answer (2)

Questions (3) How many sheltered housing tenancies have been allocated to applicants who do not require partially or fully adapted accommodation in the last 5 years?

Answer (3)

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QUESTION NO 6

By Councillor Rust for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 19 November 2020

Spaces for People Proposals for Lanark Road/Inglis Green Road

Can the Convener confirm

Question (1) How many comments were received in total regarding the scheme?

Answer (1)

Question (2) How many comments were:

(a) from individuals and

(b) from organisations

Answer (2)

Questions (3) How many were:

(a) for/supportive of the proposals;

(b) against/objections to the proposals;

(c) neutral

Answer (3)

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QUESTION NO 7

**By Councillor Rust for answer by the
Convener of the Finance and
Resources Committee at a meeting
of the Council on 19 November 2020**

Can the Convener confirm

Question (1) Following the announcement by the Chancellor of the Exchequer in respect of the extension of the scheme to end March what discussions have taken place regarding placing of CEC employees on furlough?

Answer (1)

Question (2) How many CEC employees are currently furloughed?

Answer (2)

Questions (3) What sum has been received from UK Treasury in furlough payments?

Answer (3)

Questions (4) Is it CEC's intention to furlough further employees?

Answer (4)

Questions (5) How many CEC staff are currently redeployed in areas of work, which is not their usual area of work and what teams are involved?

Answer (5)

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QUESTION NO 8

By Councillor Young for answer by the Convener of the Transport and Environment Committee at a meeting of the Council on 19 November 2020

A number of Spaces for People (SfP) schools measures have been implemented or are in plan for primary schools.

Question (1) Please provide information on what these measures are and whether they are live or pending etc. as follows:

- (live) schools which have SfP measures already in place and a brief explanation of the measures (e.g. pavement widening) as well as the date it was implemented

- (agreed) schools which have agreed SfP measures which are not yet installed, with a brief description of what the measure is, and the date for implementation

- (pending) schools which have proposed SfP measures which are not yet out for ward councillor consultation, with a brief description of what the proposed measure is likely to be, and a proposed date if known

- (outstanding) schools which require SfP measures but they have not been designed yet.

- (none) schools which do not require any SfP measures

This can be provided as 4 lists, or one consolidated list showing the category, description, date.

Answer (1)

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QUESTION NO 9

By Councillor Young for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 19 November 2020

- Question** (1) Ward councillors have appreciated the timely updates on new covid cases in schools and whether this has resulted in individual or full class isolations. Mindful of the concerns around remote learning and digital engagement can the Convenor please advise the following:
- (a) If an individual pupil is off school, after how many days would they be offered remote learning?
- (b) Pupils offered remote learning – will this always be possible digitally or have there been circumstances where this has not been possible and what has been made available instead?
- (c) If a full class is required to isolate, is remote learning available from the first day of isolation, and if not, how soon after?
- (d) Classes receiving remote learning – is this provided digitally and it is ‘real time viewing a teacher’ or pre-recorded or written assignments only (or other)?
- Answer** (1)
- Question** (2) From these early examples over the last couple of months, have any lessons been learned that will change how remote learning is provided?
- Answer** (2)
- Question** (3) Do all pupils now have access to a digital device (either their own or CEC-provided) and if not, when will this be resolved?
- Answer** (3)

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QUESTION NO 10

By Councillor Young for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 19 November 2020

PE in schools

Question (1) Are primary schools allowed to hold PE classes indoors as it stands today? If not, when is guidance expected to change (or is it related to the Tier system)?

Answer (1)

Question (2) If the weather is such that children should not be outdoors, what is the guidance to schools on providing an alternative indoor option?

Answer (2)

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QUESTION NO 11

By Councillor Young for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 19 November 2020

Extracurricular activities

Prior to the October break, councillors and parents were assured that outdoors sports would start being reintroduced after the holiday.

Question (1) How many schools are offering their facilities to community-led or privately-run sports groups and when this start?

Answer (1)

Question (2) How many community-led and privately-run sports groups have asked for access to school outdoor facilities but this has not yet been granted?

Answer (2)

Question (3) Where access is still not yet permitted, what are the reasons for the delay and when will access resume?

Answer (3)

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QUESTION NO 12

**By Councillor Rose for answer by the
Convener of the Finance and
Resources Committee at a meeting
of the Council on 19 November 2020**

Non-Disclosure Agreements

Question **(1)** Can the Convener advise of the total number and spend on Non-disclosure or settlement agreements of any type, from May 2013 to the present?

Answer **(1)**

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QUESTION NO 13

**By Councillor Jim Campbell for
answer by the Convener of the
Transport and Environment
Committee at a meeting of the
Council on 19 November 2020**

Spaces for People Adaption Work

Recently, the plastic batons segregating the cycle way on Ferry Road have been replaced by “segregation units.”

- Question** (1) What are the reasons for replacing the batons with segregation units?
- Answer** (1)
- Question** (2) Why were segregation units not installed in the first place?
- Answer** (2)
- Question** (3) How many Spaces for People schemes have been subject to adaption work such as this since the initial installation?
- Answer** (3)
- Question** (4) What is the total cost of adaption work?
- Answer** (4)

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QUESTION NO 14

**By Councillor Jim Campbell for
answer by the Depute Leader of the
Council at a meeting of the Council
on 19 November 2020**

Coronavirus Measures and Powers

In proposing an amendment to a Conservative Emergency Motion on Public Health Measures last Council, the Leader made clear his view that Local Government should limit itself to following the Coronavirus measures and advice put in place by National Government.

“ . . . if you're looking for the information to help you explain these measures of guidance . . . that comes from listening to what the Government is saying, and I think, meeting our obligations and responsibility as local people to not undermine those, and try and explain those and echo some of those messages from the Government . . . there's one singer and one song when it comes to this . . . ”

[Cllr McVey, 7:29:30 on the webcast]

Question

Would the Depute Leader agree that Local Government in the UK should simply follow the advice and measures of National Governments?

Answer

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QUESTION NO 15

**By Councillor Rust for answer by the
Convener of the Transport and
Environment Committee at a meeting
of the Council on 19 November 2020**

Spaces for People Expenditure to date

Question (1) Can a full breakdown of Spaces for People expenditure (incurred and scheduled) be provided please, broken down by project.

Answer (1)

Question (2) Can a breakdown of expenditure (incurred and scheduled) be provided, showing the expenditure with a view to making improvements to benefit:

(a) Pedestrians

(b) Cyclists

(c) Safe Travel to Schools

Answer (2)

Question (3) How much has been spent implementing floating bus stops and implementing disabled parking bays?

Answer (3)

Question (4) Given the supply line for the Cycle Lane Defenders meant they could not be installed initially at Comiston Road for example, as the supplier ran out, and more had to be produced to meet demand, what additional costs were incurred in material and time by the temporary cones and other measures prior to the further "temporary" measures?

Answer (4)

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QUESTION NO 16

By Councillor Booth for answer by the Convener of the Education, Children and Families Committee at a meeting of the Council on 19 November 2020

Question (1) What assessments have been done of the likely average walking/cycling time for pupils at each of the four options for GME secondary, compared to James Gillespies High School and the temporary Darroch site?

Answer (1)

Question (2) How compatible are each of the four options for GME secondary, compared to James Gillespies High School and the temporary Darroch site, with the '15 minute city' agenda?

Answer (2)

Question (3) What is the estimated average public transport travel time for the current P1-3 years at Bun-sgoil Taobh na Pairce to each of the four options for GME secondary, compared to James Gillespies High School and the temporary Darroch site?

Answer (3)

Question (4) What is the estimated average public transport travel time from a likely city-wide catchment of each of the four options for GME secondary, compared to James Gillespies High School and to the temporary Darroch site?

Answer (4)

Question (5) What proportion of the current school role at Taobh na Pairce live within the following distances of each of the four options for GME secondary, James Gillespies High School, and the temporary Darroch site, broken down by school year:

- (a) less than 1km
- (b) between 1km and 3km
- (c) greater than 3km

Answer (5)

Question (6) The current informal consultation on GME secondary states that, in the short term, "Darroch would be the Gaelic Secondary with curriculum support from the surrounding Secondary Schools" (p.17).

- (a) Which surrounding schools are being considered for curriculum support?
- (b) Would a statutory consultation be required to change the curriculum support away from James Gillespies High School?
- (c) What is the anticipated pupil capacity of Darroch during this period?
- (d) When does the council expect that Darroch will exceed the capacity outlined in answer to c) above?

Answer (6)



The hard work is paying off

The news this week that Edinburgh is remaining in Tier 3 will have come as disappointment to many but the latest figures show that we are on track and could soon be moved to a lower tier. We're in regular contact with the Scottish Government and other agencies as we prepare to emerge from restrictions – and to communicate clearly what this means to residents and businesses.

We all appreciate the extremely challenging circumstances faced by businesses across the city, many of which have worked hard to adapt to changing public health guidance. I want to thank the hospitality sector in Edinburgh for their efforts in keeping our communities safe – I know none of this is easy. I will continue to make the case for revising conditions in the tiers, such as opening hours for hospitality. Later closing, for example, would allow restaurants to run a second evening sitting.

Testing and tracing are of course pivotal to our work to limit the virus's spread so it was encouraging to see the latest walk-through [Covid-19 test centre open at Leith Library](#) – the third Council venue that we've made available, following the successful opening of centres in the Usher Hall and Gate 55.

Let's keep sticking together on this, Edinburgh. Only if we all do our bit to follow the rules will we be able to help the Capital move towards a lower tier, as safely and as sustainably as possible.

Help shape spending priorities for the Capital

All our lives have been changed by Covid-19 – and [a new survey has gone live](#) on our Consultation Hub inviting residents to share their views on how the pandemic has impacted on the services we provide.

We want to hear what you think we've done well during the crisis, and what services you've missed. This feedback will be invaluable as we embark once again on the complex decision-making process around prioritising the £1bn we spend on services and investing in our priorities each year.

The results of the survey will supplement the feedback we've gathered through public consultation over recent years, which led to us establishing the key priorities for this Administration: tackling poverty and inequality; boosting sustainability; and promoting wellbeing.

With our existing target of a [net zero carbon Edinburgh by 2030](#), joined by our becoming the [first UK local authority to set an end date for poverty](#) last month – our goal is to eradicate poverty in Edinburgh within ten years – the task before us is challenging but we're determined to keep investing in line with our core commitments. Inevitably, dealing with the pandemic has placed extra financial strain on our budget and we need to find at least another £47.5m worth of savings in 2021-24.

Please take a few minutes to fill in the new survey, which runs for four weeks until 10 December, and help deliver a fairer, more sustainable future for Edinburgh.

Working to improve safety on our roads for everyone

Next week is Road Safety Week and, this year, it seems more pertinent than ever. The tragic death of Heather Stronach, who was killed while cycling in Portobello this month, brings home just how crucial it is that we provide safe, secure spaces on our streets for all road users. Our thoughts are with Heather's loved ones at this desperately sad time.

We're committed to making our roads safer through a range of initiatives but there's clearly so much more to be done. As well as supporting [Road Safety Week](#) we're backing Cycling Scotland's [Give Cycle Space](#) campaign and our own [Be Bright Be Seen](#) initiative encourages all road users to look out for one another. We're progressing a number of projects to provide safer, protected routes, like City Centre West to East Link and the West Edinburgh Link. We aiming to be a City with zero fatalities on our roads – we owe it to our residents. To get there requires bold change, which will affect us all, but the benefits will be shared by everyone.

Right now, we're facing an added challenge as people attempt to travel while remaining physically distanced. Through our [Spaces for People](#) programme, we've delivered a range of measures to create room for people to walk, cycle and wheel and now a raft of further measures has been developed using public feedback gathered through our [Commonplace tool](#). These, alongside tweaks to existing schemes, will be considered by councillors on 19 November.

Trams to Newhaven progressing well

We want to emerge from the COVID-19 crisis stronger and central to that is the city's green recovery – building a better connected, more sustainable Capital. It's entirely sensible and prudent to continue to oversee the Trams to Newhaven business case, but what the numbers show is that this project is still the right thing for our City's transport system and for our economy – and that it continues to meet the financial

tests we set out at the start. We need to build the future Edinburgh we want. And a clean, reliable transport system serving one of the most densely-populated parts of our City is very much part of that vision.

Work on the project continues to progress well and, earlier today, I was able to see for myself when I visited the site at Ocean Terminal to see the first tracks being laid – an important milestone for the project and a real boost for the local community. I'm looking forward to seeing the line grow over the coming year, as [this video from the Trams to Newhaven](#) team shows.

On my visit, I was also able to drop by Discovery Garden, which I'm pleased to report is being retained as part of the area's redevelopment. I know how much this lovely little garden means to local people, so I'm delighted that, in response to feedback from the local community, the tram team has been able to review its designs so we can keep this space for the enjoyment of all those who live and visit here.

Ending HIV infections in Edinburgh by 2030

Another major target in our sights for the coming decade is to have no new HIV infections in the Capital by 2030 and we moved a step closer towards this goal last week when a new panel of experts met for the first time, chaired by depute leader, Cammy Day.

Last November we joined hundreds of cities from all over the world as a member of the [Fast Track Cities initiative](#), an international movement committed to ending the global HIV epidemic by 2030.

Our expert panel brings together knowledge and insight from across Edinburgh and they will work towards eliminating HIV-related stigma and discrimination, ending all preventable deaths from HIV-related causes as well as improving the health, quality of life and wellbeing of people living with HIV across Edinburgh. [Find out more](#) about this hugely important work.

Edinburgh remembers

As with other Remembrance events that traditionally take place at War Memorials up and down the country, the global pandemic meant that things were different in Edinburgh this year.

Our Garden of Remembrance remained open but the usual formal services were moved online. Legion Scotland and Poppyscotland encouraged people to take to their doorsteps at 11am to mark the two-minute silence and broadcast a [virtual service of remembrance](#) on their YouTube channel.

On Remembrance Sunday, Lord Provost Frank Ross placed a wreath at the Scottish National War Memorial on behalf of the City and, on Armistice Day itself, the [Commonwealth War Graves Commission](#) lit up the sky above Rosebank Cemetery, paying tribute to the 1.7 million Commonwealth war dead as part of its #ShineOn Remembrance activities.

Happy Clickmas from Edinburgh

The festive season is a very special time in our city, and this year our residents and local businesses will be at the heart of festivities as Edinburgh's Christmas goes digital.

The new [Neighbourhood Market](#) will act as a directory to direct people to a fantastic range of local businesses. It will not only be great for Christmas shopping, it's also a fantastic opportunity for local traders of all kinds to show off their wares. It's never been more important to support our local businesses and the market will showcase hundreds of local artisan producers, makers, retailers, bakers, gift companies, accessories and clothing businesses, hotels and restaurants. It's free to sign up to and I'd encourage all local traders to check out what it has to offer them.

Also, for young budding writers out there, Underbelly are running a writing competition with Santa Claus himself, who will read winning bedtime stories online every night of Advent. Find out more from [Edinburgh's Christmas](#) website.

Diwali goes digital

While Christmas is still a few weeks away, another major celebration in the global cultural calendar is now upon us in the form of Diwali, the annual festival of lights.

While the annual [Edinburgh Diwali festival](#) may not be able to fill the city centre with an abundance of lights, dance and music as it usually does so beautifully, the free-to-view Digital Diwali promises a packed two-hour programme of music and dance from India and Scotland for viewers to enjoy.

Tune in to the [Edinburgh Diwali YouTube channel](#) from 5pm to 7pm on Sunday (15 November) and share in the celebrations from the comfort of your own home.

Who deserves the Edinburgh Award?

Nominations are now open for one of the city's most coveted accolades, the [Edinburgh Award](#), which celebrates an individual who's made an outstanding contribution to the Capital and gained lasting national and international acclaim for the city.

Previous winners include Ian Rankin, Dame Elizabeth Blackadder, Sir Chris Hoy, JK Rowling, Doddie Weir and Tom Gilzean. Votes are now invited for the successor to Heart of Midlothian FC CEO Ann Budge, the most recent Edinburgh Award recipient.

I'm sure we'll see an inspiring range of nominees this year, in particular, given the challenges we've all faced and continue to face in 2020. So many people and organisations have gone above and beyond to help their communities in exceptionally difficult circumstances and their actions have made us all proud.

Once you've chosen your candidate to be the 14th Edinburgh Award-winner, you can nominate them online, by email or by post – details are on the [Edinburgh Award homepage](#). Nominations close on Friday 4 December.

Welcome to Edinburgh's newest councillor

Finally, I'd like to take this opportunity to offer a warm welcome to Ethan Young who has just been elected as the new ward councillor for Craigentinny/ Duddingston following a [by-election](#).

It is undoubtedly a challenging time to join the Council, as we grapple with the wide-reaching effects of a global pandemic, but I have every confidence that Ethan will make a fantastic contribution to his ward and to the City.

I'm sure I speak for all elected members when I say we look forward to welcoming Cllr Young at his inaugural Full Council meeting on 19 November.

Get involved

Keep up to date with all council news via our [news section online](#). You can watch live council and committee meetings via our [webcast](#) service and join the debate on Twitter using #edinwebcast. If you wish to unsubscribe, please [email](#) us.

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The City of Edinburgh Council

10.00am, Thursday 19 November 2020

Appointments to Committees etc

Item number	
Executive/routine	
Wards	All
Council Commitments	

1. Recommendation

- 1.1 To appoint Councillor Gloyer in place of Councillor Neil Ross on the Governance, Risk and Best Value Committee.
- 1.2 To note that members of the Liberal Democrat Group will be attending Governance, Risk and Best Value Committee on rotation and will advise Committee Services accordingly, but that Councillor Gloyer will be the main named contact.

Andrew Kerr

Chief Executive

Contact: Louise Williamson, Committee Services

Email: louise.p.williamson@edinburgh.gov.uk | Tel: 0131 529 4264

Appointments to Committees etc

2. Executive Summary

- 2.1 Councillor Neil Ross has tendered his resignation as a member of the Governance, Risk and Best Value Committee.
- 2.2 Council is asked to appoint Councillor Gloyer in place of Councillor Neil Ross on the Governance, Risk and Best Value Committee.

3. Main report

- 3.1 The appointment of committees, joint committees and joint boards is a reserved matter for full Council.
- 3.2 On 23 April 2020 the Leadership Advisory Panel agreed interim political management arrangements to carry out Council business for the period 1 May 2020 to 1 September 2020 and Interim Standing Orders to cover that period.
- 3.3 Part of the interim political management arrangements was to agree that the functions reserved to Council in the Committee Terms of Reference and Delegated Functions would be carried out by the Policy and Sustainability Committee.
- 3.4 At its meeting on 28 May 2020, in terms of Interim Standing Order 1.2, the Policy and Sustainability Committee agreed the political balance on the Council's committees.
- 3.5 Appointments to the Council's committees were also made at the Policy and Sustainability Committee meeting on 28 May 2020.
- 3.6 At its meeting on 25 August 2020, the Council agreed the political membership of the committees, boards and outside bodies
- 3.7 Council is invited to appoint Councillor Gloyer in place of Councillor Neil Ross on the Governance, Risk and Best Value Committee.

4. Next Steps

- 4.1 Any member appointed will be expected to contribute to the workplan of the Governance, Risk and Best Value Committee, starting at its next meeting on 8 December 2020.

5. Financial impact

5.1 None.

6. Stakeholder/Community Impact

6.1 None

7. Background reading/external references

7.1 [Minute](#) of the Policy and Sustainability Committee of 28 May 2020

8. Appendices

8.1 None.

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The City of Edinburgh Council

10.00am, Thursday 19 November 2020

Committee Terms of Reference and Delegated Functions

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To repeal the existing Committee Terms of Reference and Delegated Functions and approve in its place appendix 1, such repeal and approval to take effect from 20 November 2020.

Andrew Kerr

Chief Executive

Contact: Hayley Barnett, Corporate Governance Manager

E-mail: Hayley.barnett@edinburgh.gov.uk | Tel: 0131 529 3996

Committee Terms of Reference and Delegated Functions

2. Executive Summary

- 2.1 The report proposes to repeal the existing Committee Terms of Reference and Delegated Functions and approve in its place appendix 1.

3. Background

- 3.1 The Council's Committee Terms of Reference and Delegated Functions is a key governance document, any amendments to this document must be approved by Council.
- 3.2 As a result of an internal audit into the school admissions, and appeals process and Section 27 of the Planning (Scotland) Act 2019, this report details two proposed amendments to the Council's Committee Terms of Reference and Delegated Functions. These changes are detailed in appendix one of this report.

4. Main report

Committee on Pupil Student Support

- 4.1 As part of the internal audit review into the school admissions and appeals process, it had been identified that consideration should be given to expanding the terms of reference of the Committee on Pupil Student Support to provide further explanation and clarity around that Committee's delegated functions.
- 4.2 The current remit of this committee is brief - To consider school placing requests and decide the priority order of placing requests.
- 4.3 An updated remit to further clarify the role of this committee has been included at 14.5 within appendix 1.

Development Management Sub-Committee

- 4.4 Section 27 of the Planning (Scotland) Act 2019 has removed the requirement for planning applications which have been the subject of a pre determination hearing to

be determined by Full Council. Such applications can now be determined by the Development Management Sub-Committee.

- 4.5 Appendix 1 amends sections 2.1.16 and 20.5 of the Committee Terms of Reference and Delegated Functions in order to allow such applications to be determined by the Development Management Sub Committee.

5. Next Steps

- 5.1 The Committee Terms of Reference and Delegated Functions will be updated and published online on 20 November 2020.

6. Financial impact

- 6.1 There are no financial implications arising from this report.

7. Stakeholder/Community Impact

- 7.1 Consultation and engagement on the contents of this report has taken place with the relevant officers, committee members and group leaders

8. Background reading/external references

- 8.1 [Operational Governance Framework 2019](#)
8.2 [Appointments to Committee and Committee Terms of Reference](#)

9. Appendices

Appendix 1 – Committee Terms of Reference and Delegated Functions (with tracked changes)

CITY OF EDINBURGH COUNCIL
COMMITTEE TERMS OF REFERENCE
AND
DELEGATED FUNCTIONS

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COMMITTEE TERMS OF REFERENCE AND DELEGATED FUNCTIONS

A. GENERAL

These terms of reference and delegated functions ("**Committee Terms of Reference**") apply from 23 August 2019 and set out the powers delegated by the City of Edinburgh Council ("**Council**") to its committees and sub-committees ("**Committees**") pursuant to the Local Government (Scotland) Act 1973 (the "**Act**").

1. Delegation to Committees

- 1.1. Subject to law, to the provisions of these Committee Terms of Reference, and to any restriction, direction or instruction of Council, there shall be delegated to the respective Committees all the functions and matters contained in:
 - 1.1.1. these Committee Terms of Reference;
 - 1.1.2. any scheme made under the Act or statute; and
 - 1.1.3. any minute of the Council making specific delegation to the Committee.

2. Reserved matters

- 2.1. The following matters are reserved to the Council:
 - 2.1.1. all functions reserved by law to the Council;
 - 2.1.2. determining the strategic objectives of the Council;
 - 2.1.3. election of the Leader, Deputy Leader, Lord Provost, Depute Convener and Bailies;
 - 2.1.4. appointment of committees of the Council, agreeing and/or amending their terms of reference and delegation of functions to them;
 - 2.1.5. deciding the composition of committees of the Council and appointment of members to serve on them, including external members;
 - 2.1.6. appointment of members to serve on joint committees, joint boards and any outside body;
 - 2.1.7. making, amending, revoking, re-enacting or adopting standing orders and Committee Terms of Reference and Delegated Functions;
 - 2.1.8. approving or amending any scheme of delegation to officers;
 - 2.1.9. the annual review of the revenue budget and the fixing of council tax;
 - 2.1.10. the annual review of the capital investment programme and approval of any capital project with a value exceeding £50,000, not included in the capital investment programme;

- 2.1.11. any material expenditure which is not included in the annual revenue budget;
- 2.1.12. setting of special responsibility allowances;
- 2.1.13. making, amending, revoking, re-enacting or adopting, bye-laws, schemes, regulations or rules made under statute subject to confirmation by Scottish Ministers where applicable;
- 2.1.14. the formal adoption of Local Development Plans;
- 2.1.15. the approval of a Proposed Strategic Development Plan and the delegation of authority to the strategic development planning authority (SEsplan);
- 2.1.16. ~~the determination of an application for planning permission for a development of a class mentioned in A38A (i) of the Town and Country Planning (Scotland) Act 1997;~~
- 2.1.17. appointment and dismissal of the Chief Executive and appointment of a chief official;
- 2.1.18. any decision in relation to any proposal to delegate a power or duty to or accept a delegated power from any other local authority or to co-operate or combine with any other local authority in providing services;
- 2.1.19. promoting or opposing the making of local legislation;
- 2.1.20. creation of Council companies;
- 2.1.21. the preparation and review of the Scheme for Community Councils (Special Meeting);
- 2.1.22. amendments to the Treasury Policy Statement, and
- 2.1.23. approval of the annual Treasury Strategy and annual treasury management performance.

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3. Committee Membership

- 3.1 Committee membership will be proportionate according to the elected representation of political parties unless expressly agreed otherwise at a meeting of the full Council.

4. Urgent decisions

- 4.1. If a decision which would normally be made by the Council or a Committee requires to be made urgently between meetings of the Council or Committee, the Chief Executive or appropriate Executive Director, in consultation with the Convener or Vice-Convener, may take action, subject to the matter being reported to the next meeting of the Council or Committee.

5. Substitutes

- 5.1. Where permitted by law and where specified in these Committee Terms of Reference, a member may, subject to paragraph 5.2 below appoint a substitute member from his or her political group to attend a meeting of the committee in his or her place, by email to the Clerk in advance of the meeting.
- 5.2. Any member proposed to be appointed as a substitute must, where specified in these Committee Terms of Reference, have completed the appropriate training for the committee concerned.
- 5.3. The substitute member will be a member of the committee for that meeting and will be entitled to take part in the meeting with the full powers, duties and responsibilities of a member.

6. Convener of Sub-Committee

- 6.1. The Convener of a sub-committee will be appointed by its parent committee.

B. COMMITTEE TERMS OF REFERENCE AND DELEGATED POWERS

Executive Committees

1. Policy and Sustainability Committee

1.1. **Constitution:** 17 Members of the Council including:

- 1.1.1. 5 SNP
- 1.1.2. 5 Conservative
- 1.1.3. 3 Labour
- 1.1.4. 2 Green
- 1.1.5. 2 SLD

Convener and Vice-Convener

- 1.2. The Leader of the Council will be the Convener of the Policy and Sustainability Committee.
- 1.3. The Deputy Leader of the Council will be the Vice-Convener of the Policy and Sustainability Committee.

Quorum

- 1.4. Six members of the Policy and Sustainability Committee will constitute a quorum.

Substitution

- 1.5. Substitutes are permitted.

Delegated functions

- 1.6. Power is delegated to the Policy and Sustainability Committee to:
 - 1.6.1. advise the Council on outcomes, strategic objectives and key priorities;
 - 1.6.2. develop and approve Council policies, including reform, smart city, human resources, community planning and partnership working;
 - 1.6.3. adopt and implement the management framework for planning, implementing, reporting and reviewing Council service delivery;
 - 1.6.4. ensure the Council meets its statutory responsibilities in terms of best value;
 - 1.6.5. ensure the Council meets its statutory responsibilities in terms of diversity and equalities;
 - 1.6.6. monitor implementation of the Council's business and service development plans, corporate strategies, change programmes, corporate initiatives and service reviews;

- 1.6.7. facilitate and encourage public participation and empowerment ensuring the involvement of citizens, the community, neighbourhood networks, partners and key stakeholders in the committee decision-making process;
- 1.6.8. instruct such performance information as the committee requires to fulfil its remit and monitor overall performance in the delivery of services and the Council's financial performance;
- 1.6.9. set and monitor all relevant grants programmes and award grants;
- 1.6.10. provide scrutiny of those services delegated to the Integration Joint Board. This should include scrutiny of internal controls, performance, quality and compliance with the law;
- 1.6.11. determine any reviews of community asset transfer requests;
- 1.6.12. provide oversight and take decisions on the adaptation and renewal programme;
- 1.6.13. provide oversight and take decisions on matters relating to sustainability and climate change;
- 1.6.14. provide oversight and take decisions on major economic policy and strategy and significant cross-cutting regeneration projects;
- 1.6.15. provide strategic oversight of Edinburgh City Region Deal;
- 1.6.16. advise, agree, scrutinise and review Edinburgh Police and Fire and Rescue Service city-wide plans, policies and performance;
- 1.6.17. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action;
- 1.6.18. determine differences between committees except where the difference involves a decision on an individual planning or licensing application; and
- 1.6.19. take all decisions which are not reserved to the Council or delegated to another committee of the Council.

2. Culture and Communities Committee

2.1. **Constitution:** 11 members of the Council as follows:

- 2.1.1. 3 SNP
- 2.1.2. 3 Conservative
- 2.1.3. 2 Labour
- 2.1.4. 2 Green
- 2.1.5. 1 SLD

Convener and Vice Convener

2.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

2.3. Four members will constitute a quorum.

Substitution

2.4. Substitutes are permitted.

Delegated functions

2.5. Power is delegated to the Culture and Communities Committee in relation to the matters listed in paragraph 2.6, to:

- 2.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
- 2.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
- 2.5.3. set standards for service delivery and secure value for money;
- 2.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
- 2.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
- 2.5.6. monitor arrangements to ensure best value and continuous improvement across all services;
- 2.5.7. facilitate and encourage public, engagement, consultation, participation and feedback;
- 2.5.8. set and monitor all relevant grants programmes and award grants;

- 2.5.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action to be taken;
 - 2.5.10. review the impact of the committee's policies on the city
- 2.6. The matters referred to in paragraph 2.5 are as follows:
- 2.6.1. Community Justice;
 - 2.6.2. community safety
 - 2.6.3. health except those matters delegated to another committee or the Integration Joint Board;
 - 2.6.4. Cultural development, festivals and events;
 - 2.6.5. Sport and Recreation;
 - 2.6.6. Arts and museums;
 - 2.6.7. Libraries and community centres;
 - 2.6.8. Parks and green spaces;
 - 2.6.9. community and locality planning
 - 2.6.10. community empowerment; and
 - 2.6.11. Community Councils.

3. Education, Children and Families Committee

- 3.1. **Constitution:** 11 members of the Council as follows:

- 3.1.1. 3 SNP
- 3.1.2. 3 Conservative
- 3.1.3. 2 Labour
- 3.1.4. 2 Green
- 3.1.5. 1 SLD

Additional members for education items:

- 3.1.6. 3 Religious Representatives
- 3.1.7. 1 Parent Representative (non-voting)

Convener and Vice Convener

- 3.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

- 3.3. Four members will constitute a quorum except in the case of education business where five members will constitute a quorum.

Substitution

- 3.4. Substitutes are permitted for all members of the Council.

Delegated functions

- 3.5. Power is delegated to the Education, Children and Families Committee to:
 - 3.5.1. exercise all the functions of the Council as education authority (education business), within the terms of the relevant legislation; and
 - 3.5.2. exercise the functions as social work authority, within the terms of the relevant legislation, in relation to children.
- 3.6. In addition, in relation to the matters listed in paragraph 3.7, to:
 - 3.6.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
 - 3.6.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
 - 3.6.3. set standards for service delivery and secure value for money;
 - 3.6.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals.
 - 3.6.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
 - 3.6.6. monitor arrangements to ensure best value and continuous improvement across all services;
 - 3.6.7. facilitate and encourage public, engagement, consultation, participation and feedback;
 - 3.6.8. set and monitor all relevant grants programmes and award grants;
 - 3.6.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action; and
 - 3.6.10. review the impact of the committee's policies on the city.
- 3.7. The matters referred to in paragraph 3.6 are as follows:
 - 3.7.1. the Council's education, children and families services;
 - 3.7.2. Lifelong Learning; and
 - 3.7.3. major capital programmes or projects implementation, asset planning and facilities management for the Council's education, children and families services.

4. Finance and Resources Committee

1 September 2020

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4.1. **Constitution:** 11 members of the Council as follows:

- 4.1.1. 3 SNP
- 4.1.2. 3 Conservative
- 4.1.3. 2 Labour
- 4.1.4. 2 Green
- 4.1.5. 1 SLD

Convener and Vice Convener

4.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

4.3. Four members will constitute a quorum.

Substitution

4.4. Substitutes are permitted.

Delegated functions

4.5. Power is delegated to the Finance and Resources Committee in relation to matters listed in paragraph 4.6 to:

- 4.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
- 4.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
- 4.5.3. set standards for service delivery and secure value for money;
- 4.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
- 4.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
- 4.5.6. monitor arrangements to ensure best value and continuous improvement across all services;
- 4.5.7. facilitate and encourage public engagement, consultation, participation and feedback;
- 4.5.8. set and monitor all relevant grants programmes and award grants;
- 4.5.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action to be taken; and
- 4.5.10. review the impact of the committee's policies on the city.

- 4.6. The matters referred to in paragraph 4.5 are as follows:
- 4.6.1. Council's revenue and capital budgets;
 - 4.6.2. Council's expenditure and budget policy;
 - 4.6.3. Monitoring the Council's Treasury Management policies and practices;
 - 4.6.4. Council's long term financial plan;
 - 4.6.5. Procurement and contracts;
 - 4.6.6. monitoring of Council debt and debt recovery;
 - 4.6.7. Common Good Fund;
 - 4.6.8. human resources (not including policy);
 - 4.6.9. ICT
 - 4.6.10. Disposal and development of Council owned property and land transactions;
 - 4.6.11. All charitable and other trust funds vested in the Council except where the Council has expressly made other arrangements.

5. Housing, Homelessness and Fair Work Committee

- 5.1. **Constitution:** 11 members of the Council as follows:

- 5.1.1. 3 SNP
- 5.1.2. 3 Conservative
- 5.1.3. 2 Labour
- 5.1.4. 2 Green
- 5.1.5. 1 SLD

Convener and Vice Convener

- 5.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

- 5.3. Four members will constitute a quorum.

Substitution

- 5.4. Substitutes are permitted.

Delegated functions

5.5. Power is delegated to the Housing, Homelessness and Fair Work Committee in relation to matters listed in paragraph 5.6 to:

- 5.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
- 5.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council;
- 5.5.3. set standards for service delivery and secure value for money;
- 5.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
- 5.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
- 5.5.6. monitor arrangements to ensure best value and continuous improvement across all services;
- 5.5.7. facilitate and encourage public, engagement, consultation, participation and feedback;
- 5.5.8. set and monitor all relevant grants programmes and award grants
- 5.5.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action to be taken;
- 5.5.10. review the impact of the committee's policies on the city.

5.6. The matters referred to in paragraph 5.5 are as follows:

- 5.6.1. Housing;
- 5.6.2. Homelessness and housing support;
- 5.6.3. Employability and fair work;
- 5.6.4. Economic development projects and policies that are not reserved to the Policy and Sustainability Committee;
- 5.6.5. External relations and inward investment; and
- 5.6.6. Inclusive growth.

6. Transport and Environment Committee

6.1. **Constitution:** 11 members of the Council as follows:

- 6.1.1. 3 SNP
- 6.1.2. 3 Conservative

- 6.1.3. 2 Labour
- 6.1.4. 2 Green
- 6.1.5. 1 SLD

Convener and Vice Convener

- 6.2. The Convener and Vice Convener will be members of the City of Edinburgh Council.

Quorum

- 6.3. Four members will constitute a quorum.

Substitution

- 6.4. Substitutes are permitted.

Delegated functions

- 6.5. Power is delegated to the Transport and Environment Committee in relation to the matters listed in paragraph 6.6, to:
 - 6.5.1. develop and approve policies, strategies, programmes and projects and work with officers, communities and partners to implement them;
 - 6.5.2. take all decisions which are not reserved to the Council or delegated to another committee of the Council or officers;
 - 6.5.3. set standards for service delivery and secure value for money;
 - 6.5.4. set and monitor corporate standards, consider the necessity of existing service provisions and agree new service proposals;
 - 6.5.5. monitor performance, including financial, instructing such performance information as the committee requires to fulfil its remit;
 - 6.5.6. monitor arrangements to ensure best value and continuous improvement across all services;
 - 6.5.7. facilitate and encourage public, engagement, consultation, participation and feedback;
 - 6.5.8. set and monitor all relevant grants programmes and award grants;
 - 6.5.9. consider petitions addressed to the City of Edinburgh Council on matters within the remit of committee, in accordance with the Council's approved Petitions procedure and determine the appropriate action to be taken;
 - 6.5.10. review the impact of the committee's policies on the city.
- 6.6. The matters referred to in paragraph 6.5 are as follows:

- 6.6.1. Strategic Transport Planning;
- 6.6.2. Traffic management, roads and parking;
- 6.6.3. Public transport;
- 6.6.4. Public Realm Projects;
- 6.6.5. Flood prevention;
- 6.6.6. Waste services;
- 6.6.7. Environmental health and trading standards; and
- 6.6.8. Street cleaning and open space maintenance.

7. Governance, Risk and Best Value Committee

7.1. **Constitution:** 11 members of the Council as follows:

- 7.1.1. 3 SNP
- 7.1.2. 3 Conservative
- 7.1.3. 2 Labour
- 7.1.4. 2 Green
- 7.1.5. 1 SLD

Convener

7.2. The Convener of the committee will be a member of the opposition.

7.3. The Conveners and Vice Conveners of the following Committees shall not be eligible to serve as members of the Governance, Risk and Best Value Committee:

- 7.3.1 The Policy and Sustainability Committee;
- 7.3.2 The Culture and Communities Committee;
- 7.3.3 The Education, Children and Families Committee;
- 7.3.4 The Finance and Resources Committee;
- 7.3.5 The Housing, Homelessness and Fair Work Committee; and
- 7.3.6 The Transport and Environment Committee.

Quorum

7.3. Four members of the Governance, Risk and Best Value Committee will constitute a quorum.

Substitution

7.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Executive.

Delegated functions

7.5. Power is delegated to the Governance, Risk and Best Value Committee to exercise the following functions:

- 7.5.1. To monitor the financial performance of the Council and its subsidiary undertakings, the effectiveness of the Council's audit and inspection, risk management and governance arrangements and of the control

environment of the Council and associated anti-fraud and anti-corruption arrangements; including:

- 7.5.2. Scrutinising information on:
 - (a) Council Budgets;
 - (b) Management of Council assets;
 - (c) The Council's Treasury Management strategy and policies;
 - (d) Control, monitoring and review of income and expenditure, both revenue and capital;
 - (e) Council subsidiaries ;
 - (f) Council Companies (excluding those associated with the pension fund);
 - (g) Children's Panel; and
 - (h) Common Good Fund.
- 7.5.3. Monitoring the annual audit plan and reviewing all Council audit and inspection work against the plan.
- 7.5.4. Receiving and considering summaries of internal and external audit reports which relate to any issue falling within the remit of this committee.
- 7.5.5. Monitoring internal controls, corporate risk management and key operational governance areas.
- 7.6. Scrutiny on a specific issue should follow a committee decision.
- 7.7. To instruct a report on any matter within the remit of an executive committee but where a decision is yet to be taken; the report as instructed will initially be considered by the executive committee.
- 7.8. Referring back to the appropriate Executive Committee for its consideration any financial performance issue, which might have implications for policy development within the remit of the Executive Committee
- 7.9. To scrutinise the operational performance of all council services and Council subsidiaries in relation to the Council's agreed pledges, outcomes, policy objectives and statutory performance targets, including:
 - 7.9.1. considering information that relate to issues falling within the remit of Council services, including complaints handling, customer care and ombudsman reports;

- 7.9.2. monitoring employment, organisational development and equalities issues as they relate to the operation of the council corporately and to its individual services; and
- 7.9.3. scrutinising major projects and programmes, service reviews and transformational change.
- 7.10. To invite Conveners or Vice-Conveners to attend committee, and where appropriate, to question and hold them to account on the operational or financial performance of any service area falling within their remit.
- 7.11. To refer back to the appropriate Executive Committee for its consideration any service performance issues that might have implications for policy development coming within the remit of the Executive Committee
- 7.12. To initiate and undertake planned scrutiny reviews of any matter falling within the remit of this committee or specific scrutiny reviews requested by an Executive Committee.
- 7.13. To promote the observance by Councillors of high standards of conduct and assist them in observing the code of conduct, in accordance with any guidance issued by the Standards Commission for Scotland.
- 7.14. To report, as required, on any matter within the committee's remit to Council.

Other Committees

8. Committee on Discretionary Rating Relief Appeals

- 8.1. **Constitution:** 5 members of the Council as follows:

- 8.1.1. 1 SNP
- 8.1.2. 1 Conservative
- 8.1.3. 1 Labour
- 8.1.4. 1 Green
- 8.1.5. 1 SLD

Convener

- 8.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

- 8.3. Two members of the Committee on Discretionary Rating Relief Appeals will constitute a quorum

Substitution

- 8.4. Substitutes are permitted.

Delegated functions

- 8.5. Power is delegated to the Committee on Discretionary Rating Relief Appeals:
- 8.5.1. To review decisions taken by the Executive Director of Resources to refuse discretionary rating relief;
 - 8.5.2. To consider representations from organisations or individuals, justifying the granting of discretionary rating relief to them;
 - 8.5.3. To decide whether or not to grant discretionary rating relief as a result of considering the organisation's or individual's representations; and
 - 8.5.4. To decide what, if any, conditions should be fulfilled prior to discretionary rating relief being granted.

9. Leadership Advisory Panel

- 9.1. **Constitution:** 5 members of the Council as follows:

- 9.1.1. Leader of the Council
- 9.1.2. Deputy Leader of the Council
- 9.1.3. Conservative Group Leader
- 9.1.4. Green Group Leader
- 9.1.5. Scottish Liberal Democrat Group Leader
- 9.1.6. three statutory representatives, appointed by the Education, Children and Families Committee when considering education business

Convener

- 9.2. The Convener of the Committee will be the Leader of the Council.

Quorum

- 9.3. Two members of the Leadership Advisory Panel will constitute a quorum except on education business when the quorum will be three members.

Substitution

- 9.4. Substitutes are permitted for members of the Council only

Delegated functions

- 9.5. Power is delegated to the Leadership Advisory Panel:
- 9.5.1. To decide any matter of urgency arising during any recess period, subject to the provision of any relevant enactment, to exercise all functions of the Council or Committee, which would otherwise have dealt with the matter that:
 - (a) cannot await the resumption of the normal meetings timetable; and

- (b) cannot appropriately be decided by the Chief Executive or Executive Director in accordance with urgency provisions within these Committee Terms of Reference.

10. Planning Committee

10.1. **Constitution:** 11 members of the Council as follows:

- 10.1.1. 3 SNP
- 10.1.2. 3 Conservative
- 10.1.3. 2 Labour
- 10.1.4. 2 Green
- 10.1.5. 1 SLD

Convener

10.2. The Convener and Vice-Convener will be members of the City of Edinburgh Council.

Quorum

10.3. Four members of the Planning Committee will constitute a quorum.

Substitution

10.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Planning Officer.

Delegated functions

10.5. Power is delegated to the Planning Committee:

- 10.5.1. To exercise the functions of the Council as planning, building standards and statutory addressing authority and to determine planning policies including:
 - 10.5.1.1. Development frameworks including public realm for place making;
 - 10.5.1.2. Strategic Infrastructure;
 - 10.5.1.3. Non-statutory planning guidance;
 - 10.5.1.4. designate and review conservation areas;
 - 10.5.1.5. management plans for world heritage sites.
- 10.5.2. To express and interpret these policies as specific tasks and projects and set service standards;
- 10.5.3. To review performance in the delivery of services, the achievement of service standards and the impact of the Committee's activities on the City;

- 10.5.4. To conduct relations with external bodies relevant to the Committee's service responsibilities, including approval of a response to proposals by other authorities or bodies on which the Council is being consulted;
- 10.5.5. To appoint representatives on outside bodies relevant to the committee's service responsibilities;
- 10.5.6. To consider the development and use of land in the city and wider city region and approve relevant stages of the local development plan and to refer it to Council for adoption ;
- 10.5.7. To take decisions in pursuit of the committee's policies, subject to compliance with corporate personnel and financial policies and regulations;
- 10.5.8. To determine any charges for services provided by the committee; and
- 10.5.9. To provide financial assistance, in pursuit of the committee's policies.

11. Pensions Committee

11.1. **Constitution:** 7 members including 5 members of the Council as follows:

- 11.1.1. 1 SNP
- 11.1.2. 1 Conservative
- 11.1.3. 1 Labour
- 11.1.4. 1 Green
- 11.1.5. 1 SLD
- 11.1.6. 2 external members representing the employers and members in the pension funds.

11.2. The Pensions Committee will also be attended and overseen by the Pension Board, a body constituted under the Public Services Pensions Act 2013 and the Local Government Pension Scheme (Governance) (Scotland) Regulations 2014 and with powers regulated by the United Kingdom Pensions Regulator. The constitution and operations of the Pension Board will be determined in accordance with regulation and, where appropriate, considered and approved by the Pension Board and/or the Pensions Committee.

Convener

11.3. The Convener will be a member of the City of Edinburgh Council.

Quorum

11.4. Three members of the Pensions Committee will constitute a quorum.

Substitution

- 11.5. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Executive Director of Resources.

Delegated functions

- 11.6. Power is delegated to the Pensions Committee:
- 11.6.1. exercise all functions of the pension funds and associated legal and corporate structures, within the terms of the legislation;
 - 11.6.2. determine the overall policy objectives of the pension funds in accordance with the best interests of fund members and employers and within all applicable legislation;
 - 11.6.3. determine the strategy for the investment of pension funds monies including the variety and suitability of investments and to review and monitor investment arrangements;
 - 11.6.4. ensure appropriate investment management arrangements are in place for pension funds monies and to review investment manager performance;
 - 11.6.5. establish and maintain arrangements for the effective management and administration of the pension funds including staffing and budgetary arrangements.
 - 11.6.6. approve the allocation of resources to the Lothian Pension Fund group for the operation and administration of the pension funds from the assets of the pension funds in accordance with the applicable pension regulations, including the approval of segregated financial arrangements and accounts for the pension funds and the agreement of contracts;
 - 11.6.7. to appoint members to the Pension Board and approve bespoke terms of reference and standing orders where allowable under the Council framework for the Pensions Committee and the Pension Board as required to accommodate the applicable pensions and financial services regulation;
 - 11.6.8. approve responses to consultation papers issued by government and other authorities; and
- 11.7. monitor overall performance of the pension funds in the delivery of services and financial performance, consider all matters in respect of the pension funds including:
- 11.7.1. determining policies for the management and regulation of the Lothian Pension Fund group and within the strategic policy and planning framework approved by the Council;
 - 11.7.2. approving strategies, programmes and projects and work with officers and partners to implement them;

- 11.7.3. setting standards for service delivery;
- 11.7.4. securing best value in the provision of services and reviewing the control and assurance environment (including internal audit processes) for the Lothian Pension Fund group;
- 11.7.5. taking all executive decisions in respect of the pension funds which are not reserved to the Council or delegated to another committee of the Council;
- 11.7.6. ensuring systematic appraisal of the control environment and framework of internal controls in respect of the Lothian Pension Fund to provide reasonable assurance of effective and efficient operations and compliance with laws and regulations;
- 11.7.7. promoting the development of an appropriate risk management strategy and risk management procedures;
- 11.7.8. ensuring highest standards of probity and public accountability;
- 11.7.9. ensuring sound financial procedures are in place for authorising and monitoring expenditure;
- 11.7.10. agreeing internal audit plans and to ensure internal audit work is properly planned with due regard to risk, materiality and coverage;
- 11.7.11. overseeing and review action taken on internal audit recommendations;
- 11.7.12. reviewing all matters relating to external audit, including audit plan, action points and reports, and to monitor implementation of external audit recommendations; and
- 11.7.13. promoting, monitoring and developing continuous improvement.

12. Personnel Appeals Committee

12.1. **Constitution:** 9 members of the Council as follows:

- 12.1.1. 3 SNP
- 12.1.2. 2 Conservatives
- 12.1.3. 2 Labour
- 12.1.4. 1 Green
- 12.1.5. 1 Scottish Liberal Democrat

Convener

12.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

12.3. Three members of the Personnel Appeals Committee will constitute a quorum.

Substitution

- 12.4. Substitutes are permitted.

Delegated functions

- 12.5. Power is delegated to the Personnel Appeals Committee to:
- 12.5.1. hear and decide appeals on a decision taken, or a failure to take a decision, by an Executive Director, or his/her nominee, under the Procedures for Hearing Employee Grievances.
 - 12.5.2. hear and decide appeals to a decision to:
 - 12.5.2.1. dismiss or take other forms of punitive disciplinary action; and
 - 12.5.2.2. issue a warning, oral or written under the Procedure for Consideration of Appeals by Executive Directors against Disciplinary Action and the Procedure for Consideration of Appeals against Disciplinary Action.
 - 12.5.3. hear and decide disputes under the Avoidance of Industrial Disputes Procedure.
 - 12.5.4. decide appeals from teaching staff in regard to the application and interpretation of the terms of the Scheme of Salaries and Conditions of Service for Teaching Staff in School Education.

13. Placing in Schools Appeals Committee

- 13.1. **Constitution:** One person from each of the following panels:
- 13.2. Panel 1 All members of Council and religious representatives on the Education, Children and Families Committee.
- Panel 2 Parents of children of school age.
- Panel 3 Persons with experience in education and acquainted with educational conditions in the Council's area, nominated by the Executive Director for Communities and Families.

Chair

- 13.3. Each meeting appoints a Chair.

Quorum

- 13.4. Three members of the Placing in Schools Appeals Committee will constitute a quorum.

Substitution

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13.5. Substitutes are only permitted from the same Panel.

Delegated functions:

13.6. Power is delegated to the Placing in Schools Appeals Committee:

13.6.1. To hear and decide appeals against decisions of the Council to refuse placing requests and exclude pupils all in terms of Section 28 C, D, E, G and H of the Education (Scotland) Act 1980 as amended; and

13.6.2. To consider appeals against decisions by the Executive Director of Communities and Families to refuse early admission to school.

14. Committee on Pupil Student Support

14.1. **Constitution:** 5 members of the Council as follows:

- 14.1.1. 1 SNP
- 14.1.2. 1 Conservative
- 14.1.3. 1 Labour
- 14.1.4. 1 Green
- 14.1.5. 1 SLD
- 14.1.6. 1 religious representative from the Education, Children and Families Committee

Convener

14.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

14.3. Two members of the Committee on Pupil and Student Support will constitute a quorum.

Substitution

14.4. Substitutes are permitted.

Delegated functions:

~~14.5. To consider school placing requests and decide the priority order of placing requests.~~

To consider school placing requests for the P1 and S1 intakes for August in each year where parents/guardians/carers have set out exceptional reasons in their applications for places in oversubscribed schools.

To decide if there are exceptional circumstances which apply to each individual child or young person and to determine the priority order on waiting lists for that specific child or young person.

Note: The Committee cannot grant individual placing requests even if it has decided that exceptional circumstances exist; places can only be awarded in these circumstances by the Placing in Schools Appeal Committee.

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15. Recruitment Committee

15.1. **Constitution:** 7 members of the Council as follows:

- 15.1.1. Leader of Council
- 15.1.2. Deputy Leader of the Council
- 15.1.3. Convener of the Finance and Resources Committee
- 15.1.4. Appropriate Convener or Vice-Convener for the role
- 15.1.5. A representative from each of the opposition groups

Convener

15.2. The Convener of the committee will be the Leader of the Council.

Quorum

15.3. Three members of the Recruitment Committee will constitute a quorum.

Substitution

15.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Executive and in line with the relevant Council policy.

Delegated functions

15.5. Power is delegated to the Recruitment Committee to short list and interview candidates and recommend an appointment to the Council for posts at Chief Executive, Executive Director and Heads of Service Division level (Chief Officials).

16. Regulatory Committee

16.1. **Constitution:** 9 members of the Council as follows:

- 16.1.1. 3 SNP
- 16.1.2. 2 Conservative
- 16.1.3. 2 Labour
- 16.1.4. 1 Green
- 16.1.5. 1 Scottish Liberal Democrat

Convener

16.2. The Convener and Vice-Convener will be members of the City of Edinburgh Council.

Quorum

16.3. Four members will constitute a quorum.

Substitution

- 16.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Executive.

Delegated functions

- 16.5. Power is delegated to the Regulatory Committee to:
- 16.5.1. exercise the functions of the Council as Licensing authority under the Civic Government (Scotland) Act 1982 and other statutory provisions which are not within the remit of any other Committee.
 - 16.5.2. exercise the functions of the Council on all licensing functions which are not reserved to the Council, its officers or delegated to another Committee.
 - 16.5.3. determine individual applications for registration and licences under the Civic Government (Scotland) Act and other statutory provisions which are not delegated to officers, in accordance with approved policies.
 - 16.5.4. express and interpret licensing policies as specific projects, to set service standards and monitor performance in the delivery of services including financial performance relating to Regulatory Committee matters.
 - 16.5.5. liaise with external bodies relevant to the Committee's service area, considering and approving responses to consultation proposals.
 - 16.5.6. appoint representatives to outside bodies within the Committee's remit.
 - 16.5.7. approve charges as required by statute and determine licence fees.
 - 16.5.8. determine applications for road construction consent which are not delegated to the Executive Director of Place.
 - 16.5.9. determine applications for permission to place tables and chairs on footways which are recommended for refusal by the Executive Director of Place.
 - 16.5.10. exercise the Council's responsibilities in respect of safety at sports grounds.
 - 16.5.11. exercise the Council's functions regarding notification of parades and processions so far as not delegated to officers.

17. The City of Edinburgh Planning Local Review Body

- 17.1. **Constitution:** 5 members of the Council as follows:

- 17.1.1. Any five members who are also members of the Planning Committee but not the Convener of the Planning Committee.

Convener

17.2. Each meeting appoints a Convener.

Quorum

17.3. Three members of the City of Edinburgh Planning Review Body will constitute a quorum.

Substitution

17.4. Substitutes are only permitted from the pool of trained members of the Planning Committee.

Delegated functions:

17.5. Power is delegated to the City of Edinburgh Planning Local Review Body to fulfil the obligations of the Council, as planning authority, under section 43A of the Town and County Planning (Scotland) Act 1997 for the conduct of reviews.

18. Committee on the Jean F Watson Bequest

18.1. **Constitution:** 8 members of the council as follows:

- 18.1.1. 2 SNP
- 18.1.2. 2 Conservative
- 18.1.3. 2 Labour
- 18.1.4. 1 Green
- 18.1.5. 1 Scottish Liberal Democrat
- 18.1.6. one nominee of Friends of City Art Centre
- 18.1.7. two external members appointed by the Executive Director of Resources, in consultation with the Convener.

Convener

18.2. The Convener of the Committee will be a member of the City of Edinburgh Council.

Quorum

18.3. Four members of the Committee on the Jean F Watson Bequest will constitute a quorum.

Substitution

18.4. Substitutes are permitted.

Delegated functions:

18.5. Power is delegated to the Committee on the Jean F Watson Bequest to:

- 18.5.1. Use monies from the Jean F Watson Bequest to purchase and commission for the City's collection works of artists and craftspeople born, practising in, or otherwise associated with Scotland, and in particular Edinburgh; all decisions to be guided by the Collection and Disposal Policy for the City Museums and Galleries.

- 18.5.2. Use monies from the Catherine E Cowper Trust to purchase and commission items for the Museum of Childhood; all decisions to be guided by the Collection and Disposal Policy for the City Museums and Galleries.

19. Community Council Independent Complaints Panel

- 19.1. **Constitution:** All members of the Council with each panel consisting of three elected members.
- 19.2. Councillors whose ward is where the Community Council subject to the complaint is a member will not be eligible for that Panel meeting.

Convener

- 19.3. The Convener of the Committee will be a member of the City of Edinburgh Council.

Quorum

- 19.4. Three members of the Community Council Independent Complaints Panel will constitute a quorum.

Delegated functions:

- 19.5. Power is delegated to the Community Council Independent Complaints Panel to:
- 19.5.1. Make a final determination of the complaint against a community councillor.
- 19.5.2. Apply the following sanctions:
- 19.5.2.1. Censure of behaviour and a written undertaking to behave in accordance with the Scheme's Code of Conduct.
- 19.5.2.2. Suspension from community council meetings and activities for a period of time to be agreed by a majority of the Panel.
- 19.5.2.3. Request by a majority of the panel members for the named community councillor to step down.
- 19.5.2.4. In serious cases, an expulsion from the community council, approved by a unanimous vote of the Panel.
- 19.5.3. Make recommendations to the relevant community council; and
- 19.5.4. Make recommendations to the City of Edinburgh Council.

Sub-Committees

20. Development Management Sub-Committee (Parent: Planning Committee)

20.1. **Constitution:** All 11 members of the Planning Committee, as follows: -

- 20.1.1. 3 SNP
- 20.1.2. 3 Conservative
- 20.1.3. 2 Labour
- 20.1.4. 2 Green
- 20.1.5. 1 Scottish Liberal Democrat

Convener

20.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

20.3. Four members of the Development Management Sub-Committee will constitute a quorum.

Substitution

20.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Planning Officer.

Delegated Functions

20.5. To discharge all functions of Management of Development Control required under the Planning Acts including the determination of planning applications (except for ~~applications for National Developments and major developments significantly contrary to the Development Plan which require to be determined by full Council, or~~ applications under the Council's Scheme of Delegation for Local Developments).

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20.6. To determine applications for High Hedge Notices and withdraw or vary such notices as prescribed under the High Hedges (Scotland) Act 2013.

20.7. To determine cases for street naming and the numbering of properties.

21. Licensing Sub-Committee (Parent: Regulatory Committee)

21.1. **Constitution:** 9 members of the Council as follows:

- 21.1.1. 3 SNP
- 21.1.2. 2 Conservative
- 21.1.3. 2 Labour
- 21.1.4. 1 Green
- 21.1.5. 1 Scottish Liberal Democrat

Convener

- 21.2. The Convener of the Licensing Sub-Committee is the Convener of the Regulatory Committee.

Quorum

- 21.3. Three members constitute a quorum.

Substitution

- 21.4. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Chief Executive.

Delegated functions:

- 21.5. Power is delegated to the Licensing Sub-Committee to:
- 21.5.1. exercise the functions of the Council as Licensing authority under the Civic Government (Scotland) Act 1982 and other statutory provisions which are not within the remit of any other Committee;
 - 21.5.2. exercise the functions of the Council on all licensing functions which are not reserved to the Council, its officers or delegated to another Committee;
 - 21.5.3. determine individual applications for registration and licences under the Civic Government (Scotland) Act and other statutory provisions which are not delegated to officers, in accordance with approved policies;
 - 21.5.4. determine applications for road construction consent not delegated to the Executive Director of Place;
 - 21.5.5. determine applications for permission to place tables and chairs on footways recommended for refusal by the Executive Director of Place;
 - 21.5.6. exercise the Council's responsibilities in respect of safety at sports grounds; and
 - 21.5.7. exercise the Council's functions regarding notification of parades and processions so far as not delegated to officers.

22. Pensions Audit Sub-Committee (Parent: Pensions Committee)

Constitution

- 22.1. Three members from the Pensions Committee of which a minimum are two City of Edinburgh elected members.
- 22.2. Two non-voting members of the Pension Board will also be able to attend the Pensions Audit Sub-Committee to oversee its activities.

Quorum

- 22.3. Two members of the Pensions Audit Sub Committee will constitute a quorum.

Convener

- 22.4. The Convener of the Pensions Audit Sub-Committee will be appointed from the membership of the Pensions Committee, excluding the Convener of that committee.

Substitution

- 22.5. Substitutes are permitted from members of the Council who have undertaken and completed appropriate training specified by the Executive Director of Resources.

Delegated functions

- 22.6. Power is delegated to the Pensions Audit Sub-Committee to consider and make appropriate recommendation(s) to the Pensions Committee:
- 22.6.1. To ensure systematic appraisal of the control and assurance environment and framework of internal control (including internal audit processes) of pension funds to provide reasonable assurance of the effective and efficient operations and compliance with laws and regulations;
 - 22.6.2. To promote the development of an appropriate risk management strategy and risk management procedures;
 - 22.6.3. To ensure the highest standards of probity and public accountability;
 - 22.6.4. To ensure sound financial procedures are in place for authorising and monitoring expenditure and the allocation of pension fund resources;
 - 22.6.5. To consider and scrutinise an annual report on any companies owned by the Council that are connected to the activities of the pension funds and the Lothian Pension Fund group;
 - 22.6.6. To review the consolidated annual financial statements of the pension funds/Lothian Pension Fund group and the International Standard on Auditing 260 (ISA 260) communication of audit matters;
 - 22.6.7. To agree internal audit plans and to ensure that internal audit work is planned with due regard to risk, materiality and coverage;
 - 22.6.8. To oversee in light of the audit plan the performance of the audit service;
 - 22.6.9. To oversee and review action taken on internal audit recommendations; and
 - 22.6.10. To review all matters relating to external audit, including audit planning, action points and reports, and to monitor the implementation of external audit recommendations.

23. Property Sub-Committee (Parent: Finance and Resources Committee)

23.1. **Constitution:** 10 members of the Council as follows:

- 23.1.1. 3 SNP
- 23.1.2. 3 Conservative
- 23.1.3. 2 Labour
- 23.1.4. 1 Green
- 23.1.5. 1 SLD

Convener

23.2. The Convener will be a member of the City of Edinburgh Council.

Quorum

23.3. Four members of the Property Sub-Committee will constitute a quorum.

Substitution

23.4. Substitutes are permitted.

Delegated functions:

23.5. Power is delegated to the Property Sub-Committee to:

- 23.5.1. oversee the work of the Edinburgh Shared Repairs Service;
- 23.5.2. to take decisions in relation to the Council's Shared Repair Service that fall within the remit of the Finance and Resources Committee in relation to financial and legal risks; and
- 23.5.3. consider any outstanding issues that require detailed scrutiny in relation to the closure of the Property Conservation Programme Momentum project.

24. Special Sub-Committee on Adult Social Care (Parent: Culture and Communities Committee)

24.1. **Constitution:** 5 members of the Council as follows:

- 24.1.1. 1 Labour
- 24.1.2. 1 SNP
- 24.1.3. 1 Conservative
- 24.1.4. 1 Green
- 24.1.5. 1 SLD

Convener

24.2. The parent committee appoints the Convener.

Quorum

- 24.3. Two members of the Special Sub-Committee on Adult Social Care will constitute a quorum.

Substitution

- 24.4. Substitutes are permitted.

Delegated functions

- 24.5. Power is delegated to the Special Sub-Committee on Adult Social Care to:
- 24.5.1. maintain an overview of the quality of social work experience for Edinburgh's citizens by considering reports of HMI, SWIA, and Care Commission inspections and internal reviews of health and social care establishments and services, and action taken;
 - 24.5.2. monitor the implementation of new initiatives relating to quality;
 - 24.5.3. maintain an overview of the implementation of national and local policies.
 - 24.5.4. address issues relating to the work of services which arise during the course of the business of the sub-committee and make recommendations to the Culture and Communities Committee;
 - 24.5.5. celebrate the success of services, including identification of examples of good practice; and
 - 24.5.6. provide a high quality experience for officers and sub-committee members by adopting an agreed set of protocols for the conduct of Special Sub-Committees.

25. Sub-Committee on Standards for Children and Families (Parent: Education, Children and Families Committee)

- 25.1. **Constitution:** 9 Members of the Council as follows:

- 25.1.1. 3 SNP
- 25.1.2. 2 Conservative
- 25.1.3. 2 Labour
- 25.1.4. 1 Green
- 25.1.5. 1 Scottish Liberal Democrat

Convener

- 25.2. The parent committee will appoint the convener.

Quorum

25.3. Three members will constitute a quorum.

Substitution

25.4. Substitutes are permitted.

Delegated functions

25.5. Power is delegated to the Sub-Committee on Standards for Children and Families to:

25.5.1. Provide oversight of the quality of education and care experiences for young people in the City of Edinburgh by scrutinising the reports and follow up actions of Education Scotland inspections in schools;

25.5.2. Consider an annual report on Care Inspectorate inspections in early years provision;

25.5.3. Consider individual reports on Care Inspectorate inspections in residential schools, care services for children and local authority reviews of service areas, establishments and units;

25.5.4. Monitor the implementation of initiatives relating to quality improvement and assurance, and attainment and achievement;

25.5.5. Maintain an overview of the implementation of national and local policies specifically related to quality standards by officers, establishments and services;

25.5.6. Contribute to the support and challenge agenda within the context of establishment plans; and

25.5.7. Celebrate the success of establishments, units, teams and the service including recognising items of good practice.

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The City of Edinburgh Council

10.00am, Thursday 19 November 2020

Public Holidays 2021-2027

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To note the Public Holiday dates in Edinburgh for the period 2021 to 2027 as attached at appendix 1 to the report.
- 1.2 To agree that a further report will be brought back to Council to consider the Edinburgh Spring Holiday in 2022.
- 1.3 To agree the Spring Holiday in 2025 shall be Monday 14 April.

Andrew Kerr

Chief Executive

Contact: Hayley Barnett, Corporate Governance Manager

Strategy and Communications, Chief Executive

E-mail: Hayley.barnett@edinburgh.gov.uk | Tel: 0131 529 3996

Report

Public Holidays 2021 - 2027

2. Executive Summary

- 2.1 The report sets out the Public Holiday dates in Edinburgh for 2021 – 2027, advises Council of a clash of the Spring Holiday date with Easter Monday in the years 2022 and 2025, and seeks approval of an alternative Spring Holiday date.
- 2.2 The report also notes the UK Government's announcement of an additional public holiday to mark Her Majesty the Queen's 70th anniversary as monarch in summer 2022. The full implications of this for Edinburgh are yet to be determined. A further report will be brought back to Council on this matter.

3. Background

- 3.1 Local public holidays have been developed over many years on a local basis with care specifically taken to avoid a clash of holiday dates between different areas in Scotland. At present Public Holiday dates in Edinburgh have been published until 31 Dec 2020.

4. Main report

- 4.1 A list of Public Holiday Dates in Edinburgh for the period 2021 to 2027 (to the end of the next Council term) is attached as appendix 1.
- 4.2 The Spring Holiday in Edinburgh is normally the third Monday in April. In the years 2022 and 2025 the third Monday in April (18 April in 2022, 21 April in 2025) would be Easter Monday.
- 4.3 Previously, when these dates have coincided it has been the practice to observe the second or fourth Monday in April as the Edinburgh Spring Holiday (11 April or 25 April in 2022, 14 or 28 April in 2025).
- 4.4 In recent years when similar clashes have occurred (2001, 2003, 2006, 2014, 2017), the Council agreed to maintain a break between holidays in April and May

(May Day) and that the second Monday of April should be adopted as the Spring Holiday. This report proposes the same approach.

- 4.5 The UK Government has recently announced the May Bank Holiday Weekend will be moved to Thursday 2 June and an additional Bank Holiday on Friday 3 June provide a four-day weekend to celebrate Her Majesty the Queen's Platinum Jubilee. In Edinburgh, the May Bank holiday noted above has traditionally not been observed at the end of May. The equivalent Spring Holiday in Edinburgh is normally the third Monday in April. The full implications of this announcement are yet to be worked through at a national (Scottish) level or at a local level. A further report of this matter will be brought to Council in due course.

5. Next Steps

- 5.1 If agreed, the dates will be published on the Council's website.

6. Financial impact

- 6.1 There are no financial implications arising from this report.

7. Stakeholder/Community Impact

- 7.1 The Public Holiday dates are set using a fixed procedure developed on a local basis over many years.

8. Background reading/external references

- 8.1 Previous reports archived.

9. Appendices

Appendix 1 – Public Holiday Dates

Public Holidays in Edinburgh 2021

New Year's Day	Friday 1 January 2021 Monday 4 January 2021
Spring	Monday 19 April 2021
May Day	Monday 3 May 2021
Victoria Day	Monday 17 May 2021
Autumn	Monday 20 September 2021
Christmas Day	Monday 27 December 2021
Boxing Day	Tuesday 28 December 2021
Good Friday	Friday 2 April 2021
Easter Monday	Monday 5 April 2021
Trades Holidays Commence	Saturday 3 July 2021

Public Holidays in Edinburgh 2022

New Year's Day	Monday 3 January 2022 Tuesday 4 January 2022
Spring	Monday 18 April 2022 * clashes with Easter Monday and alternate date to be agreed.
May Day	Monday 2 May 2022
Victoria Day	Monday 23 May 2022
Autumn	Monday 19 September 2022
Christmas Day	Monday 26 December 2022
Boxing Day	Tuesday 27 December 2022
Good Friday	Friday 15 April 2022
Easter Monday	Monday 18 April 2022
Trades Holidays Commence	Saturday 2 July 2022

Public Holidays in Edinburgh 2023

New Year's Day	Monday 2 January 2023 Tuesday 3 January 2023
Spring	Monday 17 April 2023
May Day	Monday 1 May 2023
Victoria Day	Monday 22 May 2023
Autumn	Monday 18 September 2023
Christmas Day	Monday 25 December 2023
Boxing Day	Tuesday 26 December 2023
Good Friday	Friday 7 April 2023
Easter Monday	Monday 10 April 2023
Trades Holidays Commence	Saturday 1 July 2023

Public Holidays in Edinburgh 2024

New Year's Day	Monday 1 January 2024 Tuesday 2 January 2024
Spring	Monday 15 April 2024
May Day	Monday 6 May 2024
Victoria Day	Monday 20 May 2024
Autumn	Monday 16 September 2024
Christmas Day	Wednesday 25 December 2024
Boxing Day	Thursday 26 December 2024
Good Friday	Friday 29 March 2024
Easter Monday	Monday 1 April 2024
Trades Holidays Commence	Saturday 29 June 2024

Public Holidays in Edinburgh 2025

New Year's Day	Wednesday 1 January 2025 Thursday 2 January 2025
Spring	Monday 21 April 2025 - * clashes with Easter Monday and alternate date to be agreed.
May Day	Monday 5 May 2025
Victoria Day	Monday 19 May 2025
Autumn	Monday 15 September 2025
Christmas Day	Thursday 25 December 2025
Boxing Day	Friday 26 December 2025
Good Friday	Friday 18 April 2025
Easter Monday	Monday 21 April 2025
Trades Holidays Commence	Saturday 5 July 2025

Public Holidays in Edinburgh 2026

New Year's Day	Thursday 1 January 2026 Friday 2 January 2026
Spring	Monday 20 April 2026
May Day	Monday 4 May 2026
Victoria Day	Monday 18 May 2026
Autumn	Monday 21 September 2026
Christmas Day	Friday 25 December 2026
Boxing Day	Monday 28 December 2026
Good Friday	Friday 3 April 2026
Easter Monday	Monday 6 April 2026
Trades Holidays Commence	Saturday 4 July 2026

Public Holidays in Edinburgh 2027

New Year's Day	Friday 1 January 2027 Monday 4 January 2027
Spring	Monday 19 April 2027
May Day	Monday 3 May 2027
Victoria Day	Monday 17 May 2027
Autumn	Monday 20 September 2027
Christmas Day	Monday 27 December 2027
Boxing Day	Tuesday 28 December 2027
Good Friday	Friday 26 March 2027
Easter Monday	Monday 29 March 2027
Trades Holidays Commence	Saturday 3 July 2027

The City of Edinburgh Council

10.00am, Thursday 19 November 2020

By-election – No 14 Craigentinny/Duddingston Ward

Item number	
Executive/routine	
Wards	All
Council Commitments	

1. Recommendation

- 1.1 To note that Ethan Young, (Scottish National Party) has been elected as a councillor for No 14 Craigentinny/Duddingston Ward.

Andrew Kerr

Chief Executive

Contact: Louise Williamson, Committee Services

Email: louise.p.williamson@edinburgh.gov.uk | Tel: 0131 529 4264

Appointments to Committees etc

2. Executive Summary

- 2.1 Council is asked to note the outcome of a by-election held on 12 November 2020.

3. Background

- 3.1 Councillor Ian Campbell had resigned as a councillor for No 14 Craigentenny/Duddingston Ward. The necessary by-election was held on 12 November 2020.
- 3.2 The by-election was originally scheduled to take place on 21 May 2020. The Local Government (Scotland) Act 1973 requires the vacancy to be filled within 3 months of it occurring. Due to concerns around the consequences of conditions arising from the Coronavirus pandemic the Returning Officer postponed the by-election to 12 November 2020, under the provisions of section 70 of the Coronavirus Act 2020. The by-election was conducted with enhanced hygiene, physical distancing and appropriate PPE informed by advice from Public Health Scotland, Health Protection Scotland and the Electoral Management Board for Scotland. A full risk assessment was conducted before the Returning Officer decided to proceed with the poll. Lessons from this by-election will be used in the planning and delivery of the Scottish Parliament Election in May 2021 should the pandemic conditions continue.

4. Main report

- 4.1 Following the resignation of Councillor Ian Campbell as a member of the City of Edinburgh Council, arrangements were made for the necessary by-election.
- 4.2 This by-election was held on 12 November 2020.
- 4.3 Ethan Young, (Scottish National Party) was subsequently elected as a councillor, and signed the necessary Declaration of Acceptance of Office.

5. Next Steps

5.1 Appropriate elected member training will be made available.

6. Financial impact

6.1 None.

7. Stakeholder/Community Impact

7.1 Not applicable.

8. Background reading/external references

8.1 [Craigtinny/Duddingston by-election result](#)

9. Appendices

9.1 None.

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City of Edinburgh Council

10.00am, Tuesday, 19 November 2020

Edinburgh International Group Update

Executive/routine
Wards
Council Commitments

1. Recommendations

It is recommended that the City of Edinburgh Council:

- 1.1 Notes that the Edinburgh International Group reconvened in October 2020.
- 1.2 Notes that partners agreed to development of a forward schedule of regular meetings to support ongoing collaboration, and the refresh of the Edinburgh International framework by June 2021.

Andrew Kerr

Chief Executive

Contact: Nick Langan, Senior Policy Officer

E-mail: nick.langan@edinburgh.gov.uk | Tel: 0131 469 3670

Edinburgh International Group Update

2. Executive Summary

- 2.1 The report responds to the motion made to the City of Edinburgh Council in October 2020 by the Lord Provost on the progress in re-establishing the Edinburgh International Group.
- 2.2 The Edinburgh International Group, chaired by the City of Edinburgh Council's Chief Executive, reconvened in October 2020.

3. Background

- 3.1 In August 2019 the Policy and Sustainability Committee approved a new framework of principles to guide future international engagement and activity by City of Edinburgh Council. The framework notes that international activity should clearly:
 - 3.1.1 Support the strategic aims of the Council;
 - 3.1.2 Support identified challenges and opportunities for the city;
 - 3.1.3 Be delivered in partnership to ensure high impact and value for money; and
 - 3.1.4 Be carried out in alignment with the international priority work of key partners.
- 3.2 In support of this approach, the framework incorporated the establishment of a new Edinburgh International Group of partners and stakeholders. This group aimed to facilitate sharing of information on international activities and approaches across partners who face many of the same issues and opportunities.
- 3.3 The motion by the Lord Provost at the City of Edinburgh Council meeting on 20 October 2020 noted:

“That the Edinburgh International Activity Report was passed by Policy and Sustainability on the 6 August 2019.

That Recommendation 1.3 in the above report was “to work with partners to establish a new International Edinburgh Group as a collaborative way of working. Instructs the Chief Executive to report, in one cycle, on progress to establish this group and on the detail of any meetings which have taken place.”

4. Main report

- 4.1 The re-established Edinburgh International Group is a key element in the approach to partnership and collaboration on international relations set out in the International Framework.
- 4.2 Following the delay, due to Covid-19, of planned engagement in early 2020, a session of the Edinburgh International Group was held in October 2020 to re-engage with partners on international activity, and to begin work towards understanding partner’s engagement plans and priorities for the coming year.
- 4.3 Key partners invited to take part in the session on 12 October 2020 included representatives from:
 - 4.3.1 Scottish Government
 - 4.3.2 Scottish Development International
 - 4.3.3 Scottish Enterprise
 - 4.3.4 Edinburgh Chamber of Commerce
 - 4.3.5 Federation of Small Businesses
 - 4.3.6 Edinburgh Airport
 - 4.3.7 Edinburgh Universities, Higher Education Institutes
 - 4.3.8 Edinburgh World Heritage
 - 4.3.9 Edinburgh Festivals Groups
 - 4.3.10 Fintech Scotland
- 4.4 At this meeting City of Edinburgh Council officers provided an overview of its recent international activity, including participation in recent Eurocities events. The session also provided an opportunity for all partners to outline their current and future international priorities. During the discussion, partners agreed that in order to maintain Edinburgh’s position as an outward looking international city, the city’s actions to adapt to changes occurring as a result of Covid-19 and relating economic recession should include a refresh of the Edinburgh International Framework agreed by Council in 2019.

5. Next Steps

- 5.1 In follow up from this meeting, proposed next steps include:
- 5.1.1 Agreement with partners of a forward schedule of meetings for the Edinburgh International Group to re-establish individual partner connections and take forward opportunities for joint collaborations, and
 - 5.1.2 To develop and agree a process for the refresh of the Edinburgh International Framework for consideration by Council in June 2021.

6. Financial impact

- 6.1 Actions in this report can be taken forward within existing agreed budgets. Any additional impacts arising will be considered as part of future reports to Council.

7. Stakeholder/Community Impact

- 7.1 The Edinburgh International Group represents key stakeholders and partners in international activity across the city. Initial engagement with this group has begun and will be continued throughout delivery of the actions outlined in this report.

8. Background reading/external references

- 8.1 [International Framework Report](#)
- 8.2 [Motion by Lord Provost - Edinburgh International Activity](#)
- 8.3 [International Activity Report - August 2019](#)

9. Appendices

None

The City of Edinburgh Council

10.00am, Thursday 19 November 2020

City of Edinburgh Council – 2019/20 Annual Audit Report to the Council and the Controller of Audit – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

1.1 The City of Edinburgh Council is asked to note the report.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling, Committee Services

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

City of Edinburgh Council – 2019/20 Annual Audit Report to the Council and the Controller of Audit

2. Terms of Referral

- 2.1 On 3 November 2020, the Governance, Risk and Best Value Committee considered a report which summarised the principal findings arising from the Council's 2019/20 external audit. While primarily focused on the review of the financial statements, the wider scope aspects of the audit included consideration of the Council's financial sustainability, financial management, governance and transparency and arrangements to secure and demonstrate value for money. The report was referred to the Finance and Resources Committee for approval.
- 2.2 On 5 November 2020, the Finance and Resources Committee considered the report by the Executive Director of Resources.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To approve the audited annual accounts.
 - 2.2.2 To refer the audited annual accounts to the City of Edinburgh Council for noting.

3. Background Reading/ External References

- 3.1 Minute of the Finance and Resources Committee of 5 November 2020
- 3.2 Finance and Resources Committee – 5 November 2020 - Webcast

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

3pm, Thursday, 5 November 2020

City of Edinburgh Council – 2019/20 Annual Audit Report to the Council and the Controller of Audit–referral from the Governance, Risk and Best Value Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Governance, Risk and Best Value Committee has referred the attached report to the Finance and Resources Committee for approval, and onward referral to the City of Edinburgh Council for noting.

Andrew Kerr

Chief Executive

Contact: Martin Scott / Natalie Le Couteur, Committee Services

E-mail: martin.scott@edinburgh.gov.uk / Natalie.le.couteur@edinburgh.gov.uk

Referral Report

City of Edinburgh Council – 2019/20 Annual Audit Report to the Council and the Controller of Audit–referral from the Governance, Risk and Best Value Committee

2. Terms of Referral

- 2.1 The Governance, Risk and Best Value Committee on 3 November considered a report by the the Executive Director of Resources, summarised the principal findings arising from the Council's 2019/20 external audit.
- 2.2 The Governance, Risk and Best Value Committee agreed:
 - 2.2.1 To note that, following the audit process, it is anticipated that an unqualified audit opinion will be issued on the Council's annual accounts for 2019/20.
 - 2.2.2 To refer the audited annual accounts to the Finance and Resources Committee for approval and thereafter to Council for noting.
 - 2.2.3 To note that, following approval by the Finance and Resources Committee, the audited annual accounts will be signed and submitted to the external auditor.
 - 2.2.4 To note the areas of strength identified within the wider scope audit work and that progress in the delivery of the remaining improvement actions set out in Appendix 5 of the auditor's report will be considered as part of the adaptation and renewal programme and reported to the committee over the coming year.
 - 2.2.5 To note that, once approved, a summarised version of the annual accounts will also be published on the Council's website by 30 November
- 2.3 The report is therefore referred to the Finance and Resources Committee for approval, and onward referral to the City of Edinburgh Council for noting.

3. Background Reading/ External References

3.1 [Governance, Risk and Best Value Committee – 3 November 2020– Webcast](#)

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Governance, Risk and Best Value Committee

10.00am, Tuesday, 3 November 2020

City of Edinburgh Council – 2019/20 Annual Audit Report to the Council and the Controller of Audit

Executive/routine Executive
Wards
Council Commitments

1. Recommendations

- 1.1 Members of the Governance, Risk and Best Value Committee are asked to:
 - 1.1.1 note that, following the audit process, it is anticipated that an unqualified audit opinion will be issued on the Council's annual accounts for 2019/20;
 - 1.1.2 refer the audited annual accounts to the Finance and Resources Committee for approval and thereafter to Council for noting;
 - 1.1.3 note that, following approval by the Finance and Resources Committee, the audited annual accounts will be signed and submitted to the external auditor;
 - 1.1.4 note the areas of strength identified within the wider scope audit work and that progress in the delivery of the remaining improvement actions set out in Appendix 5 of the auditor's report will be reported to the Committee during the coming year; and
 - 1.1.5 note that, once approved, a summarised version of the annual accounts will also be published on the Council's website by 30 November.

Stephen S Moir
Executive Director of Resources

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City of Edinburgh Council – 2019/20 Annual Audit Report to the Council and the Controller of Audit

2. Executive Summary

- 2.1 The report summarises the principal findings arising from the Council's 2019/20 external audit. While primarily focused on the review of the financial statements, the wider scope aspects of the audit include consideration of the Council's financial sustainability, financial management, governance and transparency and arrangements to secure and demonstrate value for money.
- 2.2 The proposed audit certificate provides an unqualified audit opinion on the financial statements and other prescribed matters but the accompanying report notes the failure of the Council's remaining Significant Trading Operation (STO) to break even over a rolling three-year period. In addition, the report includes an emphasis of matter paragraph, highlighting the effects of a material uncertainty on property valuations as a result of the COVID-19 pandemic.
- 2.3 Despite the impacts of the pandemic in March resulting in an overall overspend, the report concludes that the Council had appropriate arrangements in place for managing its financial position during the year. It also acknowledges the extent of progress made in assessing pandemic-related financial impacts, and addressing the resulting funding shortfall, in 2020/21. Once the medium-term impacts on the Council and its ALEOs, particularly in terms of income generation, become clearer, the report recommends the development of a longer-term financial strategy.
- 2.4 The report concludes that the Council has adapted its political management arrangements promptly and effectively in light of the pandemic and has sought to address previous recommendations on improving information-sharing protocols between elected members and senior management, although progress has been affected by necessary reprioritisation of activity.
- 2.5 While noting a generally positive and improving picture in service performance in both absolute and relative terms, the auditor's report highlights a requirement to improve public performance reporting in respect of the Council's duty of best value.

3. Background

- 3.1 The Council submitted its unaudited annual accounts to the external auditor by the required date of 30 June. The supplementary provisions contained within the Coronavirus (Scotland) Act 2020, however, allowed local authorities, in consultation with their external auditors, to defer reporting to those charged with governance (in the Council's case, members of this committee) by up to two months i.e. from the end of September until the end of November. This flexibility reflected the additional logistical challenges of obtaining appropriate audit assurance within a remote working environment, particularly where access to supporting physical records might not be available. A revised timetable for the audit process was subsequently agreed, with the auditor's report being presented to today's meeting.
- 3.2 The review of all matters relating to external audit forms part of the remit of the Governance, Risk and Best Value Committee and is an important aspect of the overall governance arrangements of the Council. The external auditor will attend today's meeting to provide an overview of the accompanying report and respond to specific queries members may have on its content. Given the Committee's scrutiny function, however, approval of the annual accounts will be secured by onward referral to the Finance and Resources Committee meeting taking place on 5 November. Subject to this approval, a shorter, more accessible version of the annual accounts will then be published on the Council's website by 30 November.
- 3.3 The unaudited annual accounts were published on the Council website by 30 June 2020 and made available for public inspection from 1 July 2020 for a period of 15 working days, in accordance with relevant regulations. Due to the on-going pandemic, however, this year's inspection process was undertaken largely by electronic means.
- 3.4 Correspondence was received from four individuals on three different subjects during this period, resulting in the lodging of one objection. Following consideration by the external auditor, an element of this objection was upheld and corresponding minor changes to relevant disclosures around the St James Growth Accelerator Model have been incorporated in the audited accounts.
- 3.5 In discharging its work, the external auditor is required to comply with Audit Scotland's revised Code of Audit Practice and ISA260: Communications with those charged with governance. As part of the standard, the auditor is required to highlight:
- Relationships that may bear on the independence, integrity and objectivity of the appointed auditor and audit staff;
 - The overall scope and approach to the audit, including any expected limitations, or additional requirements;
 - Expected modifications to the audit report;
 - Management representations requested by him/her;
 - Unadjusted misstatements other than those that are clearly trivial;

- Material weaknesses in internal control identified during the audit;
- Qualitative aspects of accounting practice and financial reporting, including accounting policies; and
- Matters specifically required by auditing standards to be communicated to those charged with governance and any other matters that are relevant to the audit.

3.6 During the course of the audit, Scott-Moncrieff was rebranded as Azets and the auditor's report is therefore issued under the Azets name. Members of the Committee should also note that the content of the audit report is intended to complement, but not duplicate, the Council's Best Value Assurance Report, due for publication in late November 2020.

4. Main report

- 4.1 There are no qualifications to the proposed audit certificate. As in previous years, however, the audit opinion includes an explanatory paragraph in respect of the Council's remaining Significant Trading Organisation (STO). The Edinburgh Catering Services – Other Catering STO failed, over the three-year rolling period to 2019/20, to meet the statutory requirement to break even. In addition, the report includes an emphasis of matter paragraph, highlighting the effects of a material uncertainty on property valuations as a result of the COVID-19 pandemic.
- 4.2 As part of the audit process, material adjustments were incorporated within the audited accounts in respect of property, plant and equipment, pension liabilities (reflecting the impact of recent tribunals and legal judgements), PPP transactions and group balances (in turn reflecting changes in constituent bodies' accounts arising from the audit process).
- 4.3 In addition, confirmation was received after submission of the unaudited accounts that the Council was entitled to a payment under the Business Rates Incentivisation Scheme (BRIS) for income received in excess of its target during 2018/19. Expressed net of minor increases in provisions also made as part of the audit process, receipt of this sum has reduced the Council's overspend for 2019/20 from £5.231m to £4.907m, with a corresponding transfer back to earmarked reserves of £0.324m incorporated in the audited accounts. While no further material changes are anticipated, as of the time of writing the accounts remain to be finalised (with a number of minor amendments to be incorporated within the Annual Governance Statement) and members will therefore be updated at the Committee's meeting.
- 4.4 As with recent years' reports, the audit reflects the revised approach to best value agreed by the Accounts Commission in June 2016. This "wider scope" audit comprises four elements:
- Financial sustainability;
 - Financial management;
 - Governance and transparency; and,

- Value for money.

4.5 The key messages from the audit are presented on pages 4 and 5 of the auditor's report, with a number of action points for the Council to address in the coming months also noted. These, together with the management responses provided by the Council (including assigned responsibility and associated timescale for implementation), are shown on pages 64 to 67. The report also summarises on pages 68 to 85 progress made in implementing the recommendations contained in previous years' reports.

Annual accounts (pages 10 to 31)

- 4.6 An unqualified opinion has been provided on the financial statements and other prescribed matters, albeit the report notes that the Edinburgh Catering Services – Other Catering STO failed to meet the statutory requirement to break even over a rolling three-year period. The in-year deficit for 2019/20 was £0.048m, forming part of a cumulative three-year deficit of £0.126m.
- 4.7 The impact of COVID-19 will make achieving a break-even position more challenging. A tariff increase in line with inflation is due on re-commencement of services. Re-modelling of the service will also be considered, however, to accommodate changes in demand and the lack of commercial activity at the City Chambers.
- 4.8 The auditor's report also draws attention, in Paragraphs 28 to 34, to the effects of a material uncertainty on property valuations as a result of the COVID-19 pandemic. During the pandemic, the Royal Institution of Chartered Surveyors (RICS) published guidance which outlines the challenges with regard to the valuation of assets during this period, including the potential for valuations to be "qualified" with a "material valuation uncertainty".
- 4.9 While the valuations contained within the accounts were based on the best information available, due to the unprecedented set of circumstances within which these judgements had been made, less certainty can be attached to them than would normally be the case. A corresponding emphasis of matter paragraph has therefore been included in the auditor's report, with a recommendation that the accompanying narrative on future years' valuations includes greater detail on judgements made about these sources of uncertainty.
- 4.10 Paragraphs 41 to 49 provide an overview of a number of pertinent issues affecting the year-end pension fund liability, including the impact of the proposed means of remedying past age discrimination highlighted by the McCloud judgement. As this proposal relates to conditions existing at the balance sheet date, a corresponding adjustment has been included within the audited accounts.
- 4.11 Paragraphs 50 to 63 outline changes to the audit approach resulting from the onset of the COVID-19 pandemic, including access to audit evidence and changes to reporting timescales. The report notes that the working papers accompanying the financial statements were of a high standard and all requested audit evidence was

received, with the results of the Council's group bodies also appropriately reflected within the financial statements and no instances of concern with regard to the legality of transactions or events identified.

- 4.12 The auditor's report notes, in Paragraph 74, a change to the audited accounts of the Common Good to reflect the release of the lease premium received following the conclusion of the lease of 329 High Street across its full term rather than fully in the year of receipt. Paragraphs 75 to 82 then summarise progress in updating the contents of the Common Good register and the Council's compliance with Scottish Government guidance in this area.

Financial sustainability (pages 32 to 38)

- 4.13 While acknowledging the positive achievement of setting, in February 2020, a balanced three-year revenue budget and ten-year capital budget strategy against a backdrop of delays in the announcement of the UK and Scottish Budgets, once the medium-term impacts on the Council and its ALEOs, particularly for income generation, become clearer, the report recommends the development of a longer-term financial strategy. In recognising both this continuing uncertainty and a succession of one-year financial settlements, the Council's primary focus will remain on setting a balanced, three-year revenue budget. Once greater certainty is obtained in these areas, however, opportunities to plan over a longer timescale will be considered and reported to the Finance and Resources Committee.
- 4.14 The report also comments favourably on the extent of progress made in assessing and addressing funding shortfalls linked to the pandemic in 2020/21, alongside frequent reporting to elected members during this period.

Financial management (pages 39 to 44)

- 4.15 The report concludes that, despite the impacts of the pandemic in March resulting in a revised overall overspend of £4.907m, the Council had appropriate arrangements in place for managing its financial position during the year. The report does, however, observe that while the Council has traditionally held a comparatively high level of earmarked reserves, the recent depletion of these in response to service overspends and latterly the COVID-19 pandemic means that the relatively low level of unallocated reserves may now be insufficient to face its future financial challenges.
- 4.16 The external auditor's report also intimates that no significant weaknesses were identified within the Council's systems of accounting and internal financial control and that its arrangements with regard to the detection of fraud and irregularity are considered sufficient and appropriate, complemented by active participation in the most recent National Fraud Initiative. An overview of the Council's response to a number of potential risk areas linked to the pandemic is furthermore presented on page 43.

Governance and transparency (pages 45 to 49)

- 4.17 The report concludes, in Paragraphs 173 to 177, that the Council has adapted its political management arrangements promptly and effectively in light of the pandemic and has sought to address previous recommendations on improving information-sharing protocols between elected members and senior management, although progress has been affected by necessary reprioritisation of activity.
- 4.18 The report furthermore concludes that the Council's arrangements in relation to standards of conduct and the prevention and detection of bribery and corruption are adequate.
- 4.19 Paragraphs 192 to 194 set out the main elements of the Council's risk management plan developed to capture emerging COVID-related strategic risks. The following paragraphs then summarise the principal findings of a (pre-COVID) review of wider risk management arrangements, identifying opportunities for further development and organisation-wide understanding of risk through the provision of additional training and expanding the coverage of risk registers to include all service areas.

Value for money (pages 50 to 52)

- 4.20 While noting a generally positive picture of improvement in service performance in both absolute and relative terms, the auditor's report highlights a requirement to improve public performance reporting in respect of the Council's duty of best value. Additional detail in this area will be provided as part of the Best Value Assurance Report.

Other aspects of wider scope audit

- 4.21 Appendix 2 of the report on pages 57 and 58 apprises members of the principal findings across two further risk areas, namely systems and procedures to prevent fraud and corruption in procurement and preparedness in respect of the United Kingdom's withdrawal from the European Union, with satisfactory arrangements assessed to be in place in both of these areas. An assessment against the Accounts Commission's five strategic priorities is also included in Appendix 4 on pages 60 and 62. Greater detail in these latter areas will again be provided as part of the Council's Best Value Assurance Report.

5. Next Steps

- 5.1 Subject to approval by the Finance and Resources Committee on 5 November, the annual accounts will be signed and submitted to the external auditor.
- 5.2 Progress in implementing the improvement actions set out in Appendix 5 will be reported to the Governance, Risk and Best Value Committee over the coming year.

6. Financial impact

- 6.1 There is no direct additional impact arising from the report's contents, although the on-going effectiveness of the Council's current financial management and planning arrangements has been noted.

7. Stakeholder/Community Impact

- 7.1 The annual audit report includes a comprehensive review of the effectiveness of existing and proposed arrangements to empower communities.
- 7.2 The financial statements were made available for public inspection in July for a period of 15 working days in accordance with the provisions of Part VII of the Local Government (Scotland) Act 1973 and the Local Authority Accounts (Scotland) Regulations 2014. Following the upholding of an element of an objection received, minor disclosure changes have been reflected in the audited accounts.

8. Background reading/external references

- 8.1 [Revenue Monitoring 2019/20 – outturn report](#), Finance and Resources Committee, 27 August 2020
- 8.2 [Unaudited Annual Accounts 2019/20](#), The City of Edinburgh Council, 30 June 2020

9. Appendices

Appendix 1 – 2019/20 Annual Audit Report to the Council and the Controller of Audit

Appendix 2 – 2019/20 Audited Annual Accounts



City of Edinburgh Council

2019/20 Annual Audit Report to the Council
and the Controller of Audit

November 2020







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Key messages



<p>Annual accounts</p>	<p>The annual accounts for the year ended 31 March 2020 are due to be approved by the Finance and Resources Committee on 5 November 2020. We report within our independent auditor's report:</p> <ul style="list-style-type: none"> • An unqualified opinion on the annual accounts; and • An unqualified opinion on other prescribed matters. <p>We have drawn attention in our independent auditor's report to the following matters:</p> <ul style="list-style-type: none"> • the effects of a material uncertainty, caused by COVID-19, on the property values; and • the Council's Edinburgh Catering Services – Other Catering trading operation has failed to break even, on a cumulative basis, over the three year period to 2019/20. • Our opinion is not modified in respect of these matters.
 <p>Financial Sustainability</p>	<p>The Council's three revenue budget strategy and a 10 year capital budget strategy were developed prior to the impact of COVID-19 becoming known. These strategies will require to be updated given the significant cost impact of COVID-19 on council services and income levels over the short and medium term. Current estimates of this impact to date are £81.6million. The Council has worked hard to reduce the anticipated budget deficit for 2020/21 given the significant impact of the pandemic but at the time of the audit this still stood at £12.2million. A longer term financial strategy should be put in place when it becomes clearer what the medium term impact on council services is on income generating activities and council associated ALEOs.</p>
 <p>Financial Management</p>	<p>The Council had appropriate arrangements in place for managing its financial position during 2019/20. It did however report an unplanned net overspend of £4.9million for 2019/20 which was met from a drawdown of earmarked reserves. A planned, favourable outturn position was impacted by £8.4million of COVID-19 related expenditure. The approved 2019/20 budget was predicated on the delivery of £38.7million of directorate-specific and corporate savings. 77% of approved savings by value were delivered.</p> <p>The City of Edinburgh Council's level of unearmarked reserves is 1.37% of expenditure. It is unlikely that this will be sufficient to deal with its future financial challenges. In response to the additional pressures COVID-19 presents, the Council has already committed to use £19.6million of earmarked reserves to meet the estimated deficit.</p> <p>Around 94% of the general fund capital programme and 103% of the HRA programme was delivered in 2019/20.</p>

 <p>Governance & Transparency</p>	<p>The Council modified its political management arrangements in August 2019 to further improve its decision-making effectiveness. In March 2020 and May 2020 in response to the COVID-19 pandemic, emergency arrangements were put in place to deal with the significant issues facing the Council. In our view the Council has responded promptly and effectively in its political management arrangements to the COVID-19 crisis.</p> <p>In response to a recommendation within our 2018/19 Annual Report on the Audit, the Council agreed by January 2020 to review its existing protocols with elected members and senior management to ascertain where improvements were required. The Council is currently reviewing this protocol although COVID-19 has delayed the completion of this.</p>
 <p>Value for Money</p>	<p>Performance is measured annually and against other Scottish authorities. The Council in 2019/20 has demonstrated improvements in performance in several areas including waste and cleaning, school education and processing times for benefits and grant claims. Performance has however declined in five of the nine adult social care indicators. The latest 2018/19 Local Government Benchmarking Framework information shows that the Council performs better than other councils in around half of national benchmarking indicators.</p> <p>Reporting against the new Statutory Performance Indicators Direction requires improvement. In particular the Council needs to address the new requirements of reporting progress against its duty of Best Value.</p>

Conclusion

This report concludes our audit for 2019/20. Our work has been performed in accordance with the Audit Scotland Code of Audit Practice, International Standards on Auditing (UK) and Ethical Standards.

Azets
November 2020

Introduction

This report is presented to those charged with governance and the Controller of Audit and concludes our audit of the City of Edinburgh Council for 2019/20.

We carried out our audit in accordance with Audit Scotland's Code of Audit Practice. This report also fulfils the requirements of International Standards on Auditing (ISAs (UK)) 260: Communication with those charged with governance.

At the City of Edinburgh Council, we have designated the Governance, Risk and Best Value Committee as "those charged with governance"

Introduction

1. This report summarises the findings from our 2019/20 audit of the City of Edinburgh Council (“the Council”).
2. We outlined the scope of our audit in our External Audit Plan. The core elements of our work include:
 - an audit of the 2019/20 annual accounts, for both the Council and its group and the charitable trusts, and related matters;
 - consideration of the wider dimensions of public audit work, as set out in Exhibit 1;
 - an assessment of the arrangements for the collection and publication of statutory performance information in accordance with the Accounts Commission direction;
 - provision of opinions on a number of grant claims including Whole of Government Accounts;
 - providing existing evidence and intelligence for, and participating in, shared risk assessment (SRA) processes;
 - to audit and report on Best Value and the Strategic Audit Priorities (refer to paragraph 10 and Appendices 3 and 4);
 - monitoring the Council’s participation in the National Fraud Initiative (NFI); and
 - any other work requested by Audit Scotland.

Exhibit 1: Audit dimensions within the Code of Audit Practice



3. The Council is responsible for preparing annual report accounts which show a true and fair view and for implementing appropriate internal control systems. The weaknesses or risks identified are only those that have come to our attention during our normal audit work and may not be all that exist. Communication in this report of matters arising from the audit of the annual accounts or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

4. The report contains an action plan with specific recommendations, responsible officers and dates for implementation. Senior management should assess these recommendations and consider their wider implications before deciding on appropriate actions. We give each recommendation a grading to help management assess its significance and prioritise the actions required.
5. We would like to thank all management and staff for their co-operation and assistance during our audit.

Confirmation of independence

6. International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.
7. We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standards. In our professional judgement, the audit process is independent, and our objectivity has not been compromised in any way.
8. We set out in Appendix 1 our assessment and confirmation of independence. Our assessment includes consideration of:
 - Provision of non-audit services to the Council's group components; and
 - Relationships between Azets and the Council, its elected members and senior management that may reasonably be thought to bear on our objectivity and independence.

Adding value through the audit

9. All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Best Value

10. Councils have a statutory duty introduced in the Local Government Scotland Act 2003 to make arrangements to secure Best Value. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the Annual Audit Report. In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council.
11. A Best Value review was undertaken on the City of Edinburgh Council in 2020 with detailed work commencing in February and March 2020. This immediately preceded the lockdown due to the COVID-19 pandemic. As a result, work continued during lockdown to ensure where appropriate, findings were updated to reflect the impact of the pandemic. The work was undertaken by a team which included Audit Scotland staff experienced in undertaking similar Best Value reviews across other

Scottish authorities and members of the local audit team from Azets.

can be reported directly to any member of your audit team.

12. The findings of the review are included in a detailed report which will be formally issued in the next few weeks. The detailed report including these key messages will be submitted to the Accounts Commission on 2 November after which the Accounts Commission findings and the detailed report will be published. Areas covered within the Best Value report include:

- Does the council have clear strategic direction?
- How well is the council performing?
- Is the council working well with its partners?
- Is the council demonstrating continuous improvement?

13. As a result, whilst we have commented on some aspects of the use of resources by the Council we have not commented on or replicated the above areas which are covered in the Best Value report.

14. The Best Value report also includes recommendations to help the Council address the improvement areas identified in the report. As your external auditors for the remaining two years of our appointment we will continue to audit Best Value. This work will include a follow-up on the findings from this report as well as more detailed audit work on other Best Value characteristics as appropriate.

Openness and transparency

16. This report will be published on Audit Scotland's website www.audit-scotland.gov.uk.

Feedback

15. Any comments you may have on the service we provide, the quality of our work and our reports would be greatly appreciated at any time. Comments

Annual accounts

The annual accounts are the Council's principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

In this section we summarise the findings from our audit of the 2019/20 annual accounts.

Annual accounts

Unqualified audit opinion on the annual accounts

The annual accounts for the year ended 31 March 2020 are due to be approved by the Finance and Resources Committee on 5 November 2020. We report within our independent auditor's report:

- An unqualified opinion on the annual accounts; and
- An unqualified opinion on other prescribed matters.

We have drawn attention in our independent auditor's report to the following matters:

- the effects of a material uncertainty, caused by COVID-19, on the property values; and
- the Council's Edinburgh Catering Services – Other Catering trading operation has failed to break even, on a cumulative basis, over the three year period to 2019/20.

Our opinion is not modified in respect of these matters.

Overall conclusion

17. The annual accounts for the year ended 31 March 2020 are due to be considered by the Governance, Risk and Best Value Committee on 3 November 2020 and approved by the Finance and Resources Committee on 5 November 2020. We report within our independent auditor's report:

- An unqualified opinion on the annual accounts; and
- An unqualified opinion on other prescribed matters.

18. We have drawn attention to the following matters in our audit report:

- Note 6 "Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty" and Note 15.7 "Property, Plant and Equipment" of the annual accounts, describe the effects of a material uncertainty, caused by COVID-19, on the property values (paragraphs 28-34). Our opinion is not modified in respect of this matter.
- the Council's Edinburgh Catering Services – Other Catering trading operation has failed to break even, on a cumulative basis, over a three year period (paragraphs 65-67). While this is a failure to comply with the Local Government in Scotland Act 2003, it does not

affect our overall opinion on the financial statements.

Our assessment of risks of material misstatement

19. The assessed risks of material misstatement described in the table below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and

directing the efforts of the audit team. Our audit procedures relating to these matters were designed in the context of our audit of the annual report and accounts as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the annual report and accounts is not modified with respect to any of the risks described below.

Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

Management override

In any organisation, there exists a risk that management has the ability to process transactions or make adjustments to the financial records outside the normal financial control processes. Such issues could lead to a material misstatement in the financial statements. This is treated as a presumed risk area in accordance with ISA (UK) 240 - *The auditor's responsibilities relating to fraud in an audit of financial statements*.


Noted in the 2019/20 External Audit Plan

20. We have not identified any indication of management override in the year. We have reviewed the Council's accounting records and obtained evidence to ensure that transactions were valid and accounted for correctly. We have also reviewed management estimates and the journal entries processed in the period and around the year end. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.

Revenue recognition

Under ISA (UK) 240- *The auditor's responsibilities relating to fraud in an audit of financial statements* there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the Council could adopt accounting policies or recognise revenue transactions in such a way as to lead to a material misstatement in the reported financial position.


Noted in the 2019/20 External Audit Plan

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21. At the planning stage of our audit, we conclude that the revenue recognition risk was present in all revenue streams except for council tax income, non-domestic rates, housing rents and non-ring fenced government grants.
 22. Based on audit work performed, we have gained reasonable assurance on the completeness and occurrence of income and we are satisfied that income is fairly stated in the financial statements. To inform our conclusion we evaluated the Council's key revenue streams and reviewed the controls in place over revenue accounting. We also carried out testing to confirm that the revenue recognition policy is appropriate and that it was applied consistently throughout the year.

Risk of fraud in the recognition of expenditure

In 2016, the Public Audit Forum issued Practice Note 10 "*The Audit of Public Sector Financial Statements*" which applies to the audit of public sector financial statements for periods commencing after June 2016. This Practice Note recognises that most public sector bodies are net spending bodies and notes that there is an increased risk of material misstatement due to improper recognition of expenditure.

Noted in the 2019/20 External Audit Plan

- 
23. We have evaluated each type of expenditure transaction and documented our conclusions. We gained reasonable assurance over the completeness and occurrence of expenditure and are satisfied that expenditure is fairly stated in the annual accounts. To inform our conclusion we carried out testing to confirm that the Council's policy for recognising expenditure is appropriate and has been applied consistently throughout the year.


Asset valuation and additions

The Council's revised general fund capital budget for 2019/20 is £289million. As at period 8, the Council was reporting a projected outturn of £263million. The housing revenue account capital budget for 2019/20 is £109million. As at period 8, the Council was reporting a projected outturn of £101million.

The Council carries out a rolling programme of revaluations that ensures all property, plant and equipment required to be measured at fair value is revalued at least every five years. As we concluded in our 2018/19 Annual Audit Report, significant efforts were committed to developing valuation arrangements in 2018/19, however further improvements are required.

There is a risk of material misstatement to the annual accounts relating to the recognition of capital expenditure and asset valuations.

Noted in the 2019/20 External Audit Plan

- 
24. During 2019/20, the Council reported capital additions of £377.352million. The Residual Waste Treatment plant at Millerhill accounts for £111.941million of capital additions in the year.
 25. We carried out sample testing on additions and concluded, based on the audit work performed, that additions had been accounted for in the audited annual accounts in accordance with Council's accounting policies and the applicable accounting standards.

Valuations

26. We reviewed the Council's valuation process and noted the following:
27. Valuations are carried out by internal valuers. We considered the instructions and information provided to the valuer and performed procedures to confirm the accuracy and completeness of the information. Instructions are disseminated to the individual valuers through the valuation handbook and supporting valuation templates. The results of the valuation exercise are formally communicated to the Council through a valuation report for each asset valued and an overarching valuation report. From our review of the instructions provided to the valuer, the valuers report and assessment of the valuer's expertise, we are satisfied that we can rely on their work.
28. During the pandemic, the Royal Institution of Chartered Surveyors (RICS) published guidance which outlines the challenges with regard to the valuation of assets during this period, including the potential for valuations to be "qualified" with a "material valuation uncertainty".

29. The valuation report prepared by the Council's valuer stated the following:

“ Material Valuation Uncertainty

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, valuations of this property will be kept under review.

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30. The Council is required to revalue its properties with sufficient regularity to ensure that the carrying amount does not differ materially from the current value as at 31 March. A material uncertainty in a valuer's report does not mean that the valuation cannot be relied upon or that there is a misstatement. However, it indicates that less certainty can be attached to the valuation than would otherwise be the case.
31. The Council has made reference to this uncertainty within Note 6 “Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty” with further detail provided in Note 15.7 “Property, Plant and Equipment” to the Annual Accounts.
32. IAS 1 ‘Presentation of Finance Statements’, requires entities to disclose information about assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year. The standard notes that the nature and extent of the information provided may vary according to the nature of the circumstances but includes as an example of the type of disclosures to be made, the sensitivity of carrying amounts to the methods,
-

assumptions and estimates underlying their calculation, including the reasons for the sensitivity.

33. The Council has disclosed in its financial statements that *'the range of uncertainty has not been identified and therefore we are unable to quantify the potential impact on the accounts'* and has therefore not disclosed any sensitivities on the property valuations. In future years, we would encourage the Council to carry out a sensitivity analysis to help users of the financial statements understand the judgements management have made about the sources of estimation uncertainty.

Action plan point 1

34. We concluded that the material uncertainty over the property valuations is of such importance that it is fundamental to users' understanding of the annual accounts. Based on our audit work performed and conclusions, we have included an emphasis of matter paragraph in our independent auditor's report which draws attention to the disclosures made in the annual accounts. Our audit opinion is not modified in respect of this matter. This treatment within the auditor's report has been adopted by auditors across most Scottish local authorities.

Council Dwellings

35. Council dwellings are valued using the beacon method which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. An adjustment factor is applied to reflect the lower rent yield from social housing compared to market rates.
36. We highlighted in 2018/19 that the change in valuation identified through the Council's five yearly revaluation exercise reflected significant material movements in the four years to 31 March 2018. The Council agreed to consider an appropriate percentage increase to the council dwelling values each year, based on the growth in the housing sector along with other checks to ensure that the key assumptions and estimates over valuations remained reasonable. We have confirmed that the Council has undertaken this exercise. A 4% uplift factor was applied based on a sample of Beacon properties revalued in year. The appropriateness of the discount for social rent was also reviewed based on the sample of revaluations undertaken.

Remaining useful life

37. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that may be incurred in relation to an individual asset. We noted in 2018/19 that the updated useful lives had not been reflected in the fixed asset register and depreciation calculations for 2018/19. We have

confirmed that the Council has now updated the useful lives in the fixed asset registers.

Impairment

38. The Council has implemented condition surveys as part of the five year rolling programme. The surveys identify assets where the condition has changed and an assessment is made as to whether a revaluation is necessary.
39. The condition surveys performed in 2019/20 are a strong source of evidence to indicate whether an impairment may have occurred. However, these only consider a proportion of the Council's operational estate and do not take cognisance of other sources of information such as the level of maintenance and repairs required in the year. While no indication of material impairment was identified, we would encourage the Council to further develop its procedures for assessing whether there has been an impairment of its estates portfolio (refer to prior year action plan at Appendix 5).

Disposals

40. During 2019/20, the Council reported disposals of £20.443million. The disposals predominantly arose from £14.986million in sales of newly constructed dwellings to Edinburgh Living MMR LLP.

Pension assumptions

An actuarial estimate of the pension fund asset/liability is calculated on an annual basis under IAS 19 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities. There is a risk that the assumptions used are not appropriate.

Noted in the 2019/20 External Audit Plan

41. We reviewed the reasonableness of those assumptions used in the calculation against other local government pension fund actuaries and other observable data, with no issues identified. In addition we reviewed the information in the actuarial report for completeness and accuracy against the published pension fund data.
42. We have considered the competence, capability and objectivity of the actuary in line with the requirements of ISA (UK) 500 'Audit Evidence'. From this review we did not identify any items which gave us cause for concern over the suitability of the actuary.

43. The net pension liability within the audited annual accounts has been revised to take account of the latest reliable, available information on the 'McCloud Judgement':

McCloud judgement

44. This case relates to an employment tribunal ruling that transitional provisions impacting on a public sector final salary scheme were unlawfully age discriminatory. This was upheld in the Courts in December 2018 although the Government at that stage sought leave to appeal this judgement. In June 2019, the Supreme Court rejected the Government's request for a further appeal.
45. In July 2020, the Government released its consultation on applying the remedy to address the age discrimination inherent within the transitional protections that were adopted by the public service schemes in 2014 and 2015. The SPPA on behalf of Scottish Ministers also released a consultation document which sets out its preferred policy approach for remedying the discrimination in the Local Government Pension Scheme. The Council's Actuaries highlighted that the remedy consultation could have a material impact on the treatment of McCloud in the March 2020 actuarial pension valuations.
46. Estimates require to be based on the latest available, reliable information, including information that becomes available after 31 March. The issue of the consultation paper from SPPA on the McCloud judgement is an adjusting event as it provides evidence of conditions that existed as at 31 March 2020.
47. The financial effect of this pension issue is a past service gain of £17.218million. As a consequence, the net pension liability of £540.753million as reported in the unaudited annual accounts is now a net pension liability of £523.535million.

Goodwin tribunal

48. The Goodwin tribunal relates to a recent employment tribunal that changes the pension entitlement of male survivors in opposite sex marriages to take into account the female member's service from 6 April 1978. Previously, the male spouse survivor's entitlement was based on service accrued from 6 April 1988. The change is backdated to 5 December 2005. The change therefore affects the pension of male spouse survivors where their entitlement arose (i.e. where the female member died) on or after 5 December 2005.
49. Management instructed its Actuaries to calculate an estimated cost of the Goodwin impact on the Employer's future obligations. The Actuaries estimated that the closing obligations as at 31 March 2020 may be around 0.13% higher as a result of the Goodwin tribunal.

Based on this information, management assessed the impact on the Council's pension liability to be immaterial and no adjustment has been made in respect of the Goodwin tribunal.

Update to our initial risk assessment

50. Planning is a continuous process and our audit plans are updated during the course of our audit to take account of developments as they arise. We have specifically updated our risk assessment and audit plan in light of COVID-19. We recognised this as a key audit risk¹.

COVID-19

The COVID-19 pandemic is presenting unprecedented challenges to the operation, financial management and governance of organisations, including public sector bodies. Core areas of service delivery have been suspended or substantially reduced, systems and processes have been amended to support remote working, arrangements for governance, decision making and performance management have been adapted, and many organisations are forecasting large operating deficits due to loss of income and/ or additional cost pressures. It is uncertain how long these challenges will persist.

The implications of these risks and uncertainties are under consideration by the Council. We continue to monitor government and relevant announcements as they pertain to the audit and have adapted our audit approach as required.

51. In response to COVID-19 we identified potential areas of increased risk of material misstatement to the financial statements and/or our audit opinion. These areas included:
- Property valuations
 - Content of the annual report and accounts
 - Access to audit evidence
 - Timescales/administrative processes.

¹ A key audit risk is one which may result in a material misstatement to the financial statements or

significantly impact on our audit judgements and conclusions on the wider scope dimensions.

Property valuations

52. As noted at paragraphs 28-34 of this report, the valuer included a 'material uncertainty' disclaimer over the asset valuations for the year ended 31 March 2020.
53. We concluded that the material uncertainty over the property valuations is of such importance that it is fundamental to users' understanding of the financial statements. Based on our audit work performed and conclusions, we have included an emphasis of matter paragraph in our independent auditor's report which draws attention to the disclosures made in the annual accounts. Our audit opinion is not modified in respect of this matter.

Content of the annual report and accounts

54. In response to the impact of the COVID-19 pandemic, the Scottish Government issued Finance Circular 10/2020 which allows bodies to disapply specified requirements for Finance Circular 5/2015 (which provides statutory guidance on the preparation of a Management Commentary).
55. The Council took the decision to include where applicable to the organisation, the full disclosures in the Management Commentary.

Access to audit evidence

56. Our audit this year has been carried out remotely. As a consequence, we identified a risk that access to and provision of sufficient, appropriate audit evidence in support of our audit opinion may be impacted by the inherent nature of carrying out our audit remotely.

57. We have employed a greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.
58. We are pleased to report we received all audit evidence requested to allow us to form our audit opinion.
59. We received the unaudited annual accounts and supporting papers of a high standard. Our thanks go to staff at the Council for their assistance with our work.

Timescales/Administrative processes

60. Schedule 6 of the Coronavirus (Scotland) Act 2020 allows a local government body to postpone submitting the unaudited accounts to auditors and publishing the audited accounts until it is reasonably practicable. The Scottish Government has provided guidance on this in Finance Circular 10/2020. The guidance advises that 30 November should be considered a reasonably practicable date for publishing the audited accounts.
61. Audit Scotland has revised the deadline for auditors to submit the audited annual accounts from 30 September to 30 November 2020. However, it is for local auditors to agree a timetable with each local government body with a view to completing the process as early possible while still delivering a high quality audit.
62. The annual accounts are due to be considered by the Finance and Resources Committee on 5 November 2020; thereby meeting the revised timetable as set out above.

63. We have been working closely with the Council throughout the audit to ensure that this timetable is adhered to.

Other risk factors

64. In addition to the identification of significant audit risks (paragraph 19), we identified in our External Audit Plan a number of risk factors which could potentially result in a material misstatement to the annual accounts. An update on these risk factors is set out below:

Significant trading operations

65. Local authorities have a duty under section 10 of the Local Government in Scotland Act 2003 to operate their significant trading operations so that income is not less than expenditure over each three-year period. The Council has failed to comply with this statutory requirement for the three-year period ending 31 March 2020 in respect of its one significant trading operation; Edinburgh Catering Services – Other Catering. We have reported this matter in our independent auditor’s report.
66. Despite improvements in recent years’ financial performance, the Council’s Edinburgh Catering Services – Other Catering trading operation reported a deficit of £48,000 in 2019/20 and a cumulative three-year deficit of £0.126million. We have reported that Edinburgh Catering Services has failed to meet this financial objective in each of the four years of our audit appointment.
67. The Council notes in the annual accounts that the impact of COVID-19 will make achieving a breakeven position challenging. A tariff increase

in line with inflation is due on re-commencement of services. Re-modelling the service will be considered, to accommodate changes in demand and the lack of commercial activity at the City Chambers.

Common good

68. Local Authorities are required to administer common good funds under section 15 of the Local Government (Scotland) Act 1994. The purpose of common good funds is to provide benefit to the population of the area either through the disbursement of funds, securing assets for on-going use for the population or contributing to specific local projects/initiatives.

Common good fund annual accounts

69. The Common Good Fund stands separately from the Council’s annual accounts and has been described as “the ancient patrimony of the community”.
70. During 2019/20, a surplus of £312,000 was reported on the common good fund. Overall useable common good funds stood at £2.665million as at 31 March 2020.
71. In 2016, the Council’s Finance and Resources Committee approved the use of the common good fund for planned maintenance of part of the common good assets. £2million was earmarked in 2015/16 (following a receipt from the sale of East Market Street Garage), to fund a maintenance programme for common good assets. Since this earmarked fund was created in 2016, £123,000 has been used on the Scott Monument, £33,000 on surveys at the City Observatory, £8,600 on Queensferry Harbour and £12,600 on Portobello Municipal Clock.

72. During our 2019/20 audit of the common good fund annual accounts we noted the following:

Common good fund income and expenditure

73. The common good fund comprehensive income and expenditure statement reports a full disclosure of the income and expenditure which relates to the common good fund. Property costs expenditure for the period totalled £3.394million which has been offset by rental income for the period of £1.160million. In order to achieve a “breakeven position” on property costs, the Council has offset the expenditure with an income recharge from the Council of £2.163million and capital funding of £71,000.

74. During the year, the Council concluded on a lease agreement with the Chris Stewart Group (CSG) to take a 125 year lease of 329 High Street at a nominal annual rent in return for an initial premium reflecting the market value for the property. All of this initial premium was disclosed as income in the unaudited accounts. The audited accounts now show this as a lease premium on the balance sheet which will be “released” over the term of the lease.

Common good asset registers

75. Part 8 of the Community Empowerment Act (Scotland) 2015 came into force on 27 June 2018. This places a statutory duty on local authorities to establish, maintain and publish a register of all property held by them for the common good. Local people must be consulted on the register, to make sure nothing has been left out. Local authorities are also required to publish their proposals

and consult community bodies before disposing of or changing the use of common good assets.

76. In July 2018, the Scottish Government, following consultation in 2017, issued statutory guidance for local authorities on how they should carry out these new legal duties.

77. The guidance identifies that a local authority should ‘aim to publish the first version of its common good register as soon as practicable after the initial twelve week consultation period has closed, and in any case, within six months of the end of the consultation.’

78. The Council’s common good register was published for consultation in September 2018 and members of the public were able to provide feedback on the register until 31 December 2018. The first post-consultation draft of the register was published on the Council’s Common Good Webpage on 28 June 2019, complying with Scottish Government Guidance. The register has remained on the website for the period and the Council has provided updates over the representations received.

79. In September 2019, the first draft of the register was presented to the Finance and Resources Committee. During 2019/20, the Council has sought legal counsel opinion on the classification of some of the assets and is currently undertaking a review of Civic Regalia and the Silver Safes.

80. As part of our audit work we compared the published register to the asset register (“accounting asset register”) which is used to compile the Common Good annual accounts. We noted the following:

- Five assets included in the published register as common good are not on the accounting asset register and therefore not included in the annual accounts (the asset values have yet to be determined); and
 - Four assets are included on the accounting asset register but are not disclosed in the published register. These assets are under investigation by Council Solicitors to determine whether they should be classified as common good.
81. In line with the Scottish Government guidance; 'In cases where there have been numerous or complex representations, and the local authority is still carrying out investigations, a note should be added to the register making clear that some representations are still being followed up. It is proposed that an annex is produced which lists all of the property still under investigation, along with an indication of when these investigations are likely to be concluded.'
82. We reviewed the Council's published common good register and assets still under investigation are detailed in a schedule annexed to the Common Good Register, therefore complying with Scottish Government guidance. However, in order to ensure completeness and transparency in the operation of the common good fund, we would encourage the Council to update its published common good asset register to include all assets currently under investigation (refer to prior year action plan at Appendix 5).

An overview of the scope of our audit

83. The scope of our audit was detailed in our External Audit Plan. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Council. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during the course of the audit to take account of developments that arise.
84. At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.
85. Our standard audit approach is based on performing a review of the key financial systems in place, substantive tests and detailed analytical procedures. Tailored audit procedures, including those designed to address significant risks, were completed by the audit fieldwork team and the results were reviewed by the audit management team. In performing our work we applied the concept of materiality, which is explained below.

Our application of materiality

86. Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement over both the amount and the nature

of the misstatement. We keep this assessment under review throughout the audit.

87. Performance materiality is the working level of materiality used to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.
88. Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of any uncorrected and undetected misstatements exceed overall materiality.
89. Our initial assessment of materiality for the group annual accounts was £22.3million and for the Council single entity annual accounts £20.3million. On receipt of the unaudited annual accounts, we reassessed materiality and kept these as per our initial assessment. We consider that our updated assessment has remained appropriate throughout our audit.

Materiality	Council £million	Group £million
Overall	20.3	22.3
materiality: Our assessment of materiality is set with reference to gross expenditure ² . We consider this to be the principal consideration for the users of the annual accounts when assessing the performance of the Council and its group.		
Performance	15.225	16.725
materiality: using our professional judgement we have calculated performance materiality at approximately 75% of overall materiality.		

90. We noted in our External Audit Plan that we would report any misstatements identified through our audit that fall into one of the following categories:
- All material corrected misstatements;
 - Uncorrected misstatements with a value in excess of £250,000; and

² Our assessment of materiality equates to approximately 1% of the group and Council's 2019/20 gross expenditure as disclosed in the 2019/20 unaudited annual accounts.

- Other misstatements below £250,000 that we believe warrant reporting on qualitative grounds.
- Overall impact on group net assets: increase in net assets of £55.500million.

Audit differences

91. Material audit differences we identified during the audit have been detailed in the letter of representation. In summary these adjustments were as follows (on a group basis):

- Property, plant and equipment: net increase in assets of £0.758million.
- Long term assets (pension): incorporation of revised actuarial pension information for Transport for Edinburgh, net increase in pension asset of £30.584million.
- Investments and liabilities in associates and joint ventures: updated following receipt of audited accounts net reduction in investment of £3.274million.
- Group adjustments following receipt of audited accounts for group bodies; net increase of asset position of £3.738million.
- PPP transactions: update to accounting model for PPP Residual waste resulting in reduction in liabilities of £6.536million.
- Provisions: recognition of new provision for working time directives of £60,000.
- Pension liabilities: incorporation of revised actuarial information; reduction in net pension liabilities £17.218million.

92. The overall impact on usable reserves was an increase of £38.966million. In respect of the Council; there was an increase of £8.6million to useable reserves; of which £8.276million was to the donated asset fund and £0.324million as increase to the General Fund balance. The increase to the General Fund balance represents the reduction in drawdown required from reserves to meet the revised outturn position.

93. We also identified disclosure and presentational adjustments during our audit, which have been reflected in the final set of annual accounts.

Council representations

94. We have requested that a signed representation letter be presented to us at the date of signing the annual accounts. This letter is to be signed by the section 95 officer on behalf of the Council.

Group audit

95. The Council has a complex group which requires consolidation of a range of subsidiaries, associates and joint ventures. The group structure is detailed within the Council's annual accounts.
96. As part of our audit we reviewed the consolidation entries made within the group accounts and confirmed entries back to the financial statements of the group bodies.
97. The Code sets out that the financial statements of all entities within the group accounts are required to be

- prepared to the same date. Where entities within the group do not have the same year-end as the Council, either additional financial statements should be prepared or where this is impracticable, the financial statements should be adjusted for the effects of significant transactions and events that occur between the two dates.
98. In 2019/20, an adjustment was made to the Council's group accounts for net pension assets as reported by Transport for Edinburgh (whose financial statements are prepared to 31 December). The overall impact was an increase in net pension assets of £30.584million.
99. Overall, we concluded that the results of the group bodies had been appropriately consolidated into the Council's audited group accounts.
100. As part of our audit planning process we assess the group, for the purposes of approach to the audit of the group. As set out in our External Audit Plan we deemed the following subsidiaries to be significant in the context of the group audit:
- CEC Holdings; and
 - Transport for Edinburgh.
101. We revisited our assessment, following receipt of the unaudited accounts. Our assessment was updated to include Edinburgh Living MMR LLP as a significant component. In addition, we no longer classified CEC Holdings as a significant component:
- Edinburgh Living MMR LLP – In 2015, the Council agreed to enter into a partnership with Scottish Futures Trust (SFT) to accelerate housebuilding through the acquisition of homes for market rent and mid-market rent. Edinburgh Living MMR LLP had investments in 131 properties at a value of £27.75million at 31 December 2019. We concluded that this is a significant component in 2019/20 due to the following; this is the first year in which accounts have been prepared for this body, the identified risks noted by the component auditor, the value of the investment properties (and with reference to the impact of COVID-19 on those values).
- CEC Holdings: In early 2017, the Council confirmed that operational activities undertaken by EDI Group would in the future be delivered through an in-house council model. The Council instructed directors of the EDI Group to begin a process of closure, with the majority of land transferring to the Council and most of the staff leaving the company in June 2018. The company will continue to trade until such time as all projects currently being undertaken by the EDI Group have either concluded or have been transferred to the Council. The impact of this decision however no longer poses a risk of material misstatement to the Council's group accounts (including consideration of the financial balances within CEC Holdings as they relate to the EDI Group) and therefore we have concluded for the 2019/20 audit that this is no longer a significant component.
102. Azets is the appointed auditor to Transport for Edinburgh and Edinburgh Living MMR LLP. During our audit we liaised with the audit

engagement teams to confirm that their programmes of work were adequate for our purposes.

103. We have nothing to report in respect of the following matters:

- No significant deficiencies in the system of internal control or instances of fraud were identified by the component auditor; and
- There were no limitations on the group audit.

Legality

104. We have planned and performed our audit recognising that non-compliance with statute or regulations may materially impact on the annual accounts. Our audit procedures included the following:

- Reviewing minutes of relevant meetings;
- Enquiring of senior management and the Council's solicitors the position in relation to litigation, claims and assessments; and
- Performing detailed testing of transactions and balances.

105. We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

Other matters identified during our audit

106. During the course of our audit we noted the following:

The Local Authority Accounts (Scotland) Regulations 2014

107. As part of our audit we reviewed the Council's compliance with the Local Authority Accounts (Scotland) Regulations 2014, in particular with respect to regulations 8 to 10³ as they relate to the annual accounts.

108. The Scottish Government included in its Finance Circular 10/2020 guidance on the publication and inspection of the unaudited annual accounts as a result of the COVID-19 pandemic.

109. In 2018/19 we received correspondence relating to the notice of the public right to inspect. We concluded in 2019/20 that action had been taken, where applicable to 2019/20 and the revised arrangements for COVID-19, to address these issues.

110. Overall we concluded that appropriate arrangements were in place to comply with the Regulations and the guidance as set out in Finance Circular 10/2020.

111. We did receive one objection to the annual accounts in 2019/20. We upheld the objection in relation to disclosures within the unaudited annual accounts regarding the St James Redevelopment – Growth Accelerator Model. These disclosures have now been updated in the audited annual accounts.

Management commentary

112. The Local Authority Accounts (Scotland) Regulations 2014 require local authorities to include a management commentary within the annual accounts. The management

³ Regulations 8 to 10 relate to the preparation and publication of unaudited accounts, notice of public

right to inspect and object to the accounts and consideration and signing of the audited accounts.

commentary is intended to assist readers in understanding the annual accounts and the organisation that has prepared them.

113. As auditors we are required to read the management commentary and express an opinion as to whether it is consistent with the annual accounts. We have concluded that the management commentary is consistent with the annual accounts and has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003 (refer to paragraphs 54-55 of this report).

Annual governance statement

114. The Chief Executive and the Council Leader have confirmed that in their opinion, reasonable assurance can be placed upon the adequacy and effectiveness of City of Edinburgh Council and its group systems of governance. The Annual Governance Statement identifies a range of actions that have been, or will be, taken by the Council to continue to progress improvements in the Council's governance arrangements.
115. We are satisfied that the governance statement within the annual accounts is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016.

Remuneration report

116. Our independent auditor's report confirms that the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Members' salaries and expenses

117. The Remuneration Report discloses salaries and expenses paid to elected members. The Council also publishes this information in detail on its website. The Council, in preparing this publication, uses source records from, for example, individual elected members claims.
118. We noted during our audit, differences between the published information on the Council's website and the ledger. While we concluded that this is not material to the annual accounts we would recommend that the Council carry out regular reconciliations between the ledger and the published information on elected members remuneration and expenses.

Action plan point 2

Charitable trust funds

119. The Council administers six charitable trust funds. Over the last few years the Council has rationalised the number of charitable trusts down from over 100 to six.
120. The Charities Accounts (Scotland) Regulations 2006 outline the accounting and auditing requirements for charitable bodies. The Regulations require an auditor to prepare a report to the charity trustees where an audit is required by any other enactment. The Council's charitable trust funds are covered by the requirements of section 106 of the Local Government (Scotland) Act 1973 and consequently require a full audit.
121. We have audited the Council's 2019/20 charitable trust funds. Our findings from our audit have been separately reported to the Trustees. In summary we reported the following:

- We have provided an unqualified audit opinion on the charitable trust funds annual accounts; associated with the charitable trust funds.
- We have, however, drawn attention in our independent auditor’s report to the fact that the City of Edinburgh Council Charitable Funds (Boyd Anderson) have been prepared using a break-up basis of accounting as the trustees consider that it is not a going concern. Our opinion is not modified in respect of this matter.
- The Council has complied with the Local Authority Accounts (Scotland) Regulations 2014 as they relate to its charitable trust funds;
- We did not identify any significant weaknesses over the accounting systems and internal controls

Qualitative aspects of accounting practices and financial reporting

122. During the course of our audit, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. Our audit conclusions on these qualitative aspects are as follows:

Qualitative aspect considered	Audit conclusion
The appropriateness of the accounting policies used.	The accounting policies, which are disclosed in the annual accounts, are considered appropriate to the Council.
The timing of the transactions and the period in which they are recorded.	We did not identify any concerns over the timing of transactions or the period in which they were recognised.
The appropriateness of the accounting estimates and judgements used.	<p>We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the annual accounts.</p> <p>Significant estimates have been made in relation to property, plant and equipment and pension liabilities. We consider the estimates made, and the related disclosures, to be appropriate to the Council.</p> <p>We have included an emphasis of matter in our independent auditor’s report drawing attention to</p>

Qualitative aspect considered	Audit conclusion
	<p>the material uncertainty disclosure on property valuations.</p> <p>We evaluated the competence, objectivity and capability of management experts in line with the requirements of ISA (UK) 500 and concluded that use of the expert is appropriate.</p>
<p>The appropriateness of the going concern assumption</p>	<p>We have reviewed the financial forecasts for 2020/21. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the Council will continue to operate for at least 12 months from the signing date.</p>
<p>The potential effect on the financial statements of any uncertainties, including significant risks and related disclosures that are required.</p>	<p>We have not identified any uncertainties, including any significant risk or required disclosures, which should be included in the annual accounts.</p>
<p>The extent to which the financial statements have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed.</p>	<p>From the testing performed, we identified no significant unusual transactions in the period.</p>
<p>Apparent misstatements in the annual report or material inconsistencies with the financial statements.</p>	<p>The management commentary contains no material misstatements or inconsistencies with the accounts.</p>
<p>Any significant financial statement disclosures to bring to your attention.</p>	<p>There are no significant annual accounts disclosures that we consider should be brought to your attention other than the material uncertainty disclosure on property valuations noted above. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately.</p>

Qualitative aspect considered	Audit conclusion
Disagreement over any accounting treatment or financial statements disclosure.	While disclosure and presentational adjustments were made during the audit process there was no material disagreement during the course of the audit over any accounting treatment or disclosure.
Difficulties encountered in the audit.	There were no significant difficulties encountered during the audit. Our audit this year has been carried out remotely. We have employed a greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.

Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the Council is planning effectively to continue to deliver its services and the way in which they should be delivered.



The Council's three-year revenue budget strategy and a 10 year capital budget strategy were developed prior to impact of COVID-19 becoming known. These strategies will require to be updated given the significant cost impact of COVID-19 on council services and income levels over the short and medium term. Current estimates of this impact to date are £81.6million. The Council has worked hard to reduce the anticipated budget deficit for 2020/21 given the significant impact of the pandemic but at the time of the audit this still stood at £12.2million. A longer term financial strategy should be put in place when it becomes clearer what the medium term impact on council services is on income generating activities and Council associated ALEOs.

Significant audit risk

123. Our audit plan identified a significant risk to financial sustainability under our wider scope responsibilities.

Financial sustainability

During our 2018/19 audit, we noted that the Council has a well-developed and responsive Medium-Term Revenue Funding Framework.

In October 2019, the Finance and Resources Committee considered an update on the development of an evolving four year change strategy, with a specific focus on the budget-setting approach for 2020/21. This report identified a requirement to deliver at least £86.7m of recurring annual savings beyond those previously approved, with £36m of these required in 2020/21.

Extensive work has been undertaken to develop necessary savings proposals to bridge the gap between expenditure and available funding over the next three years, aligned to the three underpinning themes of the Change Strategy.

In February 2020, the Finance and Resource Committee considered the proposed savings which, if all approved, would allow the Council to set a balanced three-year budget. The achievement of these savings presents a significant financial challenge to the Council.

Noted in the 2019/20 External Audit Plan

124. The Council's three-year revenue budget strategy and a 10 year capital budget strategy were developed prior to impact of COVID-19 becoming known. These strategies will require to be updated given the significant cost impact of COVID 19 on council services and income levels over the short and medium term. Current estimates of this impact to date are £81.6million. The Council has worked hard to reduce the anticipated budget deficit for 2020/21 given the significant impact of the pandemic but at the time of the audit this still stood at £12.2million. A longer term financial strategy should be put in place when it becomes clearer what the medium term impact on council services is on income generating activities and Council associated ALEOs.

Medium term financial planning

125. In February 2020 the Council approved a three year revenue budget

strategy covering the years 2020/21 to 2022/23 together with a 2020-2030 capital budget strategy. The revenue budget strategy required the delivery of estimated recurring savings of £34.87million in 2020/21 and

£87.25million by 2022/23. The Council also approved a Change Strategy which set out proposals for delivering £87.975million of savings and income generation.

126. The agreement of a three year revenue budget and long term capital budget was a positive achievement, particularly given the delays in the announcement of UK and Scottish Government budgets. We note however that a three-year revenue budget is at the lower end of what Audit Scotland would consider as adequate medium-term financial planning and would recommend that the Council agrees a longer term financial planning framework for its revenue budget.

Action plan point 3

127. Since the approval of the budget strategy COVID-19 has impacted significantly on the Council's financial plans. The Council recognised the need for greater scrutiny during the uncertain period of COVID-19 and implemented additional monitoring by members and officers. Since April 2020 the Policy and Sustainability Committee and latterly the Finance and Resources Committee has received monthly updates of the revenue impacts on the 2020/21 budget. We welcome this approach to financial management. Whilst reports to date have focussed on the 202/21 implications the Council is aware that it requires to revisit its three-year revenue budget and the capital plan given the exceptional circumstances.

128. In May 2020, the Council presented a report on its revised 2020/21 Revenue Budget to the Policy and Sustainability Committee. The report set out £101.5million of additional net expenditure pressures, which included £81.6million of Covid-19-related costs. The Council identified around £45million from savings, reserves and government funding for COVID-19, to offset this additional expenditure, but it still predicted a £56.5million shortfall in its 2020/21 budget.

129. The Council further revised its position in June, July and August identifying lower levels of additional net expenditure and a greater use of savings and reserves.

130. The most recent update to the 2020/21 revenue budget position in September 2020 notes that there is a remaining in-year shortfall of £12.2million which requires to be addressed. Directorates are continuing to examine ways of reducing this shortfall further. In the years 2020/21 to 2023/24, the Council anticipates its cumulative budget shortfall to be £70million.

131. The remaining in-year deficit comprises the following:

Additional net expenditure pressures	£million	£million
Estimated Covid-19 specific expenditure and loss of income		81.6
Council services (excluding Health and Social Care):		
• Additional expenditure: £15.3million		
• Reduction in income: £44.2million		
• Savings in expenditure: (£4.9million)		
• ALEO related: £27million		
<hr/>		
Net residual pressures/anticipated shortfalls in service delivery		3.0
<hr/>		
Available funding	(19.9)	
<hr/>		
2020/21 budget unallocated monies	(4.8)	
<hr/>		
Use of earmarked reserves	(19.6)	
<hr/>		
Time related and corporate savings	(17.2)	
<hr/>		
Potential further funding	(11.0)	
<hr/>		
Sub-total		(72.4)
<hr/>		
Remaining shortfall		12.2
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132. The current position is based on assumptions that services gradually resume across the city. It is estimated that each month's further lockdown would cost approximately £10million.

133. There are continued discussions with the Scottish Government through COSLA regarding the development of an income compensation scheme. The circumstances of the Council and its Arm's-Length External Organisations (ALEO's) mean that any

scheme which is agreed will be of benefit to the Council as a source of funding.

134. The Council is also exploring the potential applicability of the package of financial flexibilities agreed between the Scottish Government and COSLA to address the funding pressures faced by local government due to COVID-19. The flexibilities include:

- Application of capital receipts to finance COVID-19 related revenue expenditure
- Revision of the statutory charge for leases and service concession arrangements; allowing councils to charge the debt element over the life of the asset rather than the contract period
- Loans fund repayment holiday; permitting councils to defer loans fund repayments due to be repaid in either 2020/21 or 2021/22.

ALEO's and the impact on Council finances as a result of COVID-19

135. As noted in the Following the Public Pound section of this report almost all of the ALEOs undertake services which have been greatly affected by COVID-19. The ALEOs have required support from the Council due to the significant impact on their business. The September report to Finance and Resources set out the latest position:

Lothian Buses (£12million cost to the Council)

136. Passenger numbers fell by 90% during lockdown and have only recovered to 60% of normal levels. Significant losses were incurred by the company only partially met by Scottish and UK Government support. Council support was required and in addition two years of an anticipated £6million dividend receipt per annum from the company was withdrawn.

Edinburgh Leisure (£6million cost to the Council)

137. The closure of all facilities during lockdown and the phased reopening from

September 2020 meant significant losses have been incurred by the charity.

Edinburgh Trams (£6million cost to the Council)

138. Passenger numbers fell by 98% during lockdown and still remain 75% below budgeted levels. Scottish Government funding was confirmed and additional discussions are taking place with Transport Scotland for further support. However the net cost to the Council is still estimated at £6million.
139. There are also on-going discussions regarding any additional support required for Transport for Edinburgh, Edinburgh International Conference Centre and Capital Theatres (comprising the Kings Theatre Festival theatre and The Studio) all of which have been significantly impacted by the pandemic.

Edinburgh Integration Joint Board (EIJB)

140. The Council approved to pass on in full the £8million increase in health and social care monies received via the Scottish Government's budget. This represented a 3.8% increase over the 2019/20 budget with the Council's initial financial offer to the EIJB totalling £226million for 2020/21. Following the initial Council budget approval, a further £95million across Scotland was identified for local authorities. The Council approved to allocate £2million of its £7.4million share to the EIJB. Additional funding of £1.2million has been confirmed in respect of the additional cost of the 3.3% Living Wage increase and discussions are on-going with the Scottish Government in relation to an

estimated funding gap of £3.4m. Despite this significant investment, substantial savings require to be delivered in year to maintain financial balance.

141. The EIJB's financial plan for 2020/21 recognises a savings requirement of £15.9million, of which detailed savings plans totalling £11.91million have been identified. Work is still ongoing to quantify the short- and medium-term impact of COVID-19 on EIJB's financial position and delivery of savings plans and the development of a medium term financial strategy has been further delayed as a result. The financial and service performance of the EIJB remains a high risk issue and the Council needs to work together with the EIJB and NHS Lothian to monitor the in-year position and develop medium term financial plans.

Capital investment programme

142. The Council's Capital Budget Strategy 2020-2030 was approved in February 2020 as part of the budget process. It was subsequently consolidated with other key strategies into the Council's Capital Strategy which was approved by Council in March 2020. The strategy sets out a capital plan of £2,324.8million to 2029/30. The strategy highlights that £154.602million is unfunded and will require the Council to find additional revenue savings in future years, or lead to projects having to be removed from the capital investment programme or delayed.
143. Significant general fund capital projects within the strategy include:
- Wave 4 Schools

- Asset management works
- Infrastructure for population growth
- Trams to Newhaven
- Investment in carriageways and footways
- New schools and extensions
- St James Infrastructure Assets and Picardy Place
- Millerhill Waste Facility
- North Bridge Structural Works

144. COVID-19 however has significantly impacted on the delivering of the plan within the timescales and budgets previously planned. While the full impact on the programme is not yet known, the Council has forecast a net slippage position of £171million in 2020/21 on the general fund capital programme (with the approved budget for 2020/21 being £449.835million).

Housing revenue account

145. The Council's housing revenue account five year budget strategy is underpinned by the following key strategic documents:
- Five year business plan: sets out planned investment of £2.5billion over a ten year period. Assumes a 2% annual increase in rents.
 - Thirty year business plan
 - Five year capital investment programme
 - A Rapid Rehousing Transition Plan (RRTP)
 - Mixed Tenure Improvement Strategy

- Strategy Housing Investment Plan (SHIP).
146. As reported to Housing, Homelessness and Fair Work Committee in September 2020, the HRA is forecasting a balanced position in 2020/21.
147. The HRA 10 year investment strategy and five-year capital programme set out planned capital investment of £910.245million over the next five years, rising to £2,457.997million over 10 years.
148. The capital budget for 2020/21 has been revised from the initial approved budget of £96.468million to £56.969million largely due to COVID-19.

Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.



The Council had appropriate arrangements in place for managing its financial position during 2019/20. It did however report a net overspend of £4.9million for 2019/20 which was met from an unplanned drawdown of earmarked reserves. A planned, favourable outturn position was impacted by £8.4million of COVID-19 related expenditure. The approved 2019/20 budget was predicated on the delivery of £38.7million of directorate-specific and corporate savings. 77% of approved savings by value were delivered.

The City of Edinburgh Council's level of unearmarked reserves is 1.37% of expenditure. It is unlikely that this will be sufficient to deal with its future financial challenges. In response to the additional pressures COVID-19 presents, the Council has already committed to use £19.6million of earmarked reserves.

Around 94% of the general fund capital programme and 103% of the HRA programme was delivered in 2019/20.

Financial performance

149. The 2019/20 Comprehensive Income and Expenditure Statement shows that the Council spent a total of £2billion on the provision of public services and recorded an accounting deficit of £10.665million. The accounting deficit is partly technical as it includes elements of income and expenditure that need to be accounted for to comply with the Code of Practice on Local Authority Accounting (the Code), and which are subsequently adjusted

to show their impact on statutory Council reserves.

150. The key measure of performance in the year is the movement in the Council's general fund balance. Following the required adjustments, the net impact on the general fund is a decrease of £24.733million to £120.112million. In total, cash backed (useable) reserves held by the Council increased by £46.257million in the year to £289.140million.

Movement in the Council's useable reserves per the Annual Accounts 2019/20

	2019/20 £million	2018/19 £million	Movement £million
General Fund	120.112	144.845	(24.733)
Housing Revenue Account	0	0	0
Renewal and Repairs Fund	29.748	26.346	3.402
Capital Fund	48.935	55.908	(6.973)
Capital Grants Unapplied Account	28.452	15.784	12.668
Donated Assets Reserve	61.893	0	61.893
Total useable reserves	289.140	242.883	46.257

151. In 2019/20 £106.185million of the general fund balance was earmarked with the remainder representing an unallocated general fund of £13.927million. The unallocated general fund equates to 1.37% of the annual budgeted net expenditure.

152. The Council reviews its reserves policy on an annual basis, taking into account its known commitments. Earmarked General Fund Reserves are used for known future expenditure requirements. Unearmarked General Fund Reserves are held to cover unforeseen circumstances. The

Council can use some of the earmarked reserves flexibly if policies or commitments change.

153. In 2019/20, the Council applied a drawdown of earmarked reserves to address its year-end deficit on the general fund (£4.907million). This means that those earmarked reserves can no longer be used for the Council's original intended purpose. The table below illustrates which earmarked reserves were applied:

	To fund year-end deficit £million	Balance at 31 March 2020 £million
Dilapidations Fund	2.000	3.227
Workforce management	2.907	13.358

154. The Accounts Commission's Local Government Overview Report states that councils typically set their unearmarked reserves at between 1% and 4% of net expenditure. The City of Edinburgh Council's level of unearmarked reserves is 1.37% of expenditure. It is unlikely that this will be sufficient to deal with its future financial challenges. In response to the additional pressures COVID-19 presents, the Council has already committed to use £19.6million of earmarked reserves to meet the estimated deficit (paragraph 131).

Revenue performance against budget

155. The Council reported a net overspend of £4.907million for 2019/20. A

planned, favourable outturn position was impacted by £8.4million of COVID-19 related expenditure. The most significant impact was the loss of a £6million anticipated dividend from Lothian Buses and a reduction in parking income (£1.3million).

156. The approved 2019/20 budget was predicated on the delivery of £38.7million of directorate-specific and corporate savings. 77% of approved savings by value were delivered.

Housing revenue account (HRA)

157. The balance on the HRA is nil. In line with the HRA Business Plan, at the end of 2019/20 the HRA was balanced after making a contribution of £7.477million towards in-year capital investment.

Capital expenditure

158. During 2019/20, the Council reported total capital additions of £390million; of which £278million were general fund additions and £112million were housing revenue account (HRA) additions. In so doing the Council delivered on 94% of the revised general fund capital programme and 103% of the HRA revised capital programme.

159. Projects contributing to the slippage on the general fund capital programme include:

- Early years programme and rising school rolls projects
- National Housing Trust (NHT)
- Edinburgh Living LLPs
- Major infrastructure projects

160. Acceleration in the programme of Asset Management Works however

significantly offset the slippage in these projects.

Treasury management

161. For the first time since 2012, the Council borrowed a significant level of funds (£236million) from the Public Works Loans Board (PWLB). The Council's debt outstanding increased during the year due to the new borrowing, but the interest cost for the year was lower than 2018/19. At 31 March 2020, the Council's debt was £37million below its Capital Financing Requirement.
162. Borrowing was undertaken during 2019/20 for the following:
- Edinburgh Living (£16.3million); borrowing was carried out to match the capital advances and loans made to Edinburgh Living MMR LLP for the acquisition of affordable housing;
 - The Council's inverse LOBO loans were repaid prematurely and re-financed with a loan from PWLB (£40million)⁴;
 - Trams to Newhaven (£150million)
 - Housing Revenue Account (£30million)

Systems of internal control

163. We have evaluated the Council's key financial systems and internal financial controls to determine whether they are adequate to prevent material misstatements in the annual accounts. Our approach includes documenting the processes and key internal financial controls within the Council's

key financial systems and performing walkthrough testing to confirm our understanding of those systems.

164. We did not identify any significant weaknesses in Council's accounting and internal control systems during our audit.

Internal audit

165. The Council's internal audit service is an independent assurance function that provides an opinion on the Council's control environment. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
166. To avoid duplication of effort and to ensure an efficient audit process we have taken cognisance of the work of internal audit.

Prevention and detection of fraud and irregularity

167. In accordance with the Code of Audit Practice, we have reviewed the arrangements for the prevention and detection of fraud and irregularity. Overall, we found the Council's arrangements to be sufficient and appropriate.
168. Audit Scotland published a report "COVID-19 Emerging Fraud Risks" in July 2020. The report identified that the COVID-19 pandemic has brought significant challenges across the Scottish public sector as bodies seek to deliver services for individuals,

⁴ A premium was repayable on redemption of the inverse LOBO loans of £46.9million.

- communities and businesses in an extremely difficult time.
169. The report identifies six areas of expected increased risk due to the COVID-19 pandemic: governance risk, procurement risk, COVID-19 funding, payroll, IT and cyber crime and health and wellbeing risk.
170. In response, the Council provided a summary position in regard to these six risk areas:

Fraud risk area	Council position
Governance	Business continuity protocols were reviewed. Internal Audit has not been used to cover operational roles.
Procurement	Enhancements to existing controls were introduced at the onset of the pandemic in recognition of increased risk.
COVID-19 funding	Risk assessment exercise performed. Regular staff training provided on the fraud risks in relation to provision of funding. Updates from the IRRV in relation to emerging scams circulated to relevant staff.
Payroll	No relaxation or suspension of controls.
IT and cyber crime	Provision of training to all staff in the form of E-learning on the subject of phishing scams and audit logs to prevent misuse of system access. Security Incident Management procedures in place available to all staff through the Council's intranet.
Health and wellbeing	Wellbeing programme in place Signposting to further sources of support for staff during the pandemic.

National Fraud Initiative (NFI)

171. The National Fraud Initiative (NFI) is a counter-fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies to identify fraud and error.
172. The most recent NFI exercise commenced in October 2018 and as part of our 2018/19 audit we monitored the Council's participation in NFI. We submitted an assessment of the Council's participation in the exercise to Audit Scotland in February 2020. Overall we concluded that the Council's arrangements with respect to NFI are satisfactory.

Governance and transparency

Governance and transparency is concerned with the adequacy of governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.



The Council modified its political management arrangements in August 2019 to further improve its decision-making effectiveness. In March 2020 and May 2020 in response to the COVID-19 pandemic, emergency arrangements were put in place to deal with the significant issues facing the Council. In our view the Council has responded promptly and effectively in its political management arrangements to the COVID-19 crisis.

In response to a recommendation within our 2018/19 Annual Report on the Audit, the Council agreed by January 2020 to review its existing protocols with elected members and senior management to ascertain where improvements were required. The Council is currently reviewing its member/officer protocol. COVID-19 has delayed work on this review.

Governance and transparency

Governance arrangements

173. The Council's political management arrangements were modified in August 2019. Executive committee remits have been rebalanced and the former Corporate Policy and Strategy Committee given a stronger corporate, cross-cutting role with a refreshed membership including all executive committee conveners.
174. Following the COVID-19 emergency and in accordance with existing provisions within the Scheme of Delegation, a Leadership Advisory Panel was established by the Council. The Leadership Advisory Panel consisted of five Councillors, the Council Leader and Deputy Leader, and the Leaders of the Conservative, Green and Scottish Liberal Democrat Groups. The Leadership Advisory Panel was set up to deal with the initial emergency measures created by COVID-19 and the subsequent lock-down.
175. In May 2020 interim political management arrangements were put in place. A Policy and Sustainability Committee, comprising the conveners of all of the Council's executive committees and the majority of party group leaders was reconvened to sit every two weeks. Scrutiny of decision-making was provided by the Governance, Risk and Best Value Committee which met from June 2020 on a monthly basis. In addition groups were established to deal with planning and licensing issues. The Policy and Sustainability Committee continued to meet throughout the first months of the pandemic, holding virtual but web-cast meetings with papers available on the web-site.
176. In August 2020 it was agreed that all other committees could start to meet including the Finance and Resources Committee and the Policy and Sustainability Committee cycle was changed to monthly. It was agreed that all meetings would be held virtually until December 2020 when the political management arrangements would be reviewed.
177. The Council has responded promptly and effectively in its political management arrangements to the COVID-19 crisis.
178. During our 2018/19 audit, it became clear that the arrangements for sharing sensitive information between some councillors and the leadership team required to be reviewed. We noted the importance of all councillors and senior staff having a clear understanding of their rights and responsibilities in relation to information held by the Council.
179. We recommended that Councillors and the senior leadership team should review the existing protocols to ensure these were still appropriate and that both members and officers could comply fully with their responsibilities.
180. The Council agreed by January 2020 to review its existing protocols with elected members and senior management to ascertain where improvements were required. The Council is currently reviewing its member/officer protocol. The review included a discussion and survey of the majority of political group leaders, facilitated by the Improvement

Service. The review identified areas for improvement, including access to information and clarity of roles and responsibilities. COVID-19 has delayed work on the review. The Council also now intends to take account of the Scottish Government's planned review of the Code of Conduct for Councillors, which was again delayed by COVID-19 but commenced on 19 October (refer to prior year action plan at Appendix 5).

Following the public pound

181. The Council uses a number of arm's-length external organisations (ALEOs) to provide services on its behalf, including Transport for Edinburgh Limited and Edinburgh Leisure. While the ALEOs are responsible for the delivery of the services, the Council remains responsible for the public money it provides to the ALEO and the quality of services the ALEO provides. The Council needs to hold ALEOs to account for their use of public funds and should have sufficient governance arrangements in place to do so.
182. A Council Governance Hub, chaired by the Chief Executive, was established to scrutinise the management of the Council's ALEOs, seek assurance over the delivery of services and to ensure that the Council is aware of any risks.
183. In February 2020, the Council changed the scrutiny arrangements for its ALEOs to provide greater clarity and avoid duplication:
184. The Council's executive committees will scrutinise the future direction of each ALEO, service performance, including progress against service level agreements, and any emerging issues.

185. The GRBV Committee will scrutinise the ALEOs' financial performance, including the annual accounts, and any risks affecting the Council or any individual ALEO.
186. The Council had planned a wider review of its ALEOs during 2019/20 but this was delayed by COVID-19.
187. Almost all of the ALEOs undertake services that have been greatly affected by COVID-19, for example leisure services, cultural venues and transport. As reflected in the financial sustainability section of this report the Council anticipates significant implications for its income. The Council's current estimate of lost income and other required financial support is £27million. Services will continue to be affected for some time by social distancing requirements, public attitudes and market capacity. These factors will all affect future income forecasts.

Standards of conduct

188. In our opinion, the Council's arrangements in relation to standards of conduct and the prevention and detection of bribery and corruption are adequate.

Risk management

189. Well-developed risk management arrangements help councils to make effective decisions and secure better use of resources. The Council's GRBV committee is responsible for monitoring the effectiveness of the risk management arrangements in place with risk management responsibilities held at corporate, divisional and team level and leadership teams reviewing risks quarterly. Emerging risks are

- escalated to the Corporate Leadership Team (CLT) as appropriate.
190. The Council has reviewed and updated its risk management framework. It has established a 'three lines of defence' model:
- The 'first line' is the team responsible for consistent application of the risk management framework.
 - The 'second line' is the team responsible for establishing and communicating an appropriate organisational risk management and governance framework and a risk appetite statement framework.
 - The 'third line' provides independent assurance (for example, Internal Audit) on the controls established to manage risks.
191. The Council has restructured the team responsible for risk management. It has increased oversight by the Head of Legal and Risk and the Chief Internal Auditor, along with transferring more responsibility for risk management from the second to the first line of defence.
192. In response to the COVID-19 pandemic the Council's Incident Management Team agreed on the approach to be applied to the ongoing management, assessment, and recording of new and emerging COVID-19 risks and associated mitigating actions. A risk management plan was drawn up which continues to be updated to reflect any new and emerging COVID-19 risks. The risk management plan is discussed weekly at a Risk Forum and reviewed fortnightly at the incident management team.
193. The risk management plan drawn up in April 2020 included a total of nine strategic or high level COVID-19 risks, underpinned by 55 sub risks. The nine strategic risks are now supported by a further 20 sub risks identified; assessed; and recorded during the course of the pandemic.
194. The original and current risk assessment ratings for each of the COVID-19 strategic risks are detailed below. This assessment demonstrates that mitigating actions have reduced the risk in eight of the nine strategic risks.

Covid-19 Strategic Risks	Original Risk	Current Risk
Health and safety of citizens and service users.	Critical	High
Council response and governance	High	Medium
Health and availability of employees to deliver critical services	Critical	High
Council premises and security	Critical	Medium
Supply chain risk	Critical	Medium
Technology and information	Critical	Medium
Financial and economic risk	Critical	Critical
Fraud and serious organised crime risk	Medium	Low
Legal and commercial risk	Medium	Low

195. As part of our 2019/20 work we undertook a detailed review of the Council's risk management arrangements. This work was undertaken pre-COVID-19.

196. Our review identified that there is scope for the Council to further develop its approach to risk management. We concluded that at the CLT level risk is generally well managed, with appropriate articulation of the corporate risks and appropriate discussion. However, we identified two high risk areas to further improve processes.

197. There is a need to utilise information within training materials to clearly articulate how the risk framework should operate in practice, with appropriate training attended by relevant staff.

198. We also noted that risk registers have not been completed for all services, with capacity of the teams to devote sufficient time to this activity being a key limiting factor.

199. Our report was presented to the GRBV committee in August 2020. The Council accepted that capacity and knowledge at lower levels of the organisation were limited, meaning that not all risks may be clearly identified and/or addressed. Relevant risk management training has been provided to those within the second and third lines of defence and the Council plans to deliver training to relevant staff within the first line of defence.

Value for money

Value for money is concerned with using resources effectively and continually improving services. In this section we report on our audit work as it relates to the Council's reporting of its performance.



Performance is measured annually and against other Scottish authorities. The Council in 2019/20 has demonstrated improvements in performance in several areas including waste and cleaning, school education and processing times for benefits and grant claims. Performance has however declined in five of the nine adult social care indicators. The latest 2018/19 information shows that the Council performs better than other councils in around half of national benchmarking indicators.

Reporting against the new Statutory Performance indicators Direction requires improvement. In particular the Council needs to address the new requirements of reporting progress against its duty of Best Value.

Value for money

Public Performance Reporting 2019/20

200. It is the duty of a local authority to make arrangements for reporting to the public on the outcomes of the performance of its functions.
201. Public performance reporting is a fundamental requirement of Best Value. Local authorities must ensure that in approaching public performance reporting they: engage stakeholders, give an honest and balanced picture plus, information is published in a timely and engaging manner.
202. The Council's Annual Performance Report for 2019/20 was published in August 2020 and is available on the Council's web-site. It reports performance against a number of themes over the three years to 2019/20. Targets are set for all indicators and a RAG traffic lights systems sets out whether the indicator is on or ahead of target, within 5% of target or greater than 5% behind target.
203. The Council in 2019/20 has demonstrated improvements in performance in several areas including waste and cleaning, school education and processing times for benefits and grant claims. Performance has however declined in five of the nine adult social care indicators. The latest 2018/19 information shows that the Council performs better than other councils in around half of national benchmarking indicators.

Local Government Benchmarking Framework

204. The Council is required to report its public performance in line with the Local Government Benchmarking Framework. The 2018/19 results were reported to the Corporate Policy and Sustainability Committee in August 2020. Whilst this report is available to the public we recommend that the analysis is published on the Council's web-site.

Statutory Performance indicators

205. The Accounts Commission has a statutory power to define performance information that local authorities have to publish. The 2018 Direction, which applies for the first time in 2019/20 was enhanced to make more of a distinction for the public in the Council setting out and reporting on progress against outcomes agreed with partners and communities, reporting the performance the Council has prime responsibility for and reporting against the Council's best value duty.
206. There are two Statutory Performance Indicators:

SPI 1: Each council will report a range of information setting out:
 - Performance in improving local public services provided by both (i) the council itself and (ii) by the council in conjunction with its partners and communities; and
 - Progress against the desired outcomes agreed with its partners and communities.

SPI 2: Each council will report a range of information setting out:

- The council's assessment of how it is performing against its duty of Best Value and how it plans to improve against this assessment.
- Audit assessments of its performance against its Best Value duty and how it has responded to these assessments.
- In particular how it (in conjunction with its partners as appropriate) has engaged with and responded to its diverse communities.

207. The information reported in the Annual Performance Report and the Local Government Benchmarking Framework is one of the main ways the Council provides updates to the public on how it is performing and demonstrating Best Value. It is not clear however how the Council has addressed the SPI 2 requirements regarding performance against Best Value responsibilities. We recommend that annual performance is mapped against the 7 Best Value themes:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

and that these are published as part of the Annual Performance Report.

Action plan point 4

Appendices



Appendix 1: Respective responsibilities of the Council and the Auditor

Responsibility for the preparation of the annual accounts

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Head of Finance has been designated as that officer within City of Edinburgh Council.

The Head of Finance is responsible for the preparation of the Council's annual accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the annual accounts, the Head of Finance is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- complying with legislation; and
- complying with the Code.

The Head of Finance is also responsible for:

- keeping proper accounting records which are up to date; and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor responsibilities

We audit the annual accounts and give an opinion on whether:

- they give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of the affairs of the Council and its group as at 31 March 2020 and of its income and expenditure for the year then ended;
- they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code;
- they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003;
- the use of the going concern basis of accounting in the preparation of the financial statements is appropriate or the Head of Finance has disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue;
- the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014;
- the information given in the Management Commentary is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local Government Scotland Act 2003; and
- the information given in the Annual Governance Statement is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

We are also required to report, if in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

Independence

International Standard on Auditing (UK) 260 "Communication with those charged with governance" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

Group non-audit services

Azets provides taxation services to CEC Holdings Group, Transport for Edinburgh Group, Edinburgh Living MMR LLP, Telford NHT LLP, Energy for Edinburgh and CEC Recovery Limited. All tax services are provided by independent partners and staff who have no involvement in the audit of those financial statements. The total value of taxation services provided is approximately £51,500.

Confirmation of independence

We confirm that we will comply with FRC's Ethical Standard. In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Azets and the Council, its elected members and senior management that may reasonably be thought to bear on our objectivity and independence.

Appendix 2: Our approach to the wider scope audit

Our approach to the wider scope audit (as set out in our 2019/20 External Audit Plan) builds upon our understanding of the Council which we developed from previous years, along with discussions with management and review of minutes and key strategy documents.

During our audit we also considered the following risk areas as they relate to the Council:

- Fraud and corruption in respect of the procurement function
- EU withdrawal

Overall we concluded that the Council has appropriate arrangements in place in respect of these areas as noted below:

Fraud and corruption in respect of the procurement function

As part of our 2019/20 audit we undertook an audit of procurement arrangements at the City of Edinburgh Council, concentrating on the arrangements preventing fraud and corruption in procurement.

The Council spent £844million between November 2018 and October 2019 on the procurement of goods and services including revenue and capital purchases. The procurement arrangements are set out in the Council's Contract Standing Orders dated 27 June 2019 in compliance with section 81 of the Local Government (Scotland) Act 1973. These standing orders require to be interpreted in accordance with the key principles of transparency, equal treatment, non-discrimination and proportionality.

We tested a sample of payments that the Council had made between November 2018 and October 2019 in relation to invoices, contracts and authorisation levels as per the scheme of delegation.

Our work focused on the following areas:

- Procurement purchases outside agreed frameworks.
- Compliance with thresholds set out in relevant legislation, delegated financial authority limits and the validity of reasons for extension of contracts.
- Cost, authorisation, segregation of duties and conflicts of interest.
- Monitoring the spend per contract including agreeing prices charged to contracts/suppliers' price list

We also considered the openness of the tender process, compliance with tender timetables, scoring criteria, the selection process, and the processes for awarding the contract to the successful party.

Overall, we have concluded that the arrangements for preventing and detecting fraud in procurement at City of Edinburgh Council are satisfactory.

The tendering process is in accordance with the contract thresholds set by the Procurement Reform (Scotland) Act, 2014 and the Public Contracts (Scotland) Regulations 2015. These thresholds applied from 1st April 2016. The procurement arrangements are compliant with the Council's Contract Standing Orders and with the key principles of transparency, equal treatment, non-discrimination, and proportionality.

The Council scored highly in the Procurement and Commercial Improvement Programme (PCIP) at 87% placing it in the F1 (highest performing) band according to the Scottish Government bandings.

Our detailed testing did not identify any fraudulent procurement transactions although a number of weaknesses were identified which the Procurement Team were already aware of. We found there was a weakness in tracking expenditure per contract. In the Council's Oracle system, the purchase order and invoice cannot be linked to the contract, therefore the year-to-date spend on the contract cannot be reported or monitored unless done manually by the budget holder. This is further complicated by the fact that some suppliers have more than one contract.

Where weaknesses were identified we agreed with management action to remedy these.

Impact of EU withdrawal

Detailed work had been undertaken to manage the risks associated with the UK's withdrawal from the EU. Mitigating actions were identified and implemented by the relevant services in regard to these risks. The Council's response to COVID-19 has taken priority over the past six months, however, there has not been a significant change in circumstances in regard to the exit from the EU to respond to and Corporate Leadership Team has been updated on how the risks are being managed. The Brexit Resilience Working Group which is a sub-group of the Council Resilience Group will meet on 13 October 2020 to review the risk register and identify whether any further changes are recommended.

Appendix 3: Best Value Programme

In October 2016, Audit Scotland introduced a new approach to auditing Best Value in Scottish Councils. The new approach continues to audit against the statutory duties but has an increased focus on the pace and depth of improvement at each council. Each council will be subject to a full Best Value Assurance report over a 5 year period.

Under the Code of Audit Practice (May 2016), and supplementary guidance issued by Audit Scotland, we are required to consider and make judgements on 8 Best Value themes over the course of our appointment. This work will build our assessment of the Council's approach to demonstrate Best Value, which will help to risk assess and inform the coverage of the full Best Value Assurance Report. In future years we will review progress being made by the Council against the Best Value findings. The table below outlines our coverage to date and plans for the remaining 2 years of our appointment.

Wider Scope Dimension	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019 -20	Year 5 2020 - 21	Year 6 2021 - 22
Financial Management / Sustainability	Effective use of resources			Full Best Value review undertaken	Follow-up of BV report	Follow-up of all wider scope and BV reports
	Financial Governance Financial and service planning	Financial governance Resource management				
Governance and transparency	Governance & accountability					
	Governance, decision making and scrutiny Member training and development	Governance, decision making and scrutiny	Managing risk effectively	Full Best Value review undertaken	Follow-up of BV report	Follow-up of all wider scope and BV reports
		Partnership and collaborative working	Community responsive ness			
		Fairness and equality				
Value for Money		Performance outcomes and improvement Improvement		Full Best Value review undertaken	Follow-up of BV report	Follow-up of all wider scope and BV reports

Appendix 4: Accounts Commission Strategic Priorities

The Accounts Commission, within its Strategy and Annual Action Plan sets out its plans and priorities to fulfil its oversight and scrutiny role, with the overriding aim to hold councils to account for the pace, depth and continuity of improvement facilitated by effective governance. We aim to support the Accounts Commission’s work by using our annual audit work to assess how the Council is progressing against the Commission’s priorities. The Strategic Plan for 2019-24 https://www.audit-scotland.gov.uk/uploads/docs/report/2019/ac_strategy_plan_19-24.pdf contains five strategic priorities.

Our assessment against the priorities is outlined below.

2019/20 Strategic Priority	Our assessment
<p>Having clear priorities with a focus on outcomes, supported by effective leadership and long term planning (governance and transparency).</p>	<p>The Council’s Business plan: “A Programme for the Capital: The City of Edinburgh Council Business plan 2017/22” was approved in August 2017.</p> <p>The Council has also led on the development of a 2050 City Vision which was finalised in 2020 after considerable public consultation.</p> <p>The Council has developed an Adaptation and Renewal Programme in response to Covid-19. The programme sets out how the council plans to: protect its staff and services; help rebuild Edinburgh’s economy; and support vulnerable residents.</p> <p>The ambitious plans within these documents are not set out in an overarching strategic plan and the Council acknowledges that it needs to set out its priorities more clearly.</p> <p>The Council has a number of longer-term financial plans including a three year Financial Strategy and a ten year Capital Investment Programme. A three-year revenue budget is at the lower end of what Audit Scotland would consider as adequate medium-term financial planning.</p>
<p>The strategic appraisal of options to reshape services in line with priorities. This should consider good practice, innovation and</p>	<p>The Council does consider options appraisal for major capital programmes and projects e.g. the tram extension. Options are also included in certain other areas such as the Council’s consideration of political management arrangements. However formal option appraisal for the</p>

2019/20 Strategic Priority	Our assessment
<p>collaborative working with partners (financial sustainability).</p>	<p>delivery of services is patchy and this is an area the Council needs to improve on.</p>
<p>Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future (financial sustainability).</p>	<p>New members to the Council go through a comprehensive training programme. During a Council term any new members also receive this training. Workshops are held for elected members as and when required to ensure knowledge and skills support is available for complex or technical areas such as planning. Members' attendance at this training has been mixed.</p>
<p>Empowering local communities and involving them in the design and delivery of local services and planning for their local area (governance and transparency).</p>	<p>The Council has established close working relationships with a range of partners but has not yet established effective community planning governance arrangements. The Edinburgh Partnership has struggled to develop effective Locality Improvement Plans. Revised new plans were due to be finalised in June 2020 but this has been delayed by Covid-19.</p> <p>Since the Community Empowerment Act came into force in 2015 there have been two asset transfers completed with a further six approved by the Council and awaiting legal completion.</p>
<p>Reporting the body's performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.</p>	<p>The Annual Performance Report reports annual performance across a range of KPIs from one year to the next. This was published on the Council web-site in September 2020. The Council also measures and reports performance against other local authorities as part of the Local Government Benchmarking Framework. Whilst there is a link to this on the Council web-site there is no summary of Edinburgh's performance.</p> <p>The 52 Coalition Commitments are part of the Council's performance reporting. The status of each commitment is reported annually to Council and 6-monthly to Executive Committees.</p> <p>The performance reports to the Council's senior leadership team include trends and performance against targets and allow managers to agree actions to address performance issues. Performance reporting to elected members still requires some improvement for example the inclusion of</p>

2019/20 Strategic Priority	Our assessment
	specific targets and performance measures to allow monitoring of progress. The Council plans to develop a new performance management framework as part of its Adaptations and Renewal Programme.

Appendix 5: Action Plan

Our action plan details the weaknesses and opportunities for improvement that we have identified during our audit.

Action plan grading structure

To assist the Council in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been rated. Our rating structure has been revised to ensure consistency with the structure/terminology used by internal audit.

Rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation or brand of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation or brand of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Current year action plan

Action plan point	Issue & recommendation	Management comments
<p data-bbox="220 488 464 629">1. Sources of estimation uncertainty – sensitivity analysis</p> <p data-bbox="220 689 304 725">Rating</p> <p data-bbox="220 815 331 848">Medium</p> <p data-bbox="220 943 416 976">Paragraph Ref</p> <p data-bbox="220 1039 256 1072">33</p>	<p data-bbox="555 465 927 1435">IAS 1 'Presentation of Finance Statements', requires entities to disclose information about assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year. The standard notes that the nature and extent of the information provided may vary according to the nature of the circumstances but includes as an example of the type of disclosures to be made, the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity.</p> <p data-bbox="555 1464 943 1852">The Council has disclosed in its annual accounts, in relation to property valuations that 'the range of uncertainty has not been identified and therefore are unable to quantify the potential impact on the accounts' and has therefore not disclosed any sensitivities on the property valuations.</p>	<p data-bbox="1010 465 1382 1072">To ensure full compliance with IAS 1 'Presentation of Finance Statements', a sensitivity analysis will be undertaken to help users of the financial statements understand the judgements made about any sources of estimation uncertainty. Due to the onset of COVID-19 lockdown restrictions around the time of the 2019/20 Annual Accounts closedown, there was insufficient information available to conduct this analysis for these accounts.</p> <p data-bbox="1010 1099 1294 1133">Responsible officer:</p> <p data-bbox="1010 1160 1374 1227">Senior Accountant, Capital and Major Projects, Finance</p> <p data-bbox="1010 1254 1305 1288">Implementation date:</p> <p data-bbox="1010 1290 1161 1323">March 2021</p>

Action plan point	Issue & recommendation	Management comments
	<p>Risk</p> <p>There is a risk of non-compliance with accounting standards.</p> <p>Recommendation</p> <p>In future years, we would encourage the Council to carry out a sensitivity analysis to help users of the financial statements understand the judgements management have made about any sources of estimation uncertainty.</p>	

Action plan point	Issue & recommendation	Management comments
<p>2. Members expenses</p> <p>Rating</p> <p>Medium</p> <p>Paragraph Ref</p> <p>118</p>	<p>The Remuneration Report discloses salaries and expenses paid to elected members. The Council also publishes this information in detail on its website. The Council, in preparing this publication, uses source records from, for example, individual elected members claims.</p> <p>We noted during our audit, differences between the published information on the Council's website and the ledger. While we concluded that this is not material to the annual accounts we would recommend that the Council carry out regular reconciliations between the ledger and the published information on elected members remuneration and expenses.</p>	<p>The need to carry out such a reconciliation is acknowledged and a corresponding procedure will be put in place to ensure this is undertaken on an at-least six-monthly basis.</p> <p>Responsible officer: Election and Members' Services Manager</p> <p>Implementation date: March 2021</p>

Action plan point	Issue & recommendation	Management comments
3. Long term financial plan	<p>The agreement of a three year revenue budget and long term capital budget was a positive achievement, particularly given the delays in the announcement of UK and Scottish Government budgets. We note however that a three-year revenue budget is at the lower end of what Audit Scotland would consider as adequate medium-term financial planning and would recommend that the council agrees a longer term financial planning framework for its revenue budget.</p>	<p>In recognising the continuing uncertainty resulting from both the pandemic's longer-term impacts and a succession of one-year financial settlements, the primary focus will remain on setting a balanced, three-year revenue budget. Once greater certainty is obtained in these areas, opportunities to plan over a longer timescale will be considered and reported to the Finance and Resources Committee. At this stage, however, it is difficult to state with accuracy when this might be.</p> <p>Responsible officer: Head of Finance</p> <p>Implementation date: TBC</p>
Rating		
Medium		
Paragraph Ref		
126		

Action plan point	Issue & recommendation	Management comments
4. Public Performance Reporting	<p>The information reported in the Annual Performance Report and the Local Government Benchmarking Framework is one of the main ways the Council provides updates to the public on how it is performing and demonstrating Best Value. It is not clear however how the Council has addressed the SPI 2 requirements regarding performance against Best Value responsibilities. We recommend that annual performance is mapped against the 7 Best Value themes.</p>	<p>The Council is developing a new business plan and performance framework which will be in place by the next financial year. As part of this process we will consider how we demonstrate our performance against Best Value responsibilities and in particular compliance with the SPI 2 requirements. In the interim we will map our existing KPIs against the seven best value themes as part of our annual review of the Councils KPIs.</p>
Rating		
Medium		
Paragraph Ref		
207		
		<p>Responsible officer: Change and Delivery Manager (Data, Performance and Business Planning), Strategy and Communications</p> <p>Implementation date: September 2021</p>

Follow up of prior year recommendations

We have followed up on progress in implementing actions raised in the prior year/s. The table below summarises progress made by the Council in implementing these actions.

	Rating	Year recommendation raised		
		2016/17	2017/18	2018/19
In progress	High	1	4	2
	Medium	-	-	1
Complete	High	-	-	2
	Medium	2	1	3
Total		3	5	8

Actions outstanding or in progress from previous years

2018/19 recommendations which are in progress in 2019/20

Elected member and officer protocols

Initial rating	Recommendation	Management comments
Medium	Councillors and the senior leadership team should review the current protocols to ensure these are still appropriate and that both members and officers can comply fully with their responsibilities.	<p>The Council has clear protocols for access to documentation and these are outlined in the member/officer protocol. This document is set to be reviewed in 2019 and an exercise will be carried out with elected members and senior management to ascertain where the protocol needs to be improved including access to documentation.</p> <p>Responsible officer: Democracy, Governance and Resilience Senior Manager</p> <p>Implementation date: January 2020</p>
Current status	Update	
In progress	A review was carried out on the Member/Officer Protocol in 2019 and this included workshops with the Governance, Risk and Best Value Committee and officers separately and then a facilitated workshop (by the Improvement Service) with a cross-section of elected members and officers. The protocol was then to be taken back to committee before approval. This has, however, been paused whilst the Council awaits the review of the Councillors' Code of Conduct and associated appendix on member/officer relations so as to ensure it is consistent.	

Implementation of audit recommendations

Initial rating	Recommendation	Management comments
<p>High</p>	<p>In August 2019 internal audit reported that 47 internal audit findings (those overdue where management action had not been actioned or evidenced) were outstanding. Of these 26 were more than one year old. 118 management actions were also identified as overdue. There were high rated findings in both overdue management actions and internal audit findings.</p> <p>Whilst we are satisfied that audit is seen as an important element of the internal control framework by senior management and Councillors there needs to be a greater prioritisation of addressing issues raised by internal audit across the Council.</p>	<p>While significant progress has been made in verifying historic and/or re-opened findings, it is acknowledged that more needs to be done to implement and evidence completion of some more recent audit actions. To this end, Directorate action plans have been developed and are subject to regular monitoring and CLT consideration including, in the case of more complex findings, opportunities to provide interim or alternative assurance with respect to the issues concerned.</p> <p>Responsible officer: Chief Executive and all Executive Directors</p> <p>Implementation date: On-going</p>
Current status	Update	
<p>In progress</p>	<p>As at July 2020 there were 82 open internal audit findings across the Council. This was a significant deterioration in performance in comparison with previous quarters as a result of the impact of Covid-19. The Council agreed an approach whereby management would assess the significance of the risks of open internal audit findings and then prioritise the most significant risks for closure with extensions applied to the remainder of findings.</p> <p>We recognise the impact of the pandemic on council services however it is essential that in future all internal audit findings are closed in line with the revised protocol.</p>	

Service performance

Initial rating	Recommendation	Management comments
<p>High</p>	<p>Whilst there has been some improvement in some of the Councils key indicators we are disappointed to note that there is a continuation of areas of poor performance within Adult Social Care Services, Environmental Services and Homelessness.</p> <p>Significant improvements are required, including the pace of change in implementing such improvements</p>	<p>Adult Social Care Services</p> <p>The EIJB is continuing to work with partners to support the delivery of sustainable improvement. The recent establishment of a Performance and Delivery Committee should provide clearer oversight, more focussed scrutiny and regular progress updates.</p> <p>Responsible officer: Chief Officer, Health and Social Care Partnership</p> <p>Implementation date: On-going</p> <p>Environmental Services</p> <p>A number of improvement actions have been identified and are planned for implementation as follows:</p> <p>Commence operation of the two new Waste Transfer Stations in the East (Seafield) and West (Bankhead) of the city to improve waste collection reliability (Head of Place Management, October 2019);</p> <p>Finalise the design of the new communal waste and recycling collection service (Head of Place Management, March 2020)</p> <p>Complete the rollout of the Routesmart system to ensure that all waste and recycling routes are delivered and monitored for effectiveness (Waste and Cleansing Manager, March 2020).</p> <p>Homelessness</p> <p>Having already secured more than 500 shared house spaces, we are actively working towards identifying alternative forms of accommodation such as</p>

Initial rating	Recommendation	Management comments
<p style="background-color: red; color: black; text-align: center; padding: 10px;">Not in progress</p>		<p>temporary furnished tenancies to meet the targets set in the RRTP.</p> <p>Efforts are also continuing to facilitate a steady supply of housing through the housebuilding programme, rent deposit scheme, increased access to mid-market rent properties and increases in preventative work.</p> <p>Responsible officer: Homelessness and Housing Support Senior Manager</p> <p>Implementation date: On-going</p>
Current status	Update	
<p style="background-color: yellow; color: black; text-align: center; padding: 10px;">In progress</p>	<p>The Council in 2019/20 has demonstrated improvements in performance in several areas including waste and cleaning, school education and processing times for benefits and grant claims. Performance has however declined in five of the nine adult social care indicators.</p>	

2017/18 recommendations which are outstanding or in progress in 2019/20

Property, plant and equipment

Initial rating	Recommendation	Management comments
High	<ul style="list-style-type: none"> Instructions formally highlight the need to assess whether there is any indication of impairment. The valuer used the results of condition surveys performed in 2018/19 as a key source of evidence. Whilst we deem this to be an appropriate source of evidence, it only provides assurance over a proportion of the Council's operational estate and does not take cognisance of other sources of information, such as the level of repairs and maintenance required in the year. We would encourage the Council to further develop its procedures for assessing whether there has been an impairment. 	<p>The Operational Estate Manager is currently in discussions with Facilities Management regarding what data is available on repairs that could be used to improve the identification of impairments.</p> <p>Once this has been reviewed, we will look at ways to develop the final procedure and ensure that impairments are assessed in accordance with that procedure.</p> <p>Responsible officer: Operational Estate Manager, Resources</p> <p>Implementation date: TBC</p>
Current status	Update	
In progress	In 2019/20, we have used data available on repairs and maintenance to improve the identification of impairments. A formal procedure has been	

Initial rating	Recommendation	Management comments
		put in place in accordance with that procedure and included within the Checklist for Asset Valuation Process.

Common good asset register

Initial rating	Recommendation	Management comments
<p>High</p>	<p>The Council, in preparing the 2018/19 common good fund annual accounts should review the accounting policies for property, plant and equipment and heritage assets to ensure that:</p> <ul style="list-style-type: none"> • The assets are classified correctly; • The appropriate valuation basis has been applied; and • Depreciation is applied dependent on the accounting policy and classification of the asset. 	<p>The first version of the Common Good Register was published on the Council's Common Good webpage on 28 June 2019, complying with Scottish Government guidance.</p> <p>The Register will now be presented to the Finance and Resources Committee for approval on 26 September 2019 as part of the Common Good Annual Performance Report.</p> <p>Assets still under consideration comprise a schedule annexed to the Common Good Register. The Common Good status of these assets is currently being considered by legal counsel and the Council Solicitor and this is stated in the asset register.</p> <p>Annexing a list of "property still under investigation" complies with Scottish Government Guidance.</p> <p>Work on categorising civic regalia and artefacts that are assets of the Common Good fund is advancing well and the list is to be finalised at a future meeting of the Common Good Project.</p> <p>Those categorised as assets of the Common Good will be added to the register which is live on the Council's webpage.</p> <p>Responsible officer: Principal Accountant (Corporate Accounts), Finance</p> <p>Implementation date: March 2020</p>

Current status	Update
In progress	<p>Work on categorising civic regalia and artefacts that are assets of the Common Good fund is advancing well but has been delayed by the COVID-19 lockdown and the changes to working practices. This workstream will not be able to proceed until it is safe to return to the office to catalogue the items. Once this work has been completed, we will subsequently need to value the assets to be transferred.</p> <p>While one further workstream remains outstanding, this does not, however, alter the land and property assets as listed in the Common Good Asset Register as published. This work comprises larger assets that are “split”, having been acquired at different times under different titles, some being deemed Common Good and others not so, being held on other accounts. This workstream had commenced but will also not be able to be completed until it is safe to return to the office to review the title deeds and plans.</p> <p>Those categorised as assets of the Common Good will be added to the register which is live on the Council’s webpage.</p>

Financial sustainability – Health and Social Care

Initial rating	Recommendation	Management comments
High	The EIJB continues to face financial pressures. The EIJB’s financial plan in 2019/20, despite a challenging efficiencies programme and the release of unallocated funds, remained unbalanced by £7.1million as at 31 August 2019. The financial and service performance of the EIJB remains a high risk issue and the Council needs to work together with the EIJB and NHS Lothian to reach an agreed financial settlement.	<p>The EIJB Medium Term Financial Plan will be presented to the Board in December 2019 following the approval of the Strategic Plan 2019-2022.</p> <p>Responsible officer: EIJB Chief Finance Officer</p> <p>Implementation date: December 2019</p>
Current status	Update	
In progress	The EIJB continues to face significant financial pressures despite significant investment. Development of the EIJB medium term financial plan has been delayed and ongoing work halted as a result of the emerging pressures and impact of COVID-19. The EIJB has committed to developing their medium term strategy by December 2020 and the Council needs to work together with the EIJB and NHS Lothian to deliver this.	

Health and Social Care performance

Initial rating	Recommendation	Management comments
High	<p>Whilst there has been some improvement in performance, it remains too early to conclude whether this can be sustained. The approval of a new Strategic Plan should provide a framework for delivering real improvement however there is a danger that this is compromised by the significant financial challenges faced by the IJB in reaching a balance position.</p>	<p>The IJB is continuing to work with partners to support the delivery of sustainable improvement. The recent establishment of a Performance and Delivery Committee should provide clearer oversight, more focussed scrutiny and regular progress updates.</p> <p>Responsible officer: Chief Officer, Edinburgh Health and Social Care Partnership</p> <p>Implementation date: On-going</p>
Current status	Update	
In progress	<p>The committee conducted its first meeting in September 2019 and met bi-monthly until all committee meetings were suspended in April 2020.</p> <p>A performance report is presented at each Performance and Delivery committee, providing an overview of performance against the seven key local indicators and national Ministerial Strategic Group measures. Detailed dashboards are supported by a narrative report which highlights key risks and noteworthy changes to performance.</p> <p>Performance reports are significant in length with the most recent committee report in excess of 60 pages. Whilst the level of detail may be beneficial to some members, this does not support efficient scrutiny. Members should focus discussions on area of concern or underperformance and the current reporting format does not succinctly summarise or highlight these areas.</p> <p>Performance reports would benefit from the inclusion of a performance scorecard that summarises for each indicator whether performance has improved, declined or remained constant and how this compares against targets or thresholds. A RAG rating could be used to draw members' attention to areas of underperformance or concern</p>	

2016/17 recommendations which are outstanding or in progress in 2019/20

Delayed discharges

Initial rating	Recommendation	Management comments
High	<p>Edinburgh has regularly had the highest number of delayed discharges of any Integration Authority in Scotland.</p> <p>We recommend that improving performance in this area remains a priority.</p>	<p>The IJB is continuing to work with partners to support the delivery of sustainable improvement. The recent establishment of a Performance and Delivery Committee should provide clearer oversight, more focussed scrutiny and regular progress updates.</p> <p>Responsible officer: Chief Officer, Edinburgh Health and Social Care Partnership</p> <p>Implementation date: On-going</p>
Current status	Update	
In progress	<p>The IJB has historically underperformed against its delayed discharges target (the number of days people spend in hospital when they are ready to be discharged) but reported a significant improvement in the 2019/20 annual performance report.</p> <p>In March 2020 partnerships were asked to prepare mobilisation plans in response to the COVID-19 pandemic with the aim of creating capacity and space within hospitals. As associated target to reduced delayed discharges was set across Scotland.</p> <p>The partnership identified a number of actions to reduce delays, free up beds in acute services and develop capacity within the community. This had a significant impact on performance and the IJB reported an improvement of 27% compared to 2018/19. However, the IJB continues to significantly underperform compared to the Scottish average (50% higher) and remains in the bottom quartile, ranking 27th compared to other integration authorities (2018/19: ranked 31st).</p> <p>Partnerships across Scotland managed to reduce delayed discharges, A&E attendances and hospital admissions in March and April as the pandemic hit. A national lessons learned exercise was completed in July 2020 highlighting local initiatives and examples of good practice that could support a sustainable improvement in performance.</p>	

Actions raised in prior year/s which have now been completed/closed

Actions raised in 2018/19

Recommendation **Property, Plant and Equipment**

All key assumptions and estimates made in the valuation of council dwellings should be reviewed on an annual basis, with the outcome formally reported to the Council. The Council should consider performing interim check valuations of Council dwellings.

Rating	High	Implementation date	March 2020
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Complete

The HRA Asset Register takes account of the changes in housing stock and the valuation this year was uplifted by 4% based on the 2018/19 Action Plan recommendation.

From the beacons revalued, the average uplift in value in this sample was 4.36%. This was rounded down to 4% having compared it to market reports of changes in the housing market during the financial year.

The adjustment factor for the beacons sample was also reviewed. The average adjustment factor per this check is 40%, however, given the small sample size and relatively small change from the 38% adjustment factor introduced last year, we do not propose changing the adjustment factor for 2019/20 and have continued to use 38%.

Recommendation **Public Inspection Notice**

We highlighted issues with regards to the public inspection in 2017/18 and recommend the Council make arrangements to ensure full compliance in 2019/20.

Rating	Medium	Implementation date	June 2020 (for 2019/20 inspection process)
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Complete

While the onset of the pandemic resulted in a need to make significant changes to the inspection process, all key requirements were met within the requisite timescales.

Actions raised in 2018/19

Recommendation Committee reporting

In considering committee remits the Council considered committee statistics including the volume of reports being submitted to committees. We recommend that further consideration is given as to whether the content of reports can be improved in terms of their clarity and use of technology.

Rating	Medium	Implementation date	January 2020
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Complete

The Council reviewed its political management arrangements in August 2020 to respond to the pandemic. This identified that there had been a reduction in the total number of reports and the average number of pages (per report) considered by committees since the changes were made in 2019 to balance committee workload and amend the committee report template so it was clearer, took less resource and more effective.

The further use of technology was explored with an online report management system trialled by committee and service area staff. It is not considered that it is the right time, with the majority of office-based staff working from home, to be bringing in new processes in report management. Currently the potential benefits are outweighed by the challenges and also in the context of an improved position as reported in August 2020.

Actions raised in 2018/19

Recommendation Risk Management

We noted that risk no longer features as a standing heading on Council reports requiring decisions.

We recommend that is re-introduced to ensure it is properly considered in decision-making.

Rating	Medium	Implementation date	n/a
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Complete

The “risk” heading has been removed from the template but risk has not been removed as a key element of the content of the report. The stakeholder/community impact section includes engagement, equalities, risk, governance, health and safety, compliance and regulatory implications and report writers are required to cover these individual elements when preparing a report. The report writing guidance retains a section titled risk and authors are still required to cover risk in the same manner as before.

Recommendation CGI contract management

Overall, the evidence received from CGI has not been sufficient to allow us to form an opinion on whether recommendations have been addressed. Based on the evidence that has been provided, there is limited evidence of progress against the majority of recommendations.

Whilst we are satisfied that audit is seen as an important element of the internal control framework by senior management and Councillors there needs to be a greater prioritisation of addressing issues raised by external audit across the Council.

Rating	High	Implementation date	December 2019
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Complete

Additional evidence requested was provided to Azets in September/October 2019.

While no formal closure note has been issued, from having liaised with Internal Audit colleagues, we understand there to be no outstanding issues.

Actions raised in 2017/18

Recommendation The Council should ensure that arrangements are in place to regularly report to the Edinburgh Partnership on the delivery of outcomes.

Rating	Medium	Implementation date	December 2019
---------------	--------	----------------------------	---------------

Complete

A verbal update on the LOIP was provided at the Edinburgh Partnership Board on 18 December 2019, followed by submission of an annual progress report at its meeting on 17 March 2020. The agenda for this meeting was deferred, however, to accommodate discussion on the COVID emergency. The report was subsequently considered and agreed at the meeting on 29 September 2020. In terms of the Children's Services Plan this was considered by the Board on 24 September 2019, as was the Criminal Justice Outcome Improvement Plan. An annual report on the latter was also considered at the Board on 29 September 2020.

Actions raised in 2016/17

Recommendation Register of interests

Our review of the Councillors' register of interests in 2018/19, identified a number of Councillors for which either not all interests had been disclosed or for which the registers had not been updated to reflect the fact that the interests had ceased

Rating	Medium	Implementation date	Ongoing
---------------	--------	----------------------------	---------

Complete

Records of the Register of Interests are now kept and published through Modern Gov. Reminders are provided to elected members and staff directly supporting members are aware of the responsibilities to register interests timeously. It does, however, remain the responsibility of individual elected members and not the Council.

Actions raised in 2016/17

Recommendation **Publication of the Council’s Corporate Governance framework self-assessment**

We continue to note that there has been no change to this process, which means that the GRBV has not had the opportunity to consider whether the assurance statements reflect their understanding of risk or consider the adequacy of planned governance improvements.

Rating	Medium	Implementation date	December 2019
---------------	---------------	----------------------------	---------------

Complete	Changes to process and an adherence to timescales meant the Annual Governance Statement was considered by the Governance, Risk and Best Value Committee at its first opportunity on 9 June 2020.
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2019/20

AUDITED ANNUAL ACCOUNTS

The City of Edinburgh Council

Annual Accounts

Year to 31 March 2020

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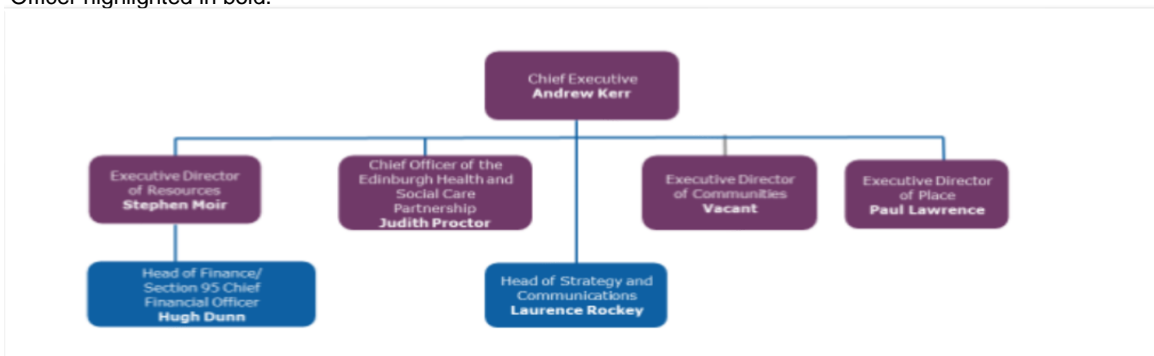
MANAGEMENT COMMENTARY

Introduction

The Audited Annual Accounts present the financial position and performance of the Council, together with the wider Council Group, for the year to 31 March 2020. They have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 using the Council's management structure as a reporting basis, the same as in the previous year.

The City of Edinburgh Council was constituted under the Local Government, etc. (Scotland) Act 1994 and became the unitary local authority to Scotland's capital city in April 1996. The Council brought together most of the services delivered by the previous regional and district councils, with its primary current frontline functions being the provision of education to school-age children within the city, social care services, economic development, a range of community-based services such as roads maintenance, street lighting and refuse collection and quality of life functions such as libraries, culture, recreation and parks. Services are delivered to some 537,000 citizens across the 102 square mile Council area. As of March 2020, the Council employed 14,754 FTE staff, compared to 14,736 FTE in March 2019.

The structure of the Council continues to evolve but the Corporate Leadership Team (CLT) organisational chart and tables below indicate the latest position, with the constituent services with an Executive Director or Chief Officer highlighted in bold.

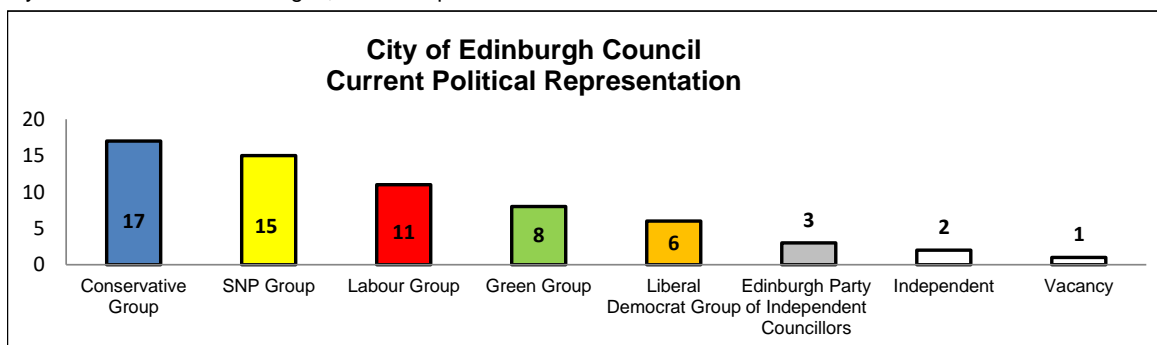


Resources	Health and Social Care	Place
Customer and Digital Services	Edinburgh Integration Joint Board	Environment (inc. waste and parks)
Finance	Older people's services	Transport (inc. parking)
Legal and Risk	Learning and Physical disabilities	Roads, bridges and flood prevention
Human Resources	Mental Health	Housing and Regulatory Services
Property and Facilities Management	Substance Misuse	Planning and building standards
	Communities and Families	
	Schools and Lifelong Learning	
	Children's social work	
	Community education	
	Libraries and Sports	
	Early Years	
	Community Justice	
	Homelessness services	
	Family and Household Support	

Further comprehensive detail of the services provided by the Council is included on its [website](#) and within the annual **Key Facts and Figures** publication.

There was a Local Government Election on 4 May 2017 which resulted in a change in political representation for the Council, with a new minority SNP and Labour administration formed.

The Council currently has **63 Councillors** representing 17 wards within the city. Taking into account subsequent by-elections and other changes, current representation is as follows:



The Full Council meets once a month and also delegates decisions to **committees** which meet regularly throughout the year.

Details of the senior councillors' remuneration and committee roles, for those in office during the financial year, are disclosed in the Remuneration Report from page 124 of these financial statements.

MANAGEMENT COMMENTARY

Edinburgh and the Council's Role

Edinburgh is one of the best cities in the world in which to live, work and study. In 2019, it had the highest proportion of working-age adults in employment of any major UK city. After London, it was also the most-visited city in the UK. Over 62,000 students are enrolled in its higher education institutions. It is therefore a city full of vibrancy and opportunity and, as a council, we are working hard to ensure that all residents can share in its success. We will keep investing in the things that support and sustain growth while confronting the challenges that come with it.

Edinburgh has seen significant recent population growth, with a 13.1% increase between 2008 and 2018 compared to a national rise of 4.5% over the same period, representing almost a five-fold increase on the equivalent rate in the previous decade. The majority of this growth is due to net overseas migration. Analysis of population trends suggests that the total number of residents will increase by at least 65,000 people by 2027, with increases of more than 20% for those aged 12 to 17 and over 75. This growth will place further demands on a range of frontline services and as a result, 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.

A growing population is one of the most visible signs of the city's economic success. We need to make sure that the city continues to be open, progressive and forward-thinking so that everyone can benefit from its prosperity. Alongside its affluent areas, however, the city contains some of the most deprived communities in Scotland. Within the most deprived wards, more than 25% of all residents live in households below the poverty threshold. Narrowing these gaps and allowing all residents to share in the city's success therefore forms a key strand of the **City Vision**, creating a city that is connected, inspired, thriving and fair. The immediate and potential longer-term impacts of the COVID-19 pandemic have only reinforced the importance of these principles, as well as the overarching importance of tackling poverty, promoting sustainability and improving well-being to all of the Council's activity.

City of Edinburgh Council's Corporate Strategy

The **Programme for the Capital: Council Business Plan for 2017/22** describes the Council's strategic aims and target outcomes, the challenges, how success will be measured and the future direction of the organisation. The plan sets out overlapping strategic themes common to the work of all service areas. The strategic aims set out below are underpinned by the 52 commitments to the city.

- **Delivering an economy for all;**
- **Building for a future Edinburgh;**
- **Delivering a sustainable future;**
- **Delivering for our children and families;**
- **Delivering a healthier city for all ages; and**
- **Delivering a Council that works for all**

To deliver the vision and strategic aims, the Administration has set out 20 associated outcomes, as shown in the diagram below. These outcomes link to the **52 commitments** to the city which will be prioritised over the duration of the plan and into the future.



A **Council Performance Framework 2017-22** has been developed to support the implementation of the Council Business Plan 2017-22. The framework is reviewed annually, including refreshing the measures, actions and milestones to ensure that the data collected is useful in tracking performance and delivery.

MANAGEMENT COMMENTARY

Risks and Uncertainty

The Corporate Leadership Team's (CLT) **highest-prioritised risks** as reported to the Governance, Risk and Best Value Committee on 3 December 2019 are outlined below, along with the key controls in place to mitigate them.

Risk	Mitigating actions
Health and Safety (H&S)	
As a result of potential gaps in training, management or understanding, deliberate or accidental actions, there is a risk of non-compliance with legislative requirements and/or the Council's health and safety policies or operational procedures. This could lead to an incident resulting in regulatory breaches, harm to staff, service users or members of the public, subsequent liability claims, fines and associated reputational damage.	<ul style="list-style-type: none"> * Council Health and Safety Policy and Council Asbestos, Fire Safety and Water Safety Policies are available to all and set out roles and responsibilities. * H&S corporate training programme includes the Council's induction programmes for all staff and new leaders; guidance/advice is available on the Council's intranet including, for example, asbestos awareness training. * Institute of Occupational Safety and Health "Leading Safely" courses delivered to the Wider Leadership Team. * Rolling H&S audit programme identifies areas and actions for improvement. * H&S risks and issues reported to CLT on a weekly basis, H&S is a standing CLT agenda item. * H&S performance is measured and reported to the CLT Risk and Assurance Committee quarterly, Council H&S Group and Service-level H&S Groups. Actions for improvement are agreed as appropriate.
Medium-term financial planning (to 2022)	
Due to reduced funding available for Local Government, increasing demand for health social care services, challenges in achieving planned revenue and/or capital savings, public perception of (and reaction to) proposed changes, competing priorities, the requirement to ring-fence particular budgets, unknown financial impacts of the Scottish Child Abuse Inquiry and potential legislative changes following Brexit, the Council could find it more difficult to successfully undertake medium-term financial planning. The effects of this could include additional unplanned in-year financial pressures and failure to achieve the Council's medium-to-long term objectives across all areas of service delivery.	<ul style="list-style-type: none"> * Engagement and lobbying with other local authorities through COSLA (Convention of Scottish Local Authorities) to Scottish Government and Ministers. * Budget-setting protocol in place at IJB and HSCP level. * Good financial control in accordance with legislation and the Council's Financial Regulations to deliver planned capital and revenue budgets. * Controls in place to monitor budgets and identify overspends.
Asset management (property assets)	
Due to the age, condition and size of the Council's operational estate, there is a risk that properties are not of a sufficiently safe and sustainable standard for their continued use, potentially resulting in structural failures and/or negative health and safety consequences for staff, service users or members of the public. Associated with this, the Asset Management Strategy requires that decisions are made to close and dispose of properties in a planned manner. The risk associated with the implementation of the strategy is that closure decisions may not be made in a timely manner, resulting in additional cost pressures for both the capital and revenue budgets and consequently demographic pressures cannot be responded to adequately by the property portfolio, particularly for education and health and social care services.	<ul style="list-style-type: none"> * Asset Management Works programme with 5 year investment to achieve improved safety and sustainability for Council operational properties. * Planned preventative maintenance (PPM) regimes * Progress against Asset Management Strategy reported regularly to Finance and Resources Committee. * H&S inspections undertaken regularly. Cyclical condition surveys every 3-5 years. Statutory compliance testing in place * Fire Safety, Asbestos and Water Safety Standing Groups chaired by Head of Property and Facilities Management meets regularly to discuss issues * Asset Management Board (operational group) meetings monthly and is chaired by the Executive Director of Resources, with senior representation from all directorates. * Service Design change programme underway.
Programme and Project Delivery	
Due to availability of appropriately-skilled project and programme management resource, there is a risk that the Council is unable to ensure the effective management and successful delivery, on time and on budget, of its challenging and ambitious plan for major programmes and projects. This risk also outlines the need for the Council to prioritise and deploy project delivery resource effectively, according to business needs, ensuring that benefits are realised and learning is shared effectively across all delivery activity. The Council has a large number of projects and programmes in various stages of progress – these include the Granton Waterfront development, the housebuilding programme, IT Device Refresh programme, and trams to Newhaven.	<ul style="list-style-type: none"> * Oversight of major programmes and projects by the relevant Executive Committees and the Governance, Risk and Best Value Committee (every six months) * CLT Change Board provides robust monthly portfolio management and oversight for all programmes and projects, including review of business cases and project closedown benefits realisation and evaluation reports. * Internal Audit recommendations relating to Change Management delivered and project management training rolled out. * Integrated impact assessments in place * More funding has been agreed for major projects as well as additional project management resource appointed to develop and enable delivery of Change Strategy business cases.

In light of the COVID-19 pandemic, the Council has also developed a detailed risk management plan that identifies and tracks key risks, along with associated mitigating actions. These are discussed at weekly risk forum meetings with cross-Directorate representation and fortnightly at the Council Incident Management Team (CIMT).

The new approach involves:

- * **assessment of inherent risks (pre-controls) only**, as it is not possible to evaluate fully the effectiveness of mitigating actions taken in a dynamic resilience environment;
 - * **implementation of new inherent risk classifications** (critical; high; medium; and low) for both detailed and consolidated strategic COVID-19 risks based on the urgency of responses required; and
 - * **assessment of whether existing 'business as usual' operational controls are adequate to address new COVID-19 risks**, and details of actions completed; in progress; or proposed to address the gaps identified.
- * The following nine strategic inherent COVID-19 risks have been identified:

Health and safety of citizens and service users – Critical, **Health and availability of employees to deliver critical services** – Critical, **Council premises and physical security** – Critical, **Supply chain risk** – Critical, **Financial and Economic Risk** – Critical, **Technology and information** – High, **Fraud and serious organised crime** – High, **Legal and commercial risk** – Medium and **Council response and governance** – Medium.

The Council's **Enterprise Risk Management Policy**; and

Risk Appetite Statement (covering its attitude to service delivery, infrastructure, compliance and financial risks) were approved at the meeting of the Policy and Sustainability Committee on 6 October 2020.

MANAGEMENT COMMENTARY

Other Risks, Challenges and Uncertainties

On 23 June 2020, the Accounts Commission published its annual **Local Government in Scotland Overview**. This report sets out a number of challenges common to all councils in Scotland, including the following:

- **Political and economic** - including the impact of the COVID-19 pandemic on the economy, public finances and public bodies; the outcome of the local governance review; and impact of EU withdrawal. Given their particular significance to the population of the city (with 40,000 resident EU nationals, of whom over 1,000 are Council employees), the Council set up an officers' working group to plan for a number of scenarios to mitigate this last-mentioned risk, including potential impacts on availability of staffing for Council services, with its preparedness favourably assessed as part of the **2018/19 Annual Audit Report**. A cross-party elected members working group, supported by key Council officers, has also been established, with its remit including consideration of issues relating to personnel, vulnerable people, procurement, funding and resilience. The **Audit Scotland Briefing on withdrawal preparations** was considered by the Policy and Sustainability Committee on 25 February 2020 and referred to the Governance, Risk and Best Value Committee for scrutiny. The covering report updated members on further progress in this area.
- **Community needs**: including the uncertain longer-term impact of COVID-19 on communities; implications of an ageing population, particularly those aged over 75, for demand for services; and increasing poverty and child poverty levels. In response to the last-mentioned challenge, the Council has established a **Poverty Commission**, the final recommendations from which were published in September 2020.
- **Policy**: including continuing Health and Social Care Integration, tackling climate change, welfare reform, expansion of Early Learning and Childcare, additional support for learning and the Planning (Scotland) Act 2019. The Council has established a **Climate Change Commission** tasked with driving action on the climate crisis and Edinburgh's commitment to be a net-zero carbon emissions city by 2030.
- **Financial**: uncertainties over future funding levels; available flexibilities in deployment of funding; increasing cost pressures; and increasing use of reserves. The Council has sought to mitigate some of these risks through successfully lobbying for the ability to introduce, in a way that works for Edinburgh, visitor and workplace parking levies. The Council has, in addition, not drawn any funding from its unallocated reserve since reaching its target level in March 2011, although this may become increasingly challenging going forward.

Performance Overview

While the Council is required by statute to report publicly on its performance across a range of areas set out by the Accounts Commission, a suite of measures is reported quarterly to the Corporate Leadership Team, using a balanced scorecard approach analysing performance across a complementary range of service outcome, delivery, capability and financial sustainability perspectives. Six-monthly performance reports will be considered by the Policy and Sustainability Committee in 2020/21.

Edinburgh-specific performance data has also been provided through a range of other channels, including the **Edinburgh People Survey**, audits and inspections. Performance against a suite of local-level, outcome-focused "quality of life" indicators is in addition monitored on a regular basis, with corresponding areas for improvement identified.

Council Performance and Best Value

The Council's **Annual Performance Report for 2019/20**, along with a progress assessment against the 52 commitments underpinning the Council's Business Plan, was considered by the Policy and Sustainability Committee on 20 August 2020. The report agenda also included an analysis of the comparative indicators comprising the 2018/19 Local Government Benchmarking Framework (LGBF). This analysis pointed to an improvement in the Council's performance compared to other local authorities in both relative and absolute terms, particularly in Education, Environmental and Culture and Leisure services. Over a longer period from 2013/14, the overall pace of improvement has also been better than that for Scotland's cities as a whole.

The 2018/19 Annual Audit Report noted that the Council would be subject to an external Best Value Audit in early 2020. The Best Value assessment considers whether the Council has achieved continuous improvement. The report's contents are currently being finalised, with publication due in November 2020.

MANAGEMENT COMMENTARY

Financial Performance

Comparative Performance

Under Section (1) (1) (a) of the Local Government Act 1992, the Accounts Commission has a statutory power to define the performance and outcome information that councils must publish locally in the following financial year with a view to facilitating comparison over time within, and across, authorities, including their effectiveness in working with partners and communities. Councils also require to assess how they are performing against the duty of best value, including actions taken in response to audit recommendations for improvement.

Due to the focus on the Council's immediate COVID-19 response, provisional 2019/20 data, along with commentary on both required improvement actions in areas of deteriorating or poor performance and actions taken in response to previous years' reviews, were included in the Council's **Annual Performance Report for 2019/20** considered by the Policy and Sustainability Committee on 20 August 2020.

Further detail of both **Council-wide and service-specific performance** is also available on the Council's website.

Revenue - General Fund

The Council's financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be seen on page 20. This statement has been prepared using International Financial Reporting Standards. To show the net position of the Council, it is necessary to adjust the Comprehensive Income and Expenditure Statement for statutory items that require to be taken into account in determining the position on the General Fund and Housing Revenue Account for the year. These are summarised in the Movement in Reserves Statement (page 17).

An Expenditure and Funding Analysis has been provided to reconcile adjustments between the Council's financial performance under the funding position and the deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis can be found in Note 2 and the Expenditure and Income Analysed by Nature in Note 3.

The outturn position for the General Fund, excluding accounting practice adjustments, compared to budget is summarised below. This basis of presentation is the main one adopted for reporting purposes as it is consistent with both budget-setting and in-year monitoring and also best aligned to the Council's statutory responsibilities.

	Revised Budget 2019/20 £000	Actual 2019/20 £000	(Under) / Over Spend £000
General Fund services	865,630	875,594	9,964
Non-service specific areas			
Loans charges / interest on revenue balances	106,080	104,710	(1,370)
Other non-service specific costs	30,668	25,112	(5,556)
Council Tax Reduction Scheme*	26,319	24,070	(2,249)
Net Cost of Benefits	(127)	(277)	(150)
Dividend and other interest received	(7,910)	(3,204)	4,706
Non-service specific areas total	155,030	150,411	(4,619)
Movements in Reserves			
Net contribution to / (from) earmarked funds	(1,072)	581	1,653
Contribution to / (from) Renewal and Repairs Fund	0	0	0
Contribution to / (from) Capital Fund	(334)	(334)	0
Movements in Reserves total	(1,406)	247	1,653
Sources of funding			
General Revenue Grant	(360,206)	(360,206)	0
Distribution from Non-Domestic Rate pool	(365,250)	(366,025)	(775)
Council Tax **	(293,798)	(295,114)	(1,316)
Sources of funding total	(1,019,254)	(1,021,345)	(2,091)
Transfer (to) / from earmarked reserves	0	4,907	4,907

Fees and charges levied by the Council have been offset against the cost of providing services and are included within the actual cost of General Fund Services shown above.

*uncommitted funds linked to the in-year underspend in respect of the Council Tax Reduction Scheme of £2.249m were transferred to an earmarked reserve.

** gross Council Tax (excluding Council Tax Reduction Scheme)

MANAGEMENT COMMENTARY

Financial Performance - continued

Budget performance - General Fund - continued

On 21 February 2019, the Council set a **balanced budget for 2019/20** but with (i) delivery of approved savings and (ii) prompt identification and management of underlying or emerging risks and pressures key to maintaining financial stability in the year. In total, the approved budget was predicated on the delivery of some £39m of directorate-specific and corporate savings.

The Council's outturn position shows a net overspend against budget of £4.907m. This net position is attributable to three main factors:

- In-year reporting to the Finance and Resources Committee consistently highlighted a number of significant and mainly demand-led pressures affecting the Communities and Families Directorate, including those linked to rising pupil rolls, increasing costs of home-to-school transport, temporary accommodation and community access to schools. In addition, a number of brought-forward underlying pressures and delays, or shortfalls, in the delivery of approved savings were apparent within the Place Directorate. While mitigating measures taken during the year reduced the COVID-excluded final service outturn relative to the Period 8-based forecast by some £2.5m, General Fund services as a whole overspent by £10.0m, primarily within the Place (£7m) and Communities and Families (£3.1m) Directorates, alongside a £3.25m shortfall in the delivery of Council-wide savings.
 - A number of **savings or additional income in non-service budgets**, including loans charges, interest on revenue balances and other interest income (£2.8m) and Council Tax (£1.3m), were identified during the year. Alongside additional use of earmarked reserves not included in the approved budget totalling £7.9m and other savings of £2.3m, taken together, these primarily one-off savings meant that **a balanced position had been forecast as of January 2020.**
 - While the primary income and expenditure impacts of the COVID-19 pandemic are expected to affect the Council in 2020/21, the favourable movement in service outturns between January 2020 and the year-end was outweighed by some £8.3m of COVID-19 impacts, most materially the loss of the budgeted Lothian Buses dividend (£6m) and reductions in parking income. Of this total, £0.6m of expenditure was assumed to be met from the Hardship and Food Funds, resulting in a net COVID-related pressure of £7.7m; £1.7m of this total is included in the service outturns above.
- These factors contributed to an overall in-year overspend, being the first time in thirteen years in which expenditure has exceeded budgeted levels and a clear indication of the likely need for much more difficult decisions going forward.

In overall terms, **77% of approved savings were delivered during the year.** This marked a significant improvement on the equivalent figure for 2018/19 of 60% and reflected, in part, the provision of additional project management resource.

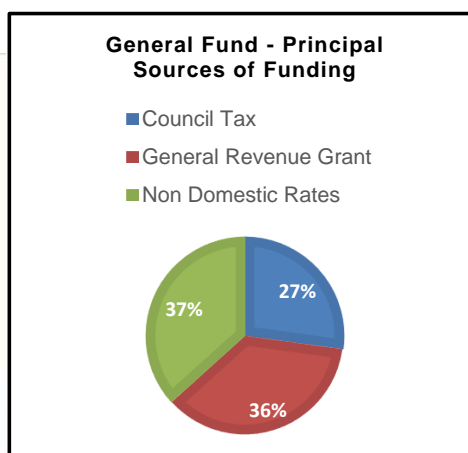
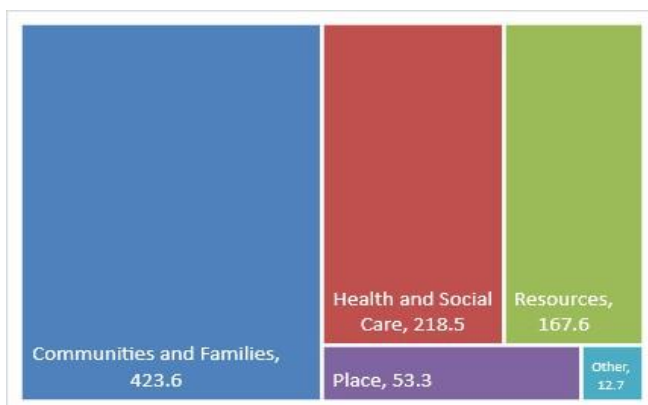
The net overspend of £4.907m has been funded from the drawdown of reserves.

Principal Sources of Funding - General Fund

The principal sources of funding used by the Council during the year were:

	£000
Council Tax, net of Council Tax Reduction Scheme (CTRS) <i>(property-related tax from households)</i>	271,044
General Revenue Grant <i>(Government revenue grant funding based on city's relative needs assessment)</i>	360,206
Distribution from Non-Domestic Rates pool <i>(property-related tax primarily from businesses)</i>	366,025
Total	<u>997,275</u>

General Fund expenditure 2019/20 by service area (£m)



MANAGEMENT COMMENTARY

Financial Performance - continued

Reserves

General Fund

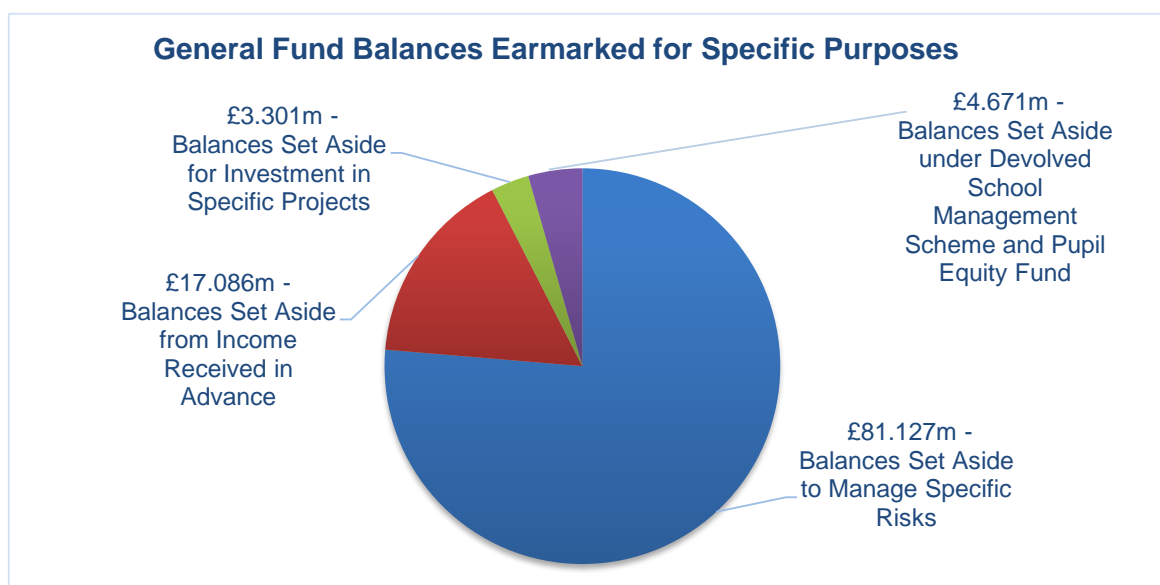
The Council's General Fund reserves comprise two elements:

- The unallocated General Fund; and
- Balances earmarked for specific purposes.

The unallocated General Fund is held against the risk of unanticipated expenditure and/or reduced income arising in any particular year. The level of this reserve is reviewed annually by the Council as part of the revenue budget-setting process. This review considers the level of balances held, the financial risks which could be realised and the arrangements in place to manage these.

The **latest review** was in February 2020, as part of the 2020/21 budget-setting process. The unallocated General Fund balance at 31 March 2020 was £13.927m, which equates to 1.37% of the annual budgeted net expenditure. Council approved a contribution of £0.9m to the unallocated General Fund during 2019/20.

In addition, the Council has a further £106.185m, (2018/19 £131.820m) of balances earmarked for specific purposes. Details can be seen in note 12 to the Financial Statements. The chart below highlights the split of these balances.



These balances are held for a number of reasons:

- Balances set aside for specific financial risks which are likely to arise in the medium-term future. Examples include monies earmarked for staff release costs, dilapidations and other related contractual commitments and the insurance fund.
- Balances set aside from income received in advance are primarily from grant income, due to timing differences between the receipt of the grant income and the planned expenditure thereof.
- Balances set aside to enable the Council to undertake investment in specific projects which will deliver savings in future years, such as Spend to Save. These savings are used, initially, to reimburse the earmarked balances.
- Balances held under the School Board Delegation Scheme (DSM) and Pupil Equity Fund (PEF), which permits balances on individual school budgets to be carried forward to the following financial year and academic years.

The decrease in reserves from the previous year mainly reflects a drawdown of the Council Tax Discount Fund to support planned development of affordable housing and drawdowns to fund the in-year deficit.

Given the extent of unfunded COVID-related expenditure pressures apparent in 2020/21, a fundamental review of the Council's earmarked reserves is underway to identify those that could be made available without compromising the Council's financial stability and/or ability to contribute to the city's recovery.

Other Reserves

The Council holds other usable reserves; these are the Capital Grants Unapplied Account with a balance of £28.452m, the Capital Fund with a balance of £48.934m, Donated Assets Reserve with a balance of £61.893m and the Renewal and Repairs Fund with a balance of £29.748m, including £2.983m of monies for schools prepaid under PPP arrangements.

MANAGEMENT COMMENTARY

Financial Performance - continued

Financial Ratios

Financial ratios relating to Council Tax, debt and borrowing are shown below.

Re-stated

Council Tax	2019/20	2018/19	Notes on interpretation of ratios
In-year collection rate	96.95%	97.03%	This shows the % of Council Tax collected during the financial year that relates to bills issued for that year. It does not include collection of sums billed relating to previous financial years. The collection rate is stated on a line-by-line basis, adjusted for the impact of water-only debt in the joint collection of Council Tax and water charges. The indicator shows that the in-year collection levels dropped slightly, which reflects the economic impact of the COVID-19 Pandemic on actual Council Tax collection.
Council Tax income as a percentage of overall funding	27.18%	26.92%	This shows the proportion of total funding that is derived from Council Tax, net of Council Tax Reduction Scheme (CTRS) support. The increase is mainly due to a combination of greater property numbers and the application of a 3% rise across all bands relative to a lower level of increase in other elements of funding.
Debt and Borrowing - Prudence			Notes on interpretation of ratios
Capital Financing Requirement	£1,708.7m	£1,567.4m	The capital financing requirement represents the underlying need to borrow to fund expenditure on assets and shows an increase of around 9% during the year. Financing costs are provided for within the Council's Long-Term Financial Plan. Further details of the capital financing requirement can be seen in note 38 to the Financial Statements.
External debt levels	£1,616.1m	£1,422.8m	External debt levels include long-term commitments in respect of finance leases (mainly schools provided through PPP schemes) together with borrowing undertaken to finance capital expenditure and show a year-on-year increase of around 14%. The primary increases related to expenditure on the Trams to Newhaven, on-lending to Edinburgh Living and the waste facility at Millerhill and construction of Queensferry High School acquired on leases. External debt levels are lower than the capital financing requirement as the Council has adopted a position of under borrowing, as set out in the Treasury Strategy.
Debt and Borrowing - Affordability			Notes on interpretation of ratios
Financing costs to net revenue stream - General Fund	10.50%	11.16%	These ratios show the proportion of total revenue funding that is used to meet financing costs.
Financing costs to net revenue stream - HRA	37.65%	37.29%	
Impact of capital investment on Council Tax	-0.95%	-1.07%	These ratios show incremental impact of financing costs, the increase or (decrease) in financing costs from the previous financial year, as a percentage of Council Tax, in respect of costs payable through the General Fund and house rents for the HRA.
Impact of capital investment on house rents	-0.02%	1.34%	

MANAGEMENT COMMENTARY

Financial Performance - continued

Treasury Management Strategy

The **Annual Treasury Management Strategy 2020/21** was approved on 12 March 2020. The key points are:

- the Council's total capital expenditure is forecast to be £2.104 billion between 2019/20 and 2023/24;
- the Council's underlying need to borrow at 31 March 2024 is forecast to be £2.310 billion;
- the opportunity to mitigate future interest rate risk with alternatives to the Public Works Loan Board (PWLB) will continue to be sought and the risk locked out where appropriate; and
- the Council will continue to fund its Capital Financing Requirement from temporary investment balances over the next year.

Capital Strategy

The **Capital Strategy 2020-30** was approved at Full Council on 12 March 2020.

The report provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of Council services and is linked to a number of other key plans and policies such as the Annual Treasury Strategy, the Capital Investment Programme and HRA Budget Strategy.

The Capital Investment Programme has been reviewed in light of COVID-19 and this has resulted in significant slippage from the original 2020/21 budget. The details of **this** were reported to the Finance and Resources Committee on 27 August 2020.

Capital Expenditure

Capital expenditure is controlled through the Prudential Code that provides the framework for investing in infrastructure. In Scotland, local authorities are required by regulation to comply with the Prudential Code under Part 7 of the Local Government (Scotland) Act 2003. The key objectives of the Prudential Code are to ensure that capital plans are affordable, prudent and sustainable and that treasury decisions are taken in accordance with professional guidance and best practice.

The 2019/20 outturn position for capital expenditure is summarised below:

	Budget 2019/20 £000	Actual 2019/20 £000	(Slippage) / Acceleration £000
Capital expenditure			
General Fund services	297,207	278,562	(18,645)
Housing Revenue Account	<u>108,954</u>	<u>111,854</u>	<u>2,900</u>
Total capital expenditure	<u>406,161</u>	<u>390,416</u>	<u>(15,745)</u>
Capital receipts and other contributions			
- General Fund services	(43,194)	(59,102)	(15,908)
- Housing Revenue Account	(40,917)	(61,838)	(20,921)
Government and other grants			
- General Fund services	(156,520)	(148,229)	8,291
- Housing Revenue Account	<u>(8,526)</u>	<u>(11,613)</u>	<u>(3,087)</u>
Total capital income	<u>(249,157)</u>	<u>(280,782)</u>	<u>(31,625)</u>
Balance to be funded through borrowing			
- General Fund services	97,493	71,231	(26,262)
- Housing Revenue Account	<u>59,511</u>	<u>38,403</u>	<u>(21,108)</u>
Total advances from loans fund	<u>157,004</u>	<u>109,634</u>	<u>(47,370)</u>

Expenditure on General Fund services slipped in total by £18.645m. The majority of slippage related to delays on the Early Years initiative and rising school rolls projects, lending to the National Housing Trust (NHT) and Edinburgh Living LLPs and major infrastructure projects, caused by factors largely outwith the Council's control, however acceleration in the programme of Asset Management Works significantly offset the slippage in these projects.

MANAGEMENT COMMENTARY

Financial Performance - continued

Capital Expenditure

The Council received £59.246m of general capital grant during 2019/20. The support provided through general capital grant enables the Council to direct resources to its own priorities.

Capital expenditure for the year totalled £390.416m. Major capital projects undertaken during the year included:

- Investing in new council homes and enhancing existing assets through the Housing Revenue Account programme - £111.854m;
- Roads, carriageways and other transport infrastructure - £53.623m;
- Social housing through the housing development fund - £50.528m;
- Educational and other operational properties - £44.195m;
- Creation and expansion of educational properties - £27.639m;
- Trams to Newhaven project - £24.440m;
- Sports facilities - £16.728m;
- Providing funding for homes for mid-market rent from private developers through the Edinburgh Living LLP - £16.348m; and
- Providing funding for homes for mid market rent from private developers through the National Housing Trust - £11.790m.

Housing Revenue Account

The Council has a statutory obligation to maintain a housing revenue account (HRA) which records all income and expenditure for the management of, and investment in, Council homes. The HRA is entirely self-financing and receives no funding from the general Council budget. All expenditure is funded through the tenants' rent, related service charges, and interests gained through HRA assets.

The Council approved the five-year Housing Revenue Account Budget Strategy in February 2019. It set out the investment priorities on building new homes, modernising existing homes and helping tenants reduce their cost of living. The Council also approved the Housing Service Improvement Plan (HSIP) to address the financial pressures between 2022/23 to 2032/33 of the HRA Business Plan and to improve service efficiency and customers' satisfaction.

The HRA revenue account secured £103.980m income in 2019/20. Due to the comprehensive work on prevention and income maximisation, current tenancy rent arrears reduced by £2 million from an in-year high of £8.348m to £6.386m by the end of 2019/20.

The HRA Capital Programme is geared towards delivering the HRA Budget Strategy. The 2019/20 HRA capital programme was the largest ever programme with an approved budget of £108.954m. The year end outturn for 2019/20 was £111.854 million, i.e. £2.900m above the original approved budget, and represented a 38% increase from the 2018/19 outturn (£80.963m).

Following on from the achievements of previous years the Housebuilding Programme continues to grow, with currently in the region of 2,000 homes completed or under construction. Nearly 300 affordable homes were completed in 2019/20 at Royston, Dumbryden (Phase 1), Greendykes G, Hailesland Place, Crewe Road Gardens and North Sighthill. This includes 128 mid-market rented homes that were purchased by Edinburgh Living. At the end of the financial year, over 800 new homes were under construction, with nearly 3,400 homes in design and development stage. A significant sum of capital expenditure was also spent to secure land for affordable housing development.

More than £165 million has been invested to improve existing homes and estates, resulting in over 28,000 improvement measures delivered over the last five years. In 2019/20, the Improvement Programme has delivered 1,250 homes with new kitchen and bathrooms; 1,960 homes with new modern heating systems; 615 homes with electrical upgrades; 1,200 homes with external fabric upgrades; and nearly 100 major adaptations in tenants' homes and 100 locality environmental projects.

The Acquisition and Disposal Project is an integral part of the capital investment programme for existing homes, which helps to consolidate ownership within a block, and in turn to progress improvements in common areas. 38 homes were purchased through the project in 2019/20, helping to gain 100% ownership in 13 blocks and further consolidate ownership in another 25 blocks. The project sold 18 homes in 2019/20, helping to divest interest in 13 blocks, giving a net increase of 20 affordable homes.

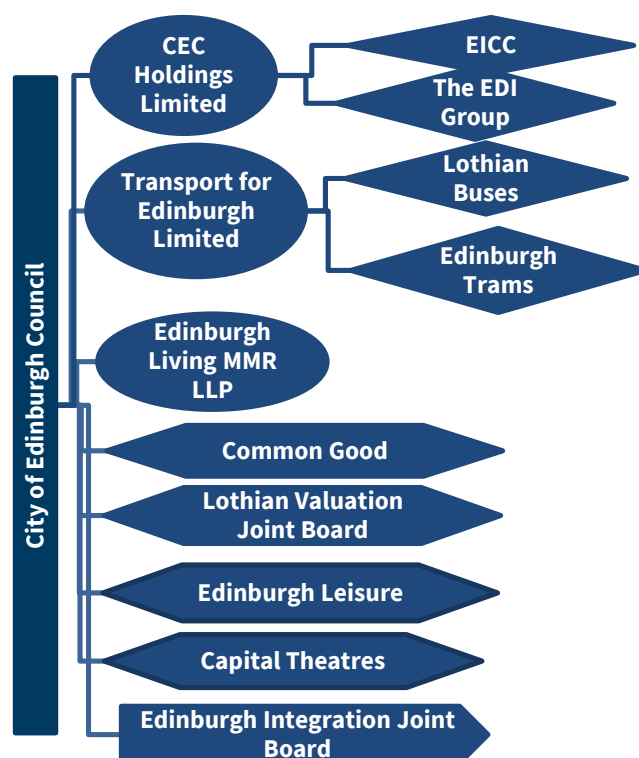
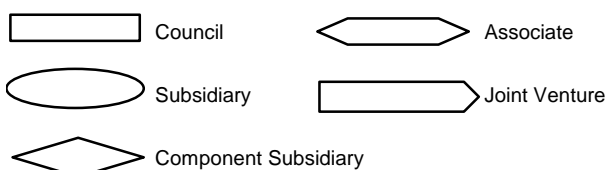
MANAGEMENT COMMENTARY

Financial Performance - continued

Group Accounts

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared, which consolidate the financial interests the Council has in subsidiaries, associates and joint ventures, where the interest is considered material. Note 9 details the interests the Council holds and further financial details about the entities. The adjacent chart shows the components in the structure of the Group. Information on the Common Good can be found on page 109.

Key:



CEC Holdings Ltd

EDI Group Ltd (subsidiary of CEC Holdings Ltd)

The EDI Group was established in 1988 by The City of Edinburgh Council to carry out the development of Edinburgh Park, now regarded as one of the principal business parks in Europe. In early 2017, the Council conducted a review of its approach to the use of surplus land and its interactions with the property market and concluded that the default position will be that the land or buildings are used to deliver affordable housing, meaning that EDI has no future pipeline of projects. As a result, in the longer term the Council decided it should not have an arm's-length development company. The Council therefore instructed the directors to begin a process of closure, with the majority of land transferring to the Council and all staff leaving by October 2018, with the company's activities now overseen by Council officers under the governance of a scheme of delegation and service level agreement. The company will continue to trade into 2020 and beyond until such time as all projects currently being undertaken by EDI have either concluded or have been transferred to the Council.

Edinburgh International Conference Centre (EICC) Ltd (subsidiary of CEC Holdings Ltd)

EICC Ltd operates a prime conference venue in the centre of Edinburgh. The Centre was built in 1995 and since that time has welcomed 1.4 million delegates from more than 120 countries, generating over £660m of economic impact for the city region.

In 2019, the Centre produced its best-ever operating profits and saw its operating and financial performance improve for the fifth successive year, notwithstanding limited clients' budgets, increased competition from a growing number of conference centres and aggressive price competition from venues across the globe. The Company's revenues for the year amounted to £9.359m, which was an increase of £0.596m on the previous year and generated a gross profit of £1.503m, an increase of 10.51%.

Transport for Edinburgh Ltd

The core purpose of Transport for Edinburgh Ltd (TfE) is to deliver a high-quality and integrated transport service for the city. It also delivers profit through a strong commercial focus and drive for efficiency across all of its activities. TfE's long-term vision is to be an integral part of the future success of the city and the Lothians, by providing world-class, environmentally-friendly and socially-inclusive public transport.

The Group retained a substantial share of the local public transport market in Edinburgh and the Lothians. Revenue has increased by 5.2% from the previous year to £185.6m with net reserves of £129.5m at the year end. The Group faced significant operating and cost pressures in 2019 and anticipate these pressures to persist in 2020. With the COVID-19 outbreak in March 2020 the Group needs to be extremely proactive to address and mitigate the impact of the revenue decline and cost pressures.

MANAGEMENT COMMENTARY

Financial Performance - Group Accounts - continued

Edinburgh Living MMR LLP

Edinburgh Living MMR LLP was established as a housing delivery partnership to address housing needs in Edinburgh. The initiative is a partnership between The Council and Scottish Futures Trust. The partnership will deliver homes for mid-market rent to let households in housing need.

Edinburgh Living MMR LLP bought its first homes in January 2019 and over the course of the financial year purchased 150 homes across six developments in the city.

Lothian Valuation Joint Board (LVJB)

The Board reported a balanced budget for 2019/20 against a revised budget of £6.001m. The primary reasons for the reported position against budget were property costs coming under budget and an ongoing review of external survey requirements giving rise to savings which were balanced against increased expenditure in supplies and services due to the 2019 General Election and costs associated with the Valuation Appeal Committee. The cost of Individual Electoral Registration (IER) was fully funded by a grant, against which an underspend of £0.284m was carried forward to 2020/21 to mitigate the risk of the removal of Cabinet Office funding and ongoing legacy costs arising from IER.

Edinburgh Leisure

Edinburgh Leisure operates over fifty sport and leisure facilities across the city on behalf of the Council, attracting over four million visits each year, with the aim of inspiring Edinburgh to become a more active and healthy city. The range of facilities includes sport and leisure centres, swim centres, golf courses, tennis courts, bowling greens and sports pitches.

In 2019/20, an underlying deficit on unrestricted funds of £0.624m was achieved as a result of increasing competition and cost pressures and a reduced payment for service from the Council.

In view of the wider health risks arising from the COVID-19 pandemic, all venues were closed until further notice on 19 March 2020, with on-going social distancing requirements and public attitudes also likely to affect demand upon re-opening.

Edinburgh Leisure continues to work with the Council and other stakeholders on a range of projects, including Movement for Memories that will support people living with dementia to get active, the Ageing Well programme which provides opportunities for all ages to lead more active, healthy lives and the Active Mums project which encourages mums to incorporate physical activity into their lives.

Capital Theatres

2019/20 was a period of very positive trading for the Trust, welcoming around 504,000 paying visitors to the Trust's venues and hosting 115 shows on the Capital Theatre stages.

The Trust changed its name to Capital Theatres on 28 February 2018 to reflect the organisation's growth and to establish a brand for the Trust's three venues – the Festival Theatre, King's Theatre and The Studio.

The three venues have hosted a variety of productions during the year, including the renowned show, Phantom of the Opera, Scottish Ballet and Scottish Opera performances and several touring premieres. The King's pantomime, Goldilocks and the Three Bears, once again broke all records during the capital city's Christmas season.

The Trust's Learning and Participation work has continued in 2019/20, with the involvement in the Life Change Trust and contribution as co-funder of the Edinburgh Performing Arts Development (EPAD).

Edinburgh Integration Joint Board

The Edinburgh Integration Joint Board (EIJB) was formally delegated the functions and resources of the Council's Health and Social Care Service and NHS Lothian's Community Health Partnership, with effect from 1 April 2016. At that time an assessment was undertaken on the relationship of the Council with the Edinburgh Integration Joint Board and on the basis of level of control, being fifty percent Board representation, and wider materiality levels, this Joint Venture has been consolidated into the Group accounts for the year to 31 March 2020, see note 9.3.

In August 2019, the Board agreed its strategic plan for 2019-2022. The plan defines the EIJB's vision for the future of health and social care in Edinburgh, explains how it intends to transition towards this and highlights the resources and enablers it must manage to achieve its objectives. There remains much to do but together it can create the conditions to deliver a sustainable health and social care model for the citizens of Edinburgh.

A deficit of £6.5m is being reported for 2019/20, reflecting the use of reserves to offset the opening budget deficit, leaving a remaining reserve of £3.2m which will be carried forward into 2020/21. All of this sum is ringfenced for specific purposes, with the vast majority being the investment in transformation agreed by the Board.

Group Summary

Net assets for 2019/20 include a combined group pension liability of £462.327m (2018/19 £600.979m), as shown in note 42.9. This reflects the inclusion of pension liabilities relating to the Council, other employees, including subsidiary companies and the incorporation of Lothian and Borders Valuation Joint Board as an associate within the group. This exceeds the value of distributable reserves held by the Group. It should be noted that this is a snapshot of the position at 31 March 2020. The actuarial valuation, which takes a longer-term view, will consider the appropriate employers' contribution rates and these, together with employee contributions and revenues generated from fund investments, will be utilised to meet the financing of these liabilities. It is therefore appropriate to adopt a going concern basis for the preparation of the group financial statements.

MANAGEMENT COMMENTARY

Wider Policy Environment and Future Developments

Since 2012/13, the Council has approved for delivery over £350m of savings, equivalent to around a third of its current net budget. This level of savings has been required as a result of cost pressures arising from increasing, mainly demographic-led demand, legislative reform, inflationary uplifts and rising expectations and a level of available grant funding, Council Tax and other income that has not kept pace. The cumulative impact of successive years' savings requirements has inevitably made the delivery of further incremental reductions and management of pressures increasingly challenging.

COVID-19

Council and its Group's role and response

It is almost impossible to overstate the extent to which life within Edinburgh has changed as a result of the COVID-19 pandemic, with events moving at sometimes-overwhelming speed. The Council has, however, been at the heart of the city's emergency response, with business continuity and resilience arrangements quickly put in place with the aim of managing its effects as fully and effectively as possible. Direct service changes have included across-the-board school closures until August 2020 (with a resulting move to online learning) whilst securing continuing provision for children of key workers. The pandemic has also resulted in extensive revisions to waste collection services, suspension of parking charges until mid-June and closure of all libraries, museums, performing arts venues and community centres. At the same time, the demands on home and residential care services, primarily for older people and vulnerable or shielding groups, have greatly increased. Community resilience centres were therefore quickly established and homelessness services reconfigured to allow for effective social distancing. Council staff have played a crucial role in providing lifeline business grant support to local businesses, paying out over £104m in total. Vital payments have also been made as part of the newly-introduced Self-Employed Grant scheme and through additional Scottish Welfare Fund support. The Council's Arm's-Length External Organisations (ALEOs) have also been severely impacted, with the closure of all of Edinburgh Leisure's sports facilities and the Edinburgh International Conference Centre, whilst passenger numbers on buses and trams have been running at a fraction of normal levels whilst adhering to strict guidelines on social distancing.

Immediate and on-going financial impacts

Given the Coronavirus pandemic's unprecedented scale and consequent impact on the Council's activities, the full financial implications will only emerge over time, with numerous variables to be considered at both local and national level. Costs incurred in the immediate response phase have included additional hotel and other accommodation to allow for safe social distancing for homeless groups, free school meal vouchers and related food distribution to more vulnerable groups, additional security for unoccupied buildings, ICT to facilitate home and/or flexible working and extensive personal protective equipment (PPE) to protect both staff and service users. This has also been a time of huge uncertainty for all suppliers and Commercial and Procurement Services staff have worked closely with service areas in striking an appropriate balance between ensuring continuity of supply and securing best value, drawing on the temporary amendments to Contract Standing Orders agreed at the end of March.

Income losses include those relating to parking fees and fines, property rental income, licensing and planning applications, building warrants and cultural venues. Current disruption is also expected to result in reductions in in-year Council Tax collection rates (with evidence showing a year-on-year decrease thus far) and a lower level of increase in the Council Tax base. Having not received the budgeted £6m dividend from Lothian Buses in 2019/20, the Council expects this position to continue at least for 2020/21 and potentially further years thereafter.

A series of monthly assessments on the financial position has already been reported to elected members. **The most recent of these** was considered by the Finance and Resources Committee on 24 September, setting out an estimated overall COVID-related funding gap of £12.2m based on current modelling assumptions. This sum takes account of available external and internal funding, including some use of earmarked reserves, as well as the knock-on impact on delivery of previously-approved savings. Given the potential for this gap to increase further based on the pace of the city's recovery and/or further lockdowns, however, the position is being kept under active review, with the enduring impacts also likely to require a re-assessment of both the content and affordability of the 2020/23 revenue budget framework.

Elected members have therefore been asked to endorse the principle that any subsequent requests to Executive Committees or Council to incur additional, non-essential expenditure are considered only in cases where a specific funding source has been identified. This needs to take place, however, within the context of a more fundamental re-assessment of the Council's services, priorities and operating models as part of the Adaptation and Renewal Programme, informed by conversations with key stakeholders across the city. These conversations will also need to be conducted against a backdrop of on-going affordability, considering both service reduction and possible cessation.

Assessment of the capital programme impacts, particularly the timing and cost of completion of existing projects, is at an earlier stage, including capturing the effects of site closure, delay, remobilisation and reduced efficiency due to social distancing (particularly for indoor projects). While it is, as yet, too early to understand the implications in full, the overall costs of the programme are expected to increase significantly, with completion or commencement of schemes also pushed into future years. As with the revenue budget, prioritisation is therefore likely to play a key role in ensuring it remains affordable in the new environment.

MANAGEMENT COMMENTARY

COVID-19 (continued)

Adaptation and Renewal Programme

In recognising the need for a fundamental re-assessment of service operating models as the city emerges from the pandemic, an Adaptation and Renewal programme has therefore been established, co-ordinating all aspects of the Council and city's response. Five officer working groups have therefore been established as follows:

- **Public Health Advisory Group** – bringing together Council, NHS Lothian and Edinburgh Health and Social Care Partnership colleagues to ensure effective communication and implementation of national advice concerning public health within an Edinburgh context;
- **Service Operations** – facilitating cross-Council co-ordination to enable a phased and prioritised plan for resumption and adaptation where possible, guided by the Scottish Government's route map;
- **Change, People and Finance** – enabling the adaptation and renewal of the Council as an organisation and ensuring that clear direction for the Council's own requirements for change in a post COVID-19 world is aligned with the resources available to deliver these changes;
- **Sustainable Economic Recovery** – allowing key sectors of the city to survive and thrive thereafter, with a focus on investment and development, employability, business support and resilience, our future cultural capital and fostering innovation; and
- **Life Chances** – aligning the Council's recovery activity to the key themes of addressing poverty, promoting sustainability and improving well-being.

Progress on this complex but vital programme will continue to be reported to elected members and wider stakeholders.

Change Strategy

Both the Council's Change Strategy and the Adaptation and Renewal Programme seek to prioritise decisions with positive impacts on poverty, well-being and sustainability; these priorities are arguably more, rather than less, relevant in a post-COVID world.

A number of key foundations for further development of the Strategy have therefore been put in place during 2019/20, including:

- improving general performance in Health and Social Care, including delayed discharge levels and introducing a radical new model of delivery which seeks to meet people's needs as early and holistically as possible;
- creating an independent Poverty Commission which recently published its final findings and recommendations which we are fully committed to implementing;
- delivering a country-leading programme of intelligent automation, improving response times and reducing bureaucracy;
- leading the way in successfully lobbying, working with COSLA, for the ability for councils to introduce transient visitor and workplace parking levies. Along with partners, we will now seek to implement these, at an appropriate time, in a way that works for Edinburgh;
- working with the Scottish Government in securing a much-needed ability to regulate short-term lets, including mandatory licensing, strengthened planning controls and ensuring operators pay their fair share of taxation. This aspect complements the tourist tax in sharing the costs incurred in supporting tourism more equitably;
- commencing construction works on the tram extension to Newhaven and putting in place a programme of actions to support residents and businesses affected by the transition;
- investigating a range of measures to combat homelessness, working towards our goal of ending the use of bed and breakfast accommodation; and
- overseeing an in-year reduction in 2018/19 carbon emissions of 20%.

ANDREW KERR

Chief Executive

Date

STEPHEN S. MOIR

Executive Director of Resources

Date

ADAM MCVEY

Council Leader

Date

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs, including group interests, and to secure that the proper officer of the authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Authority, that officer is the Head of Finance.
- to manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.
- to ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- to approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Finance and Resources Committee at its meeting on 5 November 2020.

ADAM MCVEY
Council Leader

Date

The Section 95 Officer's responsibilities

The Section 95 Officer is responsible for the preparation of the Authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Section 95 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Local Authority Accounting Code (insofar as it is compatible with legislation), except where stated in the Policies and Notes to the Accounts.

The Section 95 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Annual Accounts

I certify that the financial statements give a true and fair view of the financial position of the Council and its Group at the reporting date and the transactions of the Council and its Group for the year ended 31 March 2020.

HUGH DUNN, CPFA
Head of Finance
Section 95 Officer

Date

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax or rents for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

Council 2019/20

	General Fund Balance £000	Housing Revenue Account Balance £000	Renewal and Repairs Fund £000	Capital Grants Unapplied Account £000	Donated Asset Fund £000	Capital Fund £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
2019/20									
Balance at 31 March 2019	144,845	0	26,346	15,784	0	55,908	242,883	2,386,886	2,629,769
Movement during 2019/20									
Total Comprehensive Income and Expenditure	(42,749)	31,547	0	0	0	0	(11,202)	332,612	321,410
Adjustments between accounting basis and funding basis under regulations (Note 11)	23,019	(33,149)	0	12,668	61,893	(6,974)	57,457	(57,457)	0
Net increase / (decrease) before transfers to statutory reserves	(19,730)	(1,602)	0	12,668	61,893	(6,974)	46,255	275,155	321,410
Transfer (to) / from other statutory reserves (Note 12.3)	(5,004)	1,602	3,402	0	0	0	0	0	0
Increase / (decrease) in year	(24,734)	0	3,402	12,668	61,893	(6,974)	46,255	275,155	321,410
Balance at 31 March 2020	120,111	0	29,748	28,452	61,893	48,934	289,138	2,662,042	2,951,180

Group - 2019/20

	Total Usable Reserves £000	Total Unusable Reserves £000	Council Total Reserves £000	Group Reserves £000	Total Reserves £000
2019/20					
Balance at 31 March 2019	242,883	2,386,886	2,629,769	197,522	2,827,291
Movement during 2019/20					
Total Comprehensive Income and Expenditure	(11,202)	332,612	321,410	20,694	342,104
Adjustments between accounting basis and funding basis under regulations (Note 11)	57,457	(57,457)	0	0	0
Net increase / (decrease) before transfers to statutory reserves	46,255	275,155	321,410	20,694	342,104
Transfer (to) / from other statutory reserves (Note 12.3)	0	0	0	0	0
Adjustments between group and authority accounts	0	0	0	(8,800)	(8,800)
Increase / (decrease) in year	46,255	275,155	321,410	11,894	333,304
Balance at 31 March 2020	289,138	2,662,042	2,951,180	209,415	3,160,595

MOVEMENT IN RESERVES STATEMENT

Council	General Fund Balance £000	Housing Revenue Account Balance £000	Renewal and Repairs Fund £000	Capital Grants Unapplied Account £000	Capital Fund £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
2018/19 Comparative Data								
Balance at 31 March 2018	<u>151,285</u>	<u>0</u>	<u>58,123</u>	<u>4,796</u>	<u>63,558</u>	<u>277,762</u>	<u>2,240,857</u>	<u>2,518,619</u>
Movement during 2018/19								
Total Comprehensive Income and Expenditure	(155,471)	30,771	0	0	0	(124,700)	235,849	111,149
Adjustments between accounting basis and funding basis under regulations (Note 11)	143,298	(56,815)	0	10,988	(7,650)	89,821	(89,821)	0
Net increase / (decrease) before transfers to statutory reserves	<u>(12,173)</u>	<u>(26,044)</u>	<u>0</u>	<u>10,988</u>	<u>(7,650)</u>	<u>(34,879)</u>	<u>146,028</u>	<u>111,149</u>
Transfer (to) / from other statutory reserves (Note 12.3)	5,733	26,044	(31,777)	0	0	0	0	0
Increase / (decrease) in year	<u>(6,440)</u>	<u>0</u>	<u>(31,777)</u>	<u>10,988</u>	<u>(7,650)</u>	<u>(34,879)</u>	<u>146,028</u>	<u>111,149</u>
Balance at 31 March 2019	<u>144,845</u>	<u>0</u>	<u>26,346</u>	<u>15,784</u>	<u>55,908</u>	<u>242,883</u>	<u>2,386,886</u>	<u>2,629,769</u>

Group - 2018/19	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000	Group Reserves £000	Total Reserves £000
Balance at 31 March 2018	<u>277,762</u>	<u>2,240,857</u>	<u>2,518,619</u>	<u>202,196</u>	<u>2,720,815</u>
Movement during 2018/19					
Total Comprehensive Income and Expenditure	(124,700)	235,849	111,149	(4,673)	106,476
Adjustments between accounting basis and funding basis under regulations (Note 11)	89,821	(89,821)	0	0	0
Net increase / (decrease) before transfers to statutory reserves	<u>(34,879)</u>	<u>146,028</u>	<u>111,149</u>	<u>(4,673)</u>	<u>106,476</u>
Transfer (to) / from other statutory reserves (Note 12.3)	0	0	0	0	0
Increase / (decrease) in year	<u>(34,879)</u>	<u>146,028</u>	<u>111,149</u>	<u>(4,673)</u>	<u>106,476</u>
Balance at 31 March 2019	<u>242,883</u>	<u>2,386,886</u>	<u>2,629,769</u>	<u>197,522</u>	<u>2,827,291</u>

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services for the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover its expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

for the year ended 31 March 2020

2018/19			Gross Expend.	Income	Net Expend.
£000	Notes	£000	£000	£000	£000
	SERVICES				
414,403	Communities and Families	547,799	(111,745)	436,054	
140,054	Place	334,703	(198,289)	136,414	
(22,130)	Housing Revenue Account	88,672	(103,980)	(15,308)	
215,677	Health and Social Care	547,817	(319,706)	228,111	
283,310	Resources	318,148	(47,231)	270,917	
10,469	Chief Executive	14,423	(3,835)	10,588	
3,575	Lothian Valuation Joint Board	3,678	0	3,678	
(811)	Net cost of benefits	180,602	(180,879)	(277)	
63,562	Other non-service specific costs	(9,718)	8,510	(1,208)	
7,706	Subsidiary Companies	197,528	(180,548)	16,980	
<u>1,115,815</u>	COST OF SERVICES	<u>2,223,652</u>	<u>(1,137,703)</u>	1,085,949	
(5,888)	Gains on disposal of non-current assets			(5,331)	
80,214	Financing and Investment Income and Exp.	13.		131,178	
<u>(1,058,679)</u>	Taxation and Non-Specific Grant Income	14.		<u>(1,186,534)</u>	
131,462	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES			25,262	
(377)	Associates and Joint Ventures Accounted for on an Equity Basis			4,729	
<u>(275)</u>	Taxation of Group entities	14.		<u>374</u>	
<u>130,810</u>	GROUP (SURPLUS) / DEFICIT			<u>30,365</u>	
(316,011)	Surplus on Revaluation of Non-Current Assets		(147,821)		
(183,615)	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp		195,313		
263,604	Changes in Financial and Demographic Assumptions / Other Experience		(379,337)		
<u>(1,264)</u>	Other Unrealised Gains		<u>(40,624)</u>		
<u>(237,286)</u>	Other Comprehensive Income and Expend.			<u>(372,469)</u>	
<u>(106,476)</u>	TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE			<u>(342,104)</u>	

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing Council services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover its expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

		for the year ended 31 March 2020		
2018/19		Gross Expend.	Income	Net Expend.
£000	SERVICES	£000	£000	£000
	Notes			
414,403	Communities and Families	547,799	(111,745)	436,054
140,054	Place	334,703	(198,289)	136,414
(22,130)	Housing Revenue Account	88,672	(103,980)	(15,308)
215,677	Health and Social Care	547,817	(319,706)	228,111
283,310	Resources	318,148	(47,231)	270,917
10,469	Chief Executive	14,423	(3,835)	10,588
3,575	Lothian Valuation Joint Board	3,678	0	3,678
(811)	Net cost of benefits	180,602	(180,879)	(277)
63,562	Other non-service specific costs	(9,718)	8,510	(1,208)
1,108,109	COST OF SERVICES	<u>2,026,124</u>	<u>(957,155)</u>	1,068,969
(6,001)	Gains on disposal of non-current assets			(5,464)
81,271	Financing and Investment Income and Exp.	13.		134,231
(1,058,679)	Taxation and Non-Specific Grant Income	14.		(1,186,534)
124,700	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES			11,202
(316,011)	Surplus on Revaluation of Non-Current Assets		(147,821)	
(183,615)	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp		195,313	
263,604	Changes in Financial and Demographic Assumptions / Other Experience		(379,337)	
173	Other Unrealised (Gains) / Losses		(767)	
(235,849)	Other Comprehensive Income and Expend.			(332,612)
(111,149)	TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE			<u>(321,410)</u>
RECONCILIATION OF THE COUNCIL'S POSITION TO THE GROUP POSITION				
£000				£000
(111,149)	Total Comprehensive (Income) and Expenditure on the Council's Comprehensive Income and Expenditure Statement (CIES)			(321,410)
(5,815)	Subsidiary and associate transactions included in the Council's CIES			(21,319)
11,406	(Surplus) / deficit arising from other entities included in the Group Accounts Subsidiaries			(1,141)
(918)	Associates and Joint Ventures			1,766
(106,476)	Group total Comprehensive (Income) / Expenditure for the year			<u>(342,104)</u>

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council and Group. The net assets (assets less liabilities) are matched by the reserves held by the Council and Group. Reserves are reported in two categories. The first is usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category are those that are not able to be used to provide services. This includes reserves that hold unrealised gains and losses (for example, the revaluation reserve) where amounts would only become available if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

31 March 2019			31 March 2020		
Group	Council		Notes	Group	Council
£000	£000			£000	£000
335	335	Intangible Assets	17.	444	444
4,600,761	4,485,705	Property, Plant and Equipment	15.	4,916,529	4,776,511
19,136	18,916	Investment Properties	16.	47,221	19,225
31,304	31,304	Heritage Assets	18.	32,077	32,077
1,586	1,586	Assets Held for Sale	23.	1,254	1,254
65,471	0	Other Long-Term Assets (Pension)		66,190	0
11,698	23,690	Long-Term Investments	22.	11,698	23,690
32,538	0	Investments in Associates and Joint Ventures		29,531	0
131,380	134,932	Long-Term Debtors	20.	128,492	158,755
4,894,209	4,696,468	Long-Term Assets		5,233,436	5,011,956
17,100	17,100	Short-Term Investments	22.	45,798	45,563
17,606	17,606	Assets Held for Sale	23.	21,139	21,139
25,959	25,959	Financial Assets	43.	67,936	67,936
13,285	2,984	Inventories	19.	13,472	3,451
124,485	106,294	Short-Term Debtors	20.	137,395	123,276
135,844	106,679	Cash and Cash Equivalents	21.	110,204	81,177
334,279	276,622	Current Assets		395,944	342,542
(75,002)	(73,722)	Short-Term Borrowing	43.	(77,396)	(75,288)
(216,567)	(175,270)	Short-Term Creditors	24.	(244,988)	(200,580)
(36,710)	(33,810)	Provisions	25.	(36,960)	(34,512)
(328,279)	(282,802)	Current Liabilities		(359,344)	(310,380)
(1,136,414)	(1,150,591)	Long-Term Borrowing	43.	(1,270,552)	(1,285,885)
(219,165)	(213,259)	Other Long-Term Liabilities	40.1	(255,990)	(241,440)
(15,957)	0	Deferred Tax		(10,932)	0
(37,201)	(37,201)	Deferred Liability	43.	(44,960)	(42,078)
(4,713)	0	Liabilities in Associates and Joint Ventures		(3,472)	0
(659,468)	(659,468)	Other Long-Term Liabilities (Pensions)	27.5	(523,535)	(523,535)
(2,072,918)	(2,060,519)	Long-Term Liabilities		(2,109,441)	(2,092,938)
2,827,291	2,629,769	Net Assets		3,160,595	2,951,180
2,505,652	2,386,886	Unusable Reserves	27.	2,799,889	2,662,042
321,639	242,883	Usable Reserves	12.	360,706	289,138
2,827,291	2,629,769	Total Reserves		3,160,595	2,951,180

The unaudited accounts were issued on 30 June 2020. The audited accounts were issued on 5 November 2020.

HUGH DUNN, CPFA
Head of Finance
Date

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council and Group during the reporting period. The statement shows how the Council and Group generate and use cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council and Group are funded by way of taxation and grant income or from the recipients of services provided by the Council and Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council and Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council and Group.

Year to 31 March 2019			Year to 31 March 2020	
Group	Council		Group	Council
£000	£000	Notes	£000	£000
Operating Activities				
131,462	124,700	Surplus on the Provision of Services	25,262	11,202
(275)	0	Adjustment to Surplus / (Deficit) for Taxation of Group entities	374	0
(424,427)	(390,892)	Adjustments to Surplus on the Provision of Services for non-cash movements	(258,532)	(217,449)
14,799	13,742	Adjustments for items included in the Surplus on the Provision of Services that are investing or Financing Activities	58,081	55,027
<u>(278,441)</u>	<u>(252,450)</u>	Net cash flows from operating activities	<u>(174,815)</u>	<u>(151,220)</u>
Investing Activities				
204,420	187,703	Net cash flows from investing activities	349,554	314,867
Financing Activities				
<u>75,199</u>	<u>71,473</u>	Net cash flows from financing activities	<u>(149,099)</u>	<u>(138,145)</u>
<u>1,178</u>	<u>6,726</u>	Net decrease in cash and cash equivalents	<u>25,640</u>	<u>25,502</u>
<u>(137,022)</u>	<u>(113,405)</u>	Cash and cash equivalents at 1 April	<u>(135,844)</u>	<u>(106,679)</u>
<u>(135,844)</u>	<u>(106,679)</u>	Cash and cash equivalents at 31 March	<u>(110,204)</u>	<u>(81,177)</u>
<u>1,178</u>	<u>6,726</u>	Net decrease in cash and cash equivalents	<u>25,640</u>	<u>25,502</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The Annual Accounts summarise the authority's and the authority's group transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The authority is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which Section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and supported by International Financial Reporting Standards (IFRS).

1.1 Material Items

Items of income and expenditure are material if individually or collectively they could influence the decisions or assessments of users of the financial statements, by omission or misstatement. Materiality is an expression of the relative significance of a matter in the context of the annual accounts as a whole.

The assessment of materiality is based on 1% of gross expenditure, at net cost of services level, as this is considered to be the principal consideration for users when assessing the Group and Council's performance. The materiality assessment is set out in the table below.

Specific levels of materiality are considered appropriate for both the Trading Operation and the Housing Revenue Account. The trading operation has been assessed on 5% of its cumulative three year deficit and the Housing Revenue Account on 1% of gross expenditure.

Group	Council	HRA	Trading
£m	£m	£m	£m
22.286	20.305	0.829	0.013

The principle of materiality does not, however, override the need for relevant statutory disclosures (such as those included within the remuneration report), even if the amounts concerned would otherwise fall below the materiality threshold. Similarly, the assessment of materiality also considers the nature of transactions, irrespective of amount, insofar as these might influence a user of the financial statements.

1.2 Recognition of Income and Expenditure

- The revenue and capital accounts have been prepared on an accruals basis in accordance with the Code of Practice. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Income from service recipients is recognised when the goods or services are transferred to the service recipient.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date the supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet.
- Provision has been made in the relevant accounts for bad and doubtful debts.
- Revenue from Council Tax and Non Domestic Rates is recognised when it is probable that the economic benefits will flow and the amount of revenue can be measured reliably. Revenue is measured at the full amount receivable (net of any bad debt provision) as they are non-contractual, non-exchange transactions.

1.3 Value Added Tax

Value added tax (VAT) is excluded from the financial statements unless it is non-recoverable from HM Revenue and Customs.

1.4 Overheads

The costs of support services are reported in accordance with the current management structure. Certain support service costs are recovered through direct charges during the year.

1.5 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.5 Events after the balance sheet date - continued

- those that provide evidence of conditions that existed at the end of the reporting period - the Annual Accounts are adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period - the Annual Accounts are not adjusted to reflect such events, but where the effect would have been material, disclosure is made in the notes of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

1.6 Prior period adjustments, changes in accounting policies and estimates

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by proper accounting practice or to provide more reliable or relevant information on the Council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied. Changes in accounting estimation techniques are applied in the current and future years and do not give rise to a prior period adjustment.

1.7 Public Private Partnership - School Buildings, Maintenance and Other Facilities

Public Private Partnership (PPP) contracts are agreements to receive services, where the responsibility for making available the non-current assets required to provide the services passes to the PPP contractor. As the Council is deemed to control the services that are provided under this scheme and as ownership of the schools and other facilities will pass to the Council at the end of the contracts for no additional charge, the Council carries the non-current assets used under the contracts on its Balance Sheet.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as other assets owned by the Council.

The amounts payable to the PPP operators each year are analysed into five elements:

- fair value of the services received during the year - debited to services in the Comprehensive Income and Expenditure Statement.
- finance cost - an interest charge of 8.968% (PPP1 scheme), 5.895% (PPP2 scheme), 8.197% (James Gillespie's High School) and 18.88% (Millerhill Residual Waste Facility) on the outstanding balance sheet liability - debited to 'financing and investment income and expenditure' in the Comprehensive Income and Expenditure Statement.
- contingent rent - increases in the amount to be paid for the property arising during the contract - debited to 'financing and investment income and expenditure' in the Comprehensive Income and Expenditure Statement.
- payment towards liability - applied to write down the value of the finance lease on the Balance Sheet.
- lifecycle replacement costs - recognised as non-current assets on the Balance Sheet.

Service Concession Agreements are accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. The Standard recognises that the Council is in control of services provided under the PPP scheme. As ownership of the long-term assets will pass to the Council at the end of the contract for no additional charge, the Council carries the assets on the Balance Sheet.

1.8 Fair Value measurement - surplus assets and investment properties

Surplus assets, investment properties and relevant financial instruments are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.8 Fair Value measurement - surplus assets and investment properties - continued

In measuring the fair value, the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use is taken into account.

Appropriate valuation techniques have been applied, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - unobservable inputs for the asset or liability.

1.9 Property, Plant and Equipment

• Categories of Assets

Property, plant and equipment is categorised into the following classes:

Council dwellings	Other land and buildings
Vehicles, plant, furniture and equipment	Infrastructure assets, e.g. roads and footways
Community assets, e.g. parks	Assets under construction
Surplus assets (assets that are surplus to requirements, but there are no clear plans to sell these at the current time)	

• Recognition

Expenditure on the acquisition, creation or enhancement of non-current assets has been capitalised on an accruals basis. Expenditure lower than £6,000 on individual assets is charged to revenue.

• Measurement

Infrastructure, community assets and assets under construction are measured at historical cost.

All other classes of property, plant and equipment are measured at fair value.

- Other land and buildings - fair value is the amount that would be paid for the assets in their existing use.
- Council dwellings - fair value is measured at existing use value - social housing.
- Vehicles, plant, furniture and equipment - fair value is the amount equivalent to depreciated historical cost for short life and/or low value assets. For assets with longer lives and/or high values, fair value is the amount that would be paid for the asset in its existing use or depreciated replacement cost for specialised /rarely sold assets where insufficient market-based evidence exists.
- Surplus assets - fair value is the price that would be paid for an asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.9 Property, Plant and Equipment - continued

- **Depreciation**

Depreciation is provided on all property, plant and equipment, other than freehold land, community assets and assets under construction.

The Council depreciates its non-current assets in the year of acquisition. The Council operates a five-year rolling revaluation programme for assets and provides for depreciation on a straight line basis on the opening book value plus the cost of acquisitions and enhancements during the year over the remaining useful life of the asset. Thus the charge to the Comprehensive Income and Expenditure Statement for the year is impacted by changes in asset value during the year arising from enhancements but not revaluation.

Component accounting is applied as part of the revaluation process. As a result, where a building asset is split down into further components for the first time in year, the depreciation charge is based on the opening book value over the opening remaining useful life of the asset rather than subsequent component values and associated lives. The difference is not considered material.

- **Charges to Revenue for use of Non-Current Assets**

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- impairment losses attributable to the clear consumption of economic benefits on property, plant and equipment used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

The Council is not required to raise Council Tax to cover depreciation or impairment losses. Depreciation and impairment losses are therefore a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account by way of an adjusting transaction with the capital adjustment account.

- **Revaluations**

Where assets are included in the Balance Sheet at fair value, revaluations are carried out at intervals of no more than five years. The Council operates a rolling programme for revaluations. The determination of fair value of land and buildings is undertaken by the Council's Operational Estate Manager.

- **De-recognition**

An asset is de-recognised either on its disposal, or where no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from de-recognition of an asset is included in 'surplus or deficit on the provision of services' within the Comprehensive Income and Expenditure Statement when the asset is de-recognised.

The gain or loss on de-recognition of property, plant and equipment assets is a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account.

- **Components**

Component accounting is applied to all assets that comprise land and buildings. Land and buildings are treated as separate components of an asset and accounted for separately.

The building component of an asset is separated into further components primarily to those with a carrying value of over £5 million. This policy is also applied to buildings with a carrying value of less than £5 million where enhancement expenditure is considered significant in relation to the overall carrying value of the building component.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.9 Property, Plant and Equipment - continued

Where it is necessary to break a building down into further components, the following categories are applied:

- Structural - includes external and internal walls, traditional roofing, doors, etc.
- Non-traditional roofing - includes flat roof, non-traditional roof coverings and industrial type roofs.
- Finishes - includes doors, windows and room finishes.
- Mechanical and electrical services - includes water, heat, ventilation, electrical, lifts, fire and communications.
- Fittings and furnishings - includes fittings, furnishings and sanitary appliances.

1.10 Revenue Expenditure Funded from Capital Under Statute

Expenditure that may be capitalised under statutory provisions that does not result in the creation of assets for the Council has been charged to the 'cost of services' in the Comprehensive Income and Expenditure Statement.

These costs are a reconciling item in the Movement in Reserves Statement for the General Fund by way of an adjusting transaction with the capital adjustment account.

1.11 Group Account Consolidation

The group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under IFRS 10 than under IAS 27. No differences were found.

Group accounts have been prepared on the following basis:

- Accounting policies for group members have been aligned where possible.
- The following methods of consolidation have been used:
 - Subsidiaries - line-by-line basis;
 - Associates - equity method.
- Transport for Edinburgh Limited's, CEC Holdings Limited's and Edinburgh Living MMR LLP's reporting periods are to 31 December. As this is within three months of the Council's reporting period (to 31 March) a review was undertaken to establish the potential impact of the COVID-19 pandemic on the financial position of the companies. An adjustment was made for the pension valuation of Transport for Edinburgh, as a result of this review, no other consolidation adjustments have been assessed as being required.
- Transport for Edinburgh Limited and CEC Holdings Limited have adopted Accounting Standard IFRS 16 Finance Leases for the year to 31 December 2019. The Council is not required to adopt this standard until 1 April 2021 and therefore consolidation adjustments have been made.
- Inter-company transactions have been eliminated on consolidation.
- Group members' financial statements have been prepared on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the authority (i.e. government and other grants, rents, fees and charges, Council Tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on Page 20.

2019/20	Net Expend. Chargeable to the General Fund and HRA Balances £000	Adjustments £000	Net Expenditure in the CIES £000
Communities and Families Place	423,570	12,484	436,054
Housing Revenue Account	53,269	83,145	136,414
Health and Social Care Resources	0	(15,308)	(15,308)
Chief Executive	218,472	9,639	228,111
Lothian Valuation Joint Board	167,555	103,362	270,917
	9,050	1,538	10,588
	3,678	0	3,678
Cost of Services	875,594	194,860	1,070,454
Other income and expenditure			
Net cost of benefits	(277)	0	(277)
Other non-service specific costs	25,112	(26,320)	(1,208)
Net deficit on trading activities	0	48	48
Net income and changes in relation to investment properties and changes in their fair value	0	(1,967)	(1,967)
Interest and investment income	(3,204)	(1,935)	(5,139)
Interest payable and similar charges (<i>loan charges in management reporting</i>)	104,710	20,259	124,969
Net pension interest cost	0	16,410	16,410
Gains on disposal of assets	0	(5,464)	(5,464)
Gains on derecognition or revaluation of financial assets	0	(90)	(90)
Contribution to Renewal and Repairs Fund	0	0	0
Contribution from Capital Fund	(334)	334	0
Contribution from General Fund	581	(581)	0
Income from Council Tax	(271,044)	0	(271,044)
Government Grants	(360,206)	0	(360,206)
Distribution from NDRI pool	(366,025)	0	(366,025)
Donated asset income	0	(61,453)	(61,453)
Capital grants and contributions	0	(127,806)	(127,806)
(Surplus) / Deficit on the provision of services	4,907	6,295	11,202
Opening General Fund and HRA Balance	144,845		
Contributions to / (from) reserves, including those within services (<i>see notes 12.1 and 12.3 for detail</i>)	(19,827)		
Deficit on the provision of services	(4,907)		
Closing General Fund and HRA Balance at 31 March	120,111		

For a split of the balance between the General Fund and the HRA, see the Movement in Reserves Statement on page 17.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued Re-Stated

2018/19 Comparative Data	Net Expend. Chargeable to the General Fund and HRA		Net Expenditure in the CIES
	Balances £000	Adjustments £000	
Communities and Families Place	397,307	17,096	414,403
Housing Revenue Account	54,295	85,759	140,054
Health and Social Care Resources	0	(22,130)	(22,130)
Chief Executive	208,237	7,440	215,677
Lothian Valuation Joint Board	172,582	110,728	283,310
	9,656	813	10,469
	3,575	0	3,575
Cost of Services	845,652	199,706	1,045,358
Other income and expenditure			
Net cost of benefits	(811)	0	(811)
Other non-service specific costs	23,246	40,316	63,562
Net deficit on trading activities	0	36	36
Net income and changes in relation to investment properties and changes in their fair value	0	(2,768)	(2,768)
Interest and investment income	(12,020)	(386)	(12,406)
Interest payable and similar charges (<i>loan charges in management reporting</i>)	107,521	(25,086)	82,435
Net pension interest cost	0	14,129	14,129
Gains on disposal of assets	0	(6,001)	(6,001)
Gains on derecognition or revaluation of financial assets	0	(155)	(155)
Contribution to Renewal and Repairs Fund	173	(173)	0
Contribution from Capital Fund	(980)	980	0
Contribution from General Fund	(697)	697	0
Income from Council tax	(259,435)	0	(259,435)
Government Grants	(363,757)	0	(363,757)
Distribution from NDR1 pool	(340,474)	0	(340,474)
Capital grants and contributions	0	(95,013)	(95,013)
Surplus on the provision of services	(1,582)	126,282	124,700
Opening General Fund and HRA Balance	151,285		
Contributions to / (from) reserves, including those within services (<i>see notes 12.1 and 12.3 for detail</i>)	(8,022)		
Surplus on the provision of services	1,582		
Closing General Fund and HRA Balance at 31 March	144,845		

For a split of the balance between the General Fund and the HRA, see the Movement in Reserves Statement on page 18.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure

Statement amounts

2019/20	Adjusts. For Capital Purposes £000	Net Change for Pensions Adjusts. £000	Other Differences £000	Total Statutory Adjusts. £000
Communities and Families Place	(5,735)	17,964	(311)	11,918
Housing Revenue Account	75,240	10,873	(842)	85,271
Health and Social Care Resources	(44,544)	811	12,970	(30,763)
Chief Executive	72	9,981	26	10,079
	108,327	9,050	(898)	116,479
	1	1,046	(81)	966
Cost of Services	133,361	49,725	10,864	193,950
Other income and expenditure				
Other non-service specific costs	(3,117)	(18,046)	(1)	(21,164)
Net income and changes in relation to investment properties and changes in their fair value	0	0	(309)	(309)
Interest and investment income	(1,188)	0	0	(1,188)
Interest payable and similar charges	(35,114)	0	31,346	(3,768)
Net pension interest cost	0	16,410	0	16,410
Gains on disposal of assets	(5,464)	0	0	(5,464)
Gains on derecognition or revaluation of financial assets	0	0	0	0
Capital grants and contributions	(127,806)	0	0	(127,806)
Income from donated assets	(61,453)	0	0	(61,453)
Total Adjustments	(100,781)	48,089	41,900	(10,792)

Notes -

Adjustments for capital purposes include the replacement of depreciation and impairment costs with repayment of borrowing to the Loans Fund.

Net changes for pensions adjustment relate to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.

Other differences include reversal of the value of entitlement to accrued leave, the revaluation of investment properties and the timing differences for premiums and discounts associated with borrowing within the Loans Fund.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

2019/20	Total Statutory Adjusts. b/fwd £000	Presentation Adjusts. £000	Use of Reserves £000	Total Adjusts. £000
Communities and Families Place	11,918	(81)	647	12,484
Housing Revenue Account	85,271	(1,181)	(945)	83,145
Health and Social Care Resources	(30,763)	0	15,455	(15,308)
Chief Executive	10,079	(440)	0	9,639
	116,479	(16,586)	3,469	103,362
	966	0	572	1,538
Cost of Services	193,950	(18,288)	19,198	194,860
Other income and expenditure				
Other non-service specific costs	(21,164)	(3,504)	(1,652)	(26,320)
Net deficit on trading activities	0	48	0	48
Net income and changes in relation to investment properties and changes in their fair value	(309)	(1,658)	0	(1,967)
Interest and investment income	(1,188)	(535)	(212)	(1,935)
Interest payable and similar charges	(3,768)	24,027	0	20,259
Net pension interest cost	16,410	0	0	16,410
Gains on disposal of assets	(5,464)	0	0	(5,464)
Gains on derecognition or revaluation of financial assets	0	(90)	0	(90)
Use of reserves	0	0	(247)	(247)
Capital grants and contributions	(127,806)	0	0	(127,806)
Income from donated assets	(61,453)	0	0	(61,453)
Total Adjustments	(10,792)	0	17,087	6,295

Notes -

Presentational adjustments relate primarily to the presentation of interest payments on finance leases (including PPP schemes), trading operations, internal recharges and income and expenditure on investment properties for decision making purposes.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

Re-stated

2018/19 Comparative Data	Adjusts. For Capital Purposes £000	Net Change for Pensions Adjusts. £000	Other Differences £000	Total Statutory Adjusts. £000
Communities and Families Place	409	13,891	1,112	15,412
Housing Revenue Account	73,122	8,787	146	82,055
Health and Social Care Resources	(49,685)	2,035	(523)	(48,173)
Chief Executive	192	8,179	(59)	8,312
	110,913	7,415	60	118,388
	9	779	(4)	784
Cost of Services	134,960	41,086	732	176,778
Other income and expenditure				
Other non-service specific costs	(1,333)	41,770	(3)	40,434
Net income and changes in relation to investment properties and changes in their fair value	0	0	(1,026)	(1,026)
Interest and investment income	(115)	0	1	(114)
Interest payable and similar charges	(42,460)	0	(1,334)	(43,794)
Net pension interest cost		14,129	0	14,129
Gains on disposal of assets	(6,001)	0	0	(6,001)
Gains on derecognition or revaluation of financial assets	0	0	0	0
Capital grants and contributions	(95,013)	0	0	(95,013)
Total Adjustments	(9,962)	96,985	(1,630)	85,393

Notes -

Adjustments for capital purposes include the replacement of depreciation and impairment costs with repayment of borrowing to the Loans Fund.

Net changes for pensions adjustment relates to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.

Other differences include reversal of the value of entitlement to accrued leave, the revaluation of investment properties and the timing differences for premiums and discounts associated with borrowing within the Loans Fund.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued

2.1 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

Re-stated

	Total Statutory Adjusts. b/fwd £000	Presentation Adjusts. £000	Use of Reserves £000	Total Adjusts. £000
2018/19 Comparative Data				
Communities and Families Place	15,412	(783)	2,467	17,096
Housing Revenue Account	82,055	422	3,282	85,759
Health and Social Care Resources	(48,173)	0	26,043	(22,130)
Chief Executive	8,312	(880)	8	7,440
	118,388	(16,081)	8,421	110,728
	784	0	29	813
Cost of Services	176,778	(17,322)	40,250	199,706
Other income and expenditure				
Other non-service specific costs	40,434	3,738	(3,856)	40,316
Net deficit on trading activities	0	36	0	36
Net income and changes in relation to investment properties and changes in their fair value	(1,026)	(1,742)	0	(2,768)
Interest and investment income	(114)	0	(272)	(386)
Interest payable and similar charges	(43,794)	18,708	0	(25,086)
Net pension interest cost	14,129	0	0	14,129
Gains on disposal of assets	(6,001)	0	0	(6,001)
Gains on derecognition or revaluation of financial assets	0	(155)	0	(155)
Use of reserves	0	(3,263)	4,767	1,504
Capital grants and contributions	(95,013)	0	0	(95,013)
Total Adjustments	85,393	0	40,889	126,282

Notes -

Presentational adjustments relate primarily to the presentation of interest payments on finance leases (*including PPP schemes*), trading operations, internal recharges and income and expenditure on investment properties for decision making purposes.

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council

2.2 Segmental Analysis of Expenditure and Income included in Expenditure and Funding Analysis

2019/20	Communities and Families		Housing Revenue Account	Health and Social Care
	£000	Place £000	£000	£000
Expenditure				
Employee expenses	343,850	84,015	10,242	87,256
Other service expenses	199,027	179,689	42,509	232,390
Support service recharges	0	0	7,023	0
Interest payments	77	1,737	18,001	0
Debt repayments (<i>HRA only</i>)	0	0	43,695	0
Total Expenditure	542,954	265,441	121,470	319,646
Income				
Revenues from external customers	(53,075)	(142,270)	(98,098)	(19,432)
Income from recharges for services	(16)	(435)	(166)	0
Government grants and other contribs.	(66,293)	(69,467)	(22,018)	(81,742)
Interest and investment income	0	0	(1,188)	0
Total Income	(119,384)	(212,172)	(121,470)	(101,174)
Cost of Services	423,570	53,269	0	218,472

Expenditure	Resources	Chief Executive	Lothian Valuation Joint Board	Council Total
	£000	£000	£000	£000
Employee expenses	73,940	7,966	0	607,269
Other service expenses	133,520	5,576	3,678	796,389
Support service recharges	37	0	0	7,060
Interest payments	18,196	0	0	38,011
Debt repayments (<i>HRA only</i>)	0	0	0	43,695
Total Expenditure	225,693	13,542	3,678	1,492,424
Income				
Revenues from external customers	(29,342)	(780)	0	(342,997)
Income from recharges for services	(9,938)	(475)	0	(11,030)
Government grants and other contribs.	(18,858)	(3,237)	0	(261,615)
Interest and investment income	0	0	0	(1,188)
Total Income	(58,138)	(4,492)	0	(616,830)
Cost of Services	167,555	9,050	3,678	875,594

Expenditure	Subsidiaries	Associates and Joint Ventures	Group Total
	£000	£000	£000
Employee expenses	119,178	0	726,447
Other service expenses	53,917	0	850,306
Support service recharges	0	0	7,060
Depreciation, amortisation and impairment	24,433	0	24,433
Interest payments	0	0	38,011
Debt repayments (<i>HRA only</i>)	0	0	43,695
Net expend from Associates and Joint Ventures	0	5,190	5,190
Total Expenditure	197,528	5,190	1,695,142
Income			
Revenues from external customers	(214,616)	0	(557,613)
Income from recharges for services	0	0	(11,030)
Government grants and other contribs.	34,068	0	(227,547)
Interest and investment income	0	0	(1,188)
Net income from Associates and Joint Ventures	0	(461)	(461)
Total Income	(180,548)	(461)	(797,839)
Cost of Services	16,980	4,729	897,303

NOTES TO THE FINANCIAL STATEMENTS

2. Expenditure and Funding Analysis - Council - continued

2.2 Segmental Analysis of Expenditure and Income included in Expenditure and Funding Analysis

2018/19 Comparative Data	Communities and Families		Housing Revenue	Health and Social Care
	£000	Place £000	Account £000	£000
Expenditure				
Employee expenses	309,712	81,762	10,758	88,237
Other service expenses	182,626	189,852	44,496	215,450
Support service recharges	0	0	6,742	0
Interest payments	78	0	18,897	0
Debt repayments (<i>HRA only</i>)	0	0	52,916	0
Total Expenditure	492,416	271,614	133,809	303,687
Income				
Revenues from external customers	(46,125)	(139,043)	(102,814)	(20,924)
Income from recharges for services	(44)	(458)	(150)	0
Government grants and other contribs.	(48,940)	(77,818)	(30,730)	(74,526)
Interest and investment income	0	0	(115)	0
Total Income	(95,109)	(217,319)	(133,809)	(95,450)
Cost of Services	397,307	54,295	0	208,237
			Lothian	
			Chief	
			Valuation	
	Resources	Executive	Joint Board	Council Total
Expenditure	£000	£000	£000	£000
Employee expenses	75,112	7,376	0	572,957
Other service expenses	130,942	3,781	3,575	770,722
Support service recharges	40	0	0	6,782
Interest payments	18,521	0	0	37,496
Debt repayments (<i>HRA only</i>)	0	0	0	52,916
Total Expenditure	224,615	11,157	3,575	1,440,873
Income				
Revenues from external customers	(29,790)	(431)	0	(339,127)
Income from recharges for services	(9,546)	(462)	0	(10,660)
Government grants and other contribs.	(12,697)	(608)	0	(245,319)
Interest and investment income	0	0	0	(115)
Total Income	(52,033)	(1,501)	0	(595,221)
Cost of Services	172,582	9,656	3,575	845,652
			Associates and Joint	
			Ventures	
			Subsidiaries	Group Total
Expenditure		£000	£000	£000
Employee expenses		102,332	0	675,289
Other service expenses		75,754	0	846,476
Support service recharges		0	0	6,782
Depreciation, amortisation and impairment		19,950	0	19,950
Interest payments		0	0	37,496
Debt repayments (<i>HRA only</i>)		0	0	52,916
Net expend from Associates and Joint Ventures		0	984	984
Total Expenditure		198,036	984	1,639,893
Income				
Revenues from external customers		(190,361)	0	(529,488)
Income from recharges for services		0	0	(10,660)
Government grants and other contribs.		31	0	(245,288)
Interest and investment income		0	0	(115)
Net income from Associates and Joint Ventures		0	(1,361)	(1,361)
Total Income		(190,330)	(1,361)	(786,912)
Cost of Services		7,706	(377)	852,981

NOTES TO THE FINANCIAL STATEMENTS

3. Expenditure and Income Analysed by Nature Group

3.1 The authority's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows;

	2019/20	2018/19
	£000	£000
Expenditure		
Employee expenses	764,758	766,484
Other service expenses	1,206,642	1,215,609
Support service recharges	7,059	6,782
Depreciation, amortisation and impairment	245,613	239,622
Interest payments	228,640	181,511
Net Interest in the profit/loss of associates and joint ventures	4,729	(377)
Total Expenditure	<u>2,457,441</u>	<u>2,409,631</u>
Income		
Fees, charges and other service income	(927,794)	(887,603)
(Gain) / Loss on the disposal of assets	(5,331)	(5,888)
Donated asset income	(61,453)	0
Interest and investment income	(97,419)	(101,331)
Income from Council Tax and Non-Domestic Rates	(637,068)	(599,909)
Government grants and other contributions	(570,205)	(589,077)
Recognised capital income	(127,806)	(95,013)
Total Income	<u>(2,427,076)</u>	<u>(2,278,821)</u>
Group Deficit	<u>30,365</u>	<u>130,810</u>

Council

3.2 The authority's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows

	2019/20	2018/19
	£000	£000
Expenditure		
Employee expenses	645,580	664,152
Other service expenses	1,152,351	1,139,978
Support service recharges	7,059	6,782
Depreciation, amortisation and impairment	221,180	219,672
Interest payments	212,638	169,882
Total Expenditure	<u>2,238,808</u>	<u>2,200,466</u>
Income		
Fees, charges and other service income	(713,177)	(697,243)
(Gain) / Loss on the disposal of assets	(5,464)	(6,001)
Interest and investment income	(78,364)	(88,492)
Income from Council Tax and Non-Domestic Rates	(637,069)	(599,909)
Government grants and other contributions	(604,273)	(589,108)
Recognised capital income	(127,806)	(95,013)
Donated asset income	(61,453)	0
Total Income	<u>(2,227,606)</u>	<u>(2,075,766)</u>
Deficit on the Provision of Services	<u>11,202</u>	<u>124,700</u>

NOTES TO THE FINANCIAL STATEMENTS

4. Accounting Standards that have been issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2020/21 Code:

The Code requires implementation from 1 April 2020 and there is therefore no impact on the 2019/20 financial statements.

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements.
- Amendments to IAS 12 Income Taxes
- Amendments to IAS 23 Borrowing Costs
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan amendment, curtailment or settlement
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendment to line item specifications for the net assets statement as detailed in Section 6.5, paragraph 6.5.3.6.b

5. Judgements Made in Applying Accounting Policies

In applying the accounting policies set out in Note 1 and elsewhere in the accounts to the Financial Statements, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The most significant judgements made in these Financial Statements are detailed below:

5.1 Provision of School Buildings and Waste Facility

The Council is deemed to control the services provided under the Public Private Partnership agreements (PPP1 and PPP2) and the Design, Build, Finance and Maintain (DBFM) for James Gillespie's High School, for the provision of school buildings, maintenance and other facilities with Edinburgh Schools Partnership (PPP1), Axiom Education Limited (PPP2) and Hub South East Scotland (JGHS). The Council has entered into an agreement for the provision of the new Queensferry High School which is currently under construction under a DBFM arrangement.

The Council is deemed to control 80% of the services provided under the DBFM for Millerhill Residual Waste Facility (20% controlled by Midlothian Council).

The accounting policies for public private partnerships have been applied to these arrangements and the schools and waste facility (valued at net book value of £519.948m and £100.955m respectively at 31 March 2020) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.

5.2 Group Membership

The Council has an interest in a number of subsidiary and associate companies and trusts. Full details of these interests are shown in note 9 to the Financial Statements. The most significant of these companies in terms of the size of trading operations and other factors are included in the Group Accounts.

6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

NOTES TO THE FINANCIAL STATEMENTS

6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The following table details uncertainties on assumptions and estimates, and outlines the potential effect if actual results differ from the assumptions made.

Item	Uncertainty	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. A reduction in spending on repairs and maintenance would bring into doubt the useful lives assigned to the assets. Council dwellings are valued using the Beacon Method which aggregates the vacant possession values of each unit of housing stock. The beacon discount factor is determined by applying a capitalisation yield to the gross rental income and comparing this to the aggregate value. This methodology takes account of regional variations in capital values, stock condition, rent arrears and voids. The discount factor applied in the 2019-20 revaluations is 38% with a 4% uplift (38% previously).</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying value of the assets falls.</p>
	<p>There are potential impacts on the valuation of non-HRA PPE and investment properties as a result of the Covid-19 pandemic, with additional detail included in Note 15.7.</p>	<p>It is estimated that the annual depreciation charge would increase and the carrying value would fall by £13.821m for each year that useful lives were reduced.</p>
		<p>If the discount factor is increased by 1%, this would lead to a corresponding reduction in the total value of council dwellings of £25.262m.</p>
		<p>The range of uncertainty on the valuation of non-HRA PPE has not been identified and therefore we are unable to quantify the potential impact on the accounts.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p> <p>The interim solution to avoid inequalities between men and women's benefits following the introduction of the Single Status Pension in 2016 has resulted in a recalculation of pension liabilities related to the estimated impact of Guaranteed minimum pension (GMP) indexation changes.</p> <p>Legislation requires the Local Government Pension Scheme (LGPS) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. The costs management process has been paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) were age discriminatory. These cases could have knock on implications for the LGPS (potentially increasing the liabilities).</p> <p>The Goodwin case judgement, in respect of deemed discrimination in spousal transfer on death of a member, may also result in the potential increasing of the pension liabilities.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured.</p> <p>Note 42.6 provides further information on the Council's pension liability.</p> <p>The estimate for the Council is that total liabilities could be approximately £10.32m higher. The increased liability has been reflected in the pension liability as a past service cost. This estimate will be revised at the upcoming valuation.</p> <p>The Council's actuary has included an estimate within the pension liability as a past service cost. The allowance has been reduced in the current valuation to reflect the recent proposed changes to eligibility.</p> <p>The Council's actuary has not included an estimate of the impact of the Goodwin case in the valuation due to the uncertainty of the final outcome. The estimated impact on the Employer's future obligations may be around 0.13% higher.</p>

NOTES TO THE FINANCIAL STATEMENTS

6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Arrears	At 31 March, the Council had a balance of sundry debtors of £28.035m. A review of significant balances suggested that an impairment of doubtful debts of £3.156m (11.3%) was appropriate. In the current economic climate it is not certain that this will be sufficient.	If collection rates were to deteriorate, a 5% increase in the rate of the impairment of doubtful debts would require an additional £1.402m to be set aside as an allowance.
House Rent Arrears	At 31 March, the Council had a balance of housing rent arrears of £7.569m. A review of significant balances suggested that an impairment of doubtful debts of £6.386m (84.4%) was appropriate. In the current economic climate it is not certain that this will be sufficient.	There is a relatively high level of arrears and the impairment set aside should help protect against potential loss of income to the Council arising from welfare reforms such as Universal Credit and the reduction in the benefits cap announced in the UK Government's budget, which will potentially impact on the level of rent arrears.

This list does not include assets and liabilities that are carried at fair value based on recently observed market prices.

7. Material Items of Income and Expense

There are no material items of Income and Expense that require to be highlighted in this disclosure.

8. Events After the Balance Sheet Date

As with organisations across Scotland, the UK and indeed the world, the COVID-19 pandemic has already had a massive impact on the Council's service delivery models and financial stability. Further details of these impacts and remedial steps taken and planned are included in the Management Commentary.

9. Subsidiaries and Associates

The Council holds shares in various trading companies, either as a controlling or minority shareholder.

The Council is also represented on the Boards of various companies that are limited by guarantee and have no share capital. It participates in these companies by means of Board membership and the provision of funding and management support.

The following entities have a significant impact on the Council's operations and have been consolidated into the Group Accounts:

Subsidiaries:	Shareholding	
• CEC Holdings Limited	100.00%	
• Transport for Edinburgh Limited	100.00%	
• Edinburgh Living MMR LLP	99.999%	
Associates:		
• Edinburgh Leisure	33.33%	Board representation
• Capital Theatres	33.33%	Board representation
• Lothian Valuation Joint Board	61.29%	Funding percentage
• Common Good	100.00%	
Joint Venture	Interest	
• Edinburgh Integration Joint Board	50.00%	Board representation

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

The following companies are not consolidated into the Group Accounts. An assessment has been carried out on these companies, their activities and the level of Council control. These companies are not considered to be a material part of the Group and have therefore been excluded from the Group Accounts:

	Shareholding
• Capital City Partnership Limited	100.00%
• CEC Recovery Limited (formerly tie Limited)	100.00%
• Marketing Edinburgh Limited	100.00%
• Energy for Edinburgh Limited	100.00%
• Edinburgh Living MR LLP	99.00% (dormant to 31.12.19)
• Telford NHT LLP	> 75% controlling interest

In January 2019 the Council bought out the developer's share in Telford NHT LLP and now holds majority control of this associate, in conjunction with the Scottish Futures Trust.

LFPE Limited and LPFI Limited are now consolidated in the annual accounts of Lothian Pension Fund. Unless otherwise stated, the accounts of these bodies may be accessed, as they become available, through [the Council's website](#).

9.1 Subsidiary Companies

• CEC Holdings Limited

The principal activities of the company are property development and the operation of an international conference centre. The company is wholly owned by the City of Edinburgh Council.

The most recent audited results of the company are as follows:	31.12.19	31.12.18
	£000	£000
Net assets	20,416	18,137
Net (profit) / loss before taxation	(3,058)	(158)
Retained profit / (loss) carried forward	(49,497)	(51,059)

The Council inherited its interest in CEC Holdings Limited following the local government reorganisation in 1996. It is considered that this was on an acquisition basis, however, as no consideration was given for these interests, there was no goodwill involved in these transactions.

• Transport for Edinburgh Limited

The principal activities of the company are as a holding company for the City of Edinburgh Council's interest in public transport companies; Lothian Buses Limited and Edinburgh Trams Limited. The company is wholly owned by the City of Edinburgh Council.

The Council's major shareholding in Lothian Buses of 5,824,139 (91.01%) £1 ordinary shares (fully paid) was transferred to Transport for Edinburgh Limited in 2014.

The Council inherited its interest in Lothian Buses Limited, following the reorganisation of local government in 1996. It is considered that this was on an acquisition basis, however, as no consideration was given for these interests, there was no goodwill involved in these transactions.

Edinburgh Trams Limited commenced a fare paying revenue service on 31 May 2014.

The most recent audited results of the company are as follows:

	31.12.19	31.12.18
	£000	£000
Transport for Edinburgh Limited (Consolidated Group)		
Net assets	129,486	148,768
Net (profit) / loss before taxation	16,873	6,920
Retained earnings	22,223	58,789
Dividend paid in March 2019 and March 2018	7,000	6,180

A copy of the latest accounts can be obtained by writing to the Finance Director, Lothian Buses Limited, Annandale Street, Edinburgh, EH7 4AZ.

• Edinburgh Living MMR LLP

The limited liability partnership (LLP) members are the City of Edinburgh Council and Scottish Futures Trust (SFT). The principal activities of the partnership are to acquire and manage homes for mid-market rent.

The most recent unaudited results of the partnership are as follows:	31.12.19	31.12.18
	£000	£000
Net assets	209	0
Net (profit) / loss before taxation	(8,229)	0
Retained (profit) / loss carried forward	(8,229)	0

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.2 Associates

- **Edinburgh Leisure**

This is a non-profit-distributing company limited by guarantee and registered as a Charity. Each member has undertaken to contribute an amount not exceeding £1 towards any deficit arising in the event of the company being wound up.

The principal activity of the company is the provision of recreation and leisure facilities.

The City of Edinburgh Council is represented on the company's Board of Directors and contributes a substantial sum to the company towards the cost of operating sport and leisure facilities.

The City of Edinburgh Council leases its sport and leisure centres to the company.

The most recent audited results of the company are as follows:	31.03.20	31.03.19
	£000	£000
Net assets / (liabilities)	(1,223)	610
Net operating (profit) / loss	4,901	(1,114)
Earnings / (Losses) carried forward	(1,223)	610

Although Edinburgh Leisure is included in the Group Accounts, as the nature of its activities is a core part of Council policy, the Council has no legal interest in the assets or liabilities of the company.

- **Capital Theatres**

This is a non-profit-distributing company limited by guarantee and registered as a Charity.

The City of Edinburgh Council is represented on the trust's board of directors and gives substantial financial assistance. The City of Edinburgh Council leases the King's Theatre and the Festival Theatre to the trust.

The most recent audited results of the company are as follows:	31.03.20	31.03.19
	£000	£000
Net assets	5,323	4,877
Net operational (profit) / loss	(561)	(828)
Fund balances carried forward	5,323	4,877

Although Capital Theatres is included in the Group Accounts, due to its activities being a core part of the Council's policy, the Council has no legal interest in the assets or liabilities of the company.

- **Lothian Valuation Joint Board**

The Lothian Valuation Joint Board provides Valuation Appeals, Lands Valuation, Electoral Registration and Council Tax Valuation Services.

The Board comprises 16 members of whom nine are elected by the City of Edinburgh, three by West Lothian and two each by East and Midlothian Councils. Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for Council Tax within the areas of each constituent authority.

	31.03.20	31.03.19
	£000	£000
Deficit for the year	478	1,520
Net Liabilities	(5,002)	(7,709)
Usable reserves	897	897
Unusable reserves	(5,899)	(8,606)
Total reserves	<u>(5,002)</u>	<u>(7,709)</u>

NOTES TO THE FINANCIAL STATEMENTS

9.3 Joint Ventures

• Edinburgh Integration Joint Board

The Edinburgh Integration Joint Board (EIJB) was established by order of Scottish Ministers on 27 June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014.

The Board comprises 10 voting members, made up of five elected members appointed by the City of Edinburgh Council and five NHS non-executive directors appointed by NHS Lothian, along with a number of non voting members.

The expenditure incurred by the EIJB is covered in full by income received from the partner bodies, NHS Lothian and the City of Edinburgh Council. EIJB therefore commission services from the parent bodies based on the approved strategic plan.

The most recent audited results of the Board are as follows:	31.03.20	31.03.19
	£000	£000
Gross expenditure	762,032	726,394
(Surplus) / Deficit for the year	6,528	(1,342)
Usable reserves	3,166	9,694

9.4 Audit Opinions noted on the Accounts of the Companies

Unless otherwise indicated, the companies' accounts are audited.

9.5 Shareholder Support to Council Companies

A number of companies within the group are currently dependent on the continued financial support of the Council. The companies are EICC Limited, a subsidiary of CEC Holdings Limited - (the Council owns 100% of the shares in CEC Holdings Limited), Transport for Edinburgh Ltd - (including Lothian Buses and Edinburgh Trams Ltd), Capital Theatres and Edinburgh Leisure.

9.6 Financial Impact of Consolidation

The effect of inclusion of subsidiaries and associates on the Group Balance Sheet is to increase both reserves and net assets by £209.415m (2018/19 £197.522m) representing the Council's share of the realisable surpluses or deficits in these companies.

10. Contingent Liabilities

Contingent Assets and Liabilities are not recognised in the accounting statements. Where there is probable inflow or outflow of economic benefits or service potential, these are disclosed in the notes to the financial statements.

There may be outstanding liability claims or claims to be submitted against the Council in relation to insured and uninsured losses or incidents. The actual cost and timing of any claims cannot be estimated with reasonable accuracy and consequently no specific provision has been made in the financial statements in respect of any such claims.

The Scottish Child Abuse Inquiry was set up in October 2015 to examine the abuse of children in care from the 1930s to the present day and has identified a number of care institutions it wishes to investigate, including four council establishments - Howdenhall Centre, St Katherine's and two children's homes that closed in the 1980s. The Council has set up a project team to support the inquiry, review historic records and ensure that the evidence required by the Inquiry can be provided. There is a possibility that these investigations may give rise to significant claims against local authorities in Scotland, including the Council.

The Inquiry has given rise to a number of allegations in respect of Council-operated or commissioned facilities which are at varying stages of consideration. There are currently 19 open claims with an estimated potential financial exposure of £2-3m. The resulting overall cost to the Council will reflect a number of factors, including any resulting amounts of settlement, extent of relevant insurance coverage and potential direct contributions to a Scotland-wide statutory redress scheme, an accompanying bill for which was introduced in the Scottish Parliament in August 2020.

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
2019/20			
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	192,044	29,078	0
Movements in the market value of investment properties	(351)	42	0
Amortisation and impairment of intangible assets	58	0	0
Capital grants and contributions applied	(98,544)	(29,262)	0
Capital funded from revenue	(6,581)	(23,000)	0
Donated assets	(61,453)	0	0
Capital fund used to finance new capital expenditure	0	0	0
Revenue expenditure funded from capital under statute	52,778	0	0
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	(76,301)	(20,695)	0
Capital expenditure charged against General Fund and HRA balances	(52,778)	0	0
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
Adjustments primarily involving the Capital Receipts Reserve			
Net (gain) / loss on sale of property, plant and equipment and assets held for sale	(1,910)	(3,554)	9,640
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(9,640)
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	31,346	13,113	0
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	114,743	2,803	0
Employer's pension contributions and direct payments to pensioners payable in the year	(67,925)	(1,530)	0
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	(2,107)	(144)	0
Total Adjustments	<u>23,019</u>	<u>(33,149)</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

11 Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2019/20	Usable Reserves			Movement in Unusable Reserves £000
	Capital Grants Unapplied Account £000	Donated Asset Reserve £000	Capital Fund £000	
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)				
Charges for depreciation and impairment of non-current assets	0	0	0	(221,122)
Movements in the market value of investment properties	0	0	0	309
Amortisation of intangible assets	0	0	0	(58)
Capital grants and contributions applied	13,473	0	0	114,333
Capital funded from revenue	0	0	0	29,581
Donated assets	0	61,893	0	(440)
Capital fund used to finance new capital expenditure	0	0	(6,311)	6,311
Revenue expenditure funded from capital under statute	0	0	0	(52,778)
Insertion of items not debited or credited to the CIES	0	0	0	0
Statutory provision for the financing of capital investment	0	0	(663)	97,659
Capital expenditure charged against General Fund and HRA balances	0	0	0	52,778
Adjustments primarily involving the Capital Grant Unapplied Account				
Application of grants to capital financing transferred to the Capital Adjustment Account	(805)	0	0	805
Adjustments primarily involving the Capital Receipts Reserve				
Net gain / (loss) on sale of property, plant and equipment and assets held for sale	0	0	0	(4,176)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	9,640
Adjustments primarily involving the Financial Instruments Adjustment Account				
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	(44,459)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	0	(117,546)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	0	69,455
Adjustments primarily involving the Employee Statutory Adjustment Account				
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	0	2,251
Total Adjustments	12,668	61,893	(6,974)	(57,457)

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2018/19 Comparative Data	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	196,986	21,446	0
Movements in the market value of investment properties	(965)	(60)	0
Amortisation of intangible assets	1,240	0	0
Capital grants and contributions applied	(67,951)	(24,789)	0
Capital funded from revenue	(6,088)	(32,800)	0
Donated assets	(2,273)	0	0
Capital fund used to finance new capital expenditure	0	0	0
Revenue expenditure funded from capital under statute	59,774	0	0
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	(68,529)	(20,115)	0
Capital expenditure charged against General Fund and HRA balances	(59,774)	0	0
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
Adjustments primarily involving the Capital Receipts Reserve			
Net loss / (gain) on sale of property, plant and equipment and assets held for sale	(3,619)	(2,382)	25,953
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(25,953)
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(1,334)	(567)	0
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	158,464	3,910	0
Employer's pension contributions and direct payments to pensioners payable in the year	(63,886)	(1,502)	0
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	1,253	44	0
Total Adjustments	143,298	(56,815)	0

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2018/19 Comparative Data	Usable Reserves		Movement in Unusable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	0	0	(218,432)
Movements in the market value of investment properties	0	0	1,025
Amortisation of intangible assets	0	0	(1,240)
Capital grants and contributions applied	12,339	0	80,401
Capital funded from revenue	0	0	38,888
Donated assets	0	0	2,273
Capital fund used to finance new capital expenditure	0	(7,385)	7,385
Revenue expenditure funded from capital under statute	0	0	(59,774)
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	0	(265)	88,909
Capital expenditure charged against General Fund and HRA balances	0	0	59,774
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	(1,351)	0	1,351
Adjustments primarily involving the Capital Receipts Reserve			
Net (loss) / gain on sale of property, plant and equipment and assets held for sale	0	0	(19,952)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	25,953
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	1,901
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(162,374)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	65,388
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(1,297)
Total Adjustments	10,988	(7,650)	(89,821)

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves

12.1 Transfers to and from Usable Reserves

This note sets out the amounts set aside in the Group's and the Council's usable reserves and the amounts posted back from these reserves to meet expenditure during the year.

	Balance at 01.04.19 £000	Net Transfers Out 2019/20 £000	Net Transfers In 2019/20 £000	Balance at 31.03.20 £000
Group Reserves				
Subsidiaries				
CEC Holdings Limited				
Revenue reserves	(51,059)	0	1,562	(49,497)
Capital grants unapplied account	1,521	(216)	0	1,305
Transport for Edinburgh Limited				
Revenue reserves	118,718	(5,116)	0	113,602
Edinburgh Living MMR LLP				
Revenue reserves	0	(6)	0	(6)
Total Usable Reserves - Subsidiaries	69,180	(5,338)	1,562	65,404
Associates and Joint Ventures				
Common Good Fund - Reserves	2,352	0	313	2,665
Edinburgh Leisure - Reserves	203	(611)	0	(408)
Capital Theatres - Reserves	1,626	0	148	1,774
Lothian Valuation Joint Board - Reserves	548	0	2	550
Edinburgh Integration Joint Board - Reserves	4,847	(3,264)	0	1,583
Total Usable Reserves - Associates and Joint Ventures	9,576	(3,875)	463	6,164
Total Usable Reserves - Subsidiaries, Associates and Joint Ventures	78,756	(9,213)	2,025	71,568

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.18 £000	Net Transfers Out 2018/19 £000	Net Transfers In 2018/19 £000	Balance at 31.03.19 £000
Group Reserves				
Subsidiaries				
CEC Holdings Limited				
Revenue reserves	(51,338)	0	279	(51,059)
Capital grants unapplied account	1,803	(282)	0	1,521
Transport for Edinburgh				
Revenue reserves	123,852	(5,134)	0	118,718
Total Usable Reserves - Subsidiaries	74,317	(5,416)	279	69,180
Associates and Joint Ventures				
Common Good Fund - Reserves	2,387	(35)	0	2,352
Edinburgh Leisure - Reserves	69	0	134	203
International Conference Centre Trusts				
Income Trust	1	(1)	0	0
Expenditure Trust	20	(20)	0	0
Capital Theatres - Reserves	1,307	0	319	1,626
Lothian Valuation Joint Board - Reserves	488	0	60	548
Edinburgh Integration Joint Board - Reserves	4,176	0	671	4,847
Total Usable Reserves - Associates and Joint Ventures	8,448	(56)	1,184	9,576
Total Usable Reserves - Subsidiaries, Associates and Joint Ventures	82,765	(5,472)	1,463	78,756

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.19 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance at 31.03.20 £000
Council's Usable Reserves				
General Fund				
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	42,296	(12,110)	13,270	43,456
Council Priorities Fund	6,625	(9,154)	3,286	757
Contingency funding, workforce mgmt.	18,194	(7,160)	2,554	13,588
Dilapidations Fund	5,721	(2,493)	0	3,228
Insurance Funds	19,585	(841)	1,353	20,097
	<u>92,421</u>	<u>(31,758)</u>	<u>20,463</u>	<u>81,126</u>
Balances Set Aside from Income Received in Advance				
Licensing and Registration Income	2,584	(118)	516	2,982
Revenue grants and contributions received in advance of planned expenditure	5,394	(1,680)	3,087	6,801
Council Tax Discount Fund	18,631	(18,000)	3,673	4,304
Other earmarked balances	203	0	1	204
City Strategic Investment Fund	3,552	(902)	145	2,795
	<u>30,364</u>	<u>(20,700)</u>	<u>7,422</u>	<u>17,086</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy Efficiency Fund	244	0	51	295
Spend to Save Fund and similar projects	2,718	(245)	533	3,006
	<u>2,962</u>	<u>(245)</u>	<u>584</u>	<u>3,301</u>
Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)	6,073	(6,034)	4,632	4,671
Surplus on Housing Revenue Account transferred to Renewal and Repairs Fund	0	0	0	0
Unallocated General Fund	<u>13,025</u>	<u>0</u>	<u>902</u>	<u>13,927</u>
Total General Fund	<u>144,845</u>	<u>(58,737)</u>	<u>34,003</u>	<u>120,111</u>
Housing Revenue Account Balance	0	0	0	0
Renewal and Repairs Fund	26,346	(5,123)	8,525	29,748
Donated Assets Reserve	0	0	61,893	61,893
Capital Fund	55,908	(8,454)	1,480	48,934
Capital Receipts Reserve	0	(279,048)	279,048	0
Capital Grants Unapplied Account	15,784	(805)	13,473	28,452
Total Usable Reserves - Council	<u>242,883</u>	<u>(352,167)</u>	<u>398,422</u>	<u>289,138</u>
Total Usable Reserves - Group	<u>321,639</u>	<u>(361,380)</u>	<u>400,447</u>	<u>360,706</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.18 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31.03.19 £000
General Fund				
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	40,649	(13,147)	14,794	42,296
Council Priorities Fund	7,691	(2,852)	1,786	6,625
Contingency funding, workforce mgmt.	18,143	0	51	18,194
Dilapidations Fund	5,077	(356)	1,000	5,721
Insurance Funds	15,875	(83)	3,793	19,585
	<u>87,435</u>	<u>(16,438)</u>	<u>21,424</u>	<u>92,421</u>
Balances Set Aside from Income Received in Advance				
Licensing Income	3,080	(855)	359	2,584
Recycling balances	697	(697)	0	0
Revenue grants and contributions received in advance of planned expend.	4,830	(1,620)	2,184	5,394
Council Tax Discount Fund	27,432	(12,346)	3,545	18,631
Other earmarked balances	218	(16)	1	203
City Strategic Investment Fund	5,461	(2,054)	145	3,552
	<u>41,718</u>	<u>(17,588)</u>	<u>6,234</u>	<u>30,364</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy Efficiency Fund	178	0	66	244
Spend to Save Fund and similar projects	3,171	(716)	263	2,718
	<u>3,349</u>	<u>(716)</u>	<u>329</u>	<u>2,962</u>
Balances Set Aside under Devolved School Management Scheme				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)	5,758	(5,758)	6,073	6,073
	<u>5,758</u>	<u>(5,758)</u>	<u>6,073</u>	<u>6,073</u>
Surplus on Housing Revenue Account transferred to Renewal and Repairs Fund				
	0	0	0	0
Unallocated General Fund				
	13,025	0	0	13,025
Total General Fund				
	<u>151,285</u>	<u>(40,500)</u>	<u>34,060</u>	<u>144,845</u>
Housing Revenue Account Balance				
	0	0	0	0
Renewal and Repairs Fund				
	58,123	(35,273)	3,496	26,346
Capital Fund				
	63,558	(8,892)	1,242	55,908
Capital Receipts Reserve				
	0	(25,953)	25,953	0
Capital Grants Unapplied Account				
	4,796	(1,351)	12,339	15,784
Total Usable Reserves - Council				
	<u>277,762</u>	<u>(111,969)</u>	<u>77,090</u>	<u>242,883</u>
Total Usable Reserves - Group				
	<u>360,527</u>	<u>(117,441)</u>	<u>78,553</u>	<u>321,639</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.2 Devolved School Management and Pupil Equity Funding

A net credit balance of £4.671m (2018/19 £6.073m) is held within the General Fund in accordance with the Devolved School Management scheme and permitted carry forward of the Pupil Equity Fund.

12.3 Reconciliation of transfers to and from earmarked reserves in Movement of Reserves Statement to Transfers to and from Usable Reserves

2019/20	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
Transfers out	(58,737)	0	(5,123)	(279,048)	(805)
Transfers in	34,003	0	8,525	279,048	13,473
Total movements in fund	<u>(24,734)</u>	<u>0</u>	<u>3,402</u>	<u>0</u>	<u>12,668</u>
Recognised in Comprehensive Income and Expenditure Statement	(19,730)	(1,602)	0	0	12,668
Transfers to other earmarked reserves	<u>(5,004)</u>	<u>1,602</u>	<u>3,402</u>	<u>0</u>	<u>0</u>
Total movements in fund	<u>(24,734)</u>	<u>0</u>	<u>3,402</u>	<u>0</u>	<u>12,668</u>
		Donated Assets Reserve £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out		0	(8,454)	(9,213)	(361,380)
Transfers in		61,893	1,480	2,025	400,447
Total movements in fund		<u>61,893</u>	<u>(6,974)</u>	<u>(7,188)</u>	<u>39,067</u>
Recognised in Comprehensive Income and Expenditure Statement		61,893	(6,974)	101	46,356
Transfers to other earmarked reserves		0	0	0	0
Group account adjustments unusable reserves		0	0	(7,289)	(7,289)
Total movements in fund		<u>61,893</u>	<u>(6,974)</u>	<u>(7,188)</u>	<u>39,067</u>
2018/19 Comparative Data		General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out		(40,500)	0	(35,273)	(25,953)
Transfers in		34,060	0	3,496	25,953
Total movements in fund		<u>(6,440)</u>	<u>0</u>	<u>(31,777)</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement		(12,173)	(26,044)	0	0
Transfers to other earmarked reserves		<u>5,733</u>	<u>26,044</u>	<u>(31,777)</u>	<u>0</u>
Total movements in fund		<u>(6,440)</u>	<u>0</u>	<u>(31,777)</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.3 Reconciliation of transfers to and from earmarked reserves in Movement of Reserves Statement to Transfers to and from Usable Reserves - continued

2018/19 Comparative Data	Capital	Capital	Re-stated	Total
	Grants Unapplied £000	Fund £000	Group Usable Reserves £000	
Transfers out	(1,351)	(8,892)	(5,472)	(117,441)
Transfers in	12,339	1,242	1,463	78,553
Total movements in fund	<u>10,988</u>	<u>(7,650)</u>	<u>(4,009)</u>	<u>(38,888)</u>
Recognised in Comprehensive Income and Expenditure Statement	10,988	(7,650)	(3,553)	(38,432)
Transfers to other earmarked reserves	0	0	(456)	(456)
Total movements in fund	<u>10,988</u>	<u>(7,650)</u>	<u>(4,009)</u>	<u>(38,888)</u>

13. Financing and Investment Income and Expenditure

	2019/20		Re-stated 2018/19	
	Group £000	Council £000	Group £000	Council £000
Interest payable and similar charges	78,177	78,026	82,444	82,435
Premiums arising from refinancing	46,943	46,943	0	0
Interest cost on defined benefit obligation	103,520	87,668	99,067	87,447
Interest receivable and similar income	(6,295)	(5,139)	(12,201)	(12,406)
Interest income on plan assets	(89,130)	(71,258)	(86,361)	(73,318)
Net income in relation to investment properties and changes in their fair value	(1,995)	(1,967)	(2,616)	(2,768)
Net income in relation to financial assets derecognised or revalued	(90)	(90)	(155)	(155)
Net (surplus) / deficit from trading activities	48	48	36	36
	<u>131,178</u>	<u>134,231</u>	<u>80,214</u>	<u>81,271</u>

14. Taxation and Non-Specific Grant Income

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Council Tax income	(271,044)	(271,044)	(259,435)	(259,435)
Non-domestic rates	(366,025)	(366,025)	(340,474)	(340,474)
Non-ring fenced government grants	(360,206)	(360,206)	(363,757)	(363,757)
Capital grants and contributions	(127,806)	(127,806)	(95,013)	(95,013)
Donated asset income	(61,453)	(61,453)	0	0
Taxation expenses	374	0	(275)	0
	<u>(1,186,160)</u>	<u>(1,186,534)</u>	<u>(1,058,954)</u>	<u>(1,058,679)</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment

15.1 Depreciation

Depreciation is provided in the year of an asset's purchase. Assets in the course of construction are not depreciated until they are brought into use. Where depreciation is provided for, assets are depreciated using the straight line method over the following periods:

Council dwellings	50 years
Buildings	Up to 80 years (assets not subject to component accounting)
Buildings - structural	50 years
Buildings - non-traditional roofing	35 years
Buildings - finishes	25 years
Buildings - mechanical and electrical	20 years
Buildings - fittings and furnishings	15 years
PPP - Millerhill Residual Waste Facility	30 years
PPP - Schools	40 years (PPP1 schools) and 35 years (PPP2 schools)
Infrastructure assets	20 years
Vehicles, plant, furniture and equipment	5 years to 30 years, to reflect estimated useful life 3 years to 15 years, Group Companies

15.2 Capital Commitments

At 31 March 2020, the Council had entered into a number of contracts for the construction or enhancement of property, plant and equipment. These are budgeted to cost £221.649m. A number of these amounts relate to contract retentions, as projects are now complete. Similar commitments at 31 March 2019 were £295.064m.

	£000	Expected Completion Date
Millerhill - Zero Waste	29,520	Q1 20/21
St James Redevelopment - Growth Accelerator Model *	61,400	Q1 21/22
Picardy Place Public Realm *	1,500	Q1 21/22
North Bridge Refurbishment	11,650	21/22
Victoria Primary School	7,022	21/22
New South Edinburgh Primary School	11,566	21/22
Energy Efficiency Street Lighting Project (LED Project)	11,362	21/22
Castlebrae High School	21,313	21/22
St Crispin's Special School	8,584	21/22
General Fund - Other	5,958	21/22
National Housing Trust	8,760	21/22
Meadowbank Sports Centre	17,823	21/22
Pennywell Phase 3	8,056	22/23
Pennywell Town Centre	12,713	22/23
HRA - Other	4,422	23/24
	<u>221,649</u>	

Per the 'Capital Budget Update – 2019/20 Provisional Outturn and 2020/21 COVID-19 Forecast' reported to the Policy and Sustainability Committee on 25 June 2020, there is likely to be significant slippage (currently estimated at £161.257m) in the 2020/21 Capital Programme which may result in the timescales above being delayed.

* The Picardy Place public realm payment will be made following the completion of the wider St James Redevelopment.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.3 Movements on Balances - Group Movements in 2019/20

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
Cost or Valuation				
At 1 April 2019	1,484,507	2,155,479	335,351	1,465,451
Additions	35,034	180,542	37,627	76,980
Revaluation increases / (decreases) recognised in the Revaluation Reserve	39,167	92,703	0	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	137	(44,531)	0	0
Derecognition - disposals	(2,684)	(1,540)	(13,899)	0
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	0
Other increases / (decreases) in cost or valuation	12,949	(35,773)	0	0
At 31 March 2020	<u>1,569,110</u>	<u>2,346,880</u>	<u>359,079</u>	<u>1,542,431</u>
Accumulated Depreciation and Impairment				
At 1 April 2019	(141)	(97,601)	(160,194)	(701,660)
Depreciation charge	(29,510)	(69,576)	(24,895)	(70,003)
Depreciation charge written out to Revaluation Reserve	20,604	14,627	0	0
Depreciation written out to the Surplus on the Provision of Services	0	1,576	0	0
Derecognition - disposals	35	0	12,802	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0
Depreciation on assets transferred to Held for Sale	0	0	0	0
At 31 March 2020	<u>(9,012)</u>	<u>(150,974)</u>	<u>(172,287)</u>	<u>(771,663)</u>
Net book value				
At 31 March 2020	<u>1,560,098</u>	<u>2,195,906</u>	<u>186,792</u>	<u>770,768</u>
At 31 March 2019	<u>1,484,366</u>	<u>2,057,878</u>	<u>175,157</u>	<u>763,791</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.3 Movements on Balances - Group Movements in 2019/20

	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Right of Use Asset £000	Total Property Plant and Equipment £000
Cost or Valuation					
At 1 April 2019	8,987	1,421	109,161	0	5,560,357
Additions	2,055	0	76,756	1,160	410,154
Revaluation increases / (decreases) recognised in the Revaluation Reserve	347	0	0	0	132,217
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(4,195)	0	0	0	(48,589)
Derecognition - disposals	0	0	(14,986)	0	(33,109)
Derecognition - other	0	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	0	0
Other increases / (decreases) in cost or valuation	1	(1,401)	23,784	0	(440)
At 31 March 2020	<u>7,195</u>	<u>20</u>	<u>194,715</u>	<u>1,160</u>	<u>6,020,590</u>
Accumulated Depreciation and Impairment					
At 1 April 2019	0	0	0	0	(959,596)
Depreciation charge	0	0	0	(125)	(194,109)
Depreciation charge written out to Revaluation Reserve	0	0	0	0	35,231
Depreciation written out to the Surplus on the Provision of Services	0	0	0	0	1,576
Derecognition - disposals	0	0	0	0	12,837
Derecognition - other	0	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0	0
Depreciation on assets transferred to Held for Sale	0	0	0	0	0
At 31 March 2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>(125)</u>	<u>(1,104,061)</u>
Net book value					
At 31 March 2020	<u>7,195</u>	<u>20</u>	<u>194,715</u>	<u>1,035</u>	<u>4,916,529</u>
At 31 March 2019	<u>8,987</u>	<u>1,421</u>	<u>109,161</u>	<u>0</u>	<u>4,600,761</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.4 Movements on Balances - Group Accounts

2018/19 Comparative Data

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
Cost or Valuation				
At 1 April 2018	1,370,303	2,075,364	323,984	1,431,378
Additions	30,349	40,233	26,348	34,073
Revaluation increases / (decreases) recognised in the Revaluation Reserve	66,921	89,305	(124)	0
Revaluation decreases recognised in the Surplus on the Provision of Services	(217)	(55,688)	(2,382)	0
Derecognition - disposals	(1,842)	(799)	(10,091)	0
Derecognition - other	0	0	(2,384)	0
Assets reclassified (to) / from held for sale	0	(6,016)	0	0
Other increases / (decreases) in cost or valuation	18,993	13,080	0	0
At 31 March 2019	1,484,507	2,155,479	335,351	1,465,451
Accumulated Depreciation and Impairment				
At 1 April 2018	(71,600)	(108,452)	(142,816)	(633,143)
Depreciation charge	(20,329)	(61,266)	(29,342)	(68,517)
Depreciation charge written out to Revaluation Reserve	91,605	68,556	0	0
Depreciation written out to the Surplus on the Provision of Services	27	3,471	334	0
Derecognition - disposals	156	35	9,246	0
Derecognition - other	0	0	2,384	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0
At 31 March 2019	(141)	(97,601)	(160,194)	(701,660)
Net book value				
At 31 March 2019	1,484,366	2,057,878	175,157	763,791
At 31 March 2018	1,298,703	1,966,912	181,168	798,235

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.4 Movements on Balances - Group 2018/19 Comparative Data

	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Cost or Valuation				
At 1 April 2018	14,050	1,421	56,299	5,272,799
Additions	5,087	0	87,742	223,832
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(238)	0	0	155,864
Revaluation decreases recognised in the Surplus on the Provision of Services	(8,318)	0	0	(66,605)
Derecognition - disposals	(1,594)	0	(2,809)	(17,135)
Derecognition - other	0	0	0	(2,384)
Assets reclassified (to) / from held for sale	0	0	0	(6,016)
Other increases / (decreases) in cost or valuation	0	0	(32,071)	2
At 31 March 2019	<u>8,987</u>	<u>1,421</u>	<u>109,161</u>	<u>5,560,357</u>
Accumulated Depreciation and Impairment				
At 1 April 2018	0	0	0	(956,011)
Depreciation charge	0	0	0	(179,454)
Depreciation charge written out to Revaluation Reserve	0	0	0	160,161
Depreciation written out to the Surplus on the Provision of Services	0	0	0	3,832
Derecognition - disposals	0	0	0	9,437
Derecognition - other	0	0	0	2,384
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0
At 31 March 2019	<u>0</u>	<u>0</u>	<u>0</u>	<u>(959,596)</u>
Net book value				
At 31 March 2019	<u>8,987</u>	<u>1,421</u>	<u>109,161</u>	<u>4,600,761</u>
At 31 March 2018	<u>14,050</u>	<u>1,421</u>	<u>56,299</u>	<u>4,316,788</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.5 Movements on Balances - Council Movements in 2019/20

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
Cost or Valuation				
At 1 April 2019	1,484,507	2,093,576	163,562	1,458,781
Additions	35,034	179,458	7,069	76,980
Revaluation increases / (decreases) recognised in the Revaluation Reserve	39,167	83,677	0	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	137	(45,423)	0	0
Derecognition - disposals	(2,684)	(1,540)	(1,233)	0
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	0
Other increases / (decreases) in cost or valuation	12,949	(35,773)	0	0
At 31 March 2020	<u>1,569,110</u>	<u>2,273,975</u>	<u>169,398</u>	<u>1,535,761</u>
Accumulated Depreciation and Impairment				
At 1 April 2019	(141)	(66,106)	(72,866)	(695,177)
Depreciation charge	(29,510)	(69,390)	(8,656)	(69,891)
Depreciation charge written out to Revaluation Reserve	20,604	14,627	0	0
Depreciation written out to the Surplus on the Provision of Services	0	1,576	0	0
Derecognition - disposals	35	0	1,232	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0
Other increases / (decreases) in cost or valuation	0	0	0	0
At 31 March 2020	<u>(9,012)</u>	<u>(119,293)</u>	<u>(80,290)</u>	<u>(765,068)</u>
Net book value				
At 31 March 2020	<u>1,560,098</u>	<u>2,154,682</u>	<u>89,108</u>	<u>770,693</u>
At 31 March 2019	<u>1,484,366</u>	<u>2,027,470</u>	<u>90,696</u>	<u>763,604</u>

Included within Other Land and Buildings is £1.833m for donated assets related to timing of PPP lifecycle maintenance spend by the contract provider, ahead of the planned programme.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.5 Movements on Balances - Council Movements in 2019/20

Cost or Valuation	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000	PPP and similar Assets £000
At 1 April 2019	8,987	1,421	109,161	5,319,995	520,170
Additions	2,055	0	76,756	377,352	129,974
Revaluation increases / (decreases) recognised in the Revaluation Reserve	347	0	0	123,191	0
Revaluation decreases recognised in the Surplus on the Provision of Services	(4,195)	0	0	(49,481)	(7,955)
Derecognition - disposals	0	0	(14,986)	(20,443)	0
Derecognition - other	0	0	0	0	
Assets reclassified (to) / from held for sale	0	0	0	0	0
Other increases / (decreases) in cost or valuation	1	(1,401)	23,784	(440)	0
At 31 March 2020	<u>7,195</u>	<u>20</u>	<u>194,715</u>	<u>5,750,174</u>	<u>642,189</u>
Accumulated Depreciation and Impairment					
At 1 April 2019	0	0	0	(834,290)	(8,542)
Depreciation charge	0	0	0	(177,447)	(12,744)
Depreciation charge written out to Revaluation Reserve	0	0	0	35,231	0
Depreciation written out to the Surplus on the Provision of Services	0	0	0	1,576	0
Derecognition - disposals	0	0	0	1,267	0
Derecognition - other	0	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0	0
Other increases / (decreases) in cost or valuation	0	0	0	0	0
At 31 March 2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>(973,663)</u>	<u>(21,286)</u>
Net book value					
At 31 March 2020	<u>7,195</u>	<u>20</u>	<u>194,715</u>	<u>4,776,511</u>	<u>620,903</u>
At 31 March 2019	<u>8,987</u>	<u>1,421</u>	<u>109,161</u>	<u>4,485,705</u>	<u>511,628</u>

The disclosure for PPP and similar assets is for information only. The costs and depreciation are included in 'Other Land and Buildings' and 'Assets Under Construction'.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.6 Movements on Balances - Council 2018/19 Comparative Data

Cost or Valuation	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
At 1 April 2018	1,370,303	2,013,461	156,538	1,424,708
Additions	30,349	40,233	14,252	34,073
Revaluation increases / (decreases) recognised in the Revaluation Reserve	66,921	89,305	(124)	0
Revaluation decreases recognised in the Surplus on the Provision of Services	(217)	(55,688)	(2,382)	0
Derecognition - disposals	(1,842)	(799)	(2,338)	0
Derecognition - other	0	0	(2,384)	0
Assets reclassified (to) / from held for sale	0	(6,016)	0	0
Other increases / (decreases) in cost or valuation	18,993	13,080	0	0
At 31 March 2019	<u>1,484,507</u>	<u>2,093,576</u>	<u>163,562</u>	<u>1,458,781</u>
Accumulated Depreciation and Impairment				
At 1 April 2018	(71,600)	(77,150)	(68,036)	(626,940)
Depreciation charge	(20,329)	(61,073)	(9,865)	(68,237)
Depreciation charge written out to Revaluation Reserve	91,605	68,556	0	0
Depreciation written out to the Surplus on the Provision of Services	27	3,471	334	0
Derecognition - disposals	156	35	2,317	0
Derecognition - other	0	0	2,384	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0
At 31 March 2019	<u>(141)</u>	<u>(66,106)</u>	<u>(72,866)</u>	<u>(695,177)</u>
Net book value				
At 31 March 2019	<u>1,484,366</u>	<u>2,027,470</u>	<u>90,696</u>	<u>763,604</u>
At 31 March 2018	<u>1,298,703</u>	<u>1,936,311</u>	<u>88,502</u>	<u>797,768</u>

Included within Other Land and Buildings is £2.274m for donated assets related to timing of PPP lifecycle maintenance spend by the contract provider, ahead of the planned programme.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.6 Movements on Balances - Council

2018/19 Comparative Data

	Community Assets £000	Surplus Assets £000	Total Assets Under Construction £000	Total Property Plant and Equipment £000	PPP and similar Assets £000
Cost or Valuation					
At 1 April 2018	14,050	1,421	56,299	5,036,780	593,418
Additions	5,087	0	87,742	211,736	21,355
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(238)	0	0	155,864	(46,769)
Revaluation decreases recognised in the Surplus on the Provision of Services	(8,318)	0	0	(66,605)	(31,991)
Derecognition - disposals	(1,594)	0	(2,809)	(9,382)	0
Derecognition - other	0	0	0	(2,384)	0
Assets reclassified (to) / from held for sale	0	0	0	(6,016)	0
Other increases / (decreases) cost or valuation	0	0	(32,071)	2	(15,843)
At 31 March 2019	<u>8,987</u>	<u>1,421</u>	<u>109,161</u>	<u>5,319,995</u>	<u>520,170</u>
Accumulated Depreciation and Impairment					
At 1 April 2018	0	0	0	(843,726)	(43,603)
Depreciation charge	0	0	0	(159,504)	(14,258)
Depreciation charge written out to Revaluation Reserve	0	0	0	160,161	47,424
Depreciation written out to the Surplus on the Provision of Services	0	0	0	3,832	1,895
Derecognition - disposals	0	0	0	2,508	0
Derecognition - other	0	0	0	2,384	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0	0
At 31 March 2019	<u>0</u>	<u>0</u>	<u>0</u>	<u>(834,290)</u>	<u>(8,542)</u>
Net book value					
At 31 March 2019	<u>8,987</u>	<u>1,421</u>	<u>109,161</u>	<u>4,485,705</u>	<u>511,628</u>
At 31 March 2018	<u>14,050</u>	<u>1,421</u>	<u>56,299</u>	<u>4,193,054</u>	<u>549,815</u>

The disclosure for PPP and similar assets is for information only. The costs and depreciation are included in 'Other Land and Buildings' and 'Assets Under Construction'.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.7 Council Dwellings, Other Land and Buildings and Investment Properties

The Council carries out a rolling programme of revaluations that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out under the direction of the Council's Operational Estate Manager, L. Turner RICS, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. Fixtures and fittings are included in the valuation of the buildings where appropriate.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, valuations of this property will be kept under review.

The significant assumptions applied in estimating fair value are:

- Unless otherwise stated, all properties with a greater than de minimis value were taken into account based on the actual condition of the property and its actual residual useful life. Where the Council has a planned replacement programme asset life is reviewed accordingly;
- The valuations were prepared using information from the Council's internal records, together with the valuation roll produced by Lothian Valuation Joint Board; and
- Not all properties were inspected.

The following statement shows the progress of the Council's five-year rolling programme for the revaluation of property, plant and equipment.

Council assets	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000
Carried at historical cost	103	86,497	169,398	1,535,761
Valued at fair value as at:				
31 March 2020	1,566,888	367,618	0	0
31 March 2019	608	768,844	0	0
31 March 2018	502	725,676	0	0
31 March 2017	0	188,560	0	0
31 March 2016	1,009	136,780	0	0
Total cost or valuation	1,569,110	2,273,975	169,398	1,535,761

Council assets	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	7,195	0	194,715	1,993,669
Valued at fair value as at:				
31 March 2020	0	0	0	1,934,506
31 March 2019	0	0	0	769,452
31 March 2018	0	0	0	726,178
31 March 2017	0	0	0	188,560
31 March 2016	0	20	0	137,809
Total cost or valuation	7,195	20	194,715	5,750,174

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.8 Surplus Assets and Investment Properties - Fair Value Disclosure

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair Value as at 31 March 2020
	£000	£000	£000	£000
Surplus assets	0	20	0	20
Investment properties - advertising hoardings	0	19,225	0	19,225
Total cost or valuation	0	19,245	0	19,245

- There were no transfers between levels during the year.
- The fair value for surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in similar locations. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs is significant, leading to the properties being categorised at level 2 in the fair value hierarchy. In estimating the fair value of the Council's surplus assets, the assumption has been made that these would be disposed of for highest and best use consideration.
- The fair value for investment properties has been based on the market approach using current rent receivable with a capitalisation rate applied. The rate reflects the return that an investor would expect from the capital employed. There is evidence of lettings from the Council's property information systems which have been used to determine valuation parameters and the level of observable inputs is significant, leading to the investment properties being categorised at level 2 in the fair value hierarchy. In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

16. Investment Properties

Policy

Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value (the price that would be received for the asset in its highest and best use).

Any gains or losses arising from a change in the fair value of investment properties are recognised in the Comprehensive Income and Expenditure Statement for the period in which they arise.

Investment properties are revalued annually.

Investment properties held at fair value are not depreciated.

Investment properties are de-recognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The gain or loss arising from the retirement or disposal of an investment property is recognised in the 'surplus or deficit on provision of services' within the Comprehensive Income and Expenditure Statement in the period of the retirement or disposal.

Note

16.1 Income and Expenses on Investment Properties

Income of £1.658m (£1.743m 2018/19) and expense £Nil (£Nil 2018/19) have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

There are no restrictions on the Council's ability to realise the value inherent in its investment properties or on the Council's right to the remittance of income and the proceeds of disposal.

NOTES TO THE FINANCIAL STATEMENTS

16. Investment Properties - continued

16.2 Movement in Fair Value - continued

The following table summarises the movement in the fair value of investment properties over the year.

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	19,136	18,916	18,321	17,891
Additions	19,513	0	0	0
Disposals	0	0	0	0
Net (loss) / gain from fair value adjustments	8,572	309	815	1,025
	<u>47,221</u>	<u>19,225</u>	<u>19,136</u>	<u>18,916</u>
Value at 31 March	<u>47,221</u>	<u>19,225</u>	<u>19,136</u>	<u>18,916</u>

17. Intangible Assets

Policy

Intangible fixed assets represent software licences purchased by the Council.

Expenditure on the acquisition, creation or enhancement of intangible fixed assets has been capitalised on an accruals basis.

Intangible fixed assets are initially measured at cost. Software licences are depreciated over the period of the licence, commencing in the year of acquisition.

Note

The carrying value of intangible assets of the Group and the Council is £0.444m in 2019/20 (£0.335m in 2018/19).

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.058m in 2019/20 (2018/19 £1.240m) was charged to Resources.

18. Heritage Assets

Policy

Heritage assets comprise the following:

Monuments and statues	Civic regalia and artefacts
Archival collections	Libraries' special collections
Museum and gallery collections	

Intangible heritage assets represent three private vehicle registration plates.

It has not been practical or possible to split out all heritage assets belonging to the common good fund, charities or trusts. Therefore, the Council's Balance Sheet may hold elements of heritage assets that belong to other entities. Work is on-going to establish and maintain a common good register, in accordance with the Community Empowerment (Scotland) Act 2015.

Expenditure on the acquisition, creation or enhancement of heritage assets has been capitalised on an accruals basis.

Heritage asset valuations may be made by any method that is appropriate and relevant. Furthermore valuations need not be carried out by external valuers and there is no prescribed period between valuations.

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

The following measurement bases have been applied, based on the most relevant and appropriate information available. This is set in the context where it is not practicable to obtain up to date valuations for all heritage assets at a cost which is commensurate with the benefits to users of the Council's financial statements.

Monuments and statues	Historic value
Civic regalia and artefacts	Insurance purposes valuation
Archival collections	Insurance purposes valuation, based on restoration costs
Libraries' special collections	Insurance purposes valuation
Museum and gallery collections	Insurance purposes valuation
Private vehicle registration plates	Cost or current value information is not readily available, therefore these assets have not been recognised on the Council's Balance Sheet

Heritage assets are deemed to have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation.

18.1 Reconciliation of the Carrying Value of Heritage Assets

Note

Movements in 2019/20

	Monuments and Statues £000	Civic Regalia and Artefacts £000	Archival Collections £000
Cost or Valuation			
At 1 April 2019	842	2,047	6,797
Additions	773	0	0
At 31 March 2020	<u>1,615</u>	<u>2,047</u>	<u>6,797</u>
Net book value			
At 31 March 2020	<u>1,615</u>	<u>2,047</u>	<u>6,797</u>
At 31 March 2019	<u>842</u>	<u>2,047</u>	<u>6,797</u>
		Museum and Gallery Collections £000	Total Heritage Assets £000
Cost or Valuation			
At 1 April 2019	1,975	19,643	31,304
Additions	0	0	773
At 31 March 2020	<u>1,975</u>	<u>19,643</u>	<u>32,077</u>
Net book value			
At 31 March 2020	<u>1,975</u>	<u>19,643</u>	<u>32,077</u>
At 31 March 2019	<u>1,975</u>	<u>19,643</u>	<u>31,304</u>

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

18.1 Reconciliation of the Carrying Value of Heritage Assets - continued 2018/19 Comparative Data

Cost or Valuation	Monuments and Statues £000	Civic Regalia and Artefacts £000	Archival Collections £000
At 1 April 2018	423	2,047	6,797
Additions	155	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reverse	317	0	0
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(9)	0	0
Transferred to Common Good	(44)	0	0
At 31 March 2019	<u>842</u>	<u>2,047</u>	<u>6,797</u>
Net book value			
At 31 March 2019	<u>842</u>	<u>2,047</u>	<u>6,797</u>
At 31 March 2018	<u>423</u>	<u>2,047</u>	<u>6,797</u>

Cost or Valuation	Libraries' Special Collections £000	Museum and Gallery Collections £000	Total Heritage Assets £000
At 1 April 2018	1,975	19,643	30,885
Additions	0	0	155
Revaluation increases / (decreases) recognised in the Revaluation Reverse	0	0	317
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	0	0	(9)
Transferred to Common Good	0	0	(44)
At 31 March 2019	<u>1,975</u>	<u>19,643</u>	<u>31,304</u>
Net book value			
At 31 March 2019	<u>1,975</u>	<u>19,643</u>	<u>31,304</u>
At 31 March 2018	<u>1,975</u>	<u>19,643</u>	<u>30,885</u>

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

18.2 Details of Heritage Assets

- Valuations on Monuments and Statues are carried out under the direction of the Council's Operational Estate Manager. Monuments and Statues are valued on a historic basis.
- Civic Regalia and artefacts include items such as the Lord Provost's Badge and Chain of Office and the Rosebery Jewel. The value of these assets is based on an insurance purposes valuation carried out in 1998.
- Archival collections include historical records which relate to the history of Edinburgh and its surrounding areas. The value of these assets is based on a current insurance purposes valuation based on restoration costs only. This valuation has not changed since 2008/09.
- Libraries' special collections include items such as rare book collections and pictures in Calotype. The value of these assets is based on an insurance purposes valuation carried out in 2007 with a minor proportions valuation being updated in 2014.
- Museums and Gallery collections include various collections held at a number of museums across Edinburgh. They include items held within the Social History, Applied Art, Writers' Museum, Childhood, City Art Centre and Picture Loan Scheme. The value of these assets is based on insurance purposes valuations carried out in 2003 along with a minor proportions valuation being updated in 2014. A small minority of the assets are based on insurance purposes valuations carried out in 1996.
- The valuations for heritage assets have all been carried out internally and although they are from earlier periods, they are considered the most appropriate and relevant. Carrying out valuations for the majority of collections held is very costly and time consuming so it is not practicable to obtain recent valuations at a cost which is commensurate with the benefits to users of the financial statements. The carrying amounts of these heritage assets will be reviewed with sufficient regularity in the future to ensure they are brought up to date and remain appropriate.
- It has not been practical or possible to split out all heritage assets belonging to common good, charities or trusts. Therefore, the Council's balance sheet may hold this element of heritage assets that belong to other entities.
- The Council has three private vehicle registration plates which meet the definition of intangible heritage assets. These have not been recognised on the balance sheet due to lack of information on cost or current value. They are limited registration numbers that rarely become available for sale and therefore no relevant or appropriate current value can be placed on these. It is also almost certain they are below the materiality threshold for the Council.

19. Inventories

Policy

Inventories are measured at the lower of cost and net realisable value.

Inventories acquired through a non-exchange transaction are measured at their fair value as at the date of acquisition.

Inventories held for distribution at no charge or a nominal charge are measured at the lower of cost and current replacement cost.

Note	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Total				
Balance at 1 April	13,285	2,984	13,958	2,513
Purchases	62,285	15,437	60,057	15,184
Held by a third party	62	62	192	192
Recognised as an expense in the year	(62,127)	(14,999)	(60,403)	(14,872)
Stock written off	(33)	(33)	(519)	(33)
Balance at 31 March	13,472	3,451	13,285	2,984

The majority of the Council inventory transactions and balances relate to fuel and building materials, with catering supplies, community equipment and clothing making up the remainder. The Group inventory mainly relates to fuel and work in progress.

NOTES TO THE FINANCIAL STATEMENTS

20. Debtors

20.1 Long-term Debtors

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Council Tax	87,063	87,063	89,366	89,366
Trade Debtors	44,516	44,516	41,421	41,421
Other Debtors	127,956	158,219	121,562	125,114
Total long-term debtors before provision for impairment	259,535	289,798	252,349	255,901
Less: Provision for impairment	(131,043)	(131,043)	(120,969)	(120,969)
Total net long-term debtors	<u>128,492</u>	<u>158,755</u>	<u>131,380</u>	<u>134,932</u>

Long-term debtors include £10.667m (2018/19 £11.184m) for sums recoverable from Police Scotland. These sums relate to monies advanced to the former joint board for capital expenditure.

20.2 Current Debtors

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Council Tax	120,416	120,416	112,089	112,089
Trade Debtors	35,260	32,092	54,818	49,225
Prepayments	6,265	3,469	5,086	2,528
Other Debtors	97,911	89,756	64,248	54,208
Total current debtors before provision for impairment	259,852	245,733	236,241	218,050
Less: Provision for impairment	(122,457)	(122,457)	(111,756)	(111,756)
Total net current debtors	<u>137,395</u>	<u>123,276</u>	<u>124,485</u>	<u>106,294</u>

20.3 Provision for Impairment

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Long-term provision for impairment				
Council Tax	(81,340)	(81,340)	(83,290)	(83,290)
Trade Debtors	(25,856)	(25,856)	(22,043)	(22,043)
Other Debtors	(23,847)	(23,847)	(15,636)	(15,636)
Total long-term provision for impairment	<u>(131,043)</u>	<u>(131,043)</u>	<u>(120,969)</u>	<u>(120,969)</u>
Current provision for impairment				
Council Tax	(109,827)	(109,827)	(102,082)	(102,082)
Trade Debtors	(12,451)	(12,451)	(9,534)	(9,534)
Other Debtors	(179)	(179)	(140)	(140)
Total current provision for impairment	<u>(122,457)</u>	<u>(122,457)</u>	<u>(111,756)</u>	<u>(111,756)</u>

21. Cash and Cash Equivalents

The balance of cash and cash equivalents comprises the following elements. Investments maturing within three months of the balance sheet are deemed to be cash and cash equivalents.

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Cash held	351	351	353	353
Bank current accounts	14,022	(15,005)	29,323	158
Short-term deposits:				
With banks or building societies	28,364	28,364	32,936	32,936
With other local authorities	67,467	67,467	73,232	73,232
	<u>110,204</u>	<u>81,177</u>	<u>135,844</u>	<u>106,679</u>

NOTES TO THE FINANCIAL STATEMENTS

22. Investments

22.1 Long-Term Investments

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Transport for Edinburgh	0	5,824	0	5,824
Tudor Trust	350	350	350	350
TIE	1	1	1	1
CEC Holdings	7,876	14,044	7,876	14,044
Telford NHT	3,471	3,471	3,471	3,471
	<u>11,698</u>	<u>23,690</u>	<u>11,698</u>	<u>23,690</u>

22.2 Short-Term Investments

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Local Authority Loans	45,798	45,563	17,100	17,100
	<u>45,798</u>	<u>45,563</u>	<u>17,100</u>	<u>17,100</u>

23. Assets Held for Sale Policy

Current assets held for sale are assets that the Council has identified as surplus to requirements, are being actively marketed and it is expected that the sale will be realised within twelve months of the Balance Sheet date.

Non-current assets held for sale are assets that the Council has identified as surplus to requirements, are being actively marketed, but it is not expected that the sale will be realised within twelve months of the Balance Sheet date.

Assets held for sale are measured at the lower of carrying value and fair value less costs to sell at the Balance Sheet date. Where the sale is expected to occur in more than twelve months, the cost is measured at present value.

Current and non-current assets held for sale are not depreciated.

Note

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
23.1 Non-Current Assets - Held for Sale				
Balance at 1 April	1,586	1,586	2,580	2,580
Additions	2	2	25	25
Revaluation gains/(losses) recognised in the revaluation reserve	(316)	(316)	0	0
Revaluation gains/(losses) recognised in Surplus on the Provision of Services	(18)	(18)	0	0
Assets sold	0	0	(19)	(19)
Transfers from non-current to current	0	0	(1,000)	(1,000)
	<u>1,254</u>	<u>1,254</u>	<u>1,586</u>	<u>1,586</u>

23.2 Current Assets - Held for Sale

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Balance at 1 April	17,606	17,606	20,126	20,126
Additions	296	296	193	193
Revaluation gains/(losses) recognised in the revaluation reserve	2,631	2,631	4,000	4,000
Revaluation gains/(losses) recognised in Surplus on the Provision of Services	606	606	0	0
Assets reclassified as held for sale:				
Property, Plant and Equipment	0	0	5,960	5,960
Assets sold	0	0	(13,673)	(13,673)
Transfers from non-current to current	0	0	1,000	1,000
	<u>21,139</u>	<u>21,139</u>	<u>17,606</u>	<u>17,606</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Creditors	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Trade Creditors	(101,300)	(98,434)	(84,173)	(79,330)
Council Tax refundable to taxpayer	(5,029)	(5,029)	(1,980)	(1,980)
Other Tax payable	(13,068)	(10,282)	(13,914)	(10,598)
Other Creditors	(78,243)	(48,319)	(105,160)	(73,971)
PFI Creditor (Note 40.1)	(36,648)	(36,648)	(8,206)	(8,206)
Finance Leases (non PFI - Note 40.1)	(10,700)	(1,868)	(3,134)	(1,185)
	<u>(244,988)</u>	<u>(200,580)</u>	<u>(216,567)</u>	<u>(175,270)</u>

25. Provisions

Policy

The value of provisions is based upon the Council's obligations arising from past events, the probability that a transfer of economic benefit will take place and a reasonable estimate of the obligation.

Note

Provision has been made within the Group Financial Statements for outstanding payments of £36.960m (2018/19 £36.710m).

Of this amount, £34.512m (2018/19 £33.810m) relates to the Council. These include estimates of settlements on outstanding equal pay, compensation, insurance and other claims, contract arrangements, land acquisition costs for the tram project and Council Tax discounts that require to be set aside for housing projects. The precise amount of these payments is unknown, however, provision has been made in the accounts, based on the Council's assessment of the costs.

	Group £000	Council £000
Balance at 1 April 2019	(36,710)	(33,810)
Additional provisions made during the year	(7,755)	(5,878)
Amounts used during the year	4,397	2,067
Unused amounts reversed during the year	3,108	3,109
Balance at 31 March 2020	<u>(36,960)</u>	<u>(34,512)</u>

26. Reserves

Policy

Reserves held on the Balance Sheet are classified as either usable or unusable reserves.

Usable reserves hold monies that can be applied to fund expenditure or reduce Council Tax.

Unusable reserves cannot be applied to fund expenditure.

Usable Reserves

The Council operates the following usable reserves:

- Capital receipts reserve - this represents capital receipts available to finance capital expenditure in future years.
- Capital grants unapplied account - holds capital grants and contributions that have been received towards specific works that have yet to be completed.
- Capital fund - under Schedule 3 of the Local Government (Scotland) Act 1975, certain receipts derived from the sale of property may also be used to create a capital fund "to be used for defraying any expenditure of the authority to which capital is properly applicable, or in providing money for repayment of the principal of loans".
- Renewal and repairs fund - holds monies set aside for the renewal and repair of Council property and funds for PPP school lifecycle maintenance. This fund is operated under the terms of Schedule 3 to the Local Government (Scotland) Act 1975.
- General Fund - held to mitigate financial consequences of risks and other events impacting on the Council's resources. Monies within the General Fund can be earmarked for specific purposes.
- Donated asset reserve - provides a mechanism to represent the financing associated with the use of donated assets, with sums released from the reserve to offset the effect of depreciation charged to the CIES in respect of those assets' use.

Note

Movements in the Group and the Council's usable reserves are detailed in the Movement in Reserves Statement (on pages 17 to 18) and Note 12

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves

Policy

The Council operates the following unusable reserves:

- Revaluation reserve - holds unrealised gains arising since 1 April 2007 from holding non-current assets.
- Capital adjustment account - provides a mechanism between the different rates at which assets are depreciated and are financed through the capital controls system.
- Financial instruments adjustment account - provides a mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund.
- Available for sale financial assets - provides a mechanism to recognise the unrealised gains and losses on the revaluation of financial assets (such as investment bonds).
- Pensions reserve - represents the net monies which the Council requires to meet its pension liability, as calculated under IAS19, Employee Benefits. The Council operates a pensions reserve fund under the terms of the Local Government Pension Reserve Fund (Scotland) Regulations 2003.
- Employee statutory adjustment account - represents the net monies which the Council requires to meet its short-term compensated absences for employees under IAS19.

27.1 Summary of Unusable Reserves

	Balance as at:	
	31 March 2020 £000	31 March 2019 £000
Revaluation Reserve	1,758,446	1,666,037
Capital Adjustment Account	1,526,902	1,437,923
Financial Instruments Adjustment Account	(85,964)	(41,548)
Pensions Reserve	(523,535)	(659,468)
Employee Statutory Adjustment Account	(13,807)	(16,058)
Total Council Unusable Reserves	<u>2,662,042</u>	<u>2,386,886</u>
Subsidiaries, Associates and Joint Ventures	137,847	118,766
Total Group Unusable Reserves	<u><u>2,799,889</u></u>	<u><u>2,505,652</u></u>

27.2 Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are: revalued downwards or impaired and the gains are lost; used in the provision of services and the gains are consumed through depreciation; or disposed of and the gains are realised.

The reserve contains unrealised gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before 1 April 2007 were consolidated into the capital adjustment account.

	2019/20 £000	2018/19 £000
Balance at 1 April	1,666,037	1,378,280
Upward revaluation of assets	178,646	405,501
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(30,825)	(89,490)
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Service	<u>147,821</u>	<u>316,011</u>
Difference between fair value depreciation and historical cost depreciation	(53,963)	(130)
Accumulated gains on assets sold	<u>(1,449)</u>	<u>(28,124)</u>
Amount written off to the capital adjustment account	(55,412)	(28,254)
Balance at 31 March	<u><u>1,758,446</u></u>	<u><u>1,666,037</u></u>

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.3 Capital Adjustment Account

The capital adjustment account provides a balancing mechanism for timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council to finance the costs for acquisition, construction and enhancement of non-current assets. The account also holds accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment prior to 1 April 2007.

Note 11 provides details of the source of the transactions posted to this account, except those involving the revaluation reserve.

	2019/20 £000	2018/19 £000
Balance at 1 April	1,437,923	1,403,298
<u>Reversal of items relating to capital expenditure debited or credited to the CIES</u>		
Charges for depreciation and impairment of non-current assets	(183,849)	(157,814)
Revaluation losses on property, plant and equipment heritage assets and assets held for sale	(37,272)	(60,619)
Amortisation and impairment of intangible assets	(58)	(1,240)
Capital funded from revenue	29,581	38,888
Revenue exp. funded from capital under statute	(52,778)	(59,774)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	(3,847)	(19,952)
	<u>(248,223)</u>	<u>(260,511)</u>
Adjusting amounts written out of the revaluation reserve	55,412	28,254
	<u>(192,811)</u>	<u>(232,257)</u>
<u>Capital financing applied in the year:</u>		
Use of the capital receipts reserve to finance new capital expenditure	9,640	25,953
Donated assets	(440)	2,273
Use of capital fund for new capital expenditure	6,311	7,385
Capital grants and contributions credited to the CIES that have been applied to capital financing	114,333	80,401
Application of grants from the capital grants unapplied account / capital fund	805	1,351
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	97,659	88,909
Capital expenditure charged against the General Fund and HRA balances	52,778	59,774
	<u>281,086</u>	<u>266,046</u>
Movements in the market value of investment properties credited to the CIES	309	1,025
Other unrealised losses debited to the CIES	395	(189)
Balance at 31 March	<u><u>1,526,902</u></u>	<u><u>1,437,923</u></u>

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.4 Financial Instruments Adjustment Account

The financial instruments adjustment account provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund and Housing Revenue Account. This account also holds the equivalent interest rate adjustment on lender option / borrower option loans.

	2019/20	2018/19
	£000	£000
Balance at 1 April	(41,548)	(43,467)
Proportion of premiums incurred in previous financial years to be charged against the General Fund and HRA balances in accordance with statutory requirements	2,376	1,849
Premium on refinancing of loans	(46,900)	0
Proportion of equivalent interest rate calculation on lender option / borrower option loans (LOBOs)	108	70
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in accordance with statutory requirements	(44,416)	1,919
Balance at 31 March	<u>(85,964)</u>	<u>(41,548)</u>

The Council operates a loans pool on behalf of the General Fund and Housing Revenue Account. With the transfer of responsibility for Police and Fire services to the new national bodies, all movements are now reflected on the Council's Balance Sheet. An element of the cost, however, is recovered through the pooled interest rate and therefore there is no financial impact on the Council.

27.5 Pensions Reserve

The pensions reserve provides a balancing mechanism arising from the different arrangements for accounting for post employment benefits (pension costs) and for funding pensions in accordance with statutory provisions. The Council accounts for pensions in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements, however, require benefits to be financed as the Council makes its contributions to Lothian Pension Fund or pays any pensions for which it is directly responsible.

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.5 Pensions Reserve - continued

The debit balance on the pension reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources that the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits require to be paid.

	2019/20 £000	2018/19 £000
Balance at 1 April	(659,468)	(482,493)
Actuarial gains or (losses) on pension assets and liabilities	184,024	(79,989)
Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	(117,546)	(162,374)
Employer's pension contributions and direct payments to pensioners payable in the year	69,455	65,388
Balance at 31 March	<u>(523,535)</u>	<u>(659,468)</u>

27.6 Employee Statutory Adjustment Account

The employee statutory adjustment account provides a balancing mechanism arising from the different arrangements that would otherwise impact on the General Fund and HRA balances from accruing for compensated absences earned but not taken in the year (annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund and HRA balances is mitigated by transfers to or from this account.

	2019/20 £000	2018/19 £000
Balance at 1 April	(16,058)	(14,761)
Settlement or cancellation of accrual made at the end of the preceding year	16,058	14,761
Amount accrued at the end of the current year	<u>(13,807)</u>	<u>(16,058)</u>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,251	(1,297)
Balance at 31 March	<u>(13,807)</u>	<u>(16,058)</u>

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.8 Unusable Reserves - Group Members

	Balance as at:	
	31 March 2020 £000	31 March 2019 £000
Subsidiaries		
CEC Holdings Limited	77,009	76,292
Transport for Edinburgh	32,710	24,226
Edinburgh Living MMR LLP	8,235	0
Associates and Joint Ventures		
Common Good	23,509	23,510
Lothian Valuation Joint Board	(3,616)	(5,262)
Total Unusable Reserves - Subsidiaries, Associates and Joint Ventures	137,847	118,766

28. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Cash paid to and on behalf of employees	641,666	641,666	571,307	571,307
General Revenue Grant	(360,206)	(360,206)	(363,757)	(363,757)
Non-Domestic Rates receipts from national pool	(366,025)	(366,025)	(340,474)	(340,474)
Other net operating cash payments / (receipts)	(66,654)	(66,654)	(116,137)	(116,137)
Net cash flows from subsidiary companies	(23,595)	0	(26,028)	0
Net cash flows from operating activities	(174,814)	(151,219)	(275,089)	(249,061)

29. Cash Flow Statement - Operating Activities - continued

The cash flows for operating activities include the following items:

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Interest received	(4,219)	(4,093)	(5,519)	(5,406)
Interest paid	78,156	77,504	82,766	82,435
Investment income received	(1,047)	(1,047)	(7,000)	(7,000)

NOTES TO THE FINANCIAL STATEMENTS

30. Cash Flow Statement - Investing Activities

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	354,154	325,424	230,998	218,902
Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(77,873)	(76,910)	(19,563)	(18,770)
Net purchase of Short-Term and Long-Term Investments	70,439	70,439	(1,800)	(1,053)
Other payments for investing activities	53,430	46,510	55,316	49,136
Other receipts from investing activities	(50,596)	(50,596)	(60,531)	(60,512)
Net cash flows from investing activities	349,554	314,867	204,420	187,703

31. Cash Flow Statement - Financing Activities

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Cash Receipts of Short- and Long-Term Borrowing	(236,129)	(236,348)	(654)	(2,875)
Other Receipts for Financing Activities	30,986	30,986	22,243	22,243
Cash Payments for the Reduction of the Outstanding Liability relating to Finance Leases and on-Balance Sheet PPP Contracts	22,831	8,580	3,650	2,145
Repayment of short-term and long-term borrowing	33,213	58,637	49,960	49,960
Net cash flows from financing activities	(149,099)	(138,145)	75,199	71,473

32. Trading Operations

Edinburgh Catering Services - Other Catering continues to meet the definition of a significant trading operation under the terms of the Local Government in Scotland Act 2003, as amended.

32.1 Edinburgh Catering Services - Other Catering

Edinburgh Catering Services - Other Catering is a quality accredited trading operation providing a catering service to staff and the public across seven Council buildings which includes civic hospitality in Waverley Court and the City Chambers.

	2019/20 £000	2018/19 £000	2017/18 £000	Cumulative £000
Turnover	921	966	931	n/a
Deficit	(48)	(36)	(42)	(126)

Edinburgh Catering Services - Other Catering failed to achieved its statutory obligation to break even over the three-year period.

The impact of COVID-19 will make achieving a breakeven position challenging. A tariff increase in line with inflation is due on re-commencement of services. Re-modelling the service will be considered, to accommodate changes in demand and the lack of commercial activity at the City Chambers

The results of Edinburgh Catering Services - Other Catering are included within 'Financing and Investment Income and Expenditure' in the Comprehensive Income and Expenditure Statement.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial Support and Guarantees

33.1 Loans and guarantees

The Council has made loans to the following organisations at less than market interest rates (soft loans).

	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
	Transport for Edinburgh Ltd.	Transport for Edinburgh Ltd.	Spartans Community Football Academy	Spartans Community Football Academy
Opening Balance	0	939	57	55
New Loans	0	0	0	0
Increase in the Discounted Amount	0	42	4	5
Fair Value Adjustment	0	0	0	0
Loan Repayment	0	(981)	(3)	(3)
Balance Carried Forward	<u>0</u>	<u>0</u>	<u>58</u>	<u>57</u>
Nominal Value Carried Forward	<u>0</u>	<u>0</u>	<u>93</u>	<u>96</u>

Adjustments have been made under the requirements of IFRS 9 Financial Instruments, as required by the Code.

The Transport for Edinburgh loans were fully repaid during the year to 31 March 2019.

The Spartans loan relates to the lease of an area of ground lying immediately to the west of Ainslie Park Leisure Centre, Pilton Drive, Edinburgh. The original outstanding payment was £120,000, with £3,000 to be paid on or before 31 March each year for ten consecutive years from 31 March 2012 and £9,000 to be paid for ten consecutive years on or before 31 March from 31 March 2022.

33.2 Guarantees

In February 2018 the Council agreed to provide a formal pension guarantee to Lothian Pension Fund on behalf of Edinburgh Leisure.

From 1 April 2018 Lothian Pension Fund introduced a new investment strategy, whereby for those employers closed to new entrants but who do not meet the criteria for the Fund's low-risk strategy, would be moved to a medium risk strategy.

Edinburgh Leisure would fall into this category and the impact would be a considerable increase in contribution rates and would likely result in a significant impact on services provided by this entity.

The Council approved providing a pension guarantee which enabled Edinburgh Leisure to be moved back to a low-risk strategy, avoiding the additional financial costs.

In June 2018 the Council also approved to provide a pension guarantee to Lothian Pension Fund on behalf of Lothian Buses, to enable them to merge their existing pension fund into Lothian Pension Fund, to streamline the pension portfolio and bring associated financial efficiencies.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial Support and Guarantees - continued

33.3 Shared Equity Scheme / Scheme of Assistance

In 2010/11, the Council approved a shared equity scheme to help buyers purchase homes from PARC. The Council provided assistance to sixteen purchasers, at a cost of £0.484m. No further assistance has been provided since 2012/13.

The monies are required to be repaid to the Council either on sale of the property or after twenty years, whichever occurs earlier.

Purchasers have the option to pay interest annually or accumulate charges on the same terms as the original equity. Sums due to the Council, including accrued interest, where owners have opted to defer interest, are included in long-term debtors.

The assisted purchase scheme was an initiative administered on behalf of the Council to allow home owners to enter into a lifetime mortgage agreement to finance repairs to their properties. Forty loans were made between 2007 and 2012, with an original loan principal value of £0.762m. These sums are included in long-term debtors.

The loans are repayable on sale of the property or on the death of the home owner. The amount repayable is a minimum of the original loan principal and a maximum of the original loan as a percentage of the property value on signing the agreement, as applied to the value on redeeming the loan.

In June 2018 the Council purchased the interest in a shared equity loan scheme from PARC for £0.512m. The scheme provided assistance to buyers to purchase homes from PARC and twenty two loans remain in the scheme. These sums are included in long-term debtors.

The loans are repayable on sale of the property or on the death of the home owner. The amount repayable is a minimum of the original loan principal and a maximum of the original loan as a percentage of the property value on signing the agreement, as applied to the value on redeeming the loan.

33.4 National Housing Trust

The National Housing Trust (NHT) is a housing initiative developed by the Scottish Government, in partnership with the Scottish Futures Trust (SFT) and local authorities. The aim is to deliver new homes for mid-market rent while at the same time stimulating the housing market. The scheme is underwritten by the Scottish Government, by way of a guarantee against the borrowing and associated interest costs. The Council works with the Scottish Government and SFT to procure private developers to build homes for mid-market rent and enter into joint ventures with the Council, by way of Limited Liability Partnerships through the NHT initiative.

Phase 1 and 2 of NHT are now complete and have delivered 518 new homes.

The Telford NHT LLP with Miller Homes was bought over by the Council in January 2019.

NHT Phase 3 is to deliver up to 368 mid-market rent homes across three separate sites. The total required budget for NHT3 is £50.1m for the three projects. Fruitmarket NHT3 has completed, with investment totalling £9.153m and delivery of 80 homes. Western Harbour has also completed, with investment totalling £17.284m and 138 homes delivered. The final project under NHT Phase 3 (Shrubhill) commenced in 2018/19 and 93 homes have been delivered to date, with an investment of £14.923m. The remaining 57 homes are due to complete before the end of 2020. However, delays in the construction programme will result in overall slippage, possibly into 2021/22.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial Support and Guarantees - continued

33.4 National Housing Trust - continued

The Council has advanced and had repaid the following sums through the NHT scheme:

Developer	Development Site	Phase	Total No. of Units	Advanced 2019/20 £000	Repaid 2019/20 £000	Prior Years £000	Total £000
Places for People	Lochend North	1	106	0	(3,572)	13,323	9,751
Places for People	Lighthouse Court	1	56	0	(1,096)	6,492	5,396
Teague Homes Limited	Salamander Place / Leith Links	1	145	0	0	15,551	15,551
City of Edinburgh Council	Telford North	1	89	0	0	10,299	10,299
FP Newhaven Ltd	Sandpiper Road	2	96	0	0	11,908	11,908
Ediston Homes Ltd	Fruitmarket	3	80	0	0	9,153	9,153
Cruden Homes	Western Harbour	3	138	6,005	0	11,279	17,284
Places for People	Shrubhill	3	93	5,784	0	9,139	14,923
			803	11,789	(4,668)	87,144	94,265

These sums are included within long-term debtors, as detailed in note 20.1.

34. Agency Income and Expenditure

The Council has entered into agency agreements with other local public bodies to provide and receive services, the income and expenditure for which is included in the Comprehensive Income and Expenditure Statement.

During the financial year the total Agency income was £101.877m (2018/19 £11.799m) and Agency Expenditure £96.167m (2018/19 £8.619m).

The Council undertakes, on an agency basis, the financial administration on behalf of the Scottish Cities Alliance. During the year £0.323m (2018/19 £0.653m) was paid out to the respective lead authorities of the projects concerned, included in the totals above.

The Council acts as the Billing Authority for a number of Business Improvement Districts (BIDs). The Council collects a levy from the business rate payers on behalf of the BID bodies, Essential Edinburgh and Edinburgh West End. During the year income of £1.195m (2018/19 £1.185m) was collected and £1.240m (2018/19 £1.138m) paid out to BID schemes, included in the totals above.

In August 2018 the Edinburgh and South-East Scotland City Region Deal (ESESCR Deal) was signed and committed a total of £600m of funding from both the Scottish and UK Governments, over 15 years. The Council has undertaken, on an agency basis, to act as the accountable body for the management of the Deal. During the year the funds amounted to agency income of £89.159m and agency expenditure of £89.159m (2018/19 £Nil).

35. Audit Costs

The fees payable to Azets Audit Services in respect of external audit services undertaken in accordance with the Code of Audit Practice are £0.623m (2018/19 £0.594m).

In addition, the Council paid audit fees to Azets Audit Services for the audit of CEC Recovery Limited's (formerly tie Limited) accounts. The Council paid £0.003m during 2019/20 (2018/19 £0.003m) for the audit of the 2018/19 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

36. Grant Income

Policy

• Revenue

Revenue grants and contributions have been included in the financial statements on an accruals basis.

Where such funds remain unapplied at the Balance Sheet date, but approval has been given to carry these funds forward to the next financial year, these amounts have been set aside in the General Fund.

• Capital

Capital grants and contributions are recognised in the Comprehensive Income and Expenditure Statement except to the extent there are conditions attached to them that have not been met.

Where there are no conditions attached to capital grants and contributions, these funds are a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account by way of an adjusting transaction with the capital adjustment account, where expenditure has been incurred, and the unapplied capital grants account, where expenditure has not been incurred.

Where there are outstanding conditions attached to capital grants and contributions that have not been met at the Balance Sheet date, the grant or contribution will be recognised as part of capital grants receipts in advance. Once the condition has been met, the grant or contribution will be transferred from capital grants received in advance and recognised as income in the Comprehensive Income and Expenditure Statement, as above.

Note

Grants and contributions credited to the Comprehensive Income and Expenditure Statement include the following:

	2019/20		2018/19	
	£000	£000	£000	£000
Credited to taxation and non-specific grant income				
General revenue funding	(360,206)		(363,757)	
Non-domestic rates	(366,025)		(340,474)	
Capital grants and contributions	<u>(127,806)</u>		<u>(95,013)</u>	
		(854,037)		(799,244)
Credited to services				
Central Government Bodies	(225,700)		(202,802)	
Other Local Authorities	(2,907)		(3,288)	
NHS bodies	(78,050)		(70,336)	
Other entities and individuals	<u>(23,419)</u>		<u>(10,469)</u>	
		<u>(330,076)</u>		<u>(286,895)</u>
Total		<u><u>(1,184,113)</u></u>		<u><u>(1,086,139)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

37. Related Parties

During the year, the Council entered into a number of transactions with related parties. The most material of these transactions, not disclosed elsewhere, are shown below.

	2019/20	2019/20	2019/20	2018/19	2018/19
	Expenditure	Income	Debtor / (Creditor)	Net Expenditure / (Income)	Debtor / (Creditor)
	£000	£000	£000	£000	£000
Capital City Partnership	3,847	(470)	(7)	4,075	216
CEC Holdings (incl. EDI Group, EICC)	190	(374)	4,723	(53)	3,784
Capital Theatres	204	(686)	0	481	0
Edinburgh Leisure Limited	8,685	(620)	99	10,712	147
Edinburgh Trams Ltd	2,418	(34,013)	4,110	638	1,442
Lothian Buses	1,540	(97)	5,911	1,638	10
Edinburgh Living MMR	16,348	0	19,212	996	2,748
Edinburgh Integration Joint Board	212,252	(240,686)	(3,992)	(21,967)	(12,373)
Lothian Valuation Joint Board	3,686	(54)	(1,437)	3,527	(1,715)
Telford NHT	0	0	3	3,454	0
NHS Bodies	4,194	(28,261)	1,527	(23,207)	219
Other Local Authorities	3,985	(2,435)	76	1,036	126
HMRC	0	0	1,862	0	(1,769)
Lothian Pension Fund	12	(358)	(4,943)	(242)	(3,722)
Scottish Government	12,283	(2,281)	59,826	11,581	28,623
Scottish Police Authority	2,284	(39)	0	2,207	0
Scottish Qualifications Authority	1,523	0	0	1,538	0
<u>Other</u>					
Audit Scotland	652	0	(388)	665	(382)
Autism Initiative UK	4,423	0	0	4,408	0
Bethany Christian Trust	969	0	0	799	0
Criminal Justice Bodies	591	0	0	555	0
Dean and Cauvin Charitable Trust	1,028	0	0	935	0
Edinburgh International Festival Society	2,133	0	0	1,947	43
Edinburgh Military Tattoo	0	(406)	0	(406)	0
Edinburgh Vol. Org. Council	526	0	0	1,314	0
Festivals Edinburgh Ltd	149	0	0	153	0
Handicab	620	0	248	452	0
Hubco	3,223	0	0	8,941	0
Lifecare Edinburgh	388	0	0	354	0
Marketing Edinburgh	721	(26)	0	1,336	11
Police Scotland	13	(1,053)	10,684	(1,629)	11,154
Port of Leith Housing	10,525	0	0	4,369	0
Royal Blind Asylum and School	1,442	(256)	0	1,636	0
Royal Lyceum Theatre Co Ltd	356	0	0	304	0
Scottish Fire and Rescue Service	99	(6)	0	(296)	(15)
Scottish Water	806	(12)	70	4	70
SESTRAN	1	(16)	163	(24)	356
Spartans	94	(5)	0	55	57
SUSTRANS	3,566	0	2,746	2,930	1,685
Transport Scotland	2	0	1,811	20	0
Total	305,778	(312,154)	102,304	25,233	30,714

NOTES TO THE FINANCIAL STATEMENTS

38. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred during the year is shown below (including the value of assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years through charges to revenue (loan charges), capital expenditure results in an increase in the capital financing requirement. This shows the amount of capital expenditure that has yet to be financed. The capital financing requirement is analysed below.

	2019/20		Re-stated 2018/19	
	£000	£000	£000	£000
Opening capital financing requirement		1,567,368		1,575,864
Capital Investment				
Property, plant and equipment	377,352		211,736	
Heritage Assets	773		155	
Assets held for sale	298		218	
Intangible assets	168		131	
Capital Receipts transferred to Capital Fund	0		825	
National Housing Trust - Consent to borrow (see note 33.4)	11,789		20,418	
Edinburgh Living LLP - Consent to borrow	16,348		2,734	
Acquisition of Long Term Investment	0		3,471	
Revenue expenditure funded from capital under statute	52,778		59,774	
PPP Lease Agreements Recognised In-Year	<u>16,691</u>		<u>17,902</u>	
		476,197		317,364
Sources of Finance				
Capital receipts	(9,640)		(25,953)	
Capital Funded from Current Revenue	(29,581)		(38,888)	
Government grants and other contributions	(174,227)		(148,910)	
Write down of EDI Loan Stock	0		(2,200)	
PPP schools - - under construction and lifecycle additions	(16,691)		(20,175)	
Loans fund / finance lease repayments	<u>(104,710)</u>		<u>(89,734)</u>	
		<u>(334,849)</u>		<u>(325,860)</u>
Closing capital financing requirement		<u><u>1,708,716</u></u>		<u><u>1,567,368</u></u>
Explanation of movements in year				
(Decrease) / increase in underlying need to borrow or fund from credit arrangements		9,426		(35,886)
Assets acquired under finance leases		131,922		27,390
(Decrease) / Increase in capital financing requirement		<u><u>141,348</u></u>		<u><u>(8,496)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

39. Leases

39.1 Assets Leased in - Finance Leases

Policy

Finance leases, which have substantially transferred to the authority the benefits and risks of ownership of a non-current asset, are treated as if the asset had been purchased outright.

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under finance leases / creditors.

The lease rentals comprise capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to revenue on a straight line basis over the terms of the lease.

Note

The Council has acquired a waste treatment facility and its IT equipment under finance leases. The assets classified under these leases are included in property, plant and equipment in the Balance Sheet.

The Group subsidiaries Edinburgh Trams Ltd and CEC Holdings Ltd have adopted the new standard IFRS 16 - Finance Leases, from 1 January 2019, in accordance with company accounting standards. The Council is not required to adopt IFRS 16 until 1 April 2021, therefore consolidation adjustments have been made to the finance lease disclosures to adjust for right of use assets and related lease liabilities in connection with all former operating leases.

	2019/20		Re-stated 2018/19	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	17,867	8,683	10,013	0
Additions during the year	23,506	2,856	9,488	9,488
Depreciation charge for the year	(3,467)	(1,553)	(1,634)	(805)
Value at 31 March	<u>37,906</u>	<u>9,986</u>	<u>17,867</u>	<u>8,683</u>
Vehicles, plant, equipment and furniture	<u>37,906</u>	<u>9,986</u>	<u>17,867</u>	<u>8,683</u>
Value at 31 March	<u><u>37,906</u></u>	<u><u>9,986</u></u>	<u><u>17,867</u></u>	<u><u>8,683</u></u>
Analysed by:	£000	£000	£000	£000
Current	10,700	1,868	3,133	1,185
Non-Current	21,302	8,118	12,695	7,499
Finance costs payable in future years	1,615	985	1,405	1,094
	<u>33,617</u>	<u>10,971</u>	<u>17,233</u>	<u>9,778</u>
Finance Lease Liabilities	£000	£000	£000	£000
Within one year	11,167	2,082	3,386	1,353
Between 2 and 5 years	18,618	5,057	9,529	4,107
Over 5 years	3,832	3,832	4,318	4,318
Total liabilities	<u>33,617</u>	<u>10,971</u>	<u>17,233</u>	<u>9,778</u>

39.2 Assets Leased in - Operating Leases

Policy

Leases that do not meet the definition of a finance lease are accounted for as operating leases.

Rental payments, net of benefits received, under operating leases are charged to the relevant service on a straight line basis over the life of the lease.

NOTES TO THE FINANCIAL STATEMENTS

39. Leases - continued

39.2 Assets Leased in - Operating Leases - continued

Note

The Group subsidiaries Edinburgh Trams Ltd and CEC Holdings Ltd adopted the new accounting standard IFRS 16 - Finance Leases, from 1 January 2019, in accordance with company accounting standards. The Council is not required to adopt IFRS 16 until 1 April 2021, therefore consolidation adjustments have been made to the operating lease disclosures to adjust for right of use assets and related lease liabilities in connection with all former operating leases.

The Group leases in property, vehicles and copying equipment. The amount charged to the Comprehensive Income and Expenditure Statement under these arrangements and the value of future payments under operating leases is shown below.

Under these operating leases, the Group and Council is committed to paying the following sums:

	2019/20		2018/19	
	Group £000	Council £000	Group £000	Council £000
Future Repayment Period				
Not later than one year	9,910	870	9,610	741
Later than one year and not later than five years	37,949	1,977	37,615	2,172
Later than five years	71,897	1,190	78,025	3,559
	119,756	4,037	125,250	6,472
Value at 31 March				
Other land and buildings	13,691	3,637	7,992	6,454
Vehicles, plant, equipment and furniture	106,065	400	117,258	18
	119,756	4,037	125,250	6,472
Recognised as an expense during the year	10,252	1,216	10,511	1,508

39.3 Assets Leased Out by the Council - Operating Leases

Policy

Rental income received under operating leases is credited to the relevant service in accordance with the terms specified in the lease agreement.

Note

The Council leases out property, equipment and infrastructure under operating leases for a number of purposes, including:

- for economic development purposes, including regeneration and to provide suitable affordable accommodation for local businesses.
- to arm's-length companies for the provision of services such as sport and leisure and theatres.
- an operating lease arrangement with Edinburgh Trams for the lease of the tram infrastructure.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2019/20 £000	2018/19 £000
Not later than one year	22,486	21,239
Later than one year and not later than five years	78,534	72,298
Later than five years	339,362	324,856
Total liabilities	440,382	418,393

The Council has a number of leases that are agreed for a period of over 100 years, the majority of which relate to land.

NOTES TO THE FINANCIAL STATEMENTS

40. Public Private Partnerships and Similar Contracts

40.1 PPP, Finance Lease and Other Liabilities

	Note	2019/20		2018/19	
		Group	Council	Group	Council
		£000	£000	£000	£000
Short Term Creditors					
PPP Residual Waste	40.2	27,224	27,224	0	0
PPP Education	40.3	8,439	8,439	8,206	8,206
PPP Queensferry High School		984	984	0	0
Finance Leases	39.1	10,700	1,868	3,134	1,185
		<u>47,347</u>	<u>38,515</u>	<u>11,340</u>	<u>9,391</u>
Other Long-Term Liabilities					
PPP Residual Waste	40.2	20,294	20,294	0	0
PPP Education	40.3	179,419	179,419	187,858	187,858
PPP Queensferry High School		33,609	33,609	17,902	17,902
Finance Leases	39.1	21,302	8,118	12,695	7,499
Group other liabilities		1,366	0	710	0
		<u>255,990</u>	<u>241,440</u>	<u>219,165</u>	<u>213,259</u>

40.2 PPP - Residual Waste

In 2016, the Council entered into a twenty five year contract with FCC to supply residual waste treatment at Millerhill. The contract is a joint arrangement between the Council and Midlothian Council on an 80:20 split respectively. This contract became operational in April 2019. The Council's 80% share of the facility value is included in the Fixed Assets on the balance sheet, which includes £62m of a donated asset.

Under the agreements the Council is committed to paying the following sums as detailed in the contractor's final bid model:

	Payment for Services £000	Reimburse. of Capital Expenditure £000	Interest £000	Total £000
Payable in 2020/21	3,975	27,224	6,431	37,630
Within two to five years	17,469	872	15,032	33,373
Within six to ten years	25,071	1,030	17,898	43,999
Within eleven to fifteen years	27,853	2,546	16,447	46,846
Within sixteen to twenty years	31,481	5,771	12,814	50,066
Within twenty one to twenty five years	28,827	10,076	4,826	43,729
	<u>134,676</u>	<u>47,519</u>	<u>73,448</u>	<u>255,643</u>

Payments due under the scheme have been inflated by 1.06% per annum reflecting the terms of the contracts.

NOTES TO THE FINANCIAL STATEMENTS

40. Public Private Partnerships and Similar Contracts - continued

40.3 PPP - Education Projects

In 2001, the Council entered into a Public Private Partnership (PPP1) for the provision of school buildings, maintenance and other facilities with Edinburgh Schools Partnership. This agreement was supplemented by a further agreement in April 2004, which now requires Edinburgh Schools Partnership either to replace or substantially renovate ten primary, five secondary and two special schools, together with one close support unit and a community wing, and to maintain these schools to an agreed standard. When the agreement ends in July 2033 the schools will be handed to the Council with a guaranteed maintenance-free life of five years.

In April 2007, the Council entered into a second Public Private Partnership (PPP2) for the provision of school buildings, maintenance and other facilities with Axiom Education Limited. This required Axiom Education Limited to replace six secondary schools and two primary schools and to maintain these schools to a high standard. When the agreement ends in July 2038 the schools will be handed to the Council with an agreed major maintenance-free life of five years.

In December 2013, the Council entered in to an agreement with Hub South East Scotland for the provision of a new building for James Gillespie's High School. This has been procured using a Design, Build, Finance and Maintain (DBFM) agreement with Hub South East Scotland. The concession is due to terminate in July 2041.

Under the agreements the Council is committed to paying the following sums as detailed in the contractor's final bid model:

	Payment for Services £000	Reimburse. of Capital Expenditure £000	Interest £000	Total £000
Payable in 2020/21	20,367	8,439	17,977	46,783
Payable within two to five years	94,009	32,251	67,280	193,540
Payable within six to ten years	132,301	49,230	75,549	257,080
Payable within eleven to fifteen years	126,966	56,533	58,898	242,397
Payable within sixteen to twenty years	61,781	37,468	26,924	126,173
Payable within twenty one to twenty five years	782	3,938	591	5,311
	<u>436,206</u>	<u>187,859</u>	<u>247,219</u>	<u>871,284</u>

Payments due under the following schemes have been inflated by: 1.11% per annum for the PPP1 scheme, 1.67% per annum for the PPP2 scheme and 2.5% per annum for the James Gillespie's High School scheme, reflecting the terms of the separate contracts and assumed inflation of 2.5% per annum.

The amounts disclosed as reimbursement of capital expenditure are included in creditors and other long-term liabilities on the Balance Sheet. These are not subject to the above inflationary uplifts.

The unitary charges paid to the service providers include amounts to compensate them for the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the service providers for capital expenditure incurred is as follows:

	2019/20 £000	2018/19 £000
Balance at 1 April	196,065	204,089
PPP unitary charge restatement adjustment	0	(1)
Repayments during the year	<u>(8,206)</u>	<u>(8,023)</u>
Balance at 31 March	<u>187,859</u>	<u>196,065</u>

The Council has entered into a DBFM agreement with Hub South East Scotland for the provision of the new Queensferry High School. Capital expenditure of £34.593m related to the construction of the school is reported as Assets Under Construction within the balance sheet and as a future finance lease liability.

NOTES TO THE FINANCIAL STATEMENTS

40. Public Private Partnerships and Similar Contracts - continued

40.4 Provision of Information Technology services

In 2015 the Council entered into a seven year contract with CGI for the provision of information technology services. This contract became operational on 1 April 2016.

Under the agreement the Council is committed to paying the following sums in cash terms (assuming an inflationary uplift). These sums exclude amounts disclosed under finance leases for ICT asset additions.

Future Repayment		Inflationary	
Period	£000	Uplift	
2020/21	27,347	1.4%	
2021/22 - 2022/23	46,372	2.5%	
	<u>73,719</u>		

40.5 Provision of Parking Enforcement

The Council entered into a five year contract with NSL for the provision of parking enforcement on 1 October 2014 which ended on 30 September 2019. There was a five year extension clause which has been approved with the contract extended to 30 September 2024.

The Council is committed to paying the following sums in cash terms (renegotiated annually):

Future Repayment	
Period	£000
2020/21	7,000
2021/22 - 2024/25	24,500
	<u>31,500</u>

40.6 Other Rolling Contracts

The Council has entered into a number of rolling contracts to provide services, which are mainly care orientated through 'Supporting People'. The annual value of these contracts is £36.307m.

41. Pension schemes accounted for as defined contribution schemes

The Scottish Teachers' Superannuation Scheme is an unfunded scheme administered by the Scottish Public Pensions Agency. The scheme is excluded from the accounting requirements of IAS 19 as it is a national scheme which does not allow for the identification of pension liabilities consistently and reliably between participating authorities. The accounts, therefore, only include the payments made by the Council to the scheme in year and do not reflect the estimated pension assets or liabilities of the scheme. The exception to this are payments in relation to unfunded pension enhancements for members of the scheme as they are administered through the Local Government Pension Scheme and are taken into consideration in accounting for pension costs under IAS 19.

	2019/20		2018/19	
	£000	%	£000	%
Amount paid to Scottish Government in respect of teachers' pension costs	31,974		22,873	
As a percentage of teachers' pensionable pay Apr - Aug		17.20		17.20
As a percentage of teachers' pensionable pay Sep - Mar		23.00		17.20
Amount paid in respect of added years	0		0	
As a percentage of teachers' pensionable pay		0.00		0.00
Capitalised value of discretionary awards entered into prior to 2018/19	15,978		18,949	

At 31 March 2020, creditors include £4.166m (2018/19 £3.673m) in respect of teachers' superannuation.

42. Defined Pension Schemes

42.1 Participation in Pension Scheme

The Council makes contributions towards the cost of post-employment benefits. Although these benefits will not be payable until employees retire, the Council has a commitment to make payment for those benefits and to disclose them at the time that employees earn their future entitlement.

Employees other than teachers are eligible to join the Local Government Pension Scheme. The pension costs charged to Services in respect of these employees have been calculated under IAS 19 - Employee Benefits.

NOTES TO THE FINANCIAL STATEMENTS

42. Defined Pension Schemes - continued

42.1 Participation in Pension Scheme - continued

In terms of this scheme, in 2019/20 the Council paid an employer's contribution of £63.062m (2018/19 £58.521m) into the Lothian Pension Fund, representing 22.3% (2018/19 22.5%) of pensionable pay. Contribution rates are determined by the Fund's Actuary based on triennial actuarial valuations of the pension fund. The data is based on the latest available valuations as at March 2017.

The Fund's Actuary is unable to provide an analysis of IAS19 pension costs by individual service. The charge in the Comprehensive Income and Expenditure Statement applied against each service included in 'Cost of Services' reflects an apportionment of costs in line with the actual cash payments made by the Council to Lothian Pension Fund.

42.2 Transactions Relating to Post-Employment Benefits

The cost of pension benefits, as assessed by the Fund's Actuary and reflected within 'Cost of Services', differed from the cash payment to the Fund charged against Council Tax. The following summarises the entries reflected within the Comprehensive Income and Expenditure Statement in respect of accounting for pensions under IAS19. The amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under the pension scheme regulations is included in the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement	2019/20		2018/19	
	£000	£000	£000	£000
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	117,983		103,040	
Past service costs	(16,847)		45,205	
		101,136		148,245
<i>Financing and investment income:</i>				
Net interest expense		16,410		14,129
Total post employee benefit charged to the surplus on the provision of services		117,546		162,374
<i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i>				
Re-measurement of the net defined liability, comprising:				
Return on plan assets, excluding the amount incl. in the net interest expense above.	195,313		(183,615)	
Actuarial (gains) and losses arising on changes in financial assumptions	(354,198)		259,229	
Actuarial (gains) and losses arising on changes in demographic assumptions	0		0	
Other experience	(25,139)		4,375	
		(184,024)		79,989
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		(66,478)		242,363
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		(117,546)		(162,374)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to the scheme		64,097		59,815
Contributions in respect of unfunded benefits		5,358		5,573
		69,455		65,388

NOTES TO THE FINANCIAL STATEMENTS

42. Defined Pension Schemes - continued

42.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plan is as follows:

	2019/20	2018/19
	£000	£000
Fair value of employer assets	2,843,437	2,970,647
Present value of funded liabilities	(3,296,740)	(3,548,983)
Present value of unfunded liabilities	<u>(70,232)</u>	<u>(81,132)</u>
Net liability arising from defined benefit obligation	<u>(523,535)</u>	<u>(659,468)</u>

42.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

	2019/20	2018/19
	£000	£000
Opening fair value of scheme assets	2,970,647	2,720,975
Effect of settlements	0	0
Interest income	71,258	73,318
Re-measurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	(195,313)	183,615
Contributions from employer	64,097	59,815
Contributions from employees into the scheme	17,430	16,446
Contributions in respect of unfunded benefits	5,358	5,573
Benefits paid	(84,682)	(83,522)
Unfunded benefits paid	<u>(5,358)</u>	<u>(5,573)</u>
Closing fair value of scheme assets	<u>2,843,437</u>	<u>2,970,647</u>

Reconciliation of Present Value of the Scheme Liabilities

	2019/20	2018/19
	£000	£000
Present value of funded liabilities	(3,548,983)	(3,124,427)
Present value of unfunded liabilities	<u>(81,132)</u>	<u>(79,041)</u>
Opening balance at 1 April	(3,630,115)	(3,203,468)
Current service cost	(117,983)	(103,040)
Interest cost	(87,668)	(87,447)
Contributions from employees into the scheme	(17,430)	(16,446)
Re-measurement gain / (loss):		
Change in financial assumptions	354,198	(259,229)
Other experience	25,139	(4,375)
Past service (cost) / gain	16,847	(45,205)
Benefits paid	84,682	83,522
Unfunded benefits paid	<u>5,358</u>	<u>5,573</u>
Closing balance at 31 March	<u>(3,366,972)</u>	<u>(3,630,115)</u>

NOTES TO THE FINANCIAL STATEMENTS

42. Defined Pension Schemes - continued

42.5 Fair Value of Employer Assets

The following asset values are at bid value as required under IAS19.

	2019/20 £000	%	2018/19 £000	%
Consumer *	271,003	10	316,076	11
Manufacturing *	410,093	15	365,504	9
Energy and Utilities *	181,357	6	224,417	7
Financial Institutions *	184,931	7	249,909	8
Health and Care *	196,766	7	161,397	6
Information technology *	122,907	4	96,757	3
Other *	<u>207,594</u>	7	<u>289,656</u>	12
Sub-total Equity Securities	<u>1,574,651</u>		<u>1,703,715</u>	
Debt Securities:				
UK Government *	175,051	6	301,834	11
Corporate Bonds (investment grade) *	47,625	2	0	0
Corporate Bonds (investment grade)	<u>104,649</u>	4	<u>0</u>	0
Sub-total Debt Securities	<u>327,325</u>		<u>301,834</u>	
Private Equity				
All	<u>24,740</u>	1	<u>40,287</u>	1
Sub-total Private Equity	<u>24,740</u>		<u>40,287</u>	
Real Estate:				
UK Property *	32,704	1	0	0
UK Property	153,614	5	201,206	6
Overseas Property	<u>2,505</u>	0	<u>0</u>	0
Sub-total Real Estate	<u>188,823</u>		<u>201,206</u>	
Investment Funds and Unit Trusts:				
Equities *	34,815	1	29,345	1
Bonds	12,205	0	75,308	3
Infrastructure	<u>399,797</u>	14	<u>368,743</u>	12
Sub-total Investment Funds and Unit Trusts	<u>446,817</u>		<u>473,397</u>	
Derivatives:				
Foreign Exchange *	<u>5,801</u>	0	<u>750</u>	0
Sub-total Derivatives	<u>5,801</u>		<u>750</u>	
Cash and Cash Equivalents				
All *	<u>275,280</u>	10	<u>249,458</u>	8
Sub-total Cash and Cash Equivalents	<u>275,280</u>		<u>249,458</u>	
Total Fair Value of Employer Assets	<u><u>2,843,437</u></u>	<u>100</u>	<u><u>2,970,647</u></u>	<u>100</u>

Scheme assets marked with an asterisk (*) have quoted prices in active markets.

NOTES TO THE FINANCIAL STATEMENTS

42. Defined Pension Schemes - continued

42.6 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2020 were those from the beginning of the year (i.e. 31 March 2019) and have not been changed during the year. The main assumptions in the calculations are:

Investment returns

Actual return for period from 31 March 2019 to 31 March 2020	(4.20%)
Total return for period from 1 April 2019 to 31 March 2020	(4.20%)

Average future life expectancies at age 65:

	31.03.20	31.03.19
Current pensioners	male 21.7 years	21.7 years
Current pensioners	female 24.3 years	24.3 years
Future pensioners	male 24.7 years	24.7 years
Future pensioners	female 27.5 years	27.5 years

Period ended	31.03.20	31.03.19
Pension increase rate	1.9%	2.5%
Salary Increase rate	3.5%	4.2%
Discount rate	2.3%	2.4%

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2020 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

For example, to quantify the uncertainty around life expectancy, the Actuary has calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption and changes in some of the assumptions may be interrelated.

Change in assumptions at 31 March 2020	Approximate % Increase to Employer	Approximate Monetary Amount £000
0.5% decrease in Real Discount Rate	10%	339,178
0.5% increase in the Salary Increase Rate	2%	54,607
0.5% increase in the Pension Increase Rate	8%	279,445

42.7 Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council agreed a contribution stability mechanism with the scheme's actuary until 31 March 2018. The rate was increased by 0.5% from 1 April 2018 and thereafter, for the remainder of the actuarial valuation period of one year, rates could vary from this rate by a maximum increase of 0.5% or a maximum decrease of (0.5%) per annum.

42.8 Information about the defined benefit obligation

	£000	%
Active members	1,657,758	50.0
Deferred members	431,059	13.0
Pensioner members	1,225,141	37.0
Total	3,313,958	100.0

NOTES TO THE FINANCIAL STATEMENTS

42. Defined Pension Schemes - continued

42.8 Information about the defined benefit obligation - continued

The figures are for funded obligations only and do not include the unfunded pensioner liabilities. The durations are effective as at the previous formal valuation as at 31 March 2017.

The unfunded pensioner liability at 31 March 2020 comprises approximately £54.254m (2018/19 £62.183m) in respect of LGPS unfunded pensions and £15.978m (2018/19 £18.949m) in respect of teachers' unfunded pensions. For unfunded liabilities as at 31 March 2020, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension between 37.5% and 50% of the member's pension as at the date of the member's death.

42.9 Pension Reserves - Group Position

The pension reserves shown in the Group Balance Sheet relate to the Council. Pension reserves for the Lothian Valuation Joint Board are included in unusable reserves. Pension reserves for other companies in the group are included in usable reserves. The value of the pension reserves is shown separately below; the Transport for Edinburgh pension liability for 2019/20 is at 31 March 2020.

	2019/20	2018/19
	Pension	Pension
	Reserve	Reserve
	£000	£000
Unusable Reserves		
Council	(523,535)	(659,468)
Lothian Valuation Joint Board	<u>(3,750)</u>	<u>(5,432)</u>
	<u>(527,285)</u>	<u>(664,900)</u>
	2019/20	2018/19
	£000	£000
Usable Reserves		
Edinburgh Leisure	(1,232)	(1,550)
Transport for Edinburgh Ltd	<u>66,190</u>	<u>65,471</u>
	<u>64,958</u>	<u>63,921</u>
Net Pension Reserves	<u>(462,327)</u>	<u>(600,979)</u>

42.10 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2021

	Assets	Obligations	Net (liability) / asset	
	£000	£000	£000	% of pay
Current service cost	<u>0</u>	<u>(99,409)</u>	<u>(99,409)</u>	<u>(37.0%)</u>
Past service cost including curtailments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Effect of settlements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Service Cost	<u>0</u>	<u>(99,409)</u>	<u>(99,409)</u>	<u>(37.0%)</u>
Interest income on plan assets	<u>65,271</u>	<u>0</u>	<u>65,271</u>	<u>24.3%</u>
Interest cost on defined benefit obligation	<u>0</u>	<u>(77,687)</u>	<u>(77,687)</u>	<u>(28.9%)</u>
Total Net Interest Cost	<u>65,271</u>	<u>(77,687)</u>	<u>(12,416)</u>	<u>(4.6%)</u>
Total included in Profit or Loss	<u>65,271</u>	<u>(177,096)</u>	<u>(111,825)</u>	<u>(41.6%)</u>

The Council's estimated contribution to Lothian Pension Fund for 2020/21 is £61.115m.

NOTES TO THE FINANCIAL STATEMENTS

42. Defined Pension Schemes - continued

42.11 Strain on the Pension Fund

Lothian Pension Fund has the right to require the Council to make additional payments to the pension fund to reflect the extra cost to the pension fund of immediate payment of benefits to employees who retire early on efficiency, redundancy or voluntary grounds. This amounted to £1.186m, including accrued payments (2018/19 £1.172m).

42.12 Further Information

Further information on Lothian Pension Fund can be found in the Council's Pension Fund's Annual Report which is available upon application to the Chief Executive Officer, Lothian Pension Fund, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX.

43. Financial Instruments

Policy

Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- lease payables detailed in note 39,
- Private Finance Initiative contracts detailed in note 40, and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:

- cash in hand,
- current, call and notice accounts with banks
- fixed term deposits with banks and building societies,
- loans to other local authorities,
- certificates of deposit and covered bonds issued by banks and building societies,
- treasury bills and gilts issued by the UK Government,
- trade receivables for goods and services provided.

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- money market funds

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

NOTES TO THE FINANCIAL STATEMENTS

43. Financial Instruments - continued

43.1 Categories of Financial Instruments

The following categories of financial instrument are carried on the Council's Balance Sheet:

	2019/20		2018/19	
	Long-Term £000	Current £000	Long-Term £000	Current £000
Assets				
At amortised cost				
- Bank Call Accounts (Note 21)	0	28,364	0	32,936
- Local Authority Loans - S-T (Note 22)	0	45,563	0	17,100
- Local Authority Loans - S-T (Note 21)	0	67,467	0	73,232
		<u>141,394</u>		<u>123,268</u>
At fair value through profit and loss				
- Money Market Funds	0	67,935	0	25,959
		<u>67,935</u>		<u>25,959</u>
Total Financial Instruments - Assets	0	209,329	0	149,227
The Investment total does not include £23.34m (2018/19 £23.34m) in unquoted equity in subsidiary companies which are not deemed to be Financial Instruments.				
Debtors				
At amortised cost	160,515	103,164	118,708	68,471
Total debtors	<u>160,515</u>	<u>103,164</u>	<u>118,708</u>	<u>68,471</u>
Borrowings				
- Public Works Loans Board	(1,041,404)	(71,783)	(863,875)	(69,968)
- Salix	(722)	(302)	(1,024)	(289)
- Market debt	(243,760)	(3,203)	(285,692)	(3,465)
Total borrowings	<u>(1,285,886)</u>	<u>(75,288)</u>	<u>(1,150,591)</u>	<u>(73,722)</u>
Other Liabilities				
Financial liabilities at amortised cost	0	(19,008)	0	(26,901)
PPP and finance lease liabilities	(241,440)	(38,516)	(213,259)	(9,391)
Deferred liability	(42,078)	0	(37,201)	0
Total other long-term liabilities	<u>(283,518)</u>	<u>(57,524)</u>	<u>(250,460)</u>	<u>(36,292)</u>

In August 2018, the Council undertook a fixed rate forward starting loan transaction. The Council has committed to drawing down a £60m loan in October 2020 repayable over 25 years on a semi annual annuity basis.

Lothian Regional Council entered into an agreement for the disposal of Norton Park Annex to the Tudor Trust. The terms of the disposal included the creation of a Title Company with share capital of 100 ordinary shares, held by the Tudor Trust, and 350,000 £1 preference shares held by City of Edinburgh Council. The preference shares carry rights that, in the event of the company being wound up or the property sold, the Council will receive the first £0.35m of the sale proceeds. This is included in the Balance Sheet as a 'Deferred Liability' of £0.35m, and as a long-term investment.

NOTES TO THE FINANCIAL STATEMENTS

43. Financial Instruments - continued

43.1 Categories of Financial Instruments - continued

Other deferred liabilities relate to income received in advance, which is required to be put on interest bearing deposit.

Further detail on the finance lease and PPP liabilities can be seen in notes 39 and 40.

43.2 Income, Expenses, Gains and Losses

	Financial Liabilities: Measured at Amortised Cost £000	Financial Assets: Measured at Amortised Cost £000	Fair Value through Profit / Loss £000	Total £000
Interest expense	59,660	0	0	59,660
Interest on leases	21,785	0	0	21,785
Total expense in Surplus on the Provision of Services	81,445	0	0	81,445
Interest income	0	(1,439)	(469)	(1,908)
Total Interest and investment income	0	(1,439)	(469)	(1,908)
Net (gain) / loss for the year	81,445	(1,439)	(469)	79,537

In addition to the above interest expense, £2.419m (2018/19 £1.849m) was charged to the loans pool from the financial instruments adjustment account during the year, but not reflected in the Comprehensive Income and Expenditure Statement. The increase relates to the charging of premiums incurred on the restructuring of the Council's Inverse LOBO loans. It also excludes £0.232m (2018/19 £0.427m) of loans fund expenses charged to the Council.

Dividend income of £1.047m (2018/19 £7m) was received from a subsidiary council company but not included in the table above as the holding is not classified as a financial instrument.

43.3 Fair Value of Assets and Liabilities

The Council has adopted IFRS 13 for the calculation of fair values. Financial assets classified as available for sale are carried in the Balance Sheet at fair value. For Treasury Bills and shares in Money Market Funds, the fair value is taken from the market price. Financial assets classified as loans and receivables and all financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2020, using the following methods and assumptions:

- Loans, including PWLB loans, borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans has been increased by the value of the embedded options.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.

NOTES TO THE FINANCIAL STATEMENTS

43. Financial Instruments - continued

43.3 Fair Value of Assets and Liabilities - continued

- The fair value of soft loan assets has been calculated using the cash flows implied by the appropriate market interest rate which has been deemed to be the appropriate PWLB rate plus a credit spread of between 2% and 5% depending on the party to whom the advance has been made.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The fair values are calculated as follows:

	Fair Value Level	2019/20		2018/19		
		Principal Outstanding £000	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Public Works Loans Board	2	(1,100,213)	(1,113,186)	(1,400,813)	(933,843)	(1,221,824)
Salix	2	(1,058)	(1,024)	(1,003)	(1,313)	(1,290)
Market debt	2	(234,900)	(246,964)	(456,213)	(289,157)	(523,985)
Borrowings		(1,336,171)	(1,361,174)	(1,858,029)	(1,224,313)	(1,747,099)
Other long-term liabilities	n/a	(42,078)	(42,078)	(42,078)	(37,201)	(37,201)
Trade creditors	n/a	(19,008)	(19,008)	(19,008)	(26,901)	(26,901)
PPP and Finance Leases	3	(279,956)	(279,956)	(355,129)	(222,650)	(308,033)
Financial liabilities		<u>(1,677,213)</u>	<u>(1,702,216)</u>	<u>(2,274,244)</u>	<u>(1,511,065)</u>	<u>(2,119,234)</u>

The fair value is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

	Fair Value Level	2019/20		2018/19	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Investments held at Fair Value through Profit and Loss					
Money Market Funds	1	67,936	67,936	25,959	25,959
		<u>67,936</u>	<u>67,936</u>	<u>25,959</u>	<u>25,959</u>
Investment held at Amortised Cost					
Bank Call Accounts	n/a	28,364	28,361	32,936	32,936
Local Authority Loans	2	113,029	113,125	90,332	90,267
		<u>141,393</u>	<u>141,486</u>	<u>123,268</u>	<u>123,203</u>
Debtors					
Loan Stock	n/a	2,240	2,240	2,339	2,339
Soft Loans	3	56	56	55	55
Other trade debtors	n/a	103,164	103,164	68,471	68,471
		<u>105,460</u>	<u>105,460</u>	<u>70,865</u>	<u>70,865</u>
Total Investments		<u>314,789</u>	<u>314,882</u>	<u>220,092</u>	<u>220,027</u>

NOTES TO THE FINANCIAL STATEMENTS

43. Financial Instruments - continued

43.4 Financial Assets classified as Fair Value through Profit and Loss

	Fair Value Level	2019/20		2018/19	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Investments held at Fair Value through Profit and Loss					
Money Market Funds	1	67,936	67,935	25,959	25,959
		<u>67,936</u>	<u>67,935</u>	<u>25,959</u>	<u>25,959</u>

There was no unrealised gain on the available for sale financial assets (2018/19 £nil).

44. Nature and Extent of Risks Arising from Financial Instruments

44.1 Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The Council complies with the CIPFA Prudential Code and has adopted the CIPFA Treasury Management in the Public Services Code of Practice.

Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - the Council's overall borrowing;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum and minimum exposures in the maturity structure of its debt;
- by selecting investment counterparties in compliance with the Council's Treasury Policy Statement.

The annual treasury management strategy which incorporates the prudential indicators was approved by the Council on 12 March 2020 and is available on the Council website. The key issues within the strategy are:

- The authorised limit for 2020/21 has been set at £2.266bn. This is the maximum limit for external borrowings and other short and long term liabilities.
- The operational boundary for 2020/21 has been set at £2.085bn. This is the expected upper level of borrowing and other short and long term liabilities during the year.

The prudential indicators are reported and approved as part of the Council's annual budget setting process. Actual performance is also **reported annually** to members of the Council.

44.2 Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

NOTES TO THE FINANCIAL STATEMENTS

44. Nature and Extent of Risks Arising from Financial Instruments - continued

44.3 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are with banks, building societies, and other institutions in line with the Council's prevailing counterparty limits as set out in the Council's treasury policy statement. Investment decisions are considered daily as part of the daily cash flow management by the Council's Treasury Team who can, and do, restrict the list further in light of market conditions.

The Council's funds are managed along with those of Lothian Pension Fund and some other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk, low return basis, with security of the investments the key consideration while at the same time seeking innovative and secure cash investment opportunities. This arrangement has allowed a better management of the Council's risk in the exceptional financial and market circumstances in recent years.

As well as lending monies to other local authorities, the Council purchases UK Government Treasury Bills and has previously purchased Bonds and Floating Rate Notes with an explicit UK Government Guarantee. At 31 March 2020, the Council had £45.6m in short term investments, all of which were loans to other local authorities. Of the net Cash and Cash Equivalents, 41.2% were loans to other local authorities, a further 41.5% was held in three AAA rated Money Market Funds, leaving only 17.3% with banks. All of the monies held on deposit with banks at 31 March 2020 were in call or near call accounts.

The principal outstanding on monies held by the Council under its treasury management arrangements at 31 March 2020 was £209.0m (31 March 2019: £149.1m). This was held with the following institutions:

	Standard and Poor's Rating	Principal Outstanding 31.03.20 £000	Carry Value 31.03.20 £000	Fair Value 31.03.20 £000	Carry Value 31.03.19 £000
Summary					
Money Market Funds					
Deutsche Bank AG, London	AAAm	25,130	25,141	25,141	4,006
Goldman Sachs	AAAm	15,021	15,022	15,022	59
Standard Life	AAAm	27,758	27,772	27,772	21,895
Bank Call Accounts					
Bank of Scotland	A	5,787	5,789	5,789	14,678
Royal Bank of Scotland	A-	11,630	11,630	11,630	577
Santander UK	A	1	1	1	1
Barclays Bank	A	14	14	14	13
Svenska Handelsbanken	AA-	7	7	7	7
HSBC Bank Plc 31 dn	AA-	10,918	10,918	10,916	17,647
HSBC Bank Plc	AA-	5	5	5	14
UK Pseudo-Sovereign Risk Instruments					
Local Authorities (see below)	n/a	112,777	113,030	113,125	90,332
UK Government Treasury Bills	Aau	0	0	0	0
Total		209,048	209,329	209,422	149,229

Local Authorities are generally assumed to have a pseudo-sovereign credit rating (which in the UK at 31 March 2020 would have been 'AA' from S&P) due to their tax raising powers and the perceived government support. Very few have their own credit rating.

The Council's maximum exposure to credit risk in relation to its direct investments in banks and building societies of £28.4m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but the Council takes a low risk approach to investment. There was no evidence at 31 March 2020 that this risk was likely to crystallise.

NOTES TO THE FINANCIAL STATEMENTS

44. Nature and Extent of Risks Arising from Financial Instruments - continued

44.3 Credit Risk - continued

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

In line with the Investment Regulations governing local authorities introduced in 2010, the Council approved an annual investment strategy and treasury policy statement for both the Council and the Cash Fund at its March 2020 meeting. The papers are available on the Council's website. A full list of the deposits outstanding at 31 March 2020 is contained in the Treasury Cash Fund Investment Report for Quarter 1 2020. This is available on request from corporate.finance2@edinburgh.gov.uk, marked for the attention of Treasury.

All Council invoices become due for payment on issue. Excluding pre-payments of £0.569m (2018/19 £2.246m), trade debtors past due date can be analysed by age as follows:

	2019/20	2018/19
	£000	£000
Less than two months	15,170	12,325
Two to four months	1,662	1,774
Four to six months	699	977
Six months to one year	1,609	2,153
More than one year	7,212	6,566
Total	<u>26,352</u>	<u>23,795</u>

Collateral – During the reporting period the Council held no collateral as security.

Credit Risk: Trade Debtors

Loss allowances on debtors have been calculated by reference to the Council's historic experience of default.

Debtors are collectively assessed for credit risk in the following groups:

		31.03.20	
	Range	Gross Receivable	Loss Allowance
Council Tax	3% - 100%	207,479	(191,167)
Non Domestic Rates	1% - 100%	3,316	(1,880)
HRA tenants and other debtors	5% - 95%	7,554	(6,387)
Housing Benefits	75% - 80%	27,768	(21,375)
Trade and Other Debtors	7.5% - 60%	45,154	(32,691)
Total		<u>291,271</u>	<u>(253,500)</u>

44.4 Liquidity risk

The Council carries out short and medium term cash flow management to ensure that it will have sufficient liquidity to cover all of its payment obligations. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs. The Council also has ready access to borrowings from the money markets to cover any day to day cash flow needs. It is anticipated that some short to medium term borrowing may be required within the next financial year to meet cashflow and working capital requirements. This will be managed as part of the Council's short- and medium-term cashflow monitoring as required.

NOTES TO THE FINANCIAL STATEMENTS

44. Nature and Extent of Risks Arising from Financial Instruments - continued

44.4 Liquidity risk - continued

Whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to the Council. The Council is also required by statute to achieve a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

44.5 Re-financing and Maturity Risk

The Council maintains significant debt and investment portfolios. The re-financing risk to the Council relates to managing the exposure to replacing financial instruments as they mature. As shown in the chart in 44.6, the majority of the Council's debt portfolio consists of fixed rate longer term loans, and as such, the Council has a relatively low re-financing risk on its liabilities. However, the Council has market debt which allows the lender the option to ask for a rate increase at set dates and at that point the Council may choose to repay the loan at no additional cost. This gives a potential re-financing risk which the Council monitors and manages.

The Council's approved treasury strategy addresses the main risks and the treasury team address the operational risks within approved parameters. This includes monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt. With the margin on new borrowing rates and a separate rate for the premature repayment of loans, it is unlikely that there will be much scope for any substantial rescheduling of PWLB debt. However the Council is in on-going discussion with institutions over the potential to restructure some of the Council's market debt. In 2019/20 the Council repaid its £40m Inverse LOBO loans and replaced them with a £40m fixed rate loan from the PWLB.

The maturity analysis of the principal outstanding on the Council's debt is as follows:

	2019/20	Re-stated 2018/19
	£000	£000
Less than one year	(97,643)	(68,018)
Between one and two years	(62,676)	(66,199)
Between two and five years	(159,292)	(159,632)
Between five and ten years	(258,677)	(258,702)
More than ten years	<u>(1,037,841)</u>	<u>(868,559)</u>
Financial Liabilities	<u>(1,616,129)</u>	<u>(1,421,110)</u>

All trade and other payables are due to be paid in less than one year and trade creditors of £19.008m (2019/20 £26.900m) are not shown in the table above. The above figures show the principal outstanding, therefore, neither accrued interest of £16.176m (2018/19 £15.116m) nor net equivalent interest rate (EIR) adjustments of £8.825m (2018/19 £10.737m) to the carrying amounts of market debt shown in the financial liabilities are included. The reduction in the EIR value relates to the extinguishing of the Council's Inverse LOBO loans.

The only investment which the Council has with a maturity of greater than one year is £2.4m in EDI loan stock.

44.6 Market risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

NOTES TO THE FINANCIAL STATEMENTS

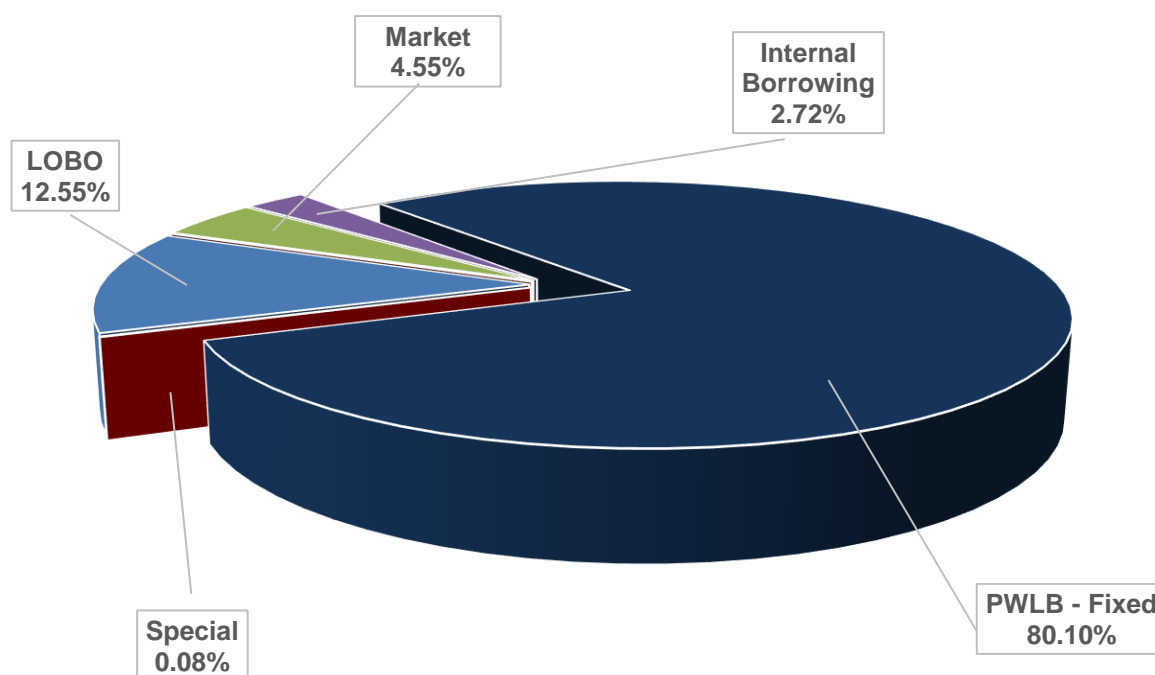
44. Nature and Extent of Risks Arising from Financial Instruments - continued

44.6 Market risk - continued

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Movement in Reserves Statement, unless the investments have been designated as fair value through the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The annual treasury management strategy includes a forecast for short and longer term interest rates. The treasury team continue to monitor market and forecast interest rates during the year and adjust investment policies accordingly. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns. Any such strategy is run within the short and medium term liquidity requirements of the Council.

The following chart shows the source of the Council's borrowing. Most of the Council's borrowings are from the Government by way of the Public Works Loans Board (PWLB). As interest rates are historically low, none of the PWLB borrowing was variable rate.



Source of Borrowing - 31/03/2020

In addition to the borrowing in the chart above, in August 2018, the Council undertook a fixed rate forward starting loan transaction. The Council has committed to drawing down a £60m loan in October 2020 repayable over 25 years on a semi annual annuity basis. The purpose of the transaction was to mitigate the interest rate risk on the Council's future capital financing requirement.

NOTES TO THE FINANCIAL STATEMENTS

44. Nature and Extent of Risks Arising from Financial Instruments - continued

44.6 Market risk - continued

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable borrowings	0
Increase in interest receivable on variable rate investments	(854)
Impact on Comprehensive Income and Expenditure Statement	(854)
Increase in Government grant receivable for financing costs	0
Share of overall impact debited to the HRA	0
Decrease in fair value of fixed rate investment assets	0
Decrease in fair value of fixed rate borrowings liabilities	257,132

Price Risk

The Council does not generally invest in equity shares but does have shareholdings of £23.340m (2018/19 £23.340m) in a number of Council owned Companies and joint ventures. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

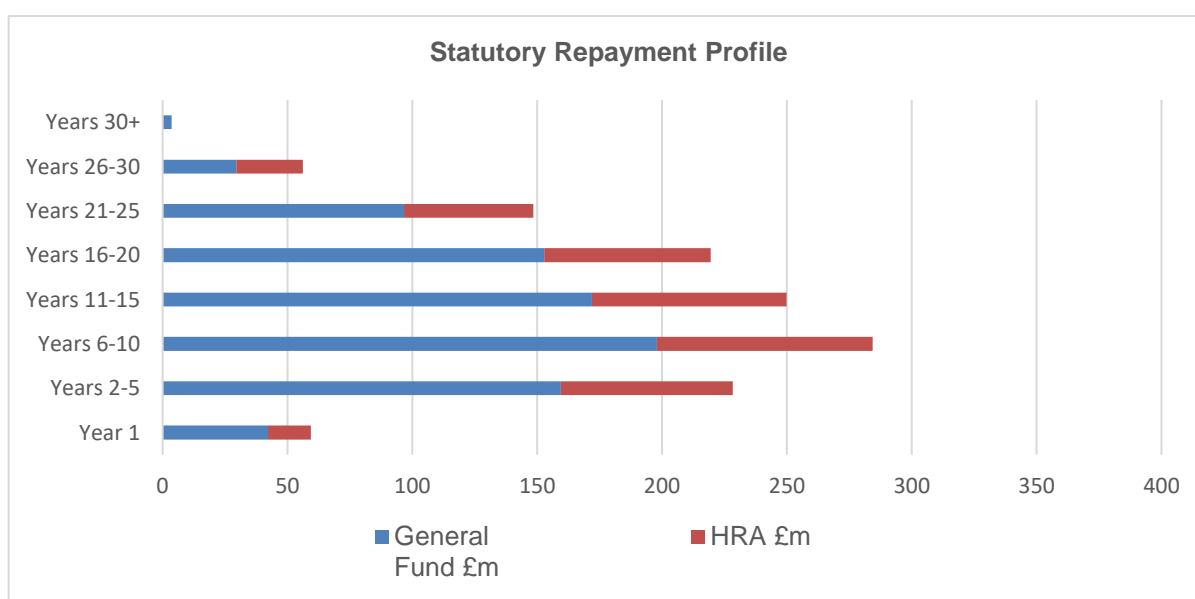
Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

44.7 Repayment Profile

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. Capital advances are repaid by the General Fund and HRA over a period of up to 35 years. Capital Advances to Edinburgh Living MMR LLP are repaid on an annuity basis over a 40 year period.



NOTES TO THE FINANCIAL STATEMENTS

45. The City of Edinburgh Council Charitable Funds

The City of Edinburgh Council administers a number of charitable funds. Over the last few years, the Council has rationalised the number of charitable trusts down from over a hundred to six, with further plans in place to wind up the Boyd Anderson Trust in 2020/21.

45.1 The funds are:

Scottish Registered Charities	Scottish Charity Registration Number	Market Value	Market Value
		31.03.20 £000	31.03.19 £000
Lauriston Castle	SC020737	7,043	7,043
Jean F. Watson	SC018971	6,450	6,424
Edinburgh Education Trust	SC042754	1,012	1,021
Nelson Halls	SC018946	235	241
The Royal Scots Trust	SC018945	35	34
Boyd Anderson	SC025067	100	105
Total market value		<u>14,875</u>	<u>14,868</u>

These funds do not represent assets of the Council and are not included in the Consolidated Balance Sheet.

45.2 Financial Position of the Scottish Registered Charity Funds

2018/19 Income and Expenditure Account		2019/20
£000		£000
Income		
79	Investment income	71
26	Other non-investment income	28
<u>105</u>		<u>99</u>
Expenditure		
(22)	Prizes, awards and other expenses	(19)
(16)	Governance Costs	(15)
<u>(38)</u>		<u>(34)</u>
<u>67</u>	Surplus / (Deficit) for the year	<u>65</u>
2018/19 Balance Sheet		2019/20
£000		£000
Long-Term Assets		
2,207	Investments	2,143
5,317	Artworks - Jean F Watson Trust	5,374
7,020	Heritable property	7,021
<u>14,544</u>	Total Long-Term Assets	<u>14,538</u>
Current Assets		
331	Cash and bank	361
20	Debtors	16
<u>351</u>		<u>377</u>
Current Liabilities		
(27)	Creditors	(40)
<u>(27)</u>		<u>(40)</u>
<u>14,868</u>	Total Assets less Liabilities	<u>14,875</u>
Funds		
3,291	Capital at 1 April	3,490
67	Surplus / (Deficit) for the year	65
132	Unrealised gains on investments	0
0	Unrealised losses on investments	(58)
<u>3,490</u>		<u>3,497</u>
11,378	Revaluation reserve	11,378
<u>14,868</u>	Funds at 31 March	<u>14,875</u>

A separate Trustee's Report and Accounts have been prepared which give further information on the Scottish registered charities in the trusteeship of the Council. A copy of this document may be obtained on the [Council's website](#) in due course.

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE STATEMENT for the year ended 31 March 2020

The Housing Revenue Account (HRA) Income and Expenditure Statement shows in more detail the income and expenditure on HRA services included in the Council's Comprehensive Income and Expenditure Statement.

2018/19 £000	EXPENDITURE	2019/20 £000	£000
33,823	Repairs and maintenance	29,616	
19,282	Supervision and management	20,993	
21,446	Depreciation and impairment of non-current assets	29,078	
5,873	Other expenditure	7,133	
43	Impairment of debtors	613	
80,467			87,433
	INCOME		
(97,455)	Dwelling rents	(99,592)	
(41)	Non-Dwelling rents (gross)	(22)	
(7,539)	Other income	(4,366)	
(105,035)			(103,980)
(24,568)	Net income for HRA Services (as included in the Council's Comprehensive Income and Expenditure Statement)		(16,547)
150	HRA share of corporate and democratic core		166
2,288	HRA share of other amounts included in the Council's Net Cost of Services but not allocated to specific services		1,073
(22,130)	Net income for HRA Services		(15,308)
	HRA share of other operating expenditure included in the Council's Comprehensive Income and Expenditure Statement		
(2,381)	(Gain) / loss on sale of HRA fixed assets	(3,554)	
(60)	Investment Property changes in fair value	42	
18,330	Interest payable and similar charges	17,261	
2,306	Interest cost on defined benefit obligation (<i>pension-related</i>)	2,467	
(114)	Interest and investment income	(1,188)	
(1,934)	Interest income on plan assets (<i>pension-related</i>)	(2,005)	
(24,788)	Capital grants and contributions	(29,262)	
(8,641)			(16,239)
(30,771)	Surplus for the year on HRA services		(31,547)

HOUSING REVENUE ACCOUNT

MOVEMENT ON THE HRA STATEMENT

2018/19 £000		2019/20 £000
0	Balance on the HRA at the end of the previous year	0
30,771	Surplus for the year on the HRA Income and Exp Account	31,547
(56,814)	Adjustments between accounting basis and funding basis under statute	(47,002)
<u>(26,043)</u>	Net increase before transfers to reserves	<u>(15,455)</u>
26,043	Contribution (to) / from renewal and repairs fund, via the General Fund	15,455
<u><u>0</u></u>	Balance on the HRA at the end of the current year	<u><u>0</u></u>

Adjustments Between Accounting Basis and Funding Basis Under Regulations

£000		£000
	Adjustments primarily involving the Capital Adjustment Account	
	Reversal of items debited or credited to the Income and Expenditure Statement	
21,446	Charges for depreciation and impairment of non-current assets	29,078
(24,788)	Capital grants and contributions applied	(29,262)
(60)	Movement in the market value of investment properties	42
	Insertion of items not debited or credited to the Income and Expenditure Statement	
(20,115)	Statutory provision for the financing of capital investment	(20,695)
(32,800)	Capital funded from revenue	(23,000)
	Adjustments primarily involving the Capital Receipts Reserve	
(2,382)	Transfer of cash sale proceeds credited as part of the gain / loss on disposal of assets	(3,554)
	Adjustments primarily involving the Financial Instruments Adjustment Account	
(567)	Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(740)
	Adjustments primarily involving the Pensions Reserve	
3,910	Reversal of items relating to retirement benefits debited or credited to the Income and Expenditure Statement	2,803
(1,502)	Employer's pension contributions and direct payments to pensioners payable in the year	(1,530)
	Adjustments primarily involving the Employee Statutory Adjustment Account	
44	Amount by which officer remuneration charged to the Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(144)
<u><u>(56,814)</u></u>		<u><u>(47,002)</u></u>

HOUSING REVENUE ACCOUNT

Notes to the Housing Revenue Account

1. The number and types of dwellings in the authority's housing stock at 31 March 2020 are as follows:

Types of Houses	2020		2019	
	Number	Annual Average Rent (£)	Number	Annual Average Rent (£)
Main provision Council dwellings				
1 Apartment	285	4,051.00	285	3,970.00
2 Apartment	5,610	4,532.00	5,499	4,443.00
3 Apartment	10,207	5,262.00	10,103	5,159.00
4 Apartment	3,512	6,069.00	3,460	5,944.00
5 Apartment	521	6,496.00	514	6,366.00
6 Apartment	10	6,557.00	9	6,413.00
7 Apartment	4	6,336.00	4	6,212.00
8 Apartment	1	6,336.00	1	6,212.00
Mid-market rent dwellings				
2 Apartment	23	5,896.00	23	5,780.00
3 Apartment	84	7,240.00	84	7,098.00
4 Apartment	22	9,125.00	22	8,946.00
	<u>20,279</u>		<u>20,004</u>	

The stock figure represents all types of residential properties, including furnished tenancies, sheltered housing and homelessness units.

- The amount of rent arrears included as debtors in the Council's Consolidated Balance Sheet was £7.569m (£6.907m 2018/19) against which a provision amounting to £6.386m (£5.773m 2018/19), has been created in respect of non collectable debts.
- The total value of uncollectable void rents for main provision properties was £0.648m (2018/19 £0.624m). This has been netted against rental income.

COUNCIL TAX INCOME ACCOUNT

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

2018/19 £000		2019/20 £000	£000
(351,763)	Gross council tax levied and contributions in lieu		(366,569)
56,620	Less: - Exemptions and other discounts	58,696	
8,827	- Provision for bad debts	9,207	
24,294	- Council Tax Reduction Scheme	24,070	
4,091	- Other reductions	4,457	
<u>93,832</u>			<u>96,430</u>
(257,931)			(270,139)
<u>(1,504)</u>	Previous years' adjustments		<u>(905)</u>
<u>(259,435)</u>	Total transferred to General Fund		<u>(271,044)</u>

Notes to the Council Tax Income Account

The in-year collection rate for Council Tax was 97.0% (2018/19 97.0%).

Each household or occupied dwelling is allocated to a Council Tax band by the Assessor. The charge per Council Tax band is calculated as a proportion of band D - these proportions are determined by legislation. Bands E to H were rebased in 2017/18 by the Scottish Government as per the Council Tax Base table below, with a 3% increase applied to Council Tax in both 2018/19 and 2019/20.

Unoccupied properties are eligible for 10% discount for up to 12 months, from the date the property was last occupied, thereafter 100% additional charge, with certain exceptions. For Council Tax purposes, students and certain other categories of people are not regarded as occupants. Reductions in Council Tax payable are also granted to properties, with certain attributes, that are the sole and main residence of permanently disabled persons.

Charges in respect of water and sewerage are the responsibility of Scottish Water. The Council collects both water and sewerage charges and makes payment to the Water Authority.

Calculation of the Council Tax Base 2019/20

Band	Number of Properties	Disabled Relief	Exemptions	Discounts	Effective Properties	Ratio to Band D	Band D Equivalents	Charges per Band
A Up to £27,000	24,169	77	3,921	3,401	16,924	6/9	11,283	£851.60
B £27,001 - £35,000	48,061	67	3,811	6,854	37,463	7/9	29,138	£993.53
C £35,001 - £45,000	44,950	(9)	2,841	5,480	36,620	8/9	32,551	£1,135.47
D £45,001 - £58,000	40,615	60	2,651	4,342	33,682	9/9	33,682	£1,277.40
E £58,001 - £80,000	42,662	(5)	3,571	3,799	35,287	473/360	46,363	£1,678.36
F £80,001 - £106,000	25,923	(34)	1,559	1,995	22,335	585/360	36,294	£2,075.78
G £106,001 - £212,000	22,218	(126)	518	1,289	20,285	705/360	39,725	£2,501.58
H Over £212,000	4,133	(30)	125	197	3,781	882/360	9,263	£3,129.63
							Total	238,299
							Add: Contributions in Lieu	518
							Less: Provision for Non-Payment	<u>(7,165)</u>
							Council Tax Base	<u>231,652</u>

NON-DOMESTIC RATES INCOME ACCOUNT

The Non-Domestic Rate Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national Non-Domestic Rate pool.

2018/19 £000		2019/20 £000	£000
(476,081)	Gross rates levied and contributions in lieu		(477,545)
103,459	Less: - Reliefs and other deductions	104,041	
4,904	- Uncollectable debt written off and provision for impairment	5,095	
108,363			109,136
(367,718)			(368,409)
7,867	Previous years' adjustments		25,591
(359,851)	Net Non-Domestic Rates Income		(342,818)
0	Non-domestic rate income retained by authority		775
(359,851)	Non-Domestic Rate Income		(342,043)
	Allocated to:		
(360,532)	Contribution to Non-Domestic Rate Pool		(342,740)
681	City of Edinburgh Council		697
(359,851)			(342,043)

Notes to the Non-Domestic Rates Income Account

Rateable Values as at 1 April 2019	Number	Rateable Value £000
Shops, offices and other commercial subjects	16,078	650,228
Industrial and freight transport	2,775	81,508
Telecommunications	6	23
Public service subjects	357	50,564
Miscellaneous	3,979	172,259
	23,195	954,583

- The amount distributed to the council from the national non-domestic rate income pool in the year was £365.250m (2018/19 £340.474m).
- Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for Edinburgh. The non-domestic rate poundage is determined by the Scottish Ministers, and was 49.0p per £ in 2019/20 (2018/19 48.0p per £).

Properties with a rateable value greater than £51,000 (2018/19 £51,000) had their rate charges calculated using the poundage of 51.6p per £ (2018/19 50.6p per £).

- From 1 April 2008, the Scottish Government introduced the small business bonus scheme. Business properties with a rateable value of £18,000 or less may receive relief as set out below.

100% relief	below	15,000
25% relief	15,001 to	18,000
Upper limit for combined rateable value *		35,000

* Businesses with multiple properties whose combined rateable value is £35,000 or less will be eligible for relief of 25% for each property with a rateable value of £18,000 or less.

- The Business Rate Incentivisation Scheme (BRIS) permits the authority to retain half of the NDR income which exceeds the income target set by the Scottish Government. The outcomes of the scheme for 2017-18 and 2018-19 were confirmed in July 2020, allowing the Council to retain £0.775m in the 2019-20 financial year.

COMMON GOOD FUND

Common Good Fund Foreword

The Common Good Fund stands separate from the Council's accounts and has been described as "the ancient patrimony of the community". It was originally derived from the grants by the Sovereigns of Scotland at various times. The present fund is an amalgam of the funds of the City and Royal Burgh of Edinburgh and the Royal Burgh of South Queensferry.

A report on the (Edinburgh) Common Good prepared by the Town Clerk and City Chamberlain in 1905 set out the historical background of the fund and listed its then assets in some detail. The report also stated a "General Principle" that the Fund should be administered "for the purpose of upholding the dignity and suitable hospitality of the City; performing the duties incumbent upon a Royal Burgh maintaining the municipal establishment and managing the municipal affairs; vindicating or extending the corporate rights of the community and defending its interests; acquiring additional land or property for the corporate benefit, or improving existing corporation property, and generally for any purpose which, in the bona fide judgement of the Town Council, is for the good of the community as a whole, or in which the inhabitants at large may share, as distinct from the separate interests or benefit of any particular individual or class, however deserving or needy. The purpose must be limited to those which concern the City and its interests".

The Local Government etc. (Scotland) Act 1994 confirms this interpretation that use of the Fund shall "have regard to the interests of all the inhabitants" of the area.

The Common Good accounts are prepared in accordance with the Council's accounting policies as detailed in Note 1.

In 2015/16, £2m of the Common Good Fund was earmarked to be utilised to fund a planned property maintenance programme. £123,000 of this funding has been used to fund Scott Monument lighting work and surveys, £33,000 on surveys and work at the City Observatory, £8,600 on engineering consultancy at the Queensferry Harbour, and £12,600 on surveys and work for the Portobello Municipal Clock.

The balance of the Common Good Fund is £2.665m as at 31 March 2020 (£2.352m 2018/19). This is split £0.842m in the fund and £1.823m in the planned property maintenance fund.

During 2019/20, the Common Good made a surplus of £0.312m. This surplus includes £0.338m, which is the proceeds from asset disposal and a further £0.005m from the granting of a long lease of 329 High Street.

The lease of 329 High Street was completed in January 2020. A lease premium of £3.036m has been received in the Common Good. The lease premium is to be amortised over the lease term of 125 years. The in-year surplus, as mentioned above, includes a lease premium of £0.005m for 2019/20. Recommendations for the use of the funds from the lease will be presented to the Finance and Resources Committee for approval.

The Common Good Annual Performance Report will be considered by the Finance and Resources Committee in November 2020, along with the Audited Annual Accounts.

COMMON GOOD FUND - INCOME AND EXPENDITURE ACCOUNT

2018/19	2019/20	
£000	£000	£000
Income		
(16) Investment income	(24)	
(1,684) Rent Income	(1,160)	
(1,189) Capital Funding	(71)	
0 Sale of Fixed Assets	(338)	
0 Lease Premium	(5)	
(1,680) Recharges Income	<u>(2,175)</u>	
(4,569) Total Income	<u>(3,773)</u>	
Expenditure		
51 Common Good Fund	67	
4,553 Common Good Property Costs	<u>3,394</u>	
4,604 Total Expenditure		3,461
<u>35</u> (Surplus) / Deficit for the Year		<u>(312)</u>

COMMON GOOD FUND - BALANCE SHEET

31 March 2019 £000		31 March 2020 £000 £000	
<u>2,558</u>	Community Assets	<u>2,558</u>	
<u>2,558</u>	Property, Plant and Equipment		2,558
20,828	Long-Term Debtors	17,798	
<u>147</u>	Heritage Assets	<u>146</u>	
<u>20,975</u>	Long-Term Assets		17,944
449	Short-Term Investments	1,616	
0	Debtors	4	
<u>1,880</u>	Cash and Cash Equivalents	<u>4,052</u>	
<u>2,329</u>	Current Assets		<u>5,672</u>
<u>25,862</u>	Net Assets		<u>26,174</u>
23,523	Capital Contribution	23,522	
<u>(13)</u>	Capital Adjustment Account	<u>(13)</u>	
<u>23,510</u>	Unusable Reserves		23,509
496	Common Good Fund	842	
<u>1,856</u>	Earmarked Reserve	<u>1,823</u>	
<u>2,352</u>	Usable Reserves		<u>2,665</u>
<u>25,862</u>	Total Reserves		<u>26,174</u>

The unaudited accounts were issued on 30 June 2020. The audited accounts were issued on 5 November 2020.

HUGH DUNN, CPFA
Head of Finance
Date

COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

1. Property, Plant and Equipment and Heritage Assets

1.1 Movements on Balances

Re-stated	Community Assets £000	Total Property, Plant and Equipment £000	Heritage Assets £000
Cost or Valuation At 1 April 2019	2,558	2,558	147
Transfer from / (to) Charitable Trusts	0	0	(1)
At 31 March 2020	2,558	2,558	146
Net Book Value At 31 March 2020	2,558	2,558	146
At 31 March 2019	2,558	2,558	147
Cost or Valuation At 1 April 2018	965	965	103
Transfer from / (to) General Fund	1,593	1,593	44
At 31 March 2019	2,558	2,558	147
Net Book Value At 31 March 2019	2,558	2,558	147
At 31 March 2018	965	965	103

These asset categories are not depreciated.

1.2 Developing a Common Good Register

Significant progress has been made to collate information regarding properties considered by the Council to be Common Good.

A response to the Community Empowerment (Scotland) Act 2015 consultation on Common Good matters was approved by the Finance and Resources Committee on 28 September 2017 and submitted to the Scottish Government.

The relevant provisions came into force on 27 June 2018, and the Scottish Government published the accompanying guidance in July 2018. The Community Empowerment (Scotland) Act 2015 places a duty on Local Authorities to “establish and maintain a register of property which is held by the authority as part of the Common Good” (a Common Good Register).

Before establishing a Common Good Register, the Act requires a Local Authority to prepare and publish a list of properties that it proposes to include in the register. The Common Good Asset Register for **public consultation** was approved for issuing at the 27 September 2018 Finance and Resources Committee. The consultation closed on 31 December 2018.

The first version of the Common Good Register was published on the Council’s Common Good webpage on 28 June 2019, complying with Scottish Government guidance. The Register was subsequently presented and approved by the Finance and Resources Committee on 26 September 2019 as part of the 2018-19 Common Good Annual Performance Report.

The Council maintains a **web page** with a link to the latest Common Good Register on their website.

A further updated draft of the Common Good Asset Register is yet to be finalised because work had to be put on hold due to the imposed COVID-19 lockdown. Therefore, at the balance sheet date, the Council’s balance sheet may hold heritage assets that belong to the Common Good and vice versa.

COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

2. Unusable Reserves

2.1 Capital Contribution

This balance contains the gains made by the Common Good Fund arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- transfer from Common Good;
- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains unrealised gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before 1 April 2007 were consolidated into the capital adjustment account.

	2019/20		2018/19	
	£000	£000	£000	£000
Balance at 1 April		23,523		21,886
Movement of assets	(1)		1,638	
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	0		(1)	
Surplus / (Deficit) on revaluation of non-current assets not posted to the Surplus on the Provision of Service		(1)		1,637
Derecognition of asset disposals		0		0
Balance at 31 March		<u>23,522</u>		<u>23,523</u>

2.2 Capital Adjustment Account

The capital adjustment account provides a balancing mechanism for timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis).

The account also holds revaluation gains accumulated on property, plant and equipment prior to 1 April 2007, the date the revaluation reserve was created to hold such gains.

	2019/20	2018/19
	£000	£000
Balance at 1 April	(13)	(22)
Movement in Year	0	9
Balance at 31 March	<u>(13)</u>	<u>(13)</u>

ANNUAL GOVERNANCE STATEMENT

Introduction

This governance statement provides assurance over the governance arrangements that have been in place for the majority of 2019/20 and it also identifies the changes that have been implemented in response to the COVID-19 emergency. The emergency has meant that the Council has had to make significant changes to its governance arrangements and as a result the Council's arrangements are under significant pressure but it is felt that they are still robust and sufficient for the current circumstances.

Scope of Responsibility

The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively and ethically. The Council also has a statutory duty under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is defined as continuous improvement in the way its functions are carried out.

In discharging these responsibilities, Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

This statement also covers the organisations included in the Council's Group Accounts, a list of which is included on page 39 of the Accounts.

Council's Strategy and Vision

The Council's strategy can be divided into four sections:

- The Vision – In 2016, the City of Edinburgh began a conversation about its future to create a vision for 2050. A major public engagement and awareness raising campaign was launched in 2018. The Steering Group for the city vision has been established and is developing the 2050 Edinburgh City Vision with a view to launching it in 2020. The launch of the City Vision has been delayed due to the COVID-19 emergency but is expected to be a key element of the city's collective recovery to the COVID-19 with partners using the principles in 2050 City Vision to guide their recovery planning. The Council endorsed this approach at its Policy and Sustainability Committee on 28 May.
- The Business Plan - In 2017, the Council agreed the Business Plan which is built around 52 commitments that the administration has pledged to deliver over five years. The plan sets out what the Council aims to do and how it intends to do it. The plan informs the decision making on how to use resources. The principles and actions set out drive how the Council reshapes and redesigns the way it delivers services and the way it works with communities and partners.
- The Change Strategy - The Change Strategy seeks to set out how the council will achieve its objectives but also how it will address the significant financial challenges it faces. The Change Strategy was produced and agreed following extensive consultation and engagement with the public and staff.
- Underpinning these documents are a series of strategic plans providing detail on the Council's priorities such as poverty and sustainability. These will be incorporated into the Council's recovery planning going forward.

Decision making structures

Political Governance Arrangements

The Council operates an executive committee structure (see figure 1.1). This consists of six executive committees which are responsible for policy and financial decision making and scrutiny in their designated areas of responsibility. These committees are Policy and Sustainability, Culture and Communities, Education, Children and Families, Finance and Resources, Housing, Homelessness and Fair Work, and Transport and Environment.

The Governance, Risk and Best Value Committee seeks assurance over the adequacy of governance and risk management frameworks and the internal control environment. It also scrutinises the Council's financial and non-financial performance, approves and monitors progress against the internal audit risk-based plan, and monitors performance of the internal audit service.

The Council also utilises a range of other committees, some of which are quasi-judicial such as the Development Management Sub-Committee and the Licensing Sub-Committee, to consider individual applications.

ANNUAL GOVERNANCE STATEMENT

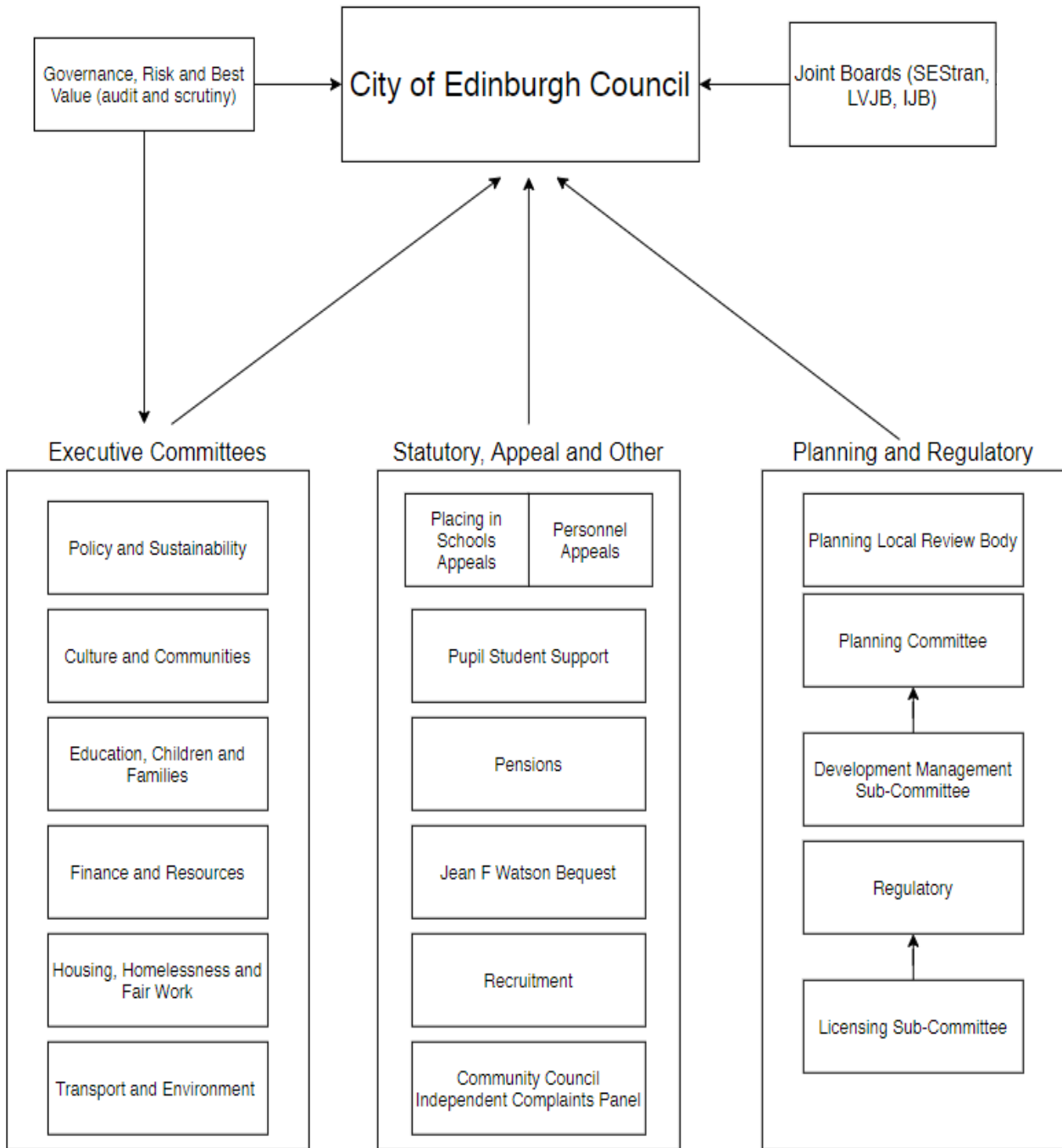


Figure 1.1 Executive Committee Structure

Officer Decision Making

The Corporate Leadership Team (CLT) meets weekly, led by the Chief Executive and includes all executive directors and key heads of service including the Head of Finance as the Council's Statutory Section 95 Officer (see figure 1.2).

It is supported by a range of groups covering key matters such as risk, health and safety and programme management. There is a robust health and safety reporting structure which includes directorate health and safety committees, a quarterly Council health and safety group and a quarterly consultation forum involving the trade unions. Health and safety working groups are in place for fire safety, water safety and asbestos. All directorates have risk and assurance committee meetings at least quarterly and ensure escalation of risks.

ANNUAL GOVERNANCE STATEMENT

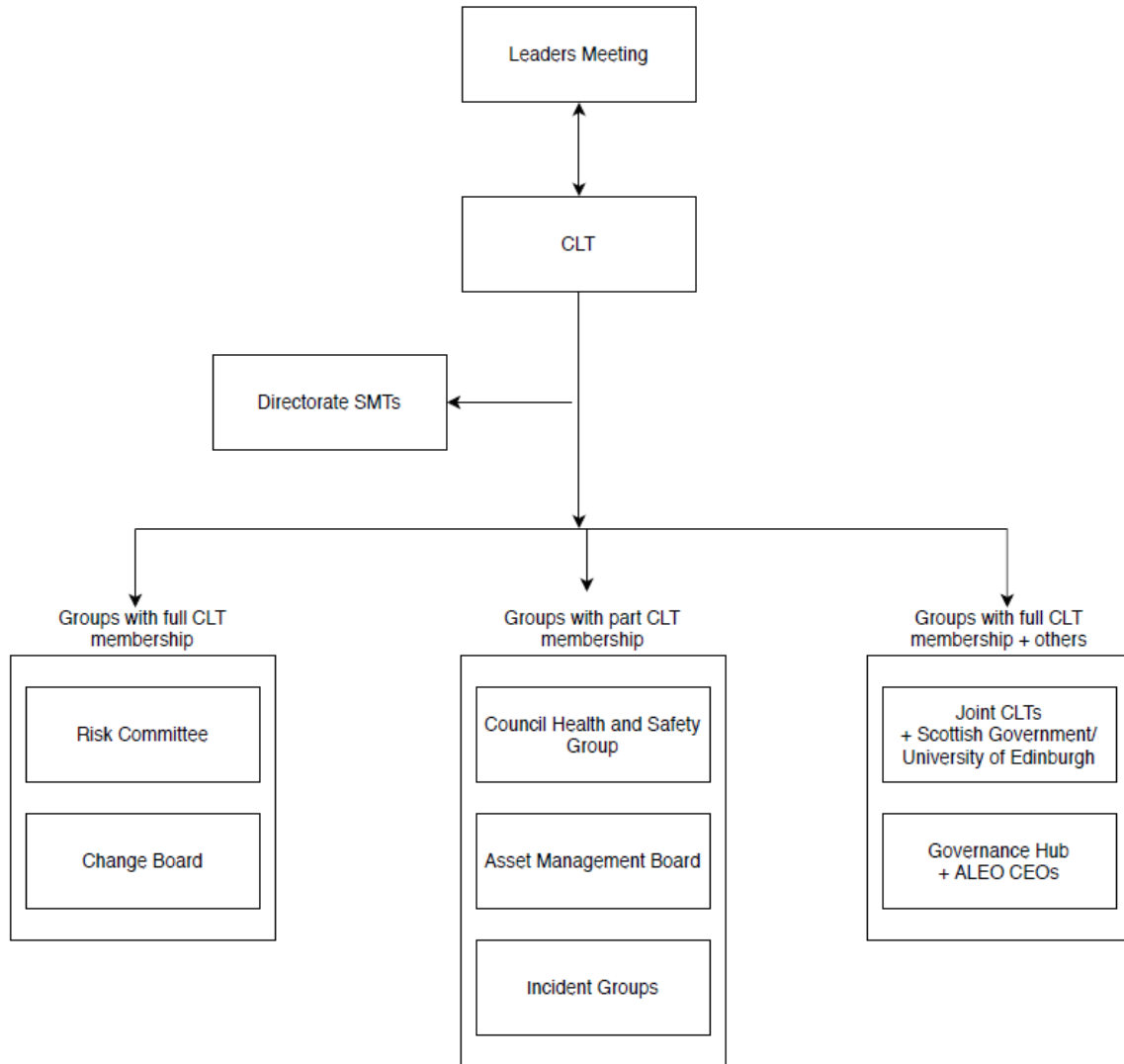


Figure 1.2 - CLT and Senior Management Team (SMTs) Structure

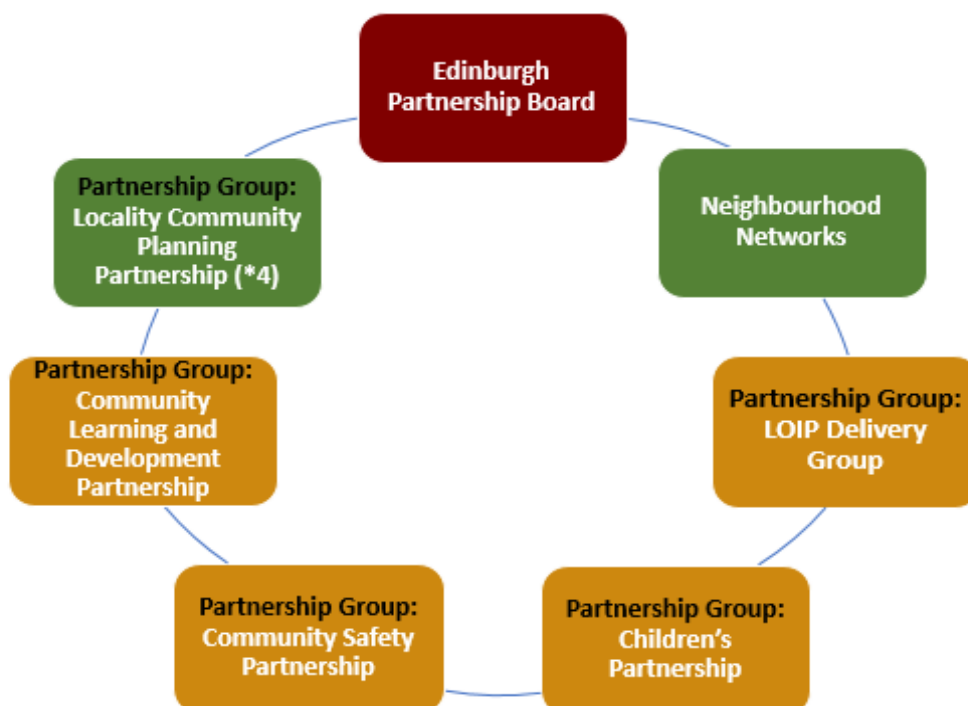
Partnership Working

The Council has four localities and is using this model to restructure and deliver a range of frontline services. This will ensure integrated local services and improved outcomes for citizens. This locality model operates in co-terminosity with our partners (such as police and fire services) enabling closer working and integration of services around our citizens. Local Improvement Plans cover every area of the city and describe in detail our multi-agency approach to improve the delivery of services in our communities.

The Council plays an important role in the Edinburgh Partnership, the Community Planning Partnership in Edinburgh, and its new community planning structure. The new framework agreed by the Edinburgh Partnership comprises a Board, four city wide partnerships, four locality partnerships and thirteen neighbourhood networks. The new arrangements are designed to support a different way of working and to support the delivery of the Partnership's priorities for the city as set out in the new community plan. The plan focuses on reducing poverty and inequality in the city through making sure people have enough money to live on; access to work, learning and training opportunities; and have a good place to live.

ANNUAL GOVERNANCE STATEMENT

Partnership Working - continued



Internal Controls

A significant part of the governance framework is the system of internal controls in place to ensure that risks are being identified and managed effectively. The Council has adopted a Corporate Governance Framework (CGF) as its local code. The CGF is based on the Chartered Institute of Public Finance & Accountancy and Society of Local Authority Chief Executives model framework Delivering Good Governance in Local Government. The CGF outlines how the Council embeds good governance throughout the organisation and is available on the Council's website.

COVID-19 Arrangements

The Council implemented changes both to its operational and political management arrangements to support the response to the COVID-19 emergency

The groups below were all established to respond to the COVID-19 incident:

- Council Incident Management Team (CIMT) chaired by the Chief Executive with daily meetings from 13 March 2020
- Directorate Incident Management Teams with escalation to CIMT
- Specialist Incident Management Teams:
 - Health and Social Care Command, chaired by Edinburgh Health and Social Care Partnership's Head of Operations
 - Personal Protective Equipment operational group, chaired by the Chief Procurement Officer
 - Shielding, chaired by the Executive Director of Resources
 - Vulnerable and Volunteering, chaired by the Executive Director of Communities and Families
- Cross-Council Risk Forum, convened and chaired by the Head of Legal and Risk / Council's Monitoring Officer.
- Weekly meetings with the Trade Unions chaired by the Head of Human Resources.

The CIMT and directorate IMTs have provided a clear, easy to understand and effective governance structure for organising services during the emergency. Action notes have been kept for all meetings and executive directors have reported to the CIMT any issues for escalation. During March and April, the CIMT and directorate IMTs mostly met daily due to the pace of change and direction coming from Government. These meetings have reduced in frequency in recent weeks as the response to the emergency has stabilised but are all still in operation and operational business is still directed through these meetings.

ANNUAL GOVERNANCE STATEMENT

COVID- 19 Arrangements - continued

COVID-19 has had, and continues to provide, a very challenging environment for the Council and has resulted in decisions being made at pace but never without efficient and effective governance at the core.

The three principles that were set out at the beginning of the response have been the framework for every decision taken:

- protect the most vulnerable in our city;
- minimise the risks to our colleagues; and
- continue to provide services in challenging circumstances.

The Chief Executive established measures to ensure that decision making was as transparent as possible and that decisions were taken only by officers where absolutely necessary. The following principles were applied:

- The Chief Executive would be the only officer to take decisions in response to the COVID-19 emergency using powers outlined in the Scheme of Delegation to Officers;
- The Chief Executive would consult on all these decisions with the Leader and Depute Leader;
- Decisions would be considered and discussed at the Council's Incident Management Team;
- If possible, executive directors would discuss matters at their directorate incident management teams before escalating to the CIMT;
- Decisions would only be taken by the Chief Executive where urgent and they could not be considered in good time by the Leadership Advisory Panel;
- Decisions would be reported to the Leadership Advisory Panel for information; and
- When making decisions the potential risk and impact of those decisions, whether existing controls are effective and what new measures or controls may be required should be considered. This process should be as efficient and streamlined as possible.

To date the Council has implemented two phases of political governance arrangements in response to COVID-19 emergency. The first phase, agreed by the Chief Executive under emergency powers, was to extend the recess period of the City of Edinburgh Council from Friday 20 March 2020 to Sunday 29 March 2020 inclusive and from Monday 20 April 2020 to Sunday 26 April 2020 inclusive. The Leadership Advisory Panel was an existing committee that had the authority to take all decisions during recess periods. This was stood up and met twice during this period.

The second phase followed a report considered by the Leadership Advisory Panel on 23 April 2020 and agreed that the Policy and Sustainability Committee would meet every two weeks from May and would have the authority to make decisions on all matters of business. This committee has a larger number of elected members, includes a number of the executive committee conveners and is chaired by the Council Leader. All business, with the exception of quasi-judicial matters, should be submitted to this committee. The Development Management Sub-Committee and the Local Review Bodies would also meet from May when required and the Governance, Risk and Best Value Committee would meet again from 9 June 2020. This has re-established independent committee scrutiny and allowed audit activity to re-commence.

It was agreed that the Policy and Sustainability Committee would review political governance arrangements again in August 2020.

Risk management processes were put in place to ensure that the risks associated with COVID-19 were identified, recorded, and mitigated where possible. Nine strategic risks were identified and recorded in the COVID-19 Risk Management Plan (RMP) and continue to be actively managed:

- health and safety of citizens and service users;
- health and safety of employees delivering critical services;
- Council premises and physical security;
- supply chain risk;
- technology and information;
- financial and economic risk;
- Council response and governance;
- fraud and serious organised crime, including overseeing the proportionate system of internal controls put in place for a number of newly-introduced funding streams, including business grants and self-employment payments; and
- legal and commercial risk.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness

An assurance statement on the effectiveness of the system of internal controls has been provided and was informed by:

- the work of the Corporate Leadership Team which develops and maintains the governance environment;
- the certified annual assurance statements provided by all executive directors;
- the certified assurance statements provided by the Chief Executives and Directors of Finance of the Council's group companies;
- council officers' management activities;
- the Chief Internal Auditor's annual report and internal audit reports, risk-based, across a range of Council services;
- reports from the Council's external auditor; and
- reports by external, statutory inspection agencies.

Each Executive Director has reviewed the arrangements in their service area and reported on their assessment of the effectiveness of control arrangements, together with any potential areas requiring improvement, to the Chief Executive. Where improvement actions are identified, an action plan will be developed and will be subject to regular monitoring. In reviewing the overall governance framework, the Council has also considered relevant third-party reviews and recommendations. Assurance has also been taken from each organisation's most recent audited accounts, together with the Council's detailed knowledge of these organisations as a consequence of their continued involvement. These reviews have not identified any fundamental weaknesses in the framework of governance, risk management and control at the Council.

The Internal Audit section operates in accordance with CIPFA's Code of Practice for Internal Audit and the Public Sector Internal Audit Standards. The section undertakes an annual work programme based on an agreed audit strategy and formal assessments of risk that are reviewed regularly. During the year, the Chief Internal Auditor reported to the Head of Legal and Risk (who is also the Monitoring Officer) but had free access to the Chief Executive, all executive directors and elected members along with direct reporting to the Governance, Risk and Best Value Committee.

In compliance with standard accounting practice, the Head of Finance as the Council's Statutory Section 95 Officer has provided the Chief Executive with a statement of the effectiveness of the Group's internal financial control system for the year ended 31 March 2020. It is the opinion of the Head of Finance that although a degree of assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal financial control, further improvements, including embedding of actions taken in response to previous recommendations, are still clearly required. In this context, the Head of Finance particularly highlights the continuing required improvements to address a number of systemic weaknesses in respect of payroll-related controls, particularly those to address historic, and prevent recurring, overpayments.

The Chief Internal Auditor will present her annual audit opinion on the adequacy and effectiveness of the system of internal control (including financial controls) to the Governance, Risk and Best Value Committee in August 2020. Due to COVID-related disruption and in-year delivery challenges, however, the opinion will necessarily be limited and based upon completion of 70% of the 2019/20 audit plan, subject to the receipt of requested support from Directorates.

The Council comprehensively reviewed its political management arrangements in May 2019, focussing on the levels of business at its main executive committees. Statistics showed a considerable strain on the Council's political management arrangements. The length of meetings showed a level of healthy democratic debate and as a result a level of scrutiny taking place at executive committees, however the volume of business was high and left little room and flexibility to scrutinise all committee business on an agenda. There was a risk of scrutiny being rushed for less high-profile areas of work because of these pressures. This pressure was not evident across all committees, but the structure was not sustainable, and the Council agreed to re-align its business so there was a more even spread across committees, with areas of business still grouped logically. The committee re-alignment also ensured that sustainability, one of the Council's key priorities, was considered by the newly re-titled Policy and Sustainability Committee chaired by the Council Leader. There was also a title change for the Housing and Economy Committee which was renamed Housing, Homelessness and Fair Work, again reflecting the Council's priorities.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

- External Audit had highlighted the importance of adhering to approved member-officer protocols in respect of sensitive information and the importance of all Councillors and senior staff having a clear understanding of their rights and responsibilities in relation to information held by the Council. A review of the Member/Officer protocol was commenced but the completion of the revised document was delayed by COVID-19. The review included member and officer groups and a facilitated joint meeting to build on the existing protocol before it will finally be considered by committee.
- An Internal Audit review confirmed that management; oversight; and scrutiny of the Council's major projects portfolio is generally adequate with some enhancements required. The review recognised significant progress made in the last year with the implementation of a portfolio governance framework that reflects best practice in a number of areas, and facilitates standardised reporting across the major projects' portfolio, enabling ongoing oversight and scrutiny by both the Change Board and the Governance, Risk and Best Value Committee. Since the review the system has further bedded in and the number of projects monitored by the Change Board increased significantly. Concern has been raised over the project governance for those projects that are too small for the Change Board and the need for directorates to improve their monitoring and challenge in this area.
- A major issue highlighted by both External and Internal Audit was the number of overdue findings from internal audit reports. The Corporate Leadership Team highlighted that resolving overdue findings was proving challenging due to their complexity. It was agreed that Directorates would review and refresh their agreed management actions for any findings that were more than three months overdue (including historic reopened findings) to assess whether alternative actions could be implemented to address the identified risks. This sustained effort significantly reduced the number of overdue findings and ensuring that management actions are completed on time is an agreed major priority for all directorates.
- Meeting the demands of new data protection legislation has led to significant increases in the volume of data protection work. This has resulted in several resource and operational challenges which have had a detrimental effect on statutory obligations and associated timescales. This increase has also impinged on other areas of information rights, including compliance with Scotland's freedom of information laws. Remedial plans are in place to reduce risks in this area and to ensure that statutory obligations are met.
- The Council's whistleblowing arrangements continue to include the oversight of an independent external service provider with the autonomy to decide who investigates the concerns raised, the Council or the service provider. The continuing involvement of an independent organisation helps ensure a robust, transparent and trustworthy process. The Council's approach is widely seen as best practice and as such the Council was invited to give evidence to the Scottish Parliament when an NHS whistleblowing service was being considered. The Governance, Risk and Best Value Committee receives a quarterly update on whistleblowing and the whistleblowing policy is reviewed annually by committee.
- The division of scrutiny of the Council's Arm's Length External Organisations (ALEOs) between executive committees and Governance, Risk and Best Value Committee is essential to ensure that potential conflicts of interest are mitigated. However, the separation of scrutiny between GRBV and executive committees has not always been clear, and duplication of scrutiny has been common. A committee report in 2020 sought to clarify matters for the Council's committees and for individual ALEOs. These arrangements were agreed and implemented but the COVID-19 emergency has meant that it has not been possible to demonstrate that this was maintained. The Council's compliance with the principles set out in the Following the Public Pound Code is much wider than just committee consideration, it applies to the Council's interactions with its ALEOs at all levels. The Chief Executive intends to review how the Council works with its ALEOs, examining the shareholder agreements and Service Level Agreements in place to ensure a greater degree of consistency and clarity of relationship. Individual issues that have arisen with ALEOs such as the non-submission of annual accounts by Marketing Edinburgh are being supported by the relevant directorates.
- Each directorate's assurance schedule was scrutinised by the Governance, Risk and Best Value Committee.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

- Internal Audit identified a number of significant control weaknesses in the design and application of the Council's policy management framework, across all Council directorates and divisions, that require to be addressed. Consequently, only limited assurance can be provided that policies are being effectively developed, managed, and communicated across the Council and are aligned with applicable legislation, regulations, and statutory requirements.
- In light of expected Scottish government proposal to further embed Human Rights into the Scottish Legal Framework, consideration needs to be given now as to whether the current approach to Integrated Impact Assessments is adequate and sufficiently embedded in Council working to be fit for
- Directorate assurance schedules identified the need for a holistic, corporate tracking of actions and improvement actions associated with the assurance schedules, external audit and other regulatory bodies. Improvements are required to the administration of improvement actions and aligning this with the governance statement to provide adequate assurance that actions are being implemented and thus risks effectively managed.
- There are established, well exercised, resilience incident management processes and protocols in place to effectively plan for and respond to emergencies. The Council Resilience Group and Council Counter Terrorism Group are the two main groups that drive and monitor the Council Resilience Management Programme, reporting to the Council Leadership Team, with the flexibility to convene working groups as required, for example, for Brexit planning. In the event of an incident, there is a flexible framework including directorate and corporate levels, that can be stood up as required, reporting to the Council Leadership Team and the appropriate committee(s). The Council feeds in to Scotland's resilience structures on a multi-agency basis, through the Lothian and Borders Local Resilience Partnership and East of Scotland Regional Resilience Partnership. The incident management used for COVID-19 is a good example of the effectiveness and agility of these structures.
- The Council maintains registration to the International Standard for Business Continuity, ISO22301 and, as part of that compliance, the Council's Resilience Management System is audited biannually by an external auditor.
- There is a robust risk framework in place which identifies key risks and is effective at a corporate Council-wide level. However, there is a need to ensure that adequate resource is provided so that the framework is effectively implemented at all levels of the Council and that all directorates are considering risk as part of their decision-making processes. It should be noted that health and social care risks remain separate from the Council process.
- The Council has adapted how it works on some of its key priorities enabling it to work flexibly with its partners with a view to achieving its ambitious objectives. An example of this is the Poverty Commission where the Council has worked with a newly created independent body and chair and agreed that recommendations proposed by the Commission will be used to inform future Council policies and actions to prevent, reduce, and mitigate poverty in Edinburgh. A further example is the partnership with the University of Edinburgh to appoint a climate commission. The flexible governance approach in these two examples have allowed the Council to be informed by external experts from across a range of sectors with the aim of achieving better outcomes. However, the final decision making remains with the Council and partner organisations.
- A Community Council review was carried out that improved the governance documentation supporting Community Councils. In addition, a new Code of Conduct was created for Community Councillors, with a Council committee created to consider the most serious cases.

The status of the previous year's actions is outlined below:

	Governance Issue	Mitigation Action / Proposed Action	Responsible Party	Reporting Date
1	Health and Social Care – Further work is required to implement an effective risk escalation framework.	The Health and Social Care Partnership aim to complete the risk escalation framework	Chief Officer	Completed
2	To ensure workforce resources are managed properly, including compliance with payroll policies, overtime controls, absence management and performance e.g. home/remote working.	Implementation of new HR/ system	Executive Director of Resources	Completed

ANNUAL GOVERNANCE STATEMENT

	Governance Issue	Mitigation Action / Proposed Action	Responsible Party	Reporting Date
3	Partial compliance (Place Directorate) - Council staff are aware of their responsibilities in relation to the Council's governance framework and that the authority, responsibility and accountability levels within the (Place) directorate are clearly defined, with proper officer designation delegated, recorded, monitored, revoked and reviewed regularly to ensure ongoing compliance with the Scheme of Delegation.	A review of delegated authority within the Place directorate is being carried out to ensure that appropriate governance and controls are in place.	Executive Director of Place	Completed
4	Ensure the Council's arrangements are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Review of Political Management Arrangements	Chief Executive	Completed
5	Ensure the Council's arrangements are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Review Annual Assurance process	Chief Executive	Completed
6	Decisions are made on the basis of objective information, the consideration of best value, risk, stakeholder views, rigorous analysis, and consideration of future impacts. This is formalised through appropriate structures. (i.e. SMT reporting).	A new balanced score card approach is to be implemented which looks to amalgamate all aspects of performance in a single format	Chief Executive	Completed
7	Projects are not always started with clear business cases or a formal project management approach adopted. Projects are started in relation to an issue or service change, but recognition not always given to other projects creating duplication. A Business Planning process is also being established.	A transformation and change team will provide project support capacity across the Partnership allowing for greater oversight and ensure projects have clear business justification and business cases	Chief Officer	Completed
8	An issue was identified by Internal Audit as part of a review of payments to contractors in Housing Property. Actions have been agreed with Internal Audit and are currently being implemented.	Review of developer contributions held in Finance database	Executive Director of Resources	Completed
9	An issue was identified by Internal Audit as part of a review of payments to contractors in Housing Property. Actions have been agreed with Internal Audit and are currently being implemented.	Review of historic developer contributions	Executive Director of Resources	Completed
10	An issue was identified by Internal Audit as part of a review of payments to contractors in Housing Property. Actions have been agreed with Internal Audit and are currently being implemented.	Review of Developer contribution process documentation and guidance	Executive Director of Resources	Completed

ANNUAL GOVERNANCE STATEMENT

Following the review of effectiveness and the assurance statements from directorates and ALEOs, the following actions have been identified to improve the Council's governance arrangements:

	Assurance Statement	Mitigation Action / Proposed Action	Responsible Party	Reporting Date
1	I have internal controls and procedures in place throughout my directorate that are proportionate, robust, monitored and operate effectively.	Development of Business Forums for Finance/Property/HR to provide a risk-based approach to business management.	Executive Director for Communities and Families	October 2020
2.1	I have risk management arrangements in place to identify the key risks to my directorate (and the Council).	Roll out risk management framework across wider leadership teams and Partnership teams.	Chief Officer of the Edinburgh Health and Social Care Partnership	March 2021
2.2		A decision whether to review and align the Directorate Risk Register with the specific risk registers which exist for Brexit, Cyber and Information Security and Change Programmes will be undertaken during the next financial year.	Executive Director of Resources	September 2020
3	I have robust controls in place to manage new starts, movers and leavers, including induction and mandatory training, IT systems security (access and removal) and access to buildings and service users' homes.	The creation of the Edinburgh Learns Risk Board is to involve school colleagues in the management of relevant risks. It will act as a gatekeeper in terms of what is included in risk management and will provide isomorphic learning where the Service learns from within to manage the risks jointly, efficiently and effectively.	Executive Director for Communities and Families	October 2020
4.1	I have arrangements in place for the annual review of policies owned by my directorate, via the relevant executive committee, to ensure these comply with the Council's policy framework.	All Edinburgh Health and Social Care Partnership (EHSCP) and Place policies on the Policy Register will be reviewed with the support of the Governance team. A review framework will be introduced to ensure that the register is updated and relevant changes are applied accordingly.	All	December 2020
4.2		A review of the policy register will be carried out to ensure it is up to date and that the correct processes are easy to understand and implement.	Chief Executive/All	October 2020
4.3		Directorate to review SHE and the Essential Learning matrix and mechanism within the Service to be undertaken with Corporate Health and Safety to ensure that the portal is being used efficiently, effectively and necessary improvements are made.	Executive Director for Communities and Families	October 2020
4.4		To ensure that the Health & Safety Team Professional Advisor roles are recruited to a sufficient level, with posts filled by individuals with appropriate competency and qualification levels during the course of the next financial year.	Executive Director of Resources	March 2021
5	I have appropriate arrangements in place throughout my service area for recording, monitoring and managing customer service complaints and customer satisfaction.	Development of a carbon scenario tool with ECCI as part of the sustainability programme	Chief Executive	December 2020

ANNUAL GOVERNANCE STATEMENT

	Assurance Statement	Mitigation Action / Proposed Action	Responsible Party	Reporting Date
6	All projects and programmes have a clear business justification, as a minimum this should articulate outcomes and benefits; have appropriate governance in place to support delivery; effective controls in place to track delivery progress and to take corrective action if required; have a robust benefits management framework in place; and ensure that a formal closure process is undertaken.	There will be a development of a new Roads and Transport Infrastructure Improvement Plan. This will require the realignment of roads and transport services to implement the plan. This will ensure clear accountability for all programmes and projects.	Executive Director of Place	September 2020
7	The operation of financial controls in my directorate is effective in ensuring the valid authorisation of financial transactions and maintenance of accurate accounting records.	The Finance Service will work with the Schools and Lifelong Learning Service to review the issues with the forecasting spreadsheet used in schools. This review will address the causal effects and seek to mitigate them.	Executive Director for Communities and Families	October 2020
8	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years have been addressed satisfactorily.	A consolidated decision tracker for ensuring the implementation of Best Value, Assurance and Annual Accounts recommendations is created.	Chief Executive	December 2020
9	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years have been addressed satisfactorily.	To ensure that a framework is in place for directorates to understand the requirements of the Annual Assurance Schedule and the Corporate Governance Framework	Chief Executive	December 2020

Conclusion

In conclusion, the Council's controls framework continues to evolve and improve. It is robust and a reasonable level of assurance can be taken. Improvements are needed in certain areas to ensure that the Council's and controls are implemented fully. Moreover, COVID-19 has put significant pressure on the Council's processes and controls and the Council will need to be vigilant to ensure that if the Council undergoes considerable transformation due to the emergency that it ensures that its governance controls remain effective.

We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and will further enhance our corporate governance and internal control arrangements.

Certification

It is our opinion that in light of the foregoing, reasonable assurance can be placed upon the adequacy and effectiveness of City of Edinburgh Council and its Group's systems of governance. The annual review demonstrates sufficient evidence that the Code is operated effectively and the Council and its Group comply with the Local Code of Corporate Governance in all significant respects.

ANDREW KERR
Chief Executive

Date

ADAM MCVEY
Council Leader

Date

STEPHEN S. MOIR
Executive Director of Resources

Date

REMUNERATION REPORT

The Council is required under statute to provide information on the remuneration of each senior officer and each senior elected member, together with any other officer not otherwise included whose remuneration was over £150,000 during the year covered by these accounts. In addition, the Council is required to provide information for the most senior employee within each of its subsidiary companies, together with all other employees whose remuneration exceeds £150,000 in that year.

Remuneration Arrangements

Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended by the Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Amendment Regulations 2017. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (the Lord Provost), senior councillors or councillors. The Leader of the Council and the Civic Head cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of Councillors' remuneration, Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC's recommendations were first implemented for councillors elected in the local government elections in May 2007. SLARC was stood down as a committee in February 2013, but the principles of its work continue.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2019/20, the remuneration for the Leader of the City of Edinburgh Council was £52,414. The Regulations permit the Council to remunerate one Civic Head. The Regulations set out the maximum remuneration that may be paid to the Civic Head (the Lord Provost). For 2019/20 this was £39,310. The Council's policy is to pay the Lord Provost at the national maximum.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have (24 for the City of Edinburgh Council). The maximum yearly amount that may be paid to a Senior Councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all Senior Councillors shall not exceed £681,366. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their remuneration within these maximum limits. The Council's current policy is summarised below.

	No. of Posts	% of amount payable to Leader of the Council
Depute Leader of the Council	1	75%
Depute Convener	1	50%
Conveners of Culture and Communities, Housing, Homelessness and Fair Work, Education, Children and Families, Finance and Resources, Planning, Regulatory, Transport and Environment and Integration Joint Board Committees	8	62.5%
Convener of Licensing Board	1	55%
Convener of Governance, Risk and Best Value	1	50%
Vice-Conveners of Culture and Communities, Housing, Homelessness and Fair Work, Education, Children and Families, Finance and Resources, Planning, Regulatory and Transport and Environment Committees	7	50%
Opposition Group Leaders - Conservative, Green and Liberal Democrat Groups	3	50%

In addition, the Council has an arrangement with the Joint Boards to reimburse the Council for any additional costs for councillors that arise from their being a Convener or Vice Convener of the Joint Boards.

REMUNERATION REPORT

Remuneration Paid

The following tables provide details of the remuneration paid to the Council's Senior Councillors, Senior Employees and the remuneration paid to the Chief Executive (or the most senior manager of that body) of each of the Council's subsidiary bodies. Where a Councillor has held more than one post during the year, he/she is only included once within the following table. Salary, fees and allowances represents the total amount received during the year, where the individual was a Senior Councillor for part or all of the year.

Council's Leader, Civic Head and Senior Councillors	Salary, Fees and Allowances	Taxable Expenses	Non-Cash Expenses / Benefits-in-kind	Total Remun. 2019/20	Total Remun. 2018/19
	£	£	£	£	£
A. McVey, Leader of the Council	52,414	41	779	53,234	51,172
F. Ross, Lord Provost	39,310	194	4,560	44,063	44,346
C. Day, Deputy Leader of the Council	39,310	0	116	39,426	38,443
J. Griffiths, Depute Convener	26,208	0	216	26,424	25,693
<u>Conveners</u>					
D. Wilson, Convener Culture and Communities	32,759	26	508	33,293	32,743
A. Rankin, Convener Finance and Resources	32,759	0	170	32,929	32,036
R. Henderson, Convener Edinburgh Integration Joint Board (to 27.06.19)	32,759	0	756	33,515	32,939
I. Perry, Convener Education, Children and Families	32,759	0	440	33,199	32,457
J. Mowat, Convener Governance, Risk and Best Value	26,208	0	779	26,987	26,263
K. Campbell, Convener Housing, Homelessness and Fair Work	32,759	0	854	33,613	35,215
L. Macinnes, Convener Transport and Environment	32,759	0	134	32,893	32,247
N. Gardiner, Convener Planning	32,759	0	761	33,520	32,631
C. Fullerton, Convener Regulatory	32,759	31	90	32,880	32,072
N. Work, Convener Licensing Board	32,114	0	180	32,294	28,815
<u>Vice-Conveners</u>					
M. Child, Vice Convener Planning and North East Locality Chair (to 03.05.19)	26,208	0	108	26,316	25,280
M. Donaldson, Vice Convener Finance and Resources (to 29.01.19)	n/a	n/a	n/a	n/a	21,221
A. McNeese-Mechan, Vice Convener Culture and Communities	26,208	30	908	27,145	27,225
A. Dickie, Vice Convener Education, Children and Families	26,208	0	200	26,408	26,546
L M. Cameron, Vice Convener Housing, Homelessness and Fair Work (to 02.05.19) and Vice Convener Finance and Resources (from 02.05.19 to 21.10.19)	26,208	0	1,308	27,516	27,021
K. Doran, Vice Convener Transport and Environment	26,208	0	766	26,974	26,269
M. Main, Vice Convener Governance, Risk and Best Value (to 31.05.19) & Green Group Leader (to 29.06.18 & from 29.12.19)	19,725	0	94	19,819	18,855
<u>Locality Committee Conveners</u>					
M. Watt, Vice Convener Housing, Homelessness and Fair Work (from 02.05.19) and South East Locality Chair (to 03.05.19)	26,095	0	779	26,874	25,007
D. Dixon, Vice Convener Regulatory (from 31.05.19) and South West Locality Chair (to 03.05.19)	25,993	0	92	26,085	24,312

REMUNERATION REPORT

Remuneration Paid - continued

	Salary, Fees and Allowances £	Taxable Expenses £	Non-Cash Expenses / Benefits- -in-kind £	Total Remun. 2019/20 £	Total Remun. 2018/19 £
Council's Leader, Civic Head and Senior Councillors					
<u>Opposition Group Leaders</u>					
I. Whyte, Conservative Group Leader	25,993	0	128	26,121	24,971
M. Campbell, Green Group Leader (<i>from 29.06.18 to 29.12.18</i>)	n/a	n/a	n/a	n/a	20,748
C. Booth, Green Group Leader (<i>from 29.12.2018</i>)	19,367	0	116	19,482	18,972
R. Aldridge, Liberal Democrat Group Leader	25,993	0	0	25,993	24,218
<u>Councillors</u>					
D. Key, Convener to the Lothian Valuation Joint Board	21,840	0	96	21,936	21,340

Notes:

1. The amount recharged to Lothian Valuation Joint Board in 2019/20 was £4,391.88 (2018/19 £4,251). Expenses relate to Councillor role.
2. The full year equivalent under Salary, Fees and Allowances represents the Senior Responsibility Allowance at the year end for the position.

Members' Salaries and Expenses

The Council paid the following amounts to members of the Council during the year (these sums include the totals shown above):

	2019/20 £	2018/19 £
Salaries	1,422,542	1,380,111
Expenses		
<i>Claimed by councillors</i>	387	742
<i>Paid directly by the Council</i>	39,635	46,733
Total	<u>1,462,564</u>	<u>1,427,586</u>

Remuneration paid to Senior Officers

	Salary, Fees and Allowances £	Compensation for Loss of Office £	Total Remun. 2019/20 £	Total Remun. 2018/19 £
Council's Senior Officers				
A. Kerr, Chief Executive (Note 1)	175,740	0	175,740	167,468
A. Gaw, Executive Director of Communities and Families	158,150	0	158,150	150,390
J. Proctor, Integration Joint Board Chief Officer (Note 2)	79,009	0	79,009	68,929
M. Miller, Interim Integration Joint Board Chief Officer (<i>to 30.06.18</i>) (Note 3)	400	0	400	37,977
P. Lawrence, Executive Director of Place	158,150	0	158,150	150,390
J. Irvine, Chief Social Work Officer (<i>from 30.7.18</i>)	109,100	0	109,100	69,407
S. Moir, Executive Director of Resources	158,150	0	158,150	150,390
H. Dunn, Head of Finance	115,230	0	115,230	108,720
Total	<u>953,929</u>	<u>0</u>	<u>953,929</u>	<u>903,671</u>

Notes:

1. Remuneration shown above excludes any fees payable in respect of returning officer or other election duties. The approved remuneration for A Kerr for Returning Officer Duties in 2019/20 amounted to £34,014.
2. J. Proctor took up the position of Chief Officer of the Integration Joint Board in May 2018. J Proctor is employed by the City of Edinburgh Council and 50% of her salary costs are recharged to the EIJB and NHS Lothian. The above figures therefore show the Council's share.
3. M. Miller held the position of Interim Integration Joint Board Chief Officer until 30 June 2018. One payment of £400 Basic Pay was made in May 2019 as part of the 2018-19 backdated pay award.

REMUNERATION REPORT

Remuneration Paid - continued

Remuneration paid to Senior Officers - continued

Council Subsidiary Companies

EDI Group and EICC are subsidiary companies of CEC Holdings Limited. Figures shown for these companies, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the year ended 31 December 2019 and 2018 respectively.

	Salary, Fees and Allowances £	Bonus £	Compensation Other Benefits £	for Loss of Office £	Total Remun. 2019/20 £	Total Remun. 2018/19 £
Council's Subsidiary Companies						
E. Adair, Operations and Finance Director, EDI Group (to 30.06.18)	n/a	n/a	n/a	n/a	n/a	139,596
M. Dallas, Chief Executive, EICC	154,941	28,838	0	0	183,779	171,140
J. Donnelly, Chief Executive, Marketing Edinburgh Ltd (Note 1)	5,440	0	0	0	5,440	139,200
R. Hunter, Chief Executive, Capital City Partnership	58,767	0	0	0	58,767	53,729
<u>Transport for Edinburgh</u>						
G. Lowder, Chief Executive	146,441	0	0	0	146,441	144,281
<u>Lothian Buses Ltd.</u>						
R. Hall, Managing Director (Note 2)	174,618	0	523	147,950	323,091	217,669
<u>Edinburgh Trams Ltd.</u>						
L. Harrison, General Manager	132,025	48,895	0	0	180,920	127,962
	<u>672,232</u>	<u>77,733</u>	<u>523</u>	<u>147,950</u>	<u>898,438</u>	<u>993,577</u>

Notes:

- Marketing Edinburgh Limited entered into a contract with John P Donnelly Associates Limited for the services of J. Donnelly in the role of Chief Executive to 11 April 2019. The cost of this contract is £5,440 in 2019/20, including VAT (2018/19 £139,200, including VAT).
- Compensation for loss of office includes contractually-due payment in lieu of six-month notice period agreed at the end of March 2020.
- Edinburgh Living MMR LLP is a subsidiary of the Council however there are no employees and therefore no remuneration disclosures.

REMUNERATION REPORT

Remuneration Paid - continued

Number of Employees by Pay Band

The total number of Council employees receiving more than £50,000 remuneration for the year (including early retirement / voluntary release costs) is shown below.

	2019/20	2018/19		2019/20	2018/19
£50,000 - £54,999	410	197	£115,000 - £119,999	2	0
£55,000 - £59,999	218	132	£120,000 - £124,999	1	0
£60,000 - £64,999	134	44	£125,000 - £129,999	1	0
£65,000 - £69,999	70	35	£130,000 - £134,999	1	0
£70,000 - £74,999	16	32	£135,000 - £139,999	0	0
£75,000 - £79,999	34	20	£140,000 - £144,999	0	0
£80,000 - £84,999	20	3	£145,000 - £149,999	0	0
£85,000 - £89,999	17	4	£150,000 - £154,999	0	3
£90,000 - £94,999	2	0	£155,000 - £159,999	4	0
£95,000 - £99,999	2	2	£160,000 - £164,999	1	0
£100,000 - £104,999	2	8	£165,000 - £169,999	0	1
£105,000 - £109,999	11	1	£170,000 - £174,999	0	0
£110,000 - £114,999	1	1	£175,000 - £179,999	1	0
			Total No. of Employees	948	483

Notes:

- The 2019/20 remuneration includes the back dated pay awards for 2018/19 (3.5% for local government employees and 3% for teachers) which were paid in April/May 2019 and the subsequent pay increases for the 2019/20 tax year (3% for local government employees and 7% for teachers).

Exit Packages

The number of exit packages provided for by the Council and the Group during the year, together with the total cost of those packages is shown in the table below. The total cost shown includes pension strain costs and the capitalised value of compensatory added years payments.

Exit package cost band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20 £000	2018/19 £000
£0 - £20,000								
- Council	0	0	30	23	30	23	245	179
- Group companies	0	0	1	4	1	4	6	38
£20,001 - £40,000								
- Council	0	0	28	11	28	11	788	311
- Group companies	0	0	2	1	2	1	88	31
£40,001 - £60,000								
- Council	0	0	13	4	13	4	675	202
- Group companies	0	0	1	0	1	0	50	0
£60,001 - £80,000								
- Council	0	0	5	9	5	9	344	621
- Group companies	0	0	0	0	0	0	0	0
£80,001 - £100,000								
- Council	0	0	3	2	3	2	276	193
- Group companies	0	0	0	0	0	0	0	0
£100,001 - £150,000								
- Council	0	0	3	4	3	4	358	498
- Group companies	0	0	1	0	1	0	0	0
£150,001 - £200,000								
- Council	0	0	1	2	1	2	151	364
- Group companies	0	0	0	0	0	0	0	0
£200,001 - £250,000								
- Council	0	0	2	0	2	0	458	0
- Group companies	0	0	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>90</u>	<u>60</u>	<u>90</u>	<u>60</u>	<u>3,439</u>	<u>2,437</u>

REMUNERATION REPORT

Pension Rights

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. For Pre April 2015 benefits, the councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits. The Post April 2015 benefits are calculated in the same way as Local Government employees.

For local government employees the Local Government Pension Scheme (LGPS) became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The scheme's normal retirement age for both councillors and employees is linked to the state pension age (but with a minimum of age 65).

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and members' contribution rates for 2019/20 were as follows:

Whole Time Pay	Contribution rate
On earnings up to and including £21,800 (2018/2019 £21,300)	5.50%
On earnings above £21,801 and up to £26,700 (2018/2019 £21,300 to £26,100)	7.25%
On earnings above £26,701 and up to £36,600 (2018/2019 £26,100 to £35,700)	8.50%
On earnings above £36,601 and up to £48,800 (2018/2019 £35,700 to £47,600)	9.50%
On earnings above £48,801 (2018/2019 £47,600)	12.00%

From April 2015, when allocating contribution rates to members, pensionable pay means the actual pensionable pay, regardless of hours worked.

There is no automatic entitlement to a lump sum for members who joined the scheme post April 2009. Members may opt to give up (commute) pension for lump sum or bigger lump sum up to the limit set by the Finance Act 2004.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation - assuming that the person left the related employment or service as at 31st March in the year to which the value relates.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

Trade Union (Facility Time Publication Requirements) Regulations 2017

The Council is required to report from 1 April 2017 a range of information on facility time made available to its employees who are trade union representatives.

For the reporting year 2019/20, the equivalent of 8.3 FTE (across 18 individuals) of paid facility time was made available, with an associated cost of £0.26m. This sum equates to 0.04% of the Council's overall paybill.

Of the total time made available, six individuals spent 100% of time during the year on trade union-related activities, nil between 51% and 99%, and the remaining twelve between 1% and 50%.

REMUNERATION REPORT

Pension Benefits - continued

Pension Rights - continued

Council's Leader, Civic Head and Senior Councillors

The pension entitlements of senior councillors for the year to 31 March 2020 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year.

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.2020	For year to 31.03.2019		As at 31.03.2020	Difference from 31.03.2019
	£	£		£000	£000
<u>Council's Leader and Civic Head</u>					
A. McVey, Leader of the Council	11,688	11,115	Pension	6	2
			Lump Sum	0	0
F. Ross, Lord Provost	8,766	8,336	Pension	6	1
			Lump Sum	0	0
C. Day, Deputy Leader of the Council	8,766	8,336	Pension	2	1
			Lump Sum	0	0
J. Griffiths, Depute Convener	5,844	5,557	Pension	3	0
			Lump Sum	0	0
<u>Conveners</u>					
D. Wilson, Convener Culture and Communities	7,305	6,947	Pension	8	1
			Lump Sum	2	0
A. Rankin, Convener Finance and Resources	7,305	6,947	Pension	5	1
			Lump Sum	0	0
R. Henderson, Convener Edinburgh Integration Joint Board (to 27.06.19)	7,305	7,010	Pension	7	1
			Lump Sum	2	0
I. Perry, Convener Education, Children and Families	7,305	6,947	Pension	7	1
			Lump Sum	2	0
J. Mowat, Convener Governance, Risk and Best Value	5,844	5,557	Pension	4	1
			Lump Sum	0	0
K. Campbell, Convener Housing, Homelessness and Fair Work	7,305	7,094	Pension	2	2
			Lump Sum	0	0
L. Macinnes, Convener Transport and Environment	7,305	6,947	Pension	2	2
			Lump Sum	0	0
N. Gardiner, Convener Planning	7,305	6,947	Pension	2	2
			Lump Sum	0	0
N. Work, Convener Licensing Board	7,162	6,113	Pension	6	1
			Lump Sum	2	0
<u>Vice-Conveners</u>					
M. Child, Vice Convener Planning and North East Locality Chair (to 03.05.19)	5,844	5,488	Pension	11	1
			Lump Sum	17	1
M. Donaldson, Vice Convener Finance and Resources (to 29.01.2019)	n/a	4,601	Pension	n/a	n/a
			Lump Sum	n/a	n/a
A. McNeese-Mechan, Vice Convener Culture and Communities	5,844	5,642	Pension	1	0
			Lump Sum	0	0
A. Dickie, Vice Convener Education, Children and Families	5,844	5,557	Pension	2	2
			Lump Sum	0	0
L M. Cameron, Vice Convener Housing and Economy (to 02.05.19) and Vice Convener Finance and Resources (from 02.05.19 to 21.10.19)	5,844	5,557	Pension	2	2
			Lump Sum	0	0
K. Doran, Vice Convener Transport and Environment	5,844	5,557	Pension	3	1
			Lump Sum	0	0
M. Main, Vice Convener Governance, Risk and Best Value (to 31.05.19) & Green Group Leader (to 29.06.18 and from 29.12.19)	4,399	4,090	Pension	3	1
			Lump Sum	0	0

REMUNERATION REPORT

Pension Benefits - continued

Pension Rights - continued

Council's Leader, Civic Head and Senior Councillors

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.2020 £	For year to 31.03.2019 £		As at 31.03.2020 £000	Difference from 31.03.2019 £000
<u>Locality Committee Conveners</u>					
M. Watt, Vice Convener Housing, Homelessness and Fair Work (from 02.05.19) and South East Locality Chair (to 03.05.19)	5,819	5,280	Pension	2	2
			Lump Sum	0	0
D. Dixon, Vice Convener Regulatory (from 31.05.19) and South West Locality Chair (to 03.05.19)	5,796	5,280	Pension	3	0
			Lump Sum	0	0
<u>Opposition Group Leaders</u>					
I. Whyte, Conservative Group Leader	5,796	5,280	Pension	6	0
			Lump Sum	2	0
M. Campbell, Green Group Leader (from 29.06.18 to 29.12.18)	n/a	4,488	Pension	n/a	n/a
			Lump Sum	n/a	n/a
R. Aldridge, Liberal Democrat Group Leader	5,796	5,280	Pension	5	0
			Lump Sum	2	0
<u>Councillors</u>					
D. Key (including role as Convener of Lothian Valuation Joint Board)	4,870	4,631	Pension	3	0
			Lump Sum	0	0

All senior councillors shown in the above table are members of the Local Government Pension Scheme. Not all senior councillors are members of the Local Government Pension Scheme. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, including any service with a Council subsidiary body, and not just their current position.

Senior Employees

The pension entitlements of senior employees for the year to 31 March 2020 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.2020 £	For year to 31.03.2019 £		As at 31.03.2020 £000	Difference from 31.03.2019 £000
A. Kerr, Chief Executive	n/a	n/a	Pension	9	0
			Lump Sum	0	0
A. Gaw, Executive Director of Communities and Families	35,267	32,785	Pension	78	4
			Lump Sum	148	6
J. Proctor, Integration Joint Board Chief Officer	35,238	30,053	Pension	n/a	n/a
			Lump Sum	n/a	n/a
M. Miller, Interim Integration Joint Board Chief Officer (to 30.06.18)	n/a	8,196	Pension	n/a	n/a
			Lump Sum	n/a	n/a
P. Lawrence, Executive Director of Place	35,267	32,785	Pension	29	4
			Lump Sum	n/a	n/a
J. Irvine, Chief Social Work Officer	24,329	15,131	Pension	33	32
			Lump Sum	37	37
S. Moir, Executive Director of Resources	35,267	32,785	Pension	9	9
			Lump Sum	0	0
H. Dunn, Head of Finance	25,696	23,701	Pension	79	23
			Lump Sum	151	46
Total	191,064	175,436			

REMUNERATION REPORT

Pension Benefits - continued Pension Rights - continued Senior Employees - continued

Notes:

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government / public service and not just their current appointment. Accrued pension benefits relate to the position as at 31 March 2020, or the date of leaving, if that is earlier. Employees contribute towards their pensions in accordance with the rates set out on page 129.

There are no accrued pension benefits included in the table above if the employee has been a member of the pension scheme for less than 2 years.

The in-year pension contributions include pension strain costs where applicable.

Council's Subsidiary Companies

The pension entitlements of senior employees within the Council's subsidiary bodies for the year to 31 March 2020 are shown below, together with the contribution made to each senior employee's pension during the year.

	In-year pension contribs.			Accrued Pension Benefits	
	For year to 31.03.2020 £	For year to 31.03.2019 £		As at 31.03.2020 £000	Difference from 31.03.2019 £000
E. Adair, Operations and Finance Director, EDI Group (to 30.06.18)	n/a	30,061	Pension Lump Sum	n/a n/a	33 45
M. Dallas, Chief Executive, EICC	9,617	18,812	Pension Lump Sum	n/a n/a	n/a n/a
<u>Lothian Buses Ltd.</u>					
R. Hall, Managing Director	17,462	16,933	Pension Lump Sum	n/a n/a	n/a n/a
<u>Edinburgh Trams Ltd.</u>					
L. Harrison, General Manager	13,203	10,996	Pension Lump Sum	n/a n/a	n/a n/a
<u>Capital City Partnership</u>					
R. Hunter, Chief Executive	12,929	11,112	Pension Lump Sum	14 11	2 1
Total	<u>53,211</u>	<u>87,914</u>			

EDI Group and EICC are subsidiary companies of CEC Holdings Limited. Figures shown for these companies, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the year ended 31 December 2019 and 31 December 2018 respectively.

R. Hunter is the only current member of the Local Government Pension Scheme in the above table. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total relevant service and not just their current appointment.

E. Adair left the Local Government Pension Scheme 1 November 2018.

There are no accrued pension benefits included in the table above if the employee has been a member of the pension scheme for less than 2 years.

The in-year pension contributions include pension strain costs where applicable.

ANDREW KERR
Chief Executive

ADAM MCVEY
Council Leader

Date

Date

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of City of Edinburgh Council and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of City of Edinburgh Council and its group for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Movement in Reserves Statements, Comprehensive Income and Expenditure Statements, Balance Sheets, and Cash-Flow Statements, the council-only Housing Revenue Account, Council Tax Income Account, Non-domestic Rates Income Account, Common Good Fund Income and Expenditure Account and Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the council and its group as at 31 March 2020 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is 4 years. We are independent of the council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Property valuations

We draw attention to Note 6 "Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty" and Note 15.7 "Property, Plant and Equipment" of the financial statements, which describes the effects of a material uncertainty, caused by Covid-19, on the property valuations. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT

Risks of material misstatement

We report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

Responsibilities of the Head of Finance and council for the financial statements

As explained more fully in the Statement of Responsibilities, the Head of Finance is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Head of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

Other information in the annual accounts

The Head of Finance is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In our opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have the following to report in respect of these matters:

Local authorities have a duty under section 10 of the Local Government in Scotland Act 2003 to conduct their significant trading operations so that income is not less than expenditure over each three year period. The Council failed to comply with this statutory requirement for the three year period ending 31 March 2020 in respect of their significant trading operation, Edinburgh Catering Services – Other Catering.

We have nothing to report in respect of other matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Nick Bennett (for and on behalf of Azets Audit Services)
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date

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The City of Edinburgh Council

10.00am, Thursday 19 November 2020

Revenue Budget 2020/23: 2020/21 Month Five Position and Framework Assumptions Update – referral from the Finance and Resources Committee

Executive/routine
Wards All
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report seeking approval of the use in 2020/21 of up to £0.6m from the Council's earmarked reserves to meet costs associated with the independent review of the Council's whistleblowing arrangements and culture. This report has been referred to the City of Edinburgh Council for its consideration.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling, Committee Services

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

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

2. Terms of Referral

- 2.1 On 29 October 2020, the Finance and Resources Committee considered a report which provided a further update on the estimated expenditure and income impacts of the Covid-19 pandemic for the Council and its Arm's-Length External Organisations (ALEOs) during 2020/21, alongside offsetting sources of confirmed or anticipated funding. This analysis indicated a reduction in the residual gap from £12.2m to £5.1m since the previous report considered by the Finance and Resources Committee on 24 September 2020.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To note the further reduction in the projected in-year deficit to £5.1m.
- 2.2.2 To note, nonetheless, that the expenditure and income projections set out within the report remained subject to significant uncertainty and potential variation given current events.
- 2.2.3 To note the progress in the development of an income compensation scheme and availability of potential financial flexibilities.
- 2.2.4 To note that a further update would be presented to the Finance and Resources Committee's next meeting on 3 December.
- 2.2.5 To note the changes to future years' planning assumptions in light of the pandemic's longer-term impacts, resulting in a need to identify at least an estimated £16.1m of additional savings in 2021/22.
- 2.2.6 To agree to include in the report coming to the Finance and Resources Committee in December:
- Further detail on the additional flexibilities.
 - The cost of the independent review and a breakdown of charges.
 - The outcome of discussions with COSLA on funding not within the EIJB's remit being given to the Council.

- Any considerations taken on a broader range of contingency savings to mitigate potential further lockdown measures.
- 2.2.7 To agree to provide an update to each Finance and Resources Committee meeting on the financial impact of the independent inquiry.
- 2.2.8 To refer this report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.
- 2.2.9 To refer this report to Council on 19 November to authorise the use in 2020/21 of up to £0.6m from the Council's earmarked reserves to meet costs associated with the independent review of the Council's whistleblowing arrangements and culture.

3. Background Reading/ External References

[Minute of the Finance and Resources Committee of 24 September 2020](#)

Minute of the Finance and Resources Committee of 29 October 2020

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

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

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

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

Stephen S. Moir

Executive Director of Resources

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

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

2. Executive Summary

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

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

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

3. Background

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

4. Main report

Changes in net COVID-related expenditure pressures – Council

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

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

Homelessness services

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

Changes in net COVID-related expenditure pressures – ALEOs

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

Approved savings/management of residual pressures

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

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

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

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

Confirmed or anticipated funding and additional savings

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

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

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

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

Job Support Scheme

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

Financial flexibilities

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

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

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

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

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

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

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

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

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

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

Income compensation scheme

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

Other funding

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

Edinburgh Integration Joint Board (EIJB)

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

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

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

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

Overall position

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

Further actions required to achieve financial balance

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

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

Council Motion on Whistleblowing and Culture

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

Costs of employee release

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

Implications of pandemic for future years of the budget framework

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

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

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

5. Next Steps

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

6. Financial impact

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

7. Stakeholder/Community Impact

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

8. Background reading/external references

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

9. Appendices

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

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

Appendix 1

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

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

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

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

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

PD Project design problem
MC Material change in circumstance

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

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

74.0% 7.4% 0.1% 18.5%

Basis of assessment:

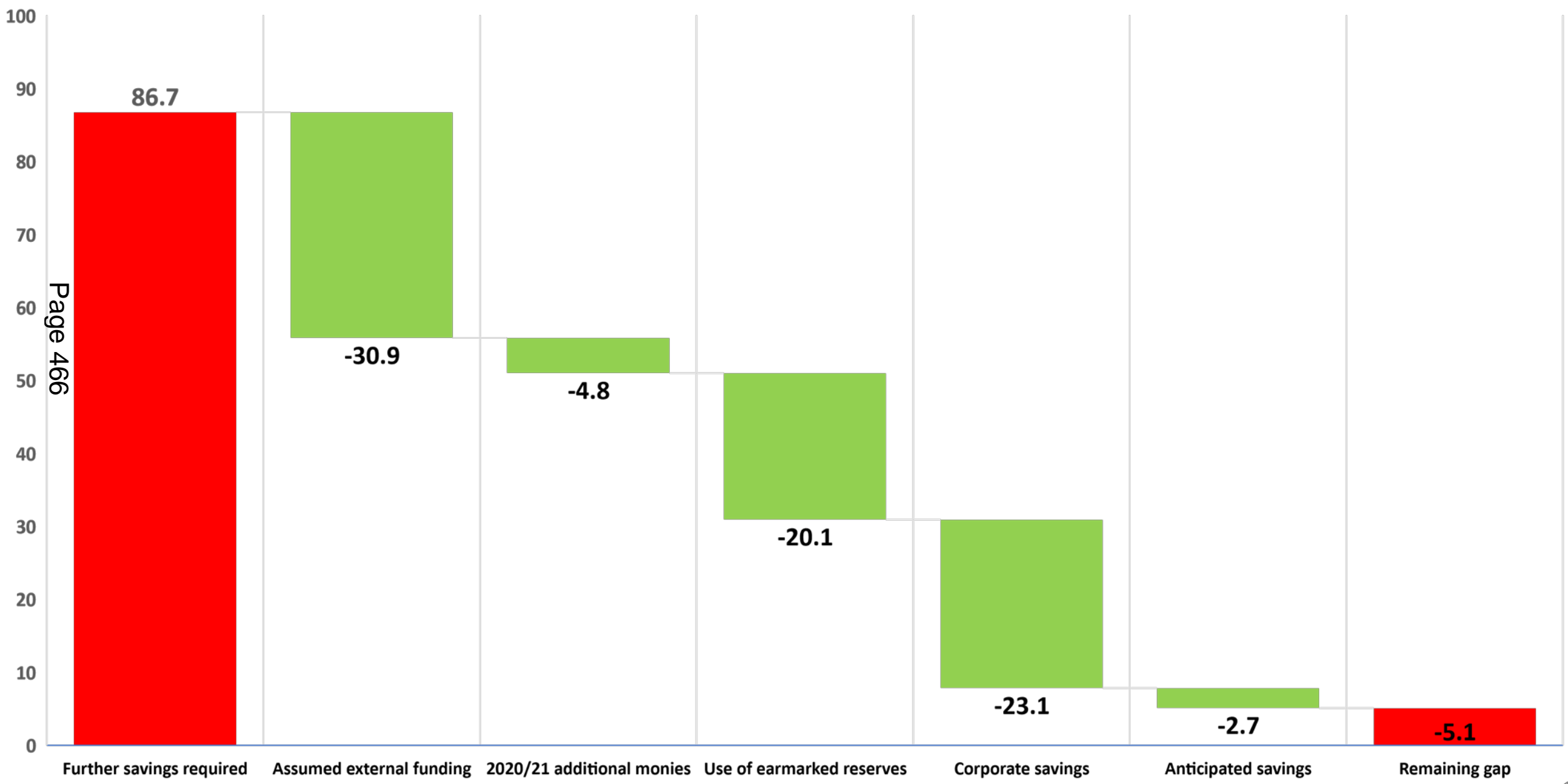
1. Effective	The savings project has been adequately designed and is operating effectively, providing assurance that risks are being effectively managed and the approved saving / action to mitigate the identified pressure should be achieved. There is a high degree of confidence that the saving will be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

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

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

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

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



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

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

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

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

Other baseline assumptions:

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

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

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

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

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

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

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

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

City of Edinburgh Council

10.00am, Thursday 19 November 2020

Town Centre Fund – Additional Allocations – referral from the Housing, Homelessness and Fair Work Committee

Executive/routine	
Wards	All
Council Commitments	

1. For Decision/Action

- 1.1 The Housing, Homelessness and Fair Work Committee has referred an update report on the Town Centre Fund – Additional Allocations for consideration.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling, Committee Services

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

Town Centre Fund – Additional Allocations

2. Terms of Referral

2.1 On 5 November 2020, the Housing, Homelessness and Fair Work Committee considered a report which sought approval on how an additional £0.954m of Town Centre Fund money was allocated and reallocation of £0.500m from the South Queensferry public realm project. A total of £1.354m was to therefore be allocated across suitable projects as identified in the report by the Executive Director of Place.

2.2 The Housing, Homelessness and Fair Work Committee agreed:

Motion

- 1) To agree the allocation of the additional £0.954m of the additional Town Centre Fund money.
- 2) To agree the reallocation of £0.500m from the South Queensferry public realm project
- 3) To note the agreed strategic statement: “The Council will direct investment in Edinburgh’s town centres and local centres to projects that strengthen and reinforce their roles as set out in the Edinburgh Local Development Plan; contribute to inclusive growth; and enhance their resilience and sustainability in the face of change.”
- 4) To recognise the importance of outdoor public space especially in the current circumstances.
- 5) To further recognise the importance of investing in regeneration areas and the coalition commitment to tackling poverty and inequality.
- 6) To allocate to the projects as set out in the table below:

Gracemount public realm - £100k	100,000.00
Craigmillar town centre - £170k	170,000.00
Westside Plaza Phase 3	300,000.00
Granton Station	747,000.00
Pentlands Community Space	75,000.00
Pennywell Hub	62,000.00
TOTAL	£1,454,000.00

- 7) To agree that if it became apparent that any projects would not be able to achieve the funding timescales set out in 3.1 of the report, funding should be reallocated by the Executive Director of Place in consultation with the Convener and Vice Convener of Housing, Homelessness and Fair Work Committee.
- moved by Councillor Kate Campbell, seconded by Councillor Watt

Amendment 1

- 1) To agree the allocation of the additional £0.954m of the additional Town Centre Fund money.
- 2) To agree the reallocation of £0.500m from the South Queensferry public realm project
- 3) To agree to fund the following:
- i) Bruntsfield St Oswald's (£0.55m)
 - ii) The Corstorphine Community Centre (£0.75m)
 - iii) Pentlands Community Space (£0.15m)
- 4) To agree that if it became apparent that any projects would not be able to achieve the funding timescales set out in 3.1 of the report, funding should be reallocated by the Executive Director of Place in consultation with the Convener and Vice Convener of Housing, Homelessness and Fair Work Committee.
- moved by Councillor McLellan, seconded by Councillor Jim Campbell

Amendment 2

- 1) To agree the allocation of the additional £0.954m of the additional Town Centre Fund money.
- 2) To agree the reallocation of £0.500m from the South Queensferry public realm project
- 3) To allocate the available funding as follows:

Project	Funding allocated (£m)	As a percentage of funding requested
Craigmillar town centre	0.170	100%
Gracemount public realm	0.100	100%
Granton station	0.759	89%
Pennywell hub	0.125	100%
Westside plaza phase 3	0.300	100%

- 4) To agree that if it became apparent that any projects would not be able to achieve the funding timescales set out in 3.1 of the report, funding should be reallocated by the Executive Director of Place in consultation with the Convener and Vice Convener of Housing, Homelessness and Fair Work Committee.

- moved by Councillor Miller, seconded by Councillor Booth

Amendment 3

- 1) To agree the allocation of the additional £0.954m of the additional Town Centre Fund money.

- 2) To agree the reallocation of £0.500m from the South Queensferry public realm project

- 3) To agree to allocate funding to:

- i) Bruntsfield St Oswald's
- ii) The Corstorphine Community Centre
- iii) Pennywell Hub

- 4) To agree that if it became apparent that any projects would not be able to achieve the funding timescales set out in 3.1 of the report, funding should be reallocated by the Executive Director of Place in consultation with the Convener and Vice Convener of Housing, Homelessness and Fair Work Committee.

- moved by Councillor Lang, seconded by Councillor Hutchison

Voting

First Vote

For the Motion	-	5 votes
For Amendment 1	-	3 votes
For Amendment 2	-	2 votes
For Amendment 3	-	1 vote

(For the Motion: Councillors Kate Campbell, Key, Munro, Watt and Work.

For Amendment 1: Councillors Jim Campbell, Hutchison and McLellan.

For Amendment 2: Councillors Booth and Miller.

For Amendment 3: Councillor Lang.)

There being no overall majority, Amendment 3 fell and a second vote was taken between the Motion, Amendment 1 and Amendment 2.

Second Vote

For the Motion	-	5 votes
For Amendment 1	-	4 votes
For Amendment 2	-	2 votes

(For the Motion: Councillors Kate Campbell, Key, Munro, Watt and Work.

For Amendment 1: Councillors Jim Campbell, Hutchison, Lang and McLellan.

For Amendment 2: Councillors Booth and Miller.)

There being no overall majority, Amendment 2 fell and a third vote was taken between the Motion and Amendment 1.

Third Vote

For the Motion - 7 votes

For Amendment 1 - 4 votes

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

For Amendment 1: Councillors Jim Campbell, Hutchison, Lang and McLellan.)

Decision

To approve the motion by Councillor Kate Campbell.

- 2.3 In accordance with Standing Order 30.1, a vote was taken for and against referral of the decision to Council for approval.

For referral - 4 votes

Against referral - 7 votes

(For referral: Councillors Jim Campbell, Hutchison, Lang and McLellan.

Against referral: Councillors Booth, Kate Campbell, Key, Miller, Munro, Watt and Work.)

In terms of Standing Order 30.1 the requisite number of members required that the decision be referred to the Council for approval.

3. Background Reading/ External References

Minute of the Housing, Homelessness and Fair Work Committee of 5 November 2020

4. Appendices

Appendix 1 – report by the Executive Director of Place

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 5 November 2020

Town Centre Fund – additional allocations

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

1. Recommendations

- 1.1 It is recommended that Committee agrees:
- 1.1.1 the allocation of the additional £0.954m of the additional Town Centre Fund money,
 - 1.1.2 the reallocation of £0.500m from the South Queensferry public realm project;
 - 1.1.3 to select projects from the shortlist in Appendix 1 and distribute the £1.454m of funding now available amongst the selected projects; and
 - 1.1.4 that if it becomes apparent that any projects will not be able to achieve the funding timescales set out in 3.1, funding shall be reallocated by the Executive Director of Place in consultation with the Convener and Vice Convener of Housing, Homelessness and Fair Work Committee.

Paul Lawrence

Executive Director of Place

Contact: David Cooper, Service Manager, Commercial Development & Investment

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

Town Centre Fund – additional allocations

2. Executive Summary

- 2.1 This report seeks agreement from members on how an additional £0.954m of Town Centre Fund money is allocated and reallocation of £0.500m from the South Queensferry public realm project. This gives a total of £1.354m to be allocated across suitable projects as identified in this report.

3. Background

- 3.1 In December 2018, the Scottish Government announced the creation of a £50m Town Centre Fund. In February 2019, each local authority in Scotland was awarded a share of the Fund as capital funding; the City of Edinburgh Council was awarded £2.613m. The money must be contractually committed by 31 March 2021 and spent by 30 September 2021.
- 3.2 The purpose of the Fund as stated by the Scottish Government is “*to drive local economic activity and to stimulate and support place based economic improvements to town centres and to invest in inclusive growth which supports town centres to become more diverse and sustainable, creating footfall through local improvements and partnerships which encourage town centres to become more vibrant, creative, enterprising and accessible places for their communities.*”
- 3.3 On [6 June 2019](#), the Housing and Economy Committee agreed the following allocations of the Council’s Town Centre Fund money (which totalled £2.613m):
- Granton Station – £1.013m;
 - Pennywell Culture and Learning Hub – £0.200m;
 - South Queensferry public realm – £1.000m; and
 - Westside Plaza phase two – £0.400m.
- 3.4 On [20 January 2020](#), the Housing, Homelessness, and Fair Committee agreed a strategic statement for investment in town centres and local centres in Edinburgh. The statement reads: “*The Council will direct investment in Edinburgh’s town centres and local centres to projects that strengthen and reinforce their roles as set*

out in the Edinburgh Local Development Plan; contribute to inclusive growth; and enhance their resilience and sustainability in the face of change.”

- 3.5 On 20 January 2020, the Housing, Homelessness, and Fair Committee also instructed officers to prepare a schedule of key projects for each town and local centre in Edinburgh. The purpose of the schedule is to inform investment in each town and local centre by and allow decisions about the allocation of windfall funding such as the Town Centre Fund to be taken in a structured fashion.
- 3.6 On [11 June 2020](#), the Policy and Sustainability Committee agreed modifications to the Town Centre Fund allocations but not exceeding the total allocation of £2.613m. The revised allocations were as follows:
- Granton Station – £1.013m;
 - Pennywell Culture and Learning Hub – £0.075m;
 - South Queensferry public realm – £1.075m; and
 - Westside Plaza phase two – £0.450m.
- 3.7 Also, on 11 June 2020, the Policy and Sustainability Committee agreed that seven projects be put forward for the Scottish Government’s Regeneration Capital Grant Fund (RCGF): Corstorphine Community Centre; Granton Gasholder; Granton Station; Leith Theatre Nourishing Leith Hub; Stanley Street Studios; and Upmo Performing Arts Hub. Of the seven projects, two were successful at stage one: Granton Station and Nourishing Leith Hub. The Council should receive a final decision on whether these two projects have been successful at stage two in early 2021.

4. Main report

Current Allocations Update

- 4.1 A short update on the four projects allocated money in the previous funding round is provided below:
- 4.1.1 Granton Station – The Granton Station refurbishment is progressing well with applications for planning permission and building warrants having been made. It is hoped that main work will commence on site in Q4 2020. As set out above, an application has been made to the RCGF for support with the further works required to the building. The cost of the next phase of works is approximately £1.636m, not including potential enhanced public realm works which would cost a further £0.850m.
- 4.1.2 Pennywell Culture and Learning Hub – Since 11 June 2020, significant progress has been made with North Edinburgh Arts (NEA) working in partnership with the Council to deliver a community and neighbourhood hub at Pennywell, which promotes culture, learning, work, employment skills and wellbeing for the north of the city. The combined project will include a new early years centre, library, café, art space, skills and employability provision

as well as new affordable homes. This will be contained across a new purpose-built hub that will join seamlessly onto the existing NEA providing an invaluable opportunity to share space, facilities and resources in a way that provides the best offering to the community. The successful application for a Community Asset Transfer to NEA and agreed approach to design and delivery of the project between the Council and NEA provides certainty over the delivery route and timeframe. An outline design for the building has been agreed with a detailed planning application due to be submitted before the end of the year. The demolition of the existing buildings will take place in spring 2021 followed by construction in the autumn. An additional £0.125m is being sought from the Town Centre Fund (i.e. raising the Town Centre Fund allocation back to the original allocation of £0.200m).

- 4.1.3 South Queensferry Public Realm – Tenders were sought for carrying out the construction of the agreed scheme but there was limited contractor interest and the decision was made to re-tender. In the intervening period the Covid-19 pandemic prompted the local community to review the plans and have advised that they believe the currently designed scheme would benefit from revisions. It is likely that revisiting the design will make achieving the 31 March 2021 and 30 September 2021 deadlines unlikely, but this is judged to be the right thing to do in the circumstances. Officers wrote to the Scottish Government to enquire whether the deadline could be extended given the specific circumstances however they have advised that the deadline cannot be extended and have advised on reallocation to another Council project to ensure the money is not clawed-back. As result £0.500m which is unable to be spent in the relevant timescales has been released for reallocation. The remaining £0.575m will be still be spent in the period on civil engineering improvements that are required in any case. This will also assist in the delivery of the full project once the design has been revisited.
- 4.1.4 Westside Plaza – Works commenced on site in August 2020 and the first two phases are scheduled to be complete in March 2021. There is an ambition to fully complete the project by including the area to the west of Murrayburn House (Phase three of the original design); this would cost an estimated additional £0.300m.

Additional Town Centre Fund money

- 4.2 On 10 September 2020, the Scottish Government announced that local authorities would receive additional Town Centre Fund money. The Council received £0.954m, bringing its overall allocation across the two rounds to £3.567m. The grant offer letter is provided in Appendix 2 to this report.
- 4.3 The grant offer letter states: *“the aim of this additional £18 million fund is to stimulate local construction activity and support employment across Scotland, and local authorities should ensure this is prioritised in investment decisions. Local authorities should also make investment decisions in the context of national and local commitments to town centres including the Town Centre First Principle and the Town Centre Action Plan; and more recently, the Place Principle.”*

- 4.4 The context has changed significantly since the decision on projects was taken in June 2019 due to the Covid-19 pandemic, which has pushed the economy into recession and greatly depressed visitor numbers. Given this, a key consideration is how the funds can best be used to stimulate economic resilience/recovery.
- 4.5 As with the original money, this money must be contractually committed by 31 March 2021 and spent by 30 September 2021. Given this timeframe, it is imperative that a decision is taken timeously on how the money is to be used. The Council is required to provide a grant return setting out how the money will be spent by 30 November 2020; money that cannot be spent will be clawed back. As set out above, there is no prospect of extending the deadlines.
- 4.6 Officers attended a briefing by the Scottish Government on the additional funding on 2 October 2020. The Scottish Government emphasised that the funds should be spent quickly to stimulate economic recovery.

Potential projects for funding

- 4.7 Officers sent an email to all Councillors on 2 September 2020 as part of an exercise to build a schedule of the highest priority projects in each of Edinburgh's town and local centres as a tool to assist with allocating funding as and when it becomes available. This is an ongoing process with further consultation required and more work needed to add detail to the schedule. While the schedule is not yet complete, it has been drawn upon to help develop a long-list of potential projects.
- 4.8 An assessment of longlisted projects was carried out firstly to establish whether there is a reasonable prospect of it being able to proceed within the timescales set by the Scottish Government. Projects where there was no cost estimate available were discounted, as were projects where the costs significantly exceeded the available funding and/or the programme for delivery was known to be beyond the funding deadline. This resulted in a shortlist of projects which is set out in Appendix 1.
- 4.9 Members are asked to agree the projects from the shortlist to be supported, with the £1.454m now available, having regard to the Strategic Statement and its stated criteria. Regard should also be had to the transformative ability of projects to ensure that new or improved facilities and services are provided. It is the view of officers that all of these projects meet the terms of criteria set although consideration of where this money is best spent is a matter of judgement for elected members.

5. Next Steps

- 5.1 Once the allocation of the additional £0.954m and the reallocation of the £0.500m have been agreed, officers will work with the appropriate parties to ensure the money is fully committed and spent by the respective deadlines.

6. Financial impact

- 6.1 The Council has been awarded £0.954m of additional capital funding from the Scottish Government, ring-fenced for investments in town centres, bringing its total allocation up to £3.567m. This money must all be committed by 31 March 2021 and spent by 30 September 2021 or it will be clawed back.

7. Stakeholder/Community Impact

- 7.1 Consultation on the schedule of key projects with ward councillors has been carried out. Further consultation with community councils is underway.

8. Background reading/external references

- 8.1 ["Town Centre Fund - Allocations Report" – report to the Housing and Economy Committee, 6 June 2019](#)
- 8.2 ["Investment in Town Centres – Strategic Statement" – report to the Housing, Homelessness and Fair Work Committee, 20 January 2020](#)
- 8.3 ["Scottish Government Town Centre Fund Update and Regeneration Capital Grant Fund Applications" – report to the Policy and Sustainability Committee, 11 June 2020](#)

9. Appendices

- 9.1 Appendix 1 – Summaries of shortlisted projects.
- 9.2 Appendix 2 – Grant offer letter.

Appendix 1 – Summaries of shortlisted projects

<p>Bruntsfield St. Oswald's The community-led conversion of St. Oswald's Church and Hall in Bruntsfield into a space for community, art, and sports activities. The building was the subject of a community asset transfer in August 2020.</p> <p>FUNDING REQUEST: £0.550m</p>	
<p>Corstorphine Community Centre A rebuild and expansion of the former Corstorphine Public Hall which was largely destroyed by fire in 2013. A community-led SCIO has been established to take forward the project to provide an inclusive community focal point for Greater Corstorphine. The majority of the budget has been secured.</p> <p>FUNDING REQUEST: £0.750m</p>	
<p>Craigmillar town centre £0.170m would enable a gap site in the heart of the Craigmillar regeneration area to be utilised as a container-park style market place, turning a derelict site into a hub for the local community and providing spaces for new and existing businesses.</p> <p>FUNDING REQUEST: £0.170m</p>	
<p>Gracemount public realm £0.100m of enhancements to public realm at Gracemount local centre including replacing shrubs with trees and upgrading street furniture and bike racks.</p> <p>FUNDING REQUEST: £0.100m</p>	
<p>Granton Station The conversion of the B-listed former rail station into an enterprise hub. An initial phase of restoration works is underway. £0.850m would allow an enhanced public realm to be delivered outwith the building, creating a new 1,000 sqm public space for community events such as street markets and pop-up exhibitions. The historic station platforms would be turned into linear parks for community gardening, meetings, and socialising.</p> <p>FUNDING REQUEST: £0.850m</p>	

Pennywell Hub

In conjunction with North Edinburgh Arts, delivering a new community and neighbourhood hub in Pennywell promoting culture, learning, work, employment skills and wellbeing for the north of the city. Funding would enable designs to be progressed to facilitate the delivery of the hub.

FUNDING REQUEST: UP TO £0.125m



Pentlands Community Space

A community-led project to convert a former public convenience in Juniper Green into a new community hub for uses such as provision for after school clubs, dementia groups, lonely older people, and young families, along with an affordable home. £0.150m would leave this project fully funded.

FUNDING REQUEST: £0.150m



Wayfinding phase three

The Wayfinding project aims to install a network of totems throughout Edinburgh to assist with navigation. Each totem costs approximately £0.008m; £0.500m would enable the delivery of circa 63 totems in the city centre and other locations such as Leith, Stockbridge, Duddingston, Cramond and Morningside.

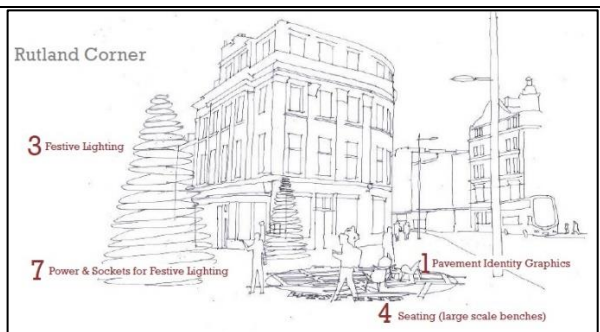
FUNDING REQUEST: UP TO £0.500m



West End Placemaking

The West End Placemaking project is a comprehensive package of improvements to the public realm of Edinburgh's West End. £0.150m would allow for works including pavement etchings, feature lighting, wayfinding totem poles, cycle stands, benches, and soft landscaping.

FUNDING REQUEST: £0.150m



Westside Plaza Phase 3

Building on the regeneration of Westside Plaza already underway, a further £0.300m would enable the land to the west of Murrayburn House to also be regenerated, creating high quality new public realm.

FUNDING REQUEST: £0.300m



Appendix 2 - Grant offer letter

Housing and Social Justice Directorate
Social Justice and Regeneration Division



Scottish Government
Riaghaltas na h-Alba
gov.scot

E: paul.tyrer@gov.scot

By e-mail

To: Local Authority Directors of Finance
c/c: Chief Executives of Scottish Local
Authorities
Directors of Economic Development and
Regeneration

18 September 2020

Dear Director of Finance

TOWN CENTRE FUND - CAPITAL GRANT 2020-2021

1. The Scottish Ministers, in exercise of their powers under legislation detailed in Schedule 1 of this Offer Letter, hereby offer to local authorities (“the Grantees”) grant totalling £18 million STERLING (with individual allocations as per Schedule 2), payable in the financial year 2020-21, to finance capital investment, subject to the terms and conditions set out below at paragraph 2 onwards.

Definitions and Interpretation

2. In these Conditions, the words and expressions set out in Schedule 3 shall have the meanings ascribed to them in that Schedule.
3. In these Conditions, unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders.
4. The headings in these Conditions are for convenience only and shall not be read as forming part of the Conditions or taken into account in their interpretation.
5. Except as otherwise provided for in these Conditions, any reference to a clause, paragraph, sub-paragraph or schedule shall be a reference to a clause, paragraph, sub-paragraph or schedule of these Conditions.

Purpose of the Grant

6. The Scottish Government is delivering £30 million capital into regeneration in 2020-21 as part of the £230 million economic recovery stimulus package, particularly aimed at supporting construction activity across Scotland. The Scottish Government agreed with COSLA and local authority Leaders that £18 million will be provided to local authorities through the Town Centre Fund. **Funding allocations are in Schedule 2.**

Conditions of the Grant

7. **All grant expenditure must be complete by 31 March 2021.** Expenditure is defined as *“It is expected that work will be completed; or, at least work or contracts signed or commenced within 2020/21”*.
8. The grant is for capital expenditure which is additional to that which is already or would otherwise be allocated to the 2020-21 budget, and should not substitute for existing spend.
9. Decisions on use of funding will reside with the grantee. However, the aim of this additional £18 million fund is to stimulate local construction activity and support employment across Scotland, and local authorities should ensure this is prioritised in investment decisions. Local authorities should also make investment decisions in the context of national and local commitments to town centres including the Town Centre First Principle and the Town Centre Action Plan; and more recently, the Place Principle.
10. The Grant may also be used to fund third party capital expenditure in the current year, either directly or through the provision of grants to third parties (public sector bodies, private sector bodies or individuals) which would, if incurred by the local authority, be capital expenditure. Limitations apply and these are detailed in Schedule 1.
11. There is an assumption that the Grant will be applied to finance local authority capital programmes before the application of any other capital or revenue resources such as capital receipts or borrowing.
12. Should any grant be used to fund third party capital expenditure and that third party is another local authority or a public body the grant must be used by that third party in the financial year 2020-21. Should the grant be made to a local authority controlled company or other body that will be consolidated into the council’s group accounts the grant must be used by that body in the financial year 2020-21.
13. For the avoidance of doubt no part of the grant may be transferred to the Capital Fund, nor may any part of the grant be used to meet the costs of debt redemption.
14. No part of the grant may be used to fund any ‘capital’ injection into a Public Private Partnership (PPP) or similar scheme without the written consent of Scottish Ministers.
15. Where the local authority provides grant to any person, whether for use by that person or by a third party, the conditions attaching to the grant award must ensure that the expenditure it funds would, if incurred by the authority, be capital expenditure. The grant conditions must also ensure that the eligible costs exclude reclaimable Value Added Tax. Where the grant is to another local authority or public body, or a body that is consolidated into a local authority group accounts, the conditions attaching to that grant award must ensure the grant is fully used in the financial year 2020/21.
16. Any grant paid to a third party subsequently repaid to the local authority, may only be used to fund further capital investment as permitted by this agreement. This condition only applies where the grant is repaid within five years of the original grant payment.
17. If the Grantee does not use the grant in the financial year 2020-21, unused grant is to be repaid to the Scottish Government unless otherwise agreed in writing by Scottish Ministers.

18. No part of the Grant shall be used to fund any activity or material which is party political in intention, use, or presentation or appears to be designed to affect support for a political party.
19. Revisions to the conditions of this offer shall be subject to the written agreement of the Scottish Ministers.

Conditions of grant – reporting of 2020-21 expenditure

20. The Grantee shall keep the Scottish Ministers informed of the use of their grant through the submission of:
 - **a grant return by Monday 30 November 2020.** If local authorities believe that they cannot spend all of their available funds this financial year, it would be helpful to have early notice of that by end of November to allow funds to be reallocated to other projects which can be delivered in that timescale.
 - **an end of year report in April 2021** which details financial expenditure; shows how this was additional to existing spend; profiles delivery; and, outlines anticipated impact and outcomes and how these will be measured.
 - **an evaluation in autumn 2021 capturing project completions.**

The Scottish Government will issue templates for all of these returns. It is expected that the grantee will notify the Scottish Ministers as soon as possible if an underspend is anticipated.

21. A statement of compliance with the Conditions of Grant will be included in the Final Capital Return 2020/21 which must be certified by the grantee's Director of Finance or equivalent.
22. The Grantee shall also provide any other information that the Scottish Ministers may reasonably require to satisfy themselves that the expenditure is consistent with the Agreement. The Grantee shall provide the Scottish Ministers with prompt access to any information they reasonably require to ensure compliance with these Conditions.
23. The Grantee shall keep and maintain for a minimum period of 5 years after the expenditure occurs, adequate and proper records and books of account recording all receipts and expenditure of monies paid to it by the Scottish Ministers by way of the Grant. The Grantee shall afford the Scottish Ministers, their representatives, the Auditor General for Scotland, his/her representatives and such other persons as the Scottish Ministers may reasonably specify from time to time, such access to those records and books of account as may be required by them at any reasonable time in response to a written request for such access from the person seeking it. The Grantee shall provide such reasonable assistance and explanation as the person carrying out the inspection may from time to time require.
24. Where the grantee uses the Town Centre Fund Capital Grant to fund third party capital projects the grant should be treated, for annual accounts purposes, as service revenue income in the Comprehensive Income & Expenditure Statement (CIES). This will therefore require that General Capital Grant used to support third party capital expenditure be matched, on the same CIES service line, to the grant paid out or direct expenditure paid by the authority.

Payment of Grant

25. The Grant shall be paid by the Scottish Ministers to local authorities on the return of grant acceptance.

Confidentiality and Data Protection

26. To comply with section 31(3) of the Public Services Reform (Scotland) Act 2010, the Scottish Ministers publish an annual statement of all payments over £25,000. In addition, in line with openness and transparency, the Scottish Government publishes a monthly report of all payments over £25,000. The Grantee should note that where a payment is made in excess of £25,000 there will be disclosure (in the form of the name of the payee, the date of the payment, the subject matter and the amount of grant) in the both the monthly report and the annual Public Services Reform (Scotland) Act 2010 statement.

Default

27. The Scottish Ministers reserve the right to withhold, make deduction from or require repayment of grant monies where the conditions included in this Agreement are not met.

Variation

28. Any variation to this Agreement will only be valid when confirmed in writing by the Scottish Ministers.

Corrupt Gifts and Payments of Commission

29. The Grantee shall not offer or give or agree to give any person any gift or consideration of any kind as an inducement or reward in relation to this Grant. The Grantee shall ensure that its employees shall not breach the terms of the Prevention of Corruption Acts, 1889 to 1916 in relation to this or any other grant.

Continuation of Conditions

30. These Conditions shall continue to apply for a period of 5 years after the end of the financial year in which the final instalment of the Grant was paid.

Compliance with the Law

31. The Grantee shall ensure that in relation to expenditure funded with this Grant, they and anyone acting on their behalf shall comply with the relevant law, for the time being in force in Scotland.

Acceptance of grant

32. To accept the grant offer on the terms and conditions as set out in the letter and schedules, we require a letter from the Council signed by the Director of Finance (or equivalent). The letter must identify the grant being accepted on the terms and conditions set out in this grant offer letter. A suggested format is set out below. Please send your acceptance letter to Alex McGhie (alex.mcghie@gov.scot), electronically as an attachment to an email. This should arrive **no later than Wed 30 September.**

33. If you would like any further information, please contact Iain Murray, Regeneration Policy Officer at iain.murray@gov.scot

A handwritten signature in black ink, appearing to read "Paul Tyrer", enclosed within a thin black rectangular border.

Paul Tyrer
Deputy Director

To be returned on Council headed paper

Date

TOWN CENTRE FUND CAPITAL GRANT 2020/21 - GRANT ACCEPTANCE

On behalf of [local authority] I accept the offer of grant from the Scottish Ministers dated 18 September 2020 on the terms and conditions as set out in the letter and annexed Schedules.

Signature:

Director of Finance (or equivalent)
[name]

SCHEDULE 1

1. The Grant may only be used to fund capital expenditure of the local authority, or any third party capital expenditure incurred, whether or not disbursed in the form of grants, by any persons (public sector bodies, private sector bodies or individuals) towards expenditure which would, if incurred by the local authority, be capital expenditure. In permitting the grant to be used to fund third party capital expenditure reliance is placed on specific legislation. As such the use of the grant to fund third party capital expenditure is limited to the subject of the specific legislation listed below. Local authorities should assure themselves that any grant payments that they may make to any person would be permitted by the legislation listed below.

2. Nothing in the legislation should be interpreted as enabling the grant to be used for any revenue expenditure other than that outlined in condition 2.3.

GRANT MAKING POWERS OF SCOTTISH MINISTERS – LEGISLATIVE DETAILS	
<i>Condition 2.2: The Grant may be used to fund capital expenditure of the local authority</i>	
Section 37 of the Local Government in Scotland Act 2003	Scottish Ministers may make grants to local authorities in respect of their capital expenditure. Capital expenditure is that expenditure that falls to be capitalised in accordance with proper accounting practices (section 39 of the Act)
<i>Condition 2.3: The Grant may be used to fund third party capital expenditure, either directly or through the provision of grants to third parties (public sector bodies, private sector bodies or individuals) which would, if incurred by the local authority, be capital expenditure. Grant making powers are as detailed below:</i>	
Section 37 of the Local Government in Scotland Act 2003	Scottish Ministers may make grants to local authorities in respect of their capital expenditure. Reliance is placed on this section to allow Councils to make grants to other Councils or other local authorities such as Regional Transport Partnerships.
Section 13 of The Flood Prevention (Scotland) Act 1961	Expenditure incurred by a local authority in carrying out flood prevention operations in accordance with a flood prevention scheme. Flood Prevention Schemes are those which have been promoted by the authority and confirmed by Scottish Ministers in accordance with legislation
Section 21 of the Coast Protection Act 1949	Scottish Ministers may make grants towards any expenditure incurred under this Act by a coast protection authority, or incurred by a local authority in carrying out of coast protection work under the enactments relating to roads.
Section 70 of the Transport (Scotland) Act 2001	Scottish Ministers may make grants to any persons for any purposes relating to transport. Reliance is placed on this section to allow unitary authorities (councils) to make grants to regional transport partnerships or bridge authorities.

<p>Section 126 of the Housing Grants, Construction and Regeneration Act 1996</p>	<p>Expenditure incurred in connection with activities which contribute to the regeneration or development of an area.</p> <p>Extract from Act provision:</p> <p>Activities which contribute to the regeneration or development of an area include, in particular—</p> <ul style="list-style-type: none"> (a) securing that land and buildings are brought into effective use; (b) contributing to, or encouraging, economic development; (c) creating an attractive and safe environment; (d) preventing crime or reducing the fear of crime; (e) providing or improving housing or social and recreational facilities, for the purpose of encouraging people to live or work in the area or of benefiting people who live there; (f) providing employment for local people; (g) providing or improving training, educational facilities or health services for local people; (h) assisting local people to make use of opportunities for education, training or employment; (i) benefiting local people who have special needs because of disability or because of their sex or the racial group to which they belong.
<p>Section 90 (1) (a) of the Housing Scotland Act 2001</p>	<p>Grants for housing purposes</p> <p>(1) The Scottish Ministers may make grants to a local authority for the purposes of—</p> <ul style="list-style-type: none"> (a) the authority's functions in connection with— <ul style="list-style-type: none"> (i) providing, improving, adapting, repairing, maintaining and managing housing, (ii) undertaking, and assisting the undertaking of, the development, redevelopment and improvement of the physical, social, economic and recreational environment related to housing, (iii) preventing or alleviating homelessness,
<p>Section 96 of the Housing (Scotland) Act 2006</p>	<p>Any power of a local authority to make grants or loans (including the powers to make payments under section 91(1) and to provide assistance under section 95(1)(b)), and any function of a local authority in relation to the making of grants or loans, under this Part is exercisable by the Scottish Ministers as it is by the local authority.</p>
<p>Section 153 (1) and (3) of the Environmental Protection Act 1990 as amended by SSI 83 of 2002</p>	<p>Scottish Ministers may give financial assistance for environmental purposes. Section 153 (1) includes:</p> <ul style="list-style-type: none"> (nn) any scheme for the storage, treatment or disposal of any material or product for the purpose of preventing or reducing environmental damage.

SCHEDULE 2

DISTRIBUTION OF TOWN CENTRE FUND CAPITAL GRANT 2020/21

The Town Centre Fund Grant offer per local authority is set out below:

Local Authority	Allocation
Aberdeen City	£ 484,000
Aberdeenshire	£ 1,179,000
Angus	£ 387,000
Argyll and Bute	£ 444,000
City of Edinburgh	£ 954,000
Clackmannanshire	£ 245,000
Dumfries and Galloway	£ 548,000
Dundee City	£ 264,000
East Ayrshire	£ 611,000
East Dunbartonshire	£ 339,000
East Lothian	£ 462,000
East Renfrewshire	£ 353,000
Falkirk	£ 711,000
Fife	£ 1,560,000
Glasgow City	£ 1,096,000
Highland	£ 1,066,000
Inverclyde	£ 235,000
Midlothian	£ 331,000
Moray	£ 443,000
Na h-Eileanan Siar	£ 80,000
North Ayrshire	£ 507,000
North Lanarkshire	£ 1,168,000
Orkney Islands	£ 72,000
Perth and Kinross	£ 714,000
Renfrewshire	£ 527,000
Scottish Borders	£ 511,000
Shetland Islands	£ 73,000
South Ayrshire	£ 382,000
South Lanarkshire	£ 902,000
Stirling	£ 387,000
West Dunbartonshire	£ 307,000
West Lothian	£ 658,000
Scotland	£ 18,000,000

This follows the same TCF allocation methodology as agreed between Ministers and Council Leaders in March 2019: Based on an equal weighting of the number of towns in a local authority (determined by the NRS Settlements and Localities data, where a town is a locality with a population equal to or greater than 1,000 people) and the local authority population.

SCHEDULE 3

DEFINITIONS

“Agreement” means these Conditions and the Grantee’s acceptance of these Conditions;

“Capital Expenditure” means that expenditure on the Town Centre Fund

“Conditions” means these grant conditions;

“Financial Year” means a period from 1 April in one year until 31 March in the next;

“Grant” means the grant offered by the Scottish Ministers to the Grantee as specified in the Award Letter, as varied from time to time in accordance with these Conditions;

“Grantee” means the local authority to which the Grant will be payable as specified in Schedule 2.

“Payment” means each of the payments specified in Schedule 2 hereto.

“Proper accounting practices” is to be construed in accordance with section 12 of the Local Government in Scotland Act 2003

“Third party in the public sector” means another local authority or a local authority controlled company or other body that will be consolidated into the Grantee’s group accounts.

SCHEDULE 4

TOWN CENTRE CAPITAL FUND 2020-21 - GUIDANCE NOTE

Purpose

1. The purpose of this note is to provide local authorities as “grantees” guidance on the aims and allocation of the ring-fenced £18m Town Centre Fund for 2020-21, to be distributed through the local authority capital settlement.

Town Centre Fund 2020-21

2. On 16th June 2020, the Cabinet Secretary for Finance announced a £230 million Economic Recovery Stimulus Package to help invigorate Scotland’s economy. The package:
 - **bolsters the remaining pipeline of 2020-21 construction activity - to give additional support to the sector as re-start is now underway;**
 - Accelerates digital transformation, and supports the most vulnerable groups to access digital services;
 - brings-forward an early boost to our ambition for a green economy; and
 - Supports promising, early stage growth companies through existing Tech-start and Scottish Investment Bank initiatives.
3. As part of this recovery package, the Cabinet Secretary for Communities & Local Government announced on 10 September 2020 that **£30m capital funding for regeneration** would be invested through two existing funding mechanisms, the Town Centre Fund and Regeneration Capital Grant Fund (RCGF). This aims to stimulate local construction activity across Scotland and support disadvantaged areas in the recovery.
4. Town Centre Fund and RCGF are delivered in partnership with COSLA and through local authorities as grantees. We duly engaged with COSLA and the Settlement & Distribution Group on plans for allocating funding this way, subsequently agreed by Council Leaders. The agreed approach involves £18m through Town Centre Fund in 2020-21, and £12m being invested through RCGF. **The Town Centre Fund local authority allocations are summarised in Schedule 2** and follow the same Town Centre Fund allocation methodology as agreed between Ministers and Council Leaders in 2019.

Wider expectations and support

5. The aim of this additional £18 million fund is to stimulate local construction activity and support employment across Scotland, and local authorities should ensure this is prioritised in investment decisions. **All grant expenditure must be complete by 31 March 2021**, therefore it is expected that local authorities will prioritise projects which are established and can progress in time to meet this deadline. Expenditure is defined as *“It is expected that work will be completed; or, at least work or contracts signed or commenced within 2020/21”*.

National and local commitments

6. COVID-19 has had a profound impact on the way that we work and has changed our perceptions of the communities around us. It has forced us to look local. That theme runs throughout our Programme for Government (PfG) 2020-21 with new commitments around **local supply chain development and 20 minute neighbourhoods** - where people can meet their needs within a 20 minute walk from their house – enabling people to live better, healthier lives and supporting our net zero ambitions. As part of the Work Local Challenge Programme we will work with partners on innovation and deployment of local work hubs and office space solutions to enhance workplace choices.
7. This is also the time to build on the progress we have been making **on Community Wealth Building**. This is a way of working that looks to reorganise our local economies to maximise local

opportunities and resilience – ensuring that local people and businesses have a genuine stake in producing, owning and enjoying the wealth they create.

8. We will develop a network of **Climate Action Towns** targeted at small towns with little historical involvement in climate action. This will support them to reduce what they use, recycle more, and cut their emissions and become carbon neutral, as part of our aim to ensure that Scotland's response to the global climate emergency is a truly national endeavour.

Town Centre Action Plan

9. The Town Centre Action Plan published in 2013 was the Scottish Government's response to the National Town Centre Review. It focused on national and local solutions, encouraging action across public, private and community sectors. The Scottish Government and local government subsequently agreed the **Town Centre First Principle (TCFP)**, which requested that government, local authorities, the wider public sector, businesses and communities put the health of town centres at the heart of proportionate and best value decision making. The Scottish Government and COSLA agreed to adopt the **Place Principle** to help overcome organisational and sectoral boundaries, to encourage better collaboration and community involvement, and improve the impact of combined energy, resources and investment. The principle was developed by partners in the public and private sectors, the third sector and communities, to help them develop a clear vision for their place.
10. We are taking forward a **collaborative review of the progress and scope of the Town Centre Action Plan**. This will build on our UK leading town centre first approach which has shaped recent announcements by our counterparts elsewhere in the UK. The purpose of this review is to consider the impact and lessons from the TCAP, and the impact of COVID-19 on our town centres, as part of a wider package of national towns recovery and renewal work.
11. Empowered communities, localism and valuing the skills and assets of our communities have long been central to our approach to regeneration. The review provides an opportunity to amplify that by embracing the Place Principle and TCFP, promoting town centre living, building a future that takes account of our ambitions for a healthier, greener country, and with a focus on social renewal and equality through the Social Renewal Advisory Board.

Scotland's Towns Partnership

12. The Scottish Government funds Scotland's Towns Partnership to provide information, support and services which contribute to the vibrancy, vitality and viability of our town centres and neighbourhoods; and, to support the development of partnerships including Business Improvement Districts.
13. There are a range of tools and resources to support how partners can understand, audit, plan, and improve their town centres. It is expected that local authorities will use a range of tools and approaches to ensure investment decisions are based on an understanding of town centre performance and ownership; shared visions and plans with local communities, partnership and stakeholders fully engaged; and, identification of physical infrastructure changes that will contribute to maximisation of investments and achievement of those visions.

Tools and resources

- [Understanding Scottish Places \(USP\)](#): a unique and dynamic online tool which shows how every town in Scotland with a population of 1,000 or more is interacting with its surrounding settlements and performing against a range of indicators and inter/dependency relationships.
- [USP Your Town Audit](#): add to USP a six-day study which provides the standard benchmark for measuring the health of a Scottish town.
- [Place Standard](#): a framework designed to support communities, public, private and third sectors to work efficiently together to assess the quality of a place.
- [Town Centre Toolkit](#): guidance on designing and planning town centres to be attractive,

accessible and active, focusing on urban design, quality, sustainability and use of town assets.

Support

14. Additional support is offered by Scotland's Towns Partnership in partnership with other key organisations such as: Scottish Futures Trust; Scottish Enterprise, Highlands and Islands Enterprise, or South of Scotland Economic Partnership, and Architecture and Design Scotland to support the development of investment decisions or work with local authorities individually or across neighbouring or regional authorities, to build momentum, share learning, and to maximise funding.
15. Local authorities will have their own good practice in terms of monitoring and evaluating the benefits, impacts and outcomes of investment as part of relevant strategies and programmes; and, to ensure that they meet their duty to achieve Best Value. Additional support could also be offered to discuss how best to identify and collect data; assess impact; and, share formats that could contribute to consistent and wider learning.

City of Edinburgh Council

10.00am, Thursday 19 November 2020

Community Centres and Libraries reopening (update) – referral from the Policy and Sustainability Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

The City of Edinburgh Council is asked to approve the additional cost of £200k being made available from Council reserves.

Andrew Kerr

Chief Executive

Contact: Jamie Macrae, Committee Services

Email: jamie.macrae@edinburgh.gov.uk | Tel: 0131 553 8242

Referral Report

Community Centres and Libraries reopening (update)

2. Terms of Referral

- 2.1 On 10 November 2020, the Policy and Sustainability Committee considered a report which outlined the present adaptation and renewal arrangements in Community Centres and Libraries, including performance data for libraries and approved use of Centres.
- 2.2 A written deputation was presented on behalf of the Jack Kane Community Centre in relation to the opening of the community centre for the resumption of limited indoor youth work. The board and committee were looking to deploy a single occupancy pilot project which would seek to open the centre in a safe and compliant way.
- 2.3 The Policy and Sustainability Committee agreed:

Motion

- 1) To note the current use of libraries and community centres.
- 2) To note the additional cost of the approach set out in these papers was £200k, subject to resources being made available from Council reserves.
- 3) To note the resource challenges for the Council in maintaining a safe environment for citizens and staff across the estate.
- 4) To approve the addition of youth work (as defined by Youthlink Scotland) and community services that supported the vulnerable to the list of essential services that required access to community centres.
- 5) To approve that community centres would be able to apply to reopen for indoor youth work.
- 6) To agree to delegate to officers to renegotiate changes to leases with community centres as a matter of urgency, where new leases could resolve some issues preventing reopening.
- 7) To agree that discussions with community centre management committees were due to begin this week.
- 8) To agree that prioritisation would be given to libraries in areas of SIMD 1 and 2 for stage 2.

- 9) To refer the approval of the additional cost of £200k being made available from Council reserves to Full Council as a recommendation.
- moved by Councillor McVey, seconded by Councillor Perry

Amendment 1

- 1) To note the current use of community centres and libraries.
 - 2) To note the approach being adopted to reopen libraries and community centres, subject to the available resources being made available from Council's depleting Reserves. The additional cost was £200k.
 - 3) To regret the continued exclusion of Ratho Library and the specific set of issues this valued service was facing and request a feasibility study on the use of Mobile Library service as an alternative in one cycle.
 - 4) To note the intention at Stage 2 to open libraries in areas of Multiple Deprivation but ask that this was reviewed to consider opening Edinburgh's most used libraries (for example Blackhall and Morningside) in order to gain the greatest service reach given the limited financial resources available for this opening programme.
 - 5) To approve the addition of youth work (as defined by Youthlink Scotland) to the list of essential services that may be able to access community centres.
 - 6) To approve that, subject to risk management, governance and available resources, community centres would be able to apply to reopen for indoor youth work.
- moved by Councillor Webber, seconded by Councillor Whyte

In accordance with Standing Order 22(12), paragraph 3 of the amendment was accepted as an addendum to the motion.

Voting

The voting was as follows:

For the motion (as adjusted) – 12 votes

For the amendment – 5 votes

(For the motion (as adjusted): Councillors Aldridge, Child, Campbell, Doran, Gardiner, Gloyer, Macinnes, Main, McVey, Munn, Perry and Staniforth.)

For the amendment: Councillors Cook, Hutchison, Rose, Webber and Whyte.)

Decision

To approve the following adjusted motion by Councillor McVey:

- 1) To note the current use of libraries and community centres.
- 2) To note the additional cost of the approach set out in these papers was £200k, subject to resources being made available from Council reserves.

- 3) To note the resource challenges for the Council in maintaining a safe environment for citizens and staff across the estate.
- 4) To approve the addition of youth work (as defined by Youthlink Scotland) and community services that supported the vulnerable to the list of essential services that required access to community centres.
- 5) To approve that community centres would be able to apply to reopen for indoor youth work.
- 6) To agree to delegate to officers to renegotiate changes to leases with community centres as a matter of urgency, where new leases could resolve some issues preventing reopening.
- 7) To agree that discussions with community centre management committees were due to begin this week.
- 8) To agree that prioritisation would be given to libraries in areas of SIMD 1 and 2 for stage 2.
- 9) To regret the continued exclusion of Ratho Library and the specific set of issues this valued service was facing and request a feasibility study on the use of Mobile Library service as an alternative in one cycle.
- 10) To refer the approval of the additional cost of £200k being made available from Council reserves to Full Council as a recommendation.

3. Background Reading/ External References

Minute of the Policy and Sustainability Committee of 10 November 2020.

4. Appendices

Appendix 1 – report by the Chief Executive

Policy and Sustainability Committee

10:00am Thursday, 10 November 2020

Community Centres and Libraries reopening (update)

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 The Policy and Sustainability Committee is asked to:
 - 1.1.1 Note the current use of community centres and libraries.
 - 1.1.2 Approve the approach being adopted to safely reopen libraries and community centres, subject to available resources being made available from Council reserves. The additional cost is c£200k.
 - 1.1.3 Note the resources challenges for the Council in maintaining a safe environment for citizens and staff across the estate.
 - 1.1.4 Approve the addition of youth work (as defined by Youthlink Scotland) to the list of essential services that may be able to access community centres
 - 1.1.5 Approve that, subject to risk management, governance and available resources, community centres will be able to apply to reopen for indoor youth work.

Andrew Kerr

Chief Executive

Contact: Paul McCloskey, Strategic Manager CLD & Libraries

E-mail: paul.mccloskey@edinburgh.gov.uk | Tel: 0131 529 6156/ 07990 772 333

Community Centres and Libraries reopening (update)

2. Executive Summary

- 2.1 The report outlines the present adaptation and renewal arrangements in Community Centres and Libraries, including performance data for libraries and approved use of Centres.
- 2.2 It proposes next steps: the addition of indoor youth work to the defined criteria; outline plans for library reopening and gradual introduction of services; Council officers and partners to explore a collaborative approach to the gradual adaptation and renewal of community learning and development across the city.
- 2.3 The key pressure on the Council remains the Facilities Management (FM) resource deployed across the schools' estate. Maintaining as far as possible a safe environment for pupils and staff requires a high level and quality of janitorial and cleaning services. The reopening of other Council buildings diverts this key FM resource from schools to those buildings and the service has a consequent pressure in trying to address this gap in capacity.

3. Background

- 3.1 The Council has 35 community centres and 28 libraries offering a wide range of community learning, information and leisure opportunities which are highly valued by citizens and community groups across the city. In addition to the 28 libraries there are targeted mobile library services, a prison library and hospital library.
- 3.2 In response to the Covid-19 pandemic, the Council took the decision to close all non-essential buildings, including all libraries and community centres.
- 3.4 On 6 August 2020 the Council approved a process that could result in approval being given to Management Committees of CEC Community Centres to access centres for essential services. The essential services that were agreed were: hosting of essential voluntary or urgent public support services, such as food banks, homeless services, blood donation sessions, regulated childcare, access to retrieve equipment for outdoor youth work.
- 3.5 It approved the reopening of libraries and on Tuesday 6 October six libraries reopened for public use, offering a range of services.

- 3.6 The operational environment and support for public reopening of Council buildings remains highly challenging, prioritising public and staff safety while developing public access to services within available resources.

4. Main report

- 4.1 Edinburgh has been responding to the Covid-19 global pandemic. There are three drivers guiding the Council's approach:

4.1.1 Ensure the most vulnerable in our city and in our care are protected

4.1.2 Minimise the risks to Council staff and volunteers

4.1.3 Continue to provide services as best we can in challenging circumstances

We will build from the Council's current priorities: poverty, sustainability and wellbeing

- 4.2 The challenge before the City and the Council cannot be underestimated in both the immediate and longer term. The national position regarding Covid-19 continues to evolve. Therefore, any programme arrangements put in place need to have the flexibility to adapt to changing circumstances and Public Health Guidance.

There remains a requirement for some community centres and libraries to be utilised for out of school care, early learning and childcare and as potential alternative accommodation for the contingency plan for the 50% model for schools.

- 4.3 Subject to public health guidance and the capacity to support the safe use of the settings, our ambition is to have a planned, phased reopening of libraries and community centres for the wider public as part of Phase 4 of the Scottish Government's [Scotland's Route map through and out of the crisis](#)

Libraries

- 4.4 Stage 1 saw six libraries reopening on 6 October: Kirkliston, Newington, Fountainbridge, McDonald Road, Stockbridge and Central. Services offered are book returns, browsing and borrowing, Peoples Network (internet and computer access), National Entitlement Card applications and support, printing and photocopying, free sanitary protection, hearing aid batteries. Browsing and borrowing, Peoples Network and National Entitlement Card visits are bookable in advance. Officers successfully met the challenge of developing with the supplier a bespoke library booking system, within a relatively short timescale of three weeks, which was up and running in time for reopening.
- 4.5 Service performance, staff and customer feedback is being monitored and some of the data is included in Appendix 1. Reopening libraries, in a very controlled and managed way, is a learning experience for both customers and staff. Officers are adapting and refining the service model since day one, with daily reporting back by managers on site to the Library Adaptation and Renewal (A&R) Team to monitor and

review progress. The learning from Stage 1 will help inform the development of Stage 2.

- 4.6 The A&R Team is preparing plans to reopen a further four libraries for Stage 2: Wester Hailes, Craigmillar, Gilmerton and Drumbrae. While the selection of Stage 1 libraries was based mainly upon available space for the high volume of books in quarantine, the choice of Stage 2 libraries prioritises as far as possible those communities which have low Scottish Index of Multiple Deprivation (SIMD) Scores (relative measure of deprivation).

Subject to available resources, the team is working towards an indicative date of Monday 14 December.

- 4.7 An Integrated Impact Assessment on library service adaptation and renewal is attached at Appendix 2.
- 4.8 An outline route map for the reopening of further libraries is attached at Appendix 5. This includes a consideration of the factors and conditions which would support further reopening, including staffing and resources.

Community Centres

- 4.9 The Policy and Sustainability Committee agreed on 6 August 2020 a framework and process for limited reopening of community centres.

The agreed purpose for access to centres is early learning and childcare, out of school care, blood donor services, food banks, access to equipment for outdoor youth work.

- 4.10 To date 5 applications have been received, 4 approved and 1 not approved.

Although Scottish Government sector Guidance is available for [Community Learning and Development](#), specific guidance on Community Centres (which was expected to be published August/ September) is still awaited.

- 4.11 Some Management Committees have requested access to Community Centres for the purposes of indoor children's clubs and youth work. Officers have written to all management committees on 21 October to ascertain the level of interest, what assistance they may require from the Council and an assurance that they are confident that they can undertake youth work in line with Scottish Government Guidance.
- 4.12 11 of the 35 Management Committees of Community Centres have expressed an interest in gaining access to their Centre for the provision of some children services and or youthwork .The Centres all want different levels of access ranging from one a week for one group to several sessions a week for many different groups .
- 4.13 It needs to be emphasised that the definition of youth work and what is permitted under the Scottish Government [framework](#) for the gradual, phased renewal of youth work services does not include *all* activities that involve children and young people.

- 4.14 There is a risk in asking volunteers to undertake cleaning, particularly in the context of the Coronavirus pandemic. The Council is seeking advice regarding who is responsible for this in terms of the management and governance of public health risk for building users.
- 4.15 If there is an increased cost to the Council to meet these requests, then committee approval will be required to meet the increased costs. If Management Committees can undertake youth work without the need for people or financial assistance from the Council, these may be able to be progressed more quickly, if agreements are in place regarding responsibilities for standards of cleaning and infection control, subject to the risk outlined in the paragraph above. This will involve the review of the existing lease agreements that set out roles, responsibilities and liabilities for all involved.
- 4.16 There is a significant concern that CEC Locality Managers and Local Lifelong Learning Service Managers will ultimately retain individual responsibility for activity within centres but not be in a position to manage and exercise their responsibilities should the centres be allowed to open to the public.

Collaboration

- 4.17 The Edinburgh CLD Partnership and the Council's Community Centre Change Group (CCCG), have identified a need to plan and manage the adaptation and renewal of community learning and development services, in a way that aims to respond to community need while adopting an approach of collective endeavour, in order to come up with creative solutions and ideas.
- 4.18 In October 2019, Finance and Resources Committee approved the commencement of work to amend the existing lease agreements between the Council and the Community Centre Management Committees. This decision was taken in recognition of the fact that the existing lease arrangements are not fit for purpose. This work requires consultation with the Management Committees. Recent months have only served to highlight the need to amend these lease arrangements to allow Management Committees to have more autonomy but also ensure the health and safety of service users and protect the legal and financial interests of the Council.
- 4.19 Engagement will commence with Management Committees as soon as is practical in order to investigate the options for changes in lease and management arrangements. It is important that that this work is clearly aligned with wider Council Business Plan and still allows for the delivery of services supported by a sustainable resource and operational model.
- 4.20 This offers an opportunity for the Council to work in partnership with Management Committees and other partners who are critical to the delivery of community based learning, to consider what support and development is in most need in the community that the centre serves and to develop its offer around those needs.
- 4.21 A first step towards this is a series of virtual meetings in late November across the city, involving representatives from management committees, Edinburgh Council of

Voluntary Organisations, Lothian Association of Youth Clubs and Officers from Lifelong Learning Service, Facilities Management and Business Support.

The most recent Community Centre Updates, produced by the CCCG, are attached at Appendix 4.

Resources

- 4.22 Throughout the pandemic, the Council has been trying to balance the need to adapt and renew services for citizens while fulfilling its civic duty to keep residents and staff safe, in line with national guidance.

The pandemic, unprecedented in modern times, has required of local and national government a dynamic response to best manage a grave public health emergency, assessing what are at times competing priorities and demands for services and resources.

Public Health Guidance requires local authorities to apply stringent and prescribed cleaning and hygiene regimes to minimise Coronavirus transmission and infection.

The key pressure on the Council is the Facilities Management (FM) resource deployed across the schools' estate. Maintaining as far as possible a safe environment for pupils and staff requires a high level and quality of janitorial and cleaning services. Cleaning itself is a skilled role and this is perhaps not always fully understood by everyone. It requires formal training, including to COSHH standards for the use of relevant chemicals and specialist equipment.

To work towards mitigating these pressures, the service has been actively recruiting throughout the pandemic.

- 4.23 Plans to reopen community centres and libraries will be considered alongside a range of other priorities within the Adaptation and Renewal workstream under Operations and Services and all work to support the reopening of these buildings is located within that programme.

5. Next Steps

- 5.1 That further details on the reopening of community centres and libraries are included in the wider action plans which will emerge from the Adaptation and Renewal workstream on Operations and Services
- 5.2 Community Centre Management Committee applications to reopen centres for the defined purposes will be considered and progressed.
- 5.3 Work will continue to adapt and renew library services and implement Stage 2, while scoping the work and resources required to support further potential reopening and undertaking preliminary building assessments.

6. Financial impact

- 6.1 Currently the Council is facing a challenge in terms of prioritising Facilities Management (FM) resource support the reopening of schools and has a working assumption that there is a lack of resource and there will be a need to move resources from other CEC buildings e.g. community centres and libraries to support schools. To accommodate any reopening of community centres or libraries will result in an additional budget pressure estimated to be £200k.

7. Stakeholder/Community Impact

- 7.1 Given the huge challenges facing the city and the need for services to adapt to what is a changed world, the Council will continue to engage with citizens on its plans for libraries and community centres adaptation and renewal.

8. Background reading/external references

- 8.1 [Scotland's Route map through and out of the crisis](#)
- 8.2 The Scottish Government and Youth Link Scotland published on 22 September 2020 a [framework](#) for the gradual, phased renewal of youth work services.
- 8.3 The new Scottish Government Strategic Framework (libraries on page 61) - <https://www.gov.scot/publications/covid-19-scotlands-strategic-framework/>

9. Appendices

- 9.1 Appendix 1 Library reopening service data
- 9.2 Appendix 2 Integrated Impact Assessment on library adaptation and renewal
- 9.3 Appendix 3 Link to previous Community Centres and Libraries Reopening (Policy and Sustainability) [report](#) 6 August 2020
- 9.4 Appendix 4 Community Centre Updates 6 and 7
- 9.5 Appendix 5 Route map for gradual reopening of libraries

Appendix 1

Since phase one of reopening, Libraries have been offering a range of services. Customers can return material at any time during opening hours, but all other services require booking in advance. Information about use of the library in the third week (19-24 October) has been used to provide a snapshot of usage since reopening.

Bookings	Borrow & Browse	Children's Browse and Collect	Hearing Aid Replacement Batteries	People's Network	National Entitlement Card
Central Library and Children's Library	293	92	7	79	60
McDonald Road Library	105	26	3	53	60
Newington Library	155	19	8	27	62
Kirkliston Library	31	13	1	6	10
Stockbridge Library	78	26	0	34	39
Fountainbridge Library	89	28	4	51	40
Total	751	204	23	250	271

Context:

- Libraries have operated at capacity since re-opening on 06 October with a small proportion of customers being unsuccessful in securing bookings at every branch every day. Unfortunately, we are not able to increase capacity per building until social distancing restrictions are relaxed.
- Compared year on year these statistics would show a steep and uniform drop. This is due to significantly reduced capacity for customers in branches indicated by social distancing measures and Scottish Government and Public Health Scotland guidelines as well as advice from Health and Safety and Environmental Health partners.
- The booking system is being continuously monitored and adapted to best to reflect customer needs e.g. we have allowed booking much further ahead in time for National Entitlement Card as this was in such high demand, and we have shortened the time allocated to some booking slots to allow more customers access per day where it has been shown that this is appropriate.
- Reduced opening hours and the requirement for cleaning between use has reduced the sessions available on the People's Network (public access computers and internet).
- The bulk of bookings have been for Borrow & Browse slots. There have been very few missed appointments.
- During October 15,063 items were returned and 13, 179 items issued.

Appendix 2

Integrated Impact Assessments

Introduction

We know that services are under pressure, difficult decisions are being made and normal working practices may need to change or be adapted very quickly to ensure we can deliver essential services at this challenging time. However, it's important that we don't lose sight of our legal responsibilities in relation to equality, socio-economic disadvantage, climate change, sustainability, the environment and human rights.

The Council uses an Integrated Impact Assessment (IIA) tool to help ensure we are meeting those duties when developing policies and making service decisions. We recognise that it may not be possible to carry out all elements of the Council's IIA process when making rapid decisions in relation to the Council's response to Covid-19. However, the Council remains under these duties and it's vital we continue to have due regard to potential impacts, and record our consideration of these and any mitigating actions required. We have produced this shortened guide to help relevant staff to do this.

Heads of Service remain ultimately responsible for deciding whether an assessment is required and ensuring potential impacts are considered and recorded. The [full Council IIA process](#) should be followed in all but emergency circumstances and [Equality Diversity and Rights Advisors](#) nominated by each service area have a role in supporting the process. We are also making arrangements for IIA training to be provided remotely and offered to a wider range of staff, beyond Equality Diversity and Rights Advisors, with further information to follow.

The remainder of this document provides guidance on:

1. Deciding whether an impact assessment is required
2. Considering potential impacts
3. Recording impacts and mitigating actions

1. Deciding whether an IIA is required

- 1.1. The first stage is to consider whether a proposal requires an impact assessment. If you answer yes to any question in the high relevance category, then an IIA is required. If you identify that an IIA is not required, then you need to explain why/how you have reached this decision and send a brief statement to your Head of Service for agreement and approval. This can be done by email, but it is important you retain a record of this approval as evidence.

High Relevance	Yes/no
The proposal could potentially affect people for example in the availability, accessibility or quality of goods, facilities or services	Yes
The proposal has potential to make an impact on equality even when this only affects a relatively small number of people	Yes
The proposal has the potential to make a significant impact on the economy and the delivery of economic outcomes	Yes
The proposal is likely to have a significant environmental impact	No
The proposal is considered strategic and high level in the organisation	Yes
Low Relevance	
The proposal has little relevance to equality	No
The proposal has negligible impact on the economy and the delivery of economic outcomes	No
The proposal has no/minimal impact on the environment	Yes

If you have identified only low relevance please give a brief statement of your reasoning and report this to your Head of Service/NHS Project Lead for approval. Please then insert the statement in the section in the relevant management or committee report.

2. Considering potential impacts

- 2.1. IIAs are normally carried out by a group of at least four people, to increase the diversity of perspectives and provide supportive challenge. We would encourage you, when possible, to make use of skype to facilitate this. If this is not possible, we would recommend that the lead officer involves at least one other staff member.
- 2.2. Gather relevant data and evidence about the needs and experiences of people with protected characteristics and those vulnerable to experiencing poverty and ill health in the context of the work you are undertaking. A list of the types of evidence you will want to consider is included within the summary report template at Annex A. Much of this evidence will already be available within services; where evidence is not available, this should be noted.
- 2.3. As a group exercise if possible, think critically about how your proposal will impact on different groups of people, including those with protected characteristics, and/or impact on human rights, sustainability and the environment. A list of population groups and potential impacts is provided at Annex B as a prompt to aid thinking (and is not intended to be exhaustive).

3. Recording impacts and mitigating actions

- 3.1. Taking account of what the evidence gathered is telling you, critically consider how the proposal might impact on different groups in different ways. Consider positive, as well as negative impacts, and consider what actions might be necessary to prevent or mitigate negative impacts and/or maximise positive impacts.
- 3.2. Record a summary of the anticipated impacts and mitigating actions. A summary report template for recording this information is provided at Annex A.
- 3.3. Return the completed summary report template to strategyandbusinessplanning@edinburgh.gov.uk for publication on the Council website.

INTEGRATED IMPACT ASSESSMENT SUMMARY REPORT TEMPLATE FOR EMERGENCY DECISIONS

Please complete as many of these sections as possible

1. Title of proposal

Library Service – adaptation and renewal (re-opening phase) of libraries following closure in response to Covid-19 virus

2. What will change as a result of this proposal?

The first phase of reopening libraries will see a selection of branches across the city opening on Tuesday 6 October, for a range of services.

The initial service offer will include access to library buildings for browsing and borrowing, returning items, free access to computers, internet and WiFi, support with National Entitlement Card online applications, Hey Girls free sanitary provision, collection of hearing aid batteries, printing and photocopying.

The 6 libraries are Central, Kirkliston, McDonald Road, Fountainbridge, Stockbridge and Newington.

The choice of locations for the first phase of reopening is a pragmatic one, based upon the availability of space to manage an expected early surge in demand. We also wanted to avoid (initially at least) library hub buildings where critical resilience services are operating

3. Briefly describe public involvement in this proposal to date and planned

In planning the reopening of Edinburgh's libraries our top priority is the health of residents and colleagues, and the process is directed by [Scottish Government guidance](#) and [Safer Workplace Guidance for Public Libraries](#). Planning has taken into account the specific considerations for each library building and we have examined different approaches adopted by our colleagues in many services across Scotland and more widely afield.

The date and rationale for re-opening has been communicated via notices on buildings, library account email, library web page, mainstream media, library social media and main Council web page and social media communications.

As part of monitoring and evaluating the impact of this library reopening, we will seek customer and staff feedback.

4. Date of IIA

05/10/2020

5. Who was involved in carrying out the IIA? (please list lead officer and other staff)

Name	Job Title
Louise Graham	Lifelong Learning Strategic Development Officer (Libraries)
Paul McCloskey	Lifelong Learning Service Manager (CLD and Libraries)

6. Evidence available at the time of the IIA

Evidence	Available – detail source	Comments: what does the evidence tell you about different groups who may be affected?
Data on populations in need	Scottish Index of Multiple Deprivation (SIMD); 2011 census data; free school meals and school clothing grants; RNIB sight loss data tool; the number of individuals in key demographics within Edinburgh, accessing specific Council care packages and services.	Identifies small area concentrations of multiple deprivation across all of Scotland in a consistent way; declared ethnic group; local authority register of areas of need; figures for Edinburgh compared to Scotland http://www.rnib.org.uk/knowledge-and-research-hub ; the percentage of vulnerable communities and individuals likely to be impacted by a loss of service
Data on service uptake/access	Library Management System; E-service supplier platforms People’s Network (public access computer) usage	Loan figures for physical stock e-audio issues e-book issues PressReader statistics RB Digital e-magazine issues Number of library members Number of virtual users
Data on socio-economic disadvantage e.g. low income, material/area-based deprivation.	Scottish Index of Multiple Deprivation (SIMD); free school meals and school clothing grants; DWP Universal Credit application data	Identifies small area concentrations of multiple deprivation across all of Scotland in a consistent way; local authority register of areas of need; number of residents per locality accessing benefits/seeking employment
Data on equality outcomes	https://scvo.org.uk/digital https://www.microsoft.com/en-us/accessibility	Digital equality – SCVO - Confidence, skills, access and affordability may prevent people from being online. Accessibility equality - tools to provide digital solutions which reflect the diversity of a wide range of issues.
Research/literature evidence	<i>The Place of Kindness: Combating Loneliness and Building Stronger Communities</i> Carnegie UK, 2017 <i>Shining A Light: Country Factsheet (Scotland)</i> Carnegie UK, 2017	Libraries’ positive role in social inclusion and mental wellbeing. A summary of Scottish data on attitudes to and use of public library services.

Evidence	Available – detail source	Comments: what does the evidence tell you about different groups who may be affected?
	<p><i>Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020</i> Scottish Library and Information Council (SLIC) and Carnegie UK, 2015</p> <p><i>The Next Chapter</i> SLIC and Young Scot, 2018</p>	<p>National strategy – sets out the vision, mission and outcomes for public libraries across Scotland.</p> <p>Insights, ideas and recommendations for policy and practice in public libraries following co-design process with SLIC and Young Scot panel members.</p>
Public/patient/client experience information	Council complaint and compliment process; library enquiries email; library membership account help; e-services account help	Customers are able to contact staff, request help and feedback on issues in a variety of ways.
Insight from public / service user engagement	Libraries enquiries email accounts; Libraries social media accounts; event and activity evaluation and feedback	Active web and social media presence – monitoring customer requests and feedback.
Evidence of unmet need	N/A	
Good practice guidelines	<p><i>Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020</i> Scottish Library and Information Council (SLIC) and Carnegie UK, 2015</p> <p><i>How Good Is Our Public Library Service – A Public Library Improvement Model for Scotland</i> SLIC, 2014</p>	<p>National strategy – sets out the vision, mission and outcomes for public libraries across Scotland.</p> <p>A framework designed for public library managers and staff to evaluate the quality and effectiveness of their service provision, identify areas for improvement, and demonstrate their contribution to overall corporate performance.</p>
Carbon emissions generated/reduced	Business support library van run schedule; Mobile library van routes; Library Link journeys to libraries.	Drop in carbon emissions indicates a proportionate drop in service delivery – and types of services used by more vulnerable customers
Environmental data	N/A	
Risk from cumulative impacts	N/A	
Other (please specify)	N/A	
Additional evidence required?	N/A	

7. In summary, what impacts were identified and which groups will they affect?

Equality, Health and Wellbeing and Human Rights	Affected populations
<p>Positive</p> <p>Restricted movement of people – customers and staff throughout the city in line with government and council instructions not to travel unnecessarily: phased opening approach allows impact of opening to be measured and rolled back if necessary.</p> <p>Citywide staffing approach supports reduced travel where appropriate.</p> <p>Staffing has been considered in discrete cohorts (bubbles) to limit transmission.</p> <p>Social distancing measures enforced in library buildings supports staff and customer health and safety e.g. altered layouts, reduced capacity, protective barriers, booking system, PPE.</p> <p>Increased access through technology to greater choice and improved accessibility (in some cases) to information and resources.</p> <p>Improved staff skills in use of technology and development of these life skills in the population (increasingly essential for employability).</p> <p>New developments and innovation in service delivery methods and programme development.</p> <p>Increased engagement with audiences via social media. Renewed access to physical book stock.</p> <p>Enable fulfilment of customer reservations from open branches. Physical, welcoming space – hub of community and place of social inclusion re-opens – positive impact on local community.</p>	<p>All</p>
<p>Negative</p> <p>Location of 6 sites (three are city centre locations) does not support the library and information needs of other communities which may not be able to easily travel to the open libraries. Stage 2 plans to prioritise libraries in areas of social disadvantage.</p> <p>Booking system in place – at least initially – off-putting to some and barriers to some for online and/or telephone booking.</p>	<p>All</p>

<p>Reduction in availability of specialist resources: health, rights, law, community languages etc. – not all services fully functioning yet and expectations raised.</p> <p>Social isolation and lack of support for mental wellbeing, community support, peer mentoring and neighbourhood networks – not able to fully support with short booked appointments and current social distancing guidelines.</p> <p>Necessary cancellation/postponement of programmed live events, festivals and group activities – until otherwise indicated by relaxation in Scottish Government guidelines.</p>	
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<p>Environment and Sustainability including climate change emissions and impacts</p> <p>Positive Drop in carbon emissions as library van run is reduced, Mobile Library vans and Library Link transfers stop during restricted opening. Majority of library buildings (24) remain closed – reduction in water, power and lighting. Less use of paper-based resources.</p> <p>Negative Minerals and natural resources (e.g. Cobalt) used for new and emerging technologies has environmental impacts. Six Library buildings re-open – water, power, lighting. Library van run and stock transfer re-starts in a limited form. New stock deliveries re-start. Having six open may encourage people to travel across the city by car thereby increasing carbon emissions.</p>	<p>Affected populations</p> <p>All</p>
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<p>Economic including socio-economic disadvantage</p> <p>Positive Access to the People’s Network (free computer and internet access) will support employability and training initiatives.</p> <p>Staff training packages developed to be delivered remotely and online – investment in webcams to continue this type of delivery – part of service adaptation and renewal.</p> <p>Development of free “face to face” digital skills sessions for customers delivered using learning and teaching digital platforms – also including signposting to self-help for customers in essential</p>	<p>Affected populations</p> <p>All</p>
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<p>digital skills - lack of one-to-one help available in line with social distancing rules</p> <p>Programme of activities and events tailored for online delivery and lockdown conditions continued as part of service offer. Bespoke Children and Young People Libraries Facebook page created to support parents. E-issues have no fines and no fees. E-learning content is free. E-services are free. E-resources offers e.g. family history e-resources available to use from home – usually only available within libraries.</p> <p>Negative Libraries in areas of low SIMD scores (social and economic disadvantage) remain closed. The intention in Stage 2 is to prioritise those libraries located in areas which have low SIMD scores.</p> <p>Extra investment in digital technology and e-services in order to deliver library services effectively – laptops/tablets ordered per branch in order to improve customer experience.</p> <p>Loss of income generation to Library Service from community group room bookings.</p> <p>Loss of income generation to Library Service from event ticket bookings.</p> <p>Significant loss of fines and loans charges income to the Council</p>	<p>All</p>
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8. Is any part of this policy/ service to be carried out wholly or partly by contractors and if so how will equality, human right, including socio-economic disadvantage, environmental and sustainability issues be addressed?

No.

9. Describe how you will communicate information about this policy/ service change to children and young people and those affected by sensory impairment, speech impairment, low level literacy or numeracy, learning difficulties or English as a second language?

We will communicate the reasons and process around libraries re-opening in various ways: with posters, via web, social media and mainstream media. Messages will also be conveyed through Government issue leaflets and mainstream media. We will promote the services that are available, advertise how to make a booking, and how to contact the libraries that are open. We will continue to communicate with Communities and Families staff, partners in adult learning, youthwork and disabilities organisations.

10. Is the policy likely to result in significant environmental effects, either positive or negative? If yes, it is likely that a Strategic Environmental Assessment (SEA) will be required and the impacts identified in the IIA should be included in this.

No.

11. What, if any, actions are recommended in response to the impacts identified above? This can include keeping the proposal under review, gathering more data, or specific actions to mitigate identified impacts.

Specific actions (as a result of the IIA which may include responding to financial implications, mitigating negative impacts, action to manage the risk of cumulative impacts)	Who will take them forward (name and job title)	Deadline for progressing	Review date
Development of basic essential digital skills updates for staff including self-help signposting links.	Libraries Digital team Lead Officer: Eamonn Glancy, Libraries Development Leader (Digital)	06 th October 2020	30 th November 2020
Continued programme of activities and events tailored for online delivery and lockdown conditions.	Libraries CYP team, Libraries Development Leaders, Libraries Digital team Lead Officer(s): Louise Graham, Lifelong Learning Strategic Development Officer (Libraries) Cleo Jones, Lifelong Learning Strategic Development Officer (Libraries)	6 th October 2020	03 rd January 2021
Library booking system to be sourced/developed and implemented.	Libraries Digital team Lead Officer: Louise Graham, Lifelong Learning Strategic Development Officer (Libraries)	06 October 2020	03 rd January 2021
Bespoke Children and Young People Libraries Facebook page curated and	Libraries CYP team, Libraries Digital team	06 October 2020	03 rd January 2021

Specific actions (as a result of the IIA which may include responding to financial implications, mitigating negative impacts, action to manage the risk of cumulative impacts)	Who will take them forward (name and job title)	Deadline for progressing	Review date
Children and Young People offer further developed to support families during limited opening.	Lead Officer: Diane Yule, Lifelong Learning Development Leader (CYP)		
Housebound delivery service and customer care calls continued to support our most vulnerable customers	Lead Officer: Cleo Jones, Lifelong Learning Strategic Development Officer (Libraries)	06 October 2020	03 rd January 2021
Investment in e-resources to support sustained increase in issues and use.	Libraries Digital team Lead Officer: Louise Graham, Lifelong Learning Strategic Development Officer (Libraries)	06 th Oct 2020	03 rd January 2021
Proposal to adapt and renew mobile library services (subject to Scottish Government guidance) in development. This could significantly mitigate the impact of libraries remaining closed in areas of the city furthest away from an open library.	Lead Officer: Cleo Jones, Lifelong Learning Strategic Development Officer (Libraries)	09 November 2020	03 January 2021
Use partnerships with organisations supporting employability so that the People's Network access can be prioritised to those in greatest need.	Lead Officer: Louise Graham, Lifelong Learning Strategic Development Officer (Libraries)	26 October 2020	03 January 2021
Review the requirement for a booking system (which is a barrier) for browsing visits once the initial weeks of opening are underway.	Lead Officer: Louise Graham, Lifelong Learning Strategic	26 October 2020	

Specific actions (as a result of the IIA which may include responding to financial implications, mitigating negative impacts, action to manage the risk of cumulative impacts)	Who will take them forward (name and job title)	Deadline for progressing	Review date
	Development Officer (Libraries)		

Are there any negative impacts in section 7 for which there are no identified mitigating actions?

The fact that 6 libraries out of 28 are open cannot be easily mitigated for those people living in areas of the city distant from a library. While the revised mobile library programme in development will have some impact, this will be limited. However, we are living through a pandemic and reopening of six city libraries, with a range of services for customers, with public, staff and volunteer safety as a priority, is a positive step forward for the world's first City of Literature and its people.

#13. How will you monitor how this proposal affects different groups, including people with protected characteristics?

Through existing Council, partners and third sector organisational contacts for groups with protected characteristics. In addition, monitoring channels of customer engagement and feedback e.g. complaints and compliments process, library emails and library social media channels.

14. Sign off by Head of Service

Name

Date

15. Publication

Completed and signed IIAs should be sent to strategyandbusinessplanning@edinburgh.gov.uk to be published on the IIA directory on the Council website www.edinburgh.gov.uk/impactassessments

Population groups and potential impacts

POPULATION GROUPS

Think about how the policy or proposal could impact (positively or negatively) on the following groups.

People with protected characteristics

- Older people and people in their middle years
- Young people and children
- Men (include trans men), Women (include trans women) and non-binary people. (Include issues relating to pregnancy and maternity including same sex parents)
- Disabled people (includes physical disability, learning disability, sensory impairment, long-term medical conditions, mental health problems)
- Minority ethnic people (includes Gypsy/Travellers, migrant workers, non-English speakers)
- Refugees and asylum seekers
- People with different religions or beliefs (includes people with no religion or belief)
- Lesbian, gay, bisexual and heterosexual people
- People who are unmarried, married or in a civil partnership

Those vulnerable to falling into poverty

- Those who have low or no wealth
- Those on low income
- Those who live in areas of deprivation
- Those experiencing material deprivation
- Unemployed
- People in receipt of benefits
- Lone parents
- Vulnerable families eg young mothers, people experiencing domestic abuse, children at risk of statutory measures, includes disabled adult/child, minority ethnic families
- Families with a child under 1
- Larger Families (3+ children)
- People in receipt of pensions
- Looked after children and young people
- Those leaving care settings (including children and young people and those with illness)
- Homeless people
- Carers (including young carers and carers with protected characteristics)
- Those involved in the criminal justice system
- People with low literacy/numeracy
- People experiencing difficulties with substance use
- Others e.g. veterans and students

Geographic / other communities

- Rural/semi-rural communities
- Urban communities
- Coastal communities
- Business community

Staff

- Full-time / Part-time
- Shift workers
- Staff with protected characteristics
- Staff vulnerable to falling into poverty

POTENTIAL IMPACTS

Think about how the policy or proposal could impact (positively or negatively) on the following objectives, and how this might affect the population groups listed above in different ways:

Equality and Human Rights

- Eliminate discrimination and harassment
- Advance equality of opportunity e.g. improve access / quality of services
- Foster good relations within and between people who share protected characteristics
- Enable people to have more control of their social/work environment
- Reduce differences in status between different groups of people
- Promote participation, inclusion, dignity and control over decisions
- Build family support networks, resilience and community capacity
- Reduce crime and fear of crime including hate crime
- Protect vulnerable children and adults

Promote healthier lifestyles including:

- diet and nutrition,
- sexual health,
- difficulties with substance use
- physical activity
- life skills

Environmental

- Reduce greenhouse gas (GHG) emissions (including carbon management)
- Reduce need to travel and promote sustainable forms of transport
- Plan for and adapt to future climate change
- Pollution: air/ water/ soil/ noise
- Protect coastal and inland waters
- Enhance biodiversity
- Encourage resource efficiency (energy, water, materials and minerals) eg avoid single use plastic

Public Safety eg:

- minimise waste generation
- infection control
- accidental injury
- fire risk

Improve the physical environment eg:

- housing quality
- public space
- access to and quality of green space

Economic (including socio-economic)

- Improve quality of and access to services
- Reduce cost of living
- Maximise income and/or reduce income inequality
- Support local business
- Improve local employment opportunities
- Help young people into positive destinations
- Help people to access jobs (both paid and unpaid)
- Improve working conditions, including equal pay
- Improve literacy and numeracy

APPENDIX 4

COMMUNITY CENTRE UPDATE 6 7TH FEBRUARY 2020

Handbook

The Community Centre Handbook was introduced at all centres in July 2018, with the intention of reviewing and revising this after 12 months. Feedback was sought from the different parties involved in the operational management of centres. One aspect of the Handbook is that although it aimed to be a guide on matters of health and safety (H&S), there remained some ambiguity as to who was responsible for specific aspects of H&S.

The new handbook will have two sections: section one - a set of questions and answers covering areas such as insurance, public entertainment licences, safeguarding of children and vulnerable adults, serving of alcohol; section two - the self-assurance questionnaire.

A Self Assurance framework (SAF) is in place across schools and it was felt that the instruction of this approach could help all parties to identify risk and provide a framework to manage risk through the provision of a questionnaire, issued annually and validation guidance which provides guidance on how to ensure the mitigations detailed in the questionnaire are operating effectively. Extending the questionnaire to Community establishments ensures a comprehensive approach to how we manage risk with and through partnerships by being clear about roles/responsibilities/requirements.

Locality engagement with Management Committees (MCs) on this approach took place across the city – South West 22 October, North West 23 October, North East 28 October and South East 30 October 2019.

A summary of the feedback is set out below:

- The assurance framework could assist risk management
- Management committees would like to be part of shaping the questionnaire
- It would be good to have regular updates on risk management
- It would be good to receive Risk Matters (risk communications)
- Management Committees would like to attend risk training for example health and safety training, courses such as Ready for Winter

Following up on the engagement sessions, the focus now is on shaping the questionnaire with Management Committees and that we seek volunteers for this with a “you said/we did” approach.

It was clear that asking MCs to adopt a framework was welcomed by some and seen as a burden by others and that capacity will need to meet what is required.

Completing the SAF is an exercise that will involve all parties – Management Committees, Facilities Management, Business Support, Lifelong Learning. It isn’t only the MCs who are responsible: given the shared nature of centres all parties need to actively input to the completion of the framework.

Before that happens, we will be asking for **your input to the design of the questions**. The questionnaire was designed for schools and while some of the questions still stand others will need to be deleted or changed to reflect a community centre environment.

What came through the locality engagement was the need to involve management committees in a meaningful way to shape the content of the self-assurance framework, adapting this to reflect a community centre context including specific questions in the SAF questionnaire.

These questions are the scaffolding which underpins the framework and it is felt that getting this first stage right is essential, so all the parties involved in community centres, particularly the volunteer Management Committees, feel fully involved and engaged in adopting the SAF. This will mean that actual implementation of the SAF itself will take place in the Spring (once the questions have been developed).

We suggest that a first step is to ask for volunteers who would want to be part of a **questions design working group**. This work could lead to the formation of a management committee partnership risk group. The group would develop a specific term of reference which could lead to an effective risk management process, including identification/assessment/action management/escalation. Council officers would support the group and enable its development. **1. Would you be interested in volunteering for such a group?**

One emerging idea at the engagement sessions was that of MCs supporting each other in terms of aspects of Community Centre management, perhaps through sharing knowledge or ‘how do you do this ...?’ type of assistance. Management Committees advised that they wanted Council officer co-ordination and support with this. There was also discussion on sharing of resources/ideas/good practices – focusing on opportunities looking at what is being done well alongside what can be improved. There was discussion about centres

sharing a booking database and busy centres sharing bookings with quieter centres where this suited

The Council is supportive of these ideas. It seems more empowering for people to help each other and if you feel that specific Council support for this idea would help, we would very much welcome your ideas. **2. What would this support look like for your MC?**

One centre asked if MCs were willing to share their email contacts then MCs could more easily contact one another, and this could help communication and some of the mutual support and help as above. **3. Are you happy for your key contact email to be shared with all other MCs?**

Centres are putting in place Red Button folders for emergency information and Risk Matters, a regular update compiled by the Council Risk Management team is being shared with all Community Centre MCs.

The Community Centre Change Group (CCCG) is a Council officer group, with representatives from Facilities Management, Business Support, Lifelong Learning, Health & Safety, Estates, Resilience, Risk (and when required Fire Safety, Insurance, Human Resources and Legal services).

4. How do you feel that your voice as a management committee could be fed into the work of this group and future developments in a more direct way? Would the idea of locality or smaller local forums help, each choosing a spokesperson who would attend the CC Change Group meetings or meet with Service Managers who are on the CC Change group? There could be more than one way of doing this.

Seminar/ workshop

One idea to increase collaboration is to hold a half day seminar/ workshop (perhaps two or three times per year) to which all MCs across the City are invited:

Possible themes might be

- Volunteer Recruitment, Support and Development
- Managing Financial Accounts
- Fundraising applications and Fundraising Strategy
- Health and Safety
- Good practice sharing.

If successful, these events could be repeated, reflecting themes suggested by MCs and the CCCG.

5. What themes do you think it would be useful to explore at such events?

Lease Review Consultation

Most of the leases to management committees date back to 1994 and need modernisation and renewal. On 10 October 2019, Finance and Resources committee agreed the principle of implementing modern leases on standard terms in all community centres with management committees and that there will be consultation with the management committees on the draft standard lease terms appended to the report.

A copy of the report is enclosed with this Update.

Here is an electronic link to the report:

<https://democracy.edinburgh.gov.uk/documents/s9350/Community%20Centre%20Leases.pdf>

(If the link does not work when you click on it, please copy and paste the link into your Internet browser and it should take you to the report)

The consultation will begin later this year and the outcomes will be reported back to Finance and Resources Committee for their consideration.

Summary of the questions asked through the Update:

1. **Would you be interested in volunteering for a question design working group?**
2. **What would this Council support (to enable MCs to better support each other) look like for your MC?**
3. **Are you happy for your key contact email to be shared with all other MCs?**
4. **How do you feel that your voice as a management committee could be fed into the work of this group (the Community Centre Change Group) and future developments in a more direct way?**
5. **What themes do you think it would be useful to explore at half day seminars?**

Please feedback any answers or comments to your **Lifelong Learning Service Manager in the first instance.**

Thank you.

Kind regards



Paul McCloskey

Lifelong Learning Strategic Manager - Community Learning and Development and Libraries

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If you have any questions, please contact the Lifelong Learning Service Managers below:

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APPENDIX 4

COMMUNITY CENTRE UPDATE 7 26 OCTOBER 2020

Context

Colleagues, volunteers and partners, we are living through a pandemic, unprecedented in modern times, one which has changed many aspects of life for citizens and communities.

Such times can place an extra burden, particularly on the most vulnerable in society, given the isolation some experience and the necessary social contact restrictions.

Community learning and development in all its forms, statutory and voluntary, supports primarily disadvantaged or vulnerable groups and individuals to engage in learning, personal development and active citizenship. A challenge facing us all is how can we best continue to try and adapt services to reach out those who may be struggling while meeting public health requirements (which themselves are subject to flux and change depending on levels of virus transmission) and having the necessary resources to ensure the services are as safe as they can be.

Collaboration and partnership

There is a need to plan and manage community learning and development services in a way that while it tries to respond to and meet community need, at the same time requires our **collective endeavour** in order to come up with creative solutions and ideas.

As you will know Community Centres closed in March 2020 as a consequence of the Covid-19 pandemic and it was agreed at Policy & Sustainability Committee on 6 August that Management Committees can apply for reopening only for the purposes of food banks, homelessness services, blood donors and access to retrieve equipment for outdoor youth work.

While it is natural for people to wish for a return to business as usual, this is not likely to happen. Partly to do with the significant Health and Safety considerations attendant upon the resumption of all activity whether in or out of buildings and how this influences numbers of participants; partly to do with the additional resources required to ensure that as far as possible all parties are safe - volunteers, staff and citizens; partly to do with the budget challenges for many organisations including the Council.

A priority in Scotland is continuity in children’s education – ensuring as far as possible that the learning of future generations is maintained and that they have the best start in life. What this means for the Council is that the facilities management support for schools remains a priority, as it responds to an ongoing, changing situation which requires significant levels of cleaning and facilities support. Added to this is the support required for other Council buildings such as Critical Resilience Centres and most recently the reopening of six libraries.

Conversation

Council officers who have a working relationship with Community Centres would like to have a conversation with Management Committees and some of our third sector partners, to explore some questions which it is hoped could help us to adopt a more strategic, planned approach to the adaptation of community learning and development. There are no easy answers to the intrinsic challenges we all face together – but there may be some possible solutions through dialogue and conversation.

The suggestion is that we hold video meetings using Teams (used by the Council and there are ways of people joining in as ‘guests’, which we can share information about when we get to the stage of setting these up). We had thought of setting up a meeting for each Locality and that one person from each MC to attend one of these. The reason for this is that having meaningful conversations with large groups can be particularly difficult in the artificial environment of Teams.

In attendance would be representatives of Lifelong Learning Locality Service Managers, Business Support, Facilities Management, Edinburgh Council of Voluntary Organisations, Lothian Association of Youth Clubs and myself (as meeting chairperson/ facilitator).

In order to help facilitate discussion and make best use of the time, it would be useful to know in advance:

- what are the top three areas you would like to explore in the conversation?

This information could help us to group the questions into themes and structure the discussion.

The days and times aim to offer a variety of slots – management committee representatives would choose the day and time suits best.

The suggested days and times are:

Can you please let Seth Henderson seth.henderson@edinburgh.gov.uk know by November your top three areas, preferred date and time and the email address you want the meeting invite sent to. If willing to share, a mobile contact number would be useful should you have any problems connecting to the meeting on the day.

Lease Review Consultation

The planned consultation on the review of the standard lease for community centres was placed on hold at the start of lockdown as the preferred option was to hold the consultation in person. Given the uncertainty over when that will be possible, it is now proposed to undertake the consultation by supplying written information on the proposals and requesting written feedback from the management committees which can then be collated and submitted to Finance and Resources committee for their consideration. This process will be supported through online sessions using Microsoft Teams.

These online sessions would be set up following on from the more general sessions as outlined above.

Assurance Framework

I attach Update No 6 which refers to the Assurance Framework – at the time some Management Committee members expressed an interest in contributing the design of questions. We plan to pick this work up again and perhaps we can touch on this in our Teams meetings?

Thank you for your support and commitment

Take care



Paul McCloskey

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Appendix 5 – Library Service – Building/Service Implications – Covid – 19

Scottish Government Framework – Applicable Library Service

The table below illustrates the three Service Stages (1,2 and 3) of the library offer and cross references this to the Scottish Government Guidance and levels.

		Level 0	Level 1	Level 2	Level 3	Level 4
Service Offer	Implications	Level 0	Level 1	Level 2	Level 3	Level 4
<p>STAGE 1 Service Phase:</p> <p><i>Browsing</i> – Booking Required – including children’s areas <i>Bus Pass Application</i> – Booking required <i>Computer Access</i> – Booking required <i>Hearing aid batteries</i> – At door – no entry Strict controls over numbers of customers based on building size</p>	Distinct service areas require dedicated staff resource to maximise throughput of customers. Staff numbers higher than pre lockdown requirements Web and telephone booking in operation Strict health and safety measures	NO	NO	YES Strict Protective measures in place	YES Strict Protective measures in place	NO All Buildings Closed
<p>STAGE 2 Service Phase:</p> <p><i>Browsing</i> – No booking required <i>Bus Pass Application</i> – Booking required – Avoid queuing <i>Computer Access</i> – Booking required <i>Hearing aid batteries</i> – Entry to branch to pick up</p>	Potential for slight reduction of number of staff required to maintain safe operations. Health and safety measures still required	NO	YES Maintain state of awareness based on guidance	N/A	N/A	NO All buildings closed
<p>STAGE 3 Service Phase:</p> <p><i>Move to pre – lock down conditions.</i> Open browsing, return of group-based activity, children’s activities, teenagers activities, booking system remains for bus pass and computers, partners activities</p>	Service prepared to return to Covid – 19 restrictions Staff ratios per branch return to normal levels. Maintain hygiene practices.	YES Maintain state of awareness and high alert	N/A	N/A	N/A	NO All buildings closed

Branch	Current Status	Floor Space (Sqm)	Max Number of Customers in line with H&S requirements / Service Offer/Building size	Scottish Government Framework Level	Service Stage	Other factors to consider
Central	Open – Service offer at Stage 1. Not all areas of building are open.	1624	16	0 – 3	1	
Fountainbridge	Open - Service offer at Stage 1. Not all areas of building are open to accommodate storage/quarantine.	291	12 – Distinct computer access area	0 – 3	1	Parts of building being used to support storage and quarantine with additional staff welfare
Kirkliston	Open - Service offer at Stage 1.	242	8	0 – 3	1	Significant challenges exist with storage solutions
MacDonald Road	Open - Service offer at Stage 1. Not all areas of building are open to accommodate storage/quarantine.	443	9	0 – 3	1	Building not fully open to accommodate storage and quarantine
Newington	Open - Service offer at Stage 1. Not all areas of building are open to accommodate storage/quarantine.	420	9	0 – 3	1	
Stockbridge	Open - Service offer at Stage 1. Not all areas of building are open to accommodate storage/quarantine.	293	11 – Under review	0 – 3	1	Not all of the building is available for customer use to accommodate service offer, storage and quarantine
Craigmillar	Proposed second phase of opening with stage 1 service offer. Also operates as Crisis Response Centre	583	7 (under review)	0 – 3	1	Shared space with Crisis Response Centre – loss of library space at east end of building

Branch	Current Status	Floor Space (Sqm)	Max Number of Customers in line with H&S requirements / Service Offer/Building size	Scottish Government Framework Level	Service Stage	Other factors to consider
Drumbrae	Proposed second phase of opening with stage 1 service offer. Not all areas of building will be available.	330	10	0 – 3	1	Building was being used by Royal High School delaying potential for Stage 1 opening.
Gilmerton	Proposed second phase of opening with stage 1 service offer.	217	6	0 – 3	1	Potential issues associated with building storage space resolved
Wester Hailes	Proposed second phase of opening with stage 1 service offer.	607	12	0 – 3	1	Proposed to open as part of second phase.
Piershill	Closed	317	N/A	0 – 3	1	
Portobello	Closed	282	N/A	0 – 3	1	
Moredun	Closed	250	N/A	0 – 1	2 / 3	Building layout/condition presents challenges around safe operation
Morningside	Closed	455	N/A	0 – 1	2 / 3	Upper floor inaccessible presenting reconfiguration challenges on ground floor.
Balgreen	Closed	112	N/A	0	3	On primary school footprint. Size of building impacts on type of service alongside appropriate safety measures
Colinton	Closed	134	N/A	0	3	Size of building impacts on type of service alongside safety measures

Branch	Current Status	Floor Space (Sqm)	Max Number of Customers in line with H&S requirements / Service Offer/Building size	Scottish Government Framework Level	Service Stage	Other factors to consider
Currie	Closed	190	N/A	0	3	Size of building impacts on type of service alongside safety measures
Granton	Closed	153	N/A	0	3	On Primary School footprint. Size of building impacts on type of service alongside safety measures
Balerno	Closed	52	N/A	0	3	Size of building impacts on type of service alongside safety measures
Blackhall	Closed – Refurbishment Work started 5 October with estimated completion on 11 December.	868	N/A	0 – 3	1	Dependent on refurbishment works completion
Corstorphine	Closed – Refurbishment Mid to late November start. Contract works to be completed February 2021	276	N/A	0 – 1	2 / 3	Layout of building impacts on type of service alongside safety measures. Consider proximity to Drumbrae Hub
Oxgangs	Closed – Refurbishment Work started 1 October planned completion March 2021					
Granton	Closed	153	N/A	0	3	Unrealistic with H&S/social distancing restrictions
Central	Open – Refurbishment estimated start 1 December with completion August 2021.					

Gate 55	Closed	Not Known	N/A	N/A	N/A	Covid -19 test centre
Muirhouse	Closed – Due to be demolished to accommodate new build Culture & Learning Hub	410	N/A	N/A	N/A	New Cultural & Learning Hub to be completed 2022
Branch	Current Status	Floor Space (Sqm)	Max Number of Customers in line with H&S requirements / Service Offer/Building size	Scottish Government Framework Level	Service Stage	Other factors to consider
Oxgangs	Closed - Refurbishment Contract works to be completed February 2021	338	N/A	0 – 3	1	Significant works taking place until March 2021
Ratho	Closed – Due to be demolished to create new school/library hub	91	N/A	N/A	N/A	
Sth Queensferry	Closed -	137	N/A	0 – 1	2 / 3	Building layout creates challenges around distancing and service offer
Leith	Closed -	537	N/A	N/A	N/A	Covid-19 Test Centre

NOTE:

Buildings

Current conditions mean all buildings must be inspected and involve Health & Safety with a view to creating a safe layout, distinct service spaces and functionality for staff welfare.

Each building will have a safe maximum number of occupants both in terms of staff and customers. This ensures effective distancing and monitoring of hygiene in line with infection control and health & safety.

Staffing

More staff are required in each branch to ensure each distinct service area is fully supported, manage customers through their allotted booking time period and ensure the next customer can access the service. Where social distancing measures relax going forward, staffing will begin to retract to normal numbers. As the number of libraries reopening increases towards the maximum number, the service will need to recruit to some of the posts currently vacant.

Covid-19 cleaning

Library staff undertake regular touchpoint cleaning during the day to maintain standards of hygiene and reduce potential virus transmission. However, there is a daily requirement for cleaning carried out by Facilities Management cleaning operatives as well as monthly fogging of each building. This includes an additional requirement for cleaning on Saturdays and on Thursdays (at those libraries which were previously closed on that day).

Library futures

As part of the Adaptation and Renewal Wellbeing strand, a library futures option paper is in development, looking at the development of hub models and taking into account the new build developments at Ratho (Nursery and Library) and Muirhouse (Nursery, Library and North Edinburgh Arts); the role of library and information services in supporting community wellbeing and wider access to Council and partner services and information; extending choice for citizens by their being able to access services through the use of Open + technology.

City of Edinburgh Council

10.00am, Thursday 19 November 2020

Trams to Newhaven – COVID-19 Final Business Case Refresh – referral from the Transport and Environment Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The City of Edinburgh Council is asked to approve the decision taken by the Transport and Environment Committee.

Andrew Kerr

Chief Executive

Contact: Martin Scott, Committee Services

E-mail: martin.scott@edinburgh.gov.uk | Tel: 0131 529 4237

Referral Report

Trams to Newhaven – COVID-19 Final Business Case Refresh – referral from the Transport and Environment Committee

2. Terms of Referral

2.1 On 12 November 2020, the Transport and Environment Committee considered a report by the Executive Director of Place detailing the Trams to Newhaven – COVID-19 Final Business Case Refresh for the project.

2.2 Motion

- 1) To note the analysis set out in the report.
- 2) To note that under all scenarios presented, the economic case for the project remains positive with a benefit to cost ratio above 1.
- 3) To note that the impact of COVID-19 on financing costs is uncertain and that the future call on reserves could range from £0m to £93m, but that reserves would be replenished over the longer-term.
- 4) To refer the potential use of reserves of up to £93m noted at paragraph 1.1.3 to Council for approval.
- 5) To note that in all but one scenario project cancellation had a higher cost to the Council than continuing with the project.
- 6) To note that should the Council decide to cancel the project, there would be a £32m call on reserves in the current financial year under all scenarios, this would need to be funded through the cancellation and/or delay of projects in the Council's capital programme.
- 7) To note the total cost of cancellation was calculated at £107.4m compared with £207.3 to build the line and that this £107.4m would be incurred with none of the benefits set out in the Final Business Case (FBC) being realised.
- 8) To note that since the Trams to Newhaven FBC was approved, the emerging policies and strategies only strengthen the case for high capacity, high quality public transport in the city.
- 9) To note that the emerging policies and strategies would, other things being equal, lead to the development of a transport network where tram would

expect to attract higher levels of demand compared to the assumptions made at the time of the FBC.

- 10) To approve continuing with the construction of the Trams to Newhaven project which was still projected to be within the budget of £207.3m as set out in the Final Business Case for the project and approved by Council.
- moved by Councillor Macinnes, seconded by Councillor Doran

Amendment

Delete all and insert

Committee agrees to refer the decision simpliciter to Full Council.

- moved by Councillor Whyte, seconded by Councillor Webber

Voting

For the motion - 7 votes

For the amendment - 4 votes

(For the motion – Councillors, Bird, Corbett, Doran, Key, Macinnes, Miller and Perry.

For the amendment – Councillors Lang, Smith, Webber and Whyte.)

Decision

To approve the motion by Councillor Macinnes.

- 2.3 In accordance with Standing Order 30.1, the decision was referred to Council for approval.

3. Background Reading/ External References

- 3.1 [Webcast of the Transport and Environment Committee – 12 November 2020](#)

4. Appendices

- 4.1 Appendix 1 – Report by the Executive Director of Place

Transport and Environment Committee

10.00am, Thursday, 12 November 2020

Trams to Newhaven – COVID-19 Final Business Case Refresh

Executive/routine	Executive
Wards	11, 12, 13
Council Commitments	22

1. Recommendations

- 1.1 Transport and Environment Committee is asked to:
 - 1.1.1 Note the analysis set out in this report;
 - 1.1.2 Note that under all scenarios presented, the economic case for the project remains positive with a benefit to cost ratio above 1;
 - 1.1.3 Note that the impact of COVID-19 on financing costs is uncertain and that the future call on reserves could range from £0m to £93m, but that reserves would be replenished over the longer-term;
 - 1.1.4 Refer the potential use of reserves of up to £93m noted at paragraph 1.1.3 to Council for approval;
 - 1.1.5 Note that in all but one scenario project cancellation has a higher cost to the Council than continuing with the project;
 - 1.1.6 Note that should the Council decide to cancel the project, there would be a £32m call on reserves in the current financial year under all scenarios, this would need to be funded through the cancellation and/or delay of projects in the Council's capital programme;
 - 1.1.7 Note the total cost of cancellation is calculated at £107.4m compared with £207.3 to build the line and that this £107.4m would be incurred with none of the benefits set out in the Final Business Case (FBC) being realised;

- 1.1.8 Note that since the Trams to Newhaven FBC was approved, the emerging policies and strategies only strengthen the case for high capacity, high quality public transport in the city;
- 1.1.9 Note that the emerging policies and strategies will, other things being equal, lead to the development of a transport network where tram would expect to attract higher levels of demand compared to the assumptions made at the time of the FBC; and
- 1.1.10 Approve continuing with the construction of the Trams to Newhaven project which is still projected to be within the budget of £207.3m as set out in the Final Business Case for the project and approved by Council.

Paul Lawrence

Executive Director of Place

Contact: Hannah Ross, Senior Responsible Officer

E-mail: hannah.ross@edinburgh.gov.uk | Tel: 0131 529 4810

Trams to Newhaven – COVID-19 Final Business Case Refresh

2. Executive Summary

- 2.1 In March 2019 the Council approved the Final Business Case (FBC) for the Trams to Newhaven project, which was structured using HM Treasury standard five case model. The Finance and Economic chapters of the Business Case took account of the projected future patronage of the existing and completed tram line and associated benefits and revenue, and also assumed an extraordinary dividend from Lothian Buses.
- 2.2 Since March 2019 COVID-19 has had a serious impact on society which has resulted in a significant global downturn in public transport patronage. Public transport demand in Edinburgh has reduced considerably since March and while some restrictions were lifted, there are likely longer term consequences that will impact the economic and financial analysis presented in the FBC.
- 2.3 Steer, the Council's transport economic advisors, in consultation with the project team, have developed a range of possible scenarios to stress test the findings in the FBC. Details of these scenarios, the revised economic and financial assessment and wider policy and strategy considerations are set out in this report.
- 2.4 Under all scenarios tested the economic case for the project remains positive with a benefit to cost ratio above 1. As set out in the Final Business Case in March 2019, this traditional cost benefit analysis needs to be viewed in the context of the wider economic benefits that tram delivers.
- 2.5 The impact of COVID-19 on financing costs is uncertain and the future call on reserves could range from £0m to £93m. In all but one scenario project cancellation has a higher cost to the Council than continuing with the project.
- 2.6 Should the project not proceed there would be a £32m call on reserves in the current financial year under all scenarios, this would need to be funded through the cancellation and/or delay of projects in the Council's capital programme.
- 2.7 To assess the opportunity cost of continuing with the project, the cost of cancellation has been considered, including the costs incurred to date,

compensation payments that may become due to contractors and reinstatement costs.

- 2.8 The total cost of cancellation is calculated at £107.4m compared with £207.3 to build the line. This £107.4m would be incurred with none of the benefits set out in the FBC being realised.
- 2.9 Since the Trams to Newhaven FBC was approved, the emerging policies and strategies only strengthen the case for high capacity, high quality public transport in the city.
- 2.10 There is now strong alignment across national, regional and local objectives around sustainable economic growth; equity and social inclusion; tackling climate change; and health, wellbeing and safety. Trams to Newhaven contributes significantly to these objectives.
- 2.11 It is also important to note that Edinburgh City Centre Transformation (ECCT) recognises the importance of tram in delivering a step-change in public transport provision, and being a fundamental enabler of providing the cross-city connectivity whereby Trams to Newhaven would provide both the service and capacity to enable an associated reduction in bus volumes, especially along Princes St. Indeed, the ECCT proposals also included the potential for a second cross-city route and south-east Edinburgh route.
- 2.12 These emerging policies and strategies will, other things being equal, also lead to the development of a transport network where tram would expect to attract higher levels of demand compared to the assumptions made at the time of the FBC.

3. Background

- 3.1 In March 2019 the Council approved the FBC for the Trams to Newhaven project, which was structured using HM Treasury standard five case model. The Finance and Economic chapters of the Business Case took account of the projected future patronage of the existing and completed tram line and associated benefits and revenue, and also assumed an extraordinary dividend from Lothian Buses.
- 3.2 Since March 2019 COVID-19 has had a serious impact on society which has resulted in a significant global downturn in public transport patronage. The pandemic has also affected the construction of the Trams to Newhaven project and a formal instruction to shut down the construction site was issued to all contractors on 25 March 2020 in accordance with advice given by the Scottish Government.
- 3.3 During this site shutdown the project continued with non-site work, including design, and the project team worked closely with the contractors to mitigate, as far as reasonably practicable, the time and cost impacts from the COVID-19 pandemic.
- 3.4 On 21 May 2020 the Scottish Government issued a phased plan to ease lockdown restrictions. This was then followed by further guidance issued on 28 May 2020 in relation to the construction sector wherein a phased approach to recommencement of construction works was set out. This guidance envisaged a six step approach to

recommencing works and the project re-started strictly in accordance with the guidance.

- 3.5 Despite the COVID-19 shut down and the project incurring additional costs in the region of £5m as a consequence, it is still projected that the project can be delivered within the £207.3 million budget agreed by Council, in March 2019. The project team continues to carry out regular risk reviews on the project and the quantitative risk analysis, that underpinned the FBC risk allowance (excluding optimism bias), is updated quarterly.
- 3.6 Delays as a consequence of COVID-19 and other factors have been minimised in part by the mitigation strategies developed with the contractors and the project is scheduled to be completed by mid-2023.
- 3.7 There are however wider considerations in relation to COVID-19 and this report sets out the project's response to these. Public transport demand in Edinburgh has reduced considerably since March and while some restrictions were lifted, there are likely longer term consequences that will impact the economic and financial analysis presented in the FBC. The team has also re-examined wider policy and strategy considerations in relation to the project and these are presented in this report.
- 3.8 Steer, the Council's transport economic advisors, in consultation with the project team, have developed a range of possible scenarios to stress test the findings in the FBC. Details of these scenarios, the revised economic assessment and wider policy and strategy considerations are set out in Steer report entitled *Edinburgh Tram – C19 Demand Scenarios* at Appendix 1.
- 3.9 The Commercial and Management cases included in the FBC have not been revisited as there are no significant changes as a result of COVID-19.

4. Main report

Methodology

- 4.1 COVID-19 has had a significant negative impact on public transport patronage, with bus and tram patronage in Edinburgh down significantly against expected projections. The recovery of public transport patronage from COVID-19 remains unclear. The speed and strength of recovery will be affected by a number of factors which include:
 - 4.1.1 A medical resolution to COVID-19, for example availability of a vaccine;
 - 4.1.2 Duration and depth of the recession;
 - 4.1.3 Virus management measures and how they will develop over time;
 - 4.1.4 Possibility of further outbreaks and localised or national shut-downs.
- 4.2 In addition, demand drivers have been affected by COVID-19. Notably, airport demand has fallen with a consequential impact on both bus and tram airport services. The impact of working from home on future behaviours is a further issue which may, for example, spread demand outside the peak or reduce demand

altogether. These sit alongside other demand drivers such as land use and speed of future development, and housing and jobs growth which may also be affected by COVID-19 directly, and by the associated recession.

- 4.3 The uncertainty around the impact of COVID-19 on recovery, and the effect this will have on demand drivers, means that it is not possible at this stage to present a primary case for patronage with a series of sensitivities, as was presented in the FBC.

Scenario Development

- 4.4 Instead, Steer, who developed the Economic Chapter in the FBC and provided patronage forecasts for the Economic and Finance Chapters, were commissioned to develop a range of possible scenarios so that the impact of each scenario on both the Economic and Finance Chapters could be modelled. While Steer are unable to give an opinion on which of these scenarios are most likely, they have confirmed that the scenarios are reasonable possibilities, and that the most pessimistic scenario modelled is a grounded and realistic ‘downside’ case.
- 4.5 The approach to developing the scenarios is set out in detail in the Steer report at Appendix 1.
- 4.6 The scenarios presented are set out in Table 1 below.

Table 1 – Scenarios

Scenario	Near-term impact	Medium-term	Notes
Scenario 1: ‘Return to Business as Usual’ (return to full FBC demand)	<ul style="list-style-type: none"> Return to 2019 levels by 2022 for corridor and Newhaven, based on ET analysis. Return to 2019 levels by 2023 for Airport 	<ul style="list-style-type: none"> Return to full FBC level by mid-2020s¹. 	Optimistic view of growth post recovery (i.e. recovering ‘lost’ growth from 2019 – 2023)
Scenario 2: ‘Return to Business as Usual’ (return to FBC growth)	<ul style="list-style-type: none"> As per Scenario 1 	<ul style="list-style-type: none"> FBC growth rates applied post recovery. <ul style="list-style-type: none"> c 3% p.a. for airport segment c 3% p.a. for ‘existing’ corridor & c 1.4% p.a. for Newhaven 	<p>Better proxy for economic impact, i.e. recessionary effect to early 2020s then recovery.</p> <p>Implicitly assumes same relationship between economic and demand growth as FBC.</p>

¹ The FBC growth assumptions for each market segment are set out in Chapter 3 of the Steer report at Appendix 1, alongside those for each of the scenarios.

Scenario	Near-term impact	Medium-term	Notes
Scenario 3: 'Lower future Growth'	<ul style="list-style-type: none"> As per Scenario 1 	Lower medium-term growth: <ul style="list-style-type: none"> 1% p.a. for corridor and Newhaven 2% p.a. for Airport 	Lower growth reflects a permanent change in travel behaviour, moderating future growth.
Scenario 4: 'Permanent Reduction in Demand'	<ul style="list-style-type: none"> 80% of ET's central case near-term forecast. 	<ul style="list-style-type: none"> Ramp up of demand but to reach 80% of BAU by mid-2020s Long-term demand growth rate at FBC level (at 80% demand of Scenario 2) 	Reflects a 'what if' scenarios. Implicitly reflects fundamental shift in behaviour.

- 4.7 It should be noted that none of the scenarios are 'forecasts', but are grounded/informed by previous forecasts e.g. on future growth linked to planned development etc. The scenarios consider a combination of short-term COVID-19 impacts (framed by when market segments would return to pre-pandemic demand levels) and views on future growth based on returning to or a tempering of previously assumed growth.
- 4.8 It remains the case that due to the uncertainty surrounding future recovery it is not possible to single out a most likely scenario. Steer's view is that they will not be in a position to advise on likely recovery scenarios until more data becomes available. In this regard Steer have started to collate data from a number of cities around the world using available datasets from transit authorities and Google Mobility, at present the trend analysis is not sufficiently robust to draw any conclusions.
- 4.9 In an early draft of the Steer report a fifth 'no growth' scenario was considered assuming that 2019 demand would, from the early 2020s onwards, remain constant over the full period of the financial and economic appraisal (30 and 60-years respectively).
- 4.10 The 'no growth' scenario was developed as an illustrative 'what if' scenario, and the only one not informed by previous forecasts, or supported by evidence of long-term growth (specifically for the air passenger market). While it was developed to be a pessimistic case, it was deemed by Steer to be unrealistic, insofar that no growth at all over an extended period is considered to be highly unlikely. The scenario was therefore not taken forward and scenario 4 is included to represent a grounded and realistic 'downside' case. Further details are included in the Steer report at Appendix 1.

Downside Sensitivity Scenarios

- 4.11 Steer note in their report that some uncertainty remains about the timing of the recovery from COVID-19, and of when social distancing measures will no longer be necessary. The scenarios presented take a current view, informed by the industry, of when this could occur.
- 4.12 However, recognising the uncertainty about the duration of the pandemic and therefore the point at which 'recovery to 2019 demand levels' is reached, Steer have undertaken two 'downside' sensitivities which show demand by year on the assumption that 2019 demand levels are not reached until 2025, for all segments. These downsides are variants of Scenarios 2 and 3, so have been named 2a and 3a in the Steer report.
- 4.13 It should be noted that there is no equivalent sensitivity presented on Scenario 4, as under Scenario 4 demand does not recover to 2019 levels until 2030.
- 4.14 Scenarios 2a and 3a are presented as downside sensitivities in the financial analysis below.

Economic Assessment

- 4.15 This section of the report considers the impact on the economic performance of the project against each of the demand reduction scenarios set out above. The numbers are presented including sunk costs (costs that have already been spent and are unrecoverable) in Table 2 and excluding sunk costs in Table 3.

Table 2 – Economic appraisal of FBC and scenarios (Including sunk costs)

	FBC	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Benefits factor:	1.00	1.00	0.96	0.92	0.77
Total Benefits (£000)	£395,000	£395,000	£379,000	£364,000	£303,000
Total Costs and Financial Impacts (£000)	- £282,000	-£283,000	-£284,000	-£285,000	-£291,000
Economic performance:					
Net Present Value (£000)	£113,000	£113,000	£95,000	£79,000	£12,000
Benefit Cost Ratio (BCR)	1.40	1.40	1.33	1.28	1.04

Note. Figures have been rounded to nearest 1,000.

- 4.16 The table shows that:
- 4.16.1 The FBC economic appraisal of the project, as presented in the 2019 FBC, shows a benefit cost ratio of 1.40 : 1.
- 4.16.2 The Newhaven opening date of 2023 means that the short-term impact of COVID-19 is limited in the overall assessment results. This means that under Scenario 1 the economic case for the project remains unchanged from the FBC level.

4.16.3 The BCR reduces to around 1.3 : 1 under Scenarios 2 and 3 – a modest reduction from the FBC level of 1.4.

4.16.4 The ‘permanent reduction in demand’ scenario (Scenario 4) results in loss of just under a quarter of benefits (factor of 0.77). Under this scenario the BCR remains above 1.0 : 1.

4.17 It should also be noted that scenarios 2a and 3a would demonstrate a positive benefit to cost ratio.

4.18 The FBC was based on total cost of £207.3m, of which £5.5m had been spent at time of FBC. The FBC costs within the economic appraisal was therefore £201.9m, which excluded the £5.5m ‘sunk’ costs.

4.19 Costs to date (sunk costs), as of June 2020, were £32m. The economic appraisal was therefore updated in June to reflect this sunk cost total, as presented in Table 3. This is presented for the FBC case and each of the demand scenarios.

Table 3 – Economic appraisal of FBC and scenarios (excluding sunk costs)

	FBC	Scenario 1	Scenario 2	Scenario 3	Scenario 4
FBC Costs (FBC & demand scenarios)	1.40	1.40	1.33	1.28	1.04
FBC minus sunk costs (as of June 2020), for each demand scenario	1.51	1.50	1.43	1.37	1.12

4.20 The comparison of the economic appraisal results from the FBC and with the capital cost updated to reflect sunk costs in June 2020 show that excluding current sunk costs of £32m would increase the FBC equivalent BCR to 1.51 : 1, and the BCR would improve under each of the demand scenarios considered.

4.21 Steer have not updated the sunk costs since June 2020. However, as the inclusion of further sunk costs, reflecting spend between June 2020 and September 2020, would have the effect of increasing the BCR’s for the ‘FBC minus sunk costs’ under each of the scenarios presented in the table above, it was not considered necessary.

Financial Assessment

Introduction

4.22 The financial case assesses the project’s affordability. As set out above it is still projected that the project can be delivered within the £207.3 million budget agreed by Council, in March 2019. However, due to COVID-19’s impact on public transport patronage, the affordability of the project is more challenging. To support the updated analysis in relation to the economic and financial case the following work has been undertaken.

4.22.1 Cost assumptions underpinning the 2019 FBC have been reviewed and updated where required;

- 4.22.2 The ongoing assessment and quantification of risk has been factored into the forecast cost to completion;
- 4.22.3 Lifecycle, operating and maintenance costs have been updated in discussion with Edinburgh Trams;
- 4.22.4 Sunk costs have been updated to reflect expenditure on the project to date;
- 4.22.5 Estimated costs to terminate the project have been calculated by Turner & Townsend; and
- 4.22.6 Financing assumptions have been reviewed.

4.23 In addition, the financial impact of cancelling the project has been considered to provide an informed basis for decision-making.

Capital Costs

4.24 The capital cost projection remains within the £207.3m as stated above. In carrying out the analysis the assumptions set out in the FBC have been reviewed as follows:

Table 4 – Assumptions Update

FBC Assumptions	Updated Assumptions
The construction phase plan will be as set out in chapter 7 of the FBC, including traffic management arrangements which allow the opening up of large areas of the site to facilitate a one-dig approach and flexibility to deal with unforeseen underground obstructions	Assumption remains valid and has been broadly adhered to including the opening up of large worksites. However, the construction phase plan was reviewed and amended during Early Contractor Involvement (ECI) stage taking account of contractor input, and further amended in discussion with contractors to mitigate COVID-19 impacts.
Utility works will be broadly in line with the desk top assessment underpinning the utility conflicts schedule described in chapter 7 of the FBC	As anticipated, a number of unknown utility conflicts have been encountered and the costs associated with resolving these are included in the cost to completion. An appropriate risk allowance has been made for further unknown utility conflicts.
No bridge replacements will be required	This assumption remains valid
Road reconstruction and public realm improvements will be limited to those necessitated by the tram project and no	Requests have been made for additional general improvements by Council departments. Where it has been possible to accommodate these

FBC Assumptions	Updated Assumptions
allowance is made for additional general improvements	the project has sought to do so with any changes being formally processed through the project change management procedure, the cost of these is included in the forecast to completion.
The supplementary projects to be delivered in parallel, as set out in chapter 7, are funded from the Place capital programme budget	This assumption remains valid.
No land acquisition costs will be incurred	A single land acquisition payment for £30k was paid to Port of Leith Housing Association and this is included in the forecast cost to completion.
The Council will procure an Owner Controlled Insurance Policy (OCIP) for the construction of the works	This assumption remains valid
Inflation is based on current Building Cost Information Services All in Tender indices rate (BCIS) indices and is applied to elements of the prices that are not contractually fixed	This assumption remains valid
The cost plan is based upon the design layouts finalised following the public consultation carried out during 2018	This assumption remains valid albeit the Traffic Regulation Order (TRO) process is due to commence in autumn 2020 that may give rise to requests for change. These are not included in the forecast cost to completion.

Lifecycle costs

- 4.25 Based on high-level analysis carried out by Edinburgh Trams, the cost and timing of lifecycle replacements is largely unchanged from that included in the FBC. However, a detailed review of the tram maintenance contract has revealed that £0.8m of the annual maintenance charge is in fact life cycle works. This has meant that the cost of the mid-life overhaul anticipated in 2033-34 has been reduced by £6.75m (50%).

Operating & Maintenance Costs

- 4.26 There have been no changes to assumed operating frequencies, so operational and maintenance costs remain the same as reported in the FBC. In reality, should income levels decline, adjustments would be made to services to reduce costs, but this has not been modelled. Similarly, opportunities to reduce the cost of maintenance by renegotiation and re-procurement of maintenance contracts are being explored by the management of Edinburgh Trams.

Revenues

- 4.27 The most significant change to the FBC assumptions is the decline in income as a result of reduced patronage. Modelling has been revised to reflect the impact of COVID-19 based on latest projections from Edinburgh Trams for the period up until the new line is operational. This shows a loss of income of £13.3m compared to FBC assumptions. Beyond this, the four patronage scenarios considered by Steer in the Economic Case (above) have been modelled with the most optimistic only returning to FBC levels of income by the mid-2020s.

Scottish Government has announced funding of up to £6m to address tram income shortfalls in 2020-21. £5.5m of this has been included in the modelling, based on what Edinburgh Trams expect to receive.

Taxation and Dividend Policy

- 4.28 Minor changes have been made to corporation tax rates so that they remain at 19%, based on the most recent UK government budget announcement. In addition, the profitability of group companies has been reviewed to determine the level of loss relief that can be applied.

Lothian Buses

- 4.29 COVID-19 is also having a significant impact on the financial position of Lothian Buses. Lothian has indicated that the extraordinary dividend assumed in the FBC will not be available for the foreseeable future and for this update only the £1.2m paid to date is included.

Developer Contributions

- 4.30 Developer contributions in the FBC assumed a sum of £7.8m which was used to offset capital costs. Since the FBC, a further assessment has been carried out and additional contributions from the existing line have now been included. The revised sum is £33.7m. In addition, developer contributions are now used as revenue in the financial modelling to offset the call on reserves in all scenarios.

Financing Costs

- 4.31 The financing costs in the FBC assumed an interest rate of 4.1%. However, at notice to proceed the Council was able to secure £150m of borrowing at an overall rate of 2.37% and it is now estimated that the remaining borrowing can be secured at 2.25%. The effect of this interest rate reduction has reduced the estimated debt servicing costs from £358m to £302m over the 30 year term.

- 4.32 A review has been undertaken on the suitability of the Council’s current accounting policy for interest in light of the advent of large-scale projects, spanning more than one year of construction, and funded from future revenue streams. The Council currently accounts for interest costs in the year in which they arise, unlike the private sector, where the opportunity to capitalise interest costs is adopted more widely. The Council is considering changing its policy to allow for the capitalisation of assets, which would reduce the project’s impact on revenue budgets, saving £12m (£20m when compared to FBC interest rates) during the construction period at a time when the Council has numerous budgetary challenges associated with COVID- 19.
- 4.33 A further change has been made to assumptions regarding the mid-life tram vehicle overhaul anticipated in 2033/34. At FBC it was assumed that this would be funded by in-year surpluses, whereas it is now assumed that this will be capitalised and repaid over a 10-year period.

Cancellation

- 4.34 To assess the opportunity cost of continuing with the project, the cost of cancellation has been considered, including the costs incurred to date, compensation payments that may become due to contractors and reinstatement costs totalling £60.2m. When considered alongside the £47.2m incurred on the project to 30 September 2020, the cost of cancellation would total £107.4m compared with £207.3 to build the line. Advice provided by Dr Stuart Fair to the Edinburgh Tram Inquiry has been reviewed, enabling prior year expenditure and reinstatement costs to be capitalised.
- 4.35 To fund the cancellation costs, revenues from the existing line have been modelled using the same methodology as for the line to Newhaven set out above.

Results

- 4.36 The table below sets out the total call on Council reserves for both continuing with the project and cancellation. It also sets out the year in which these reserves would be fully repaid.

Table 5 – Results

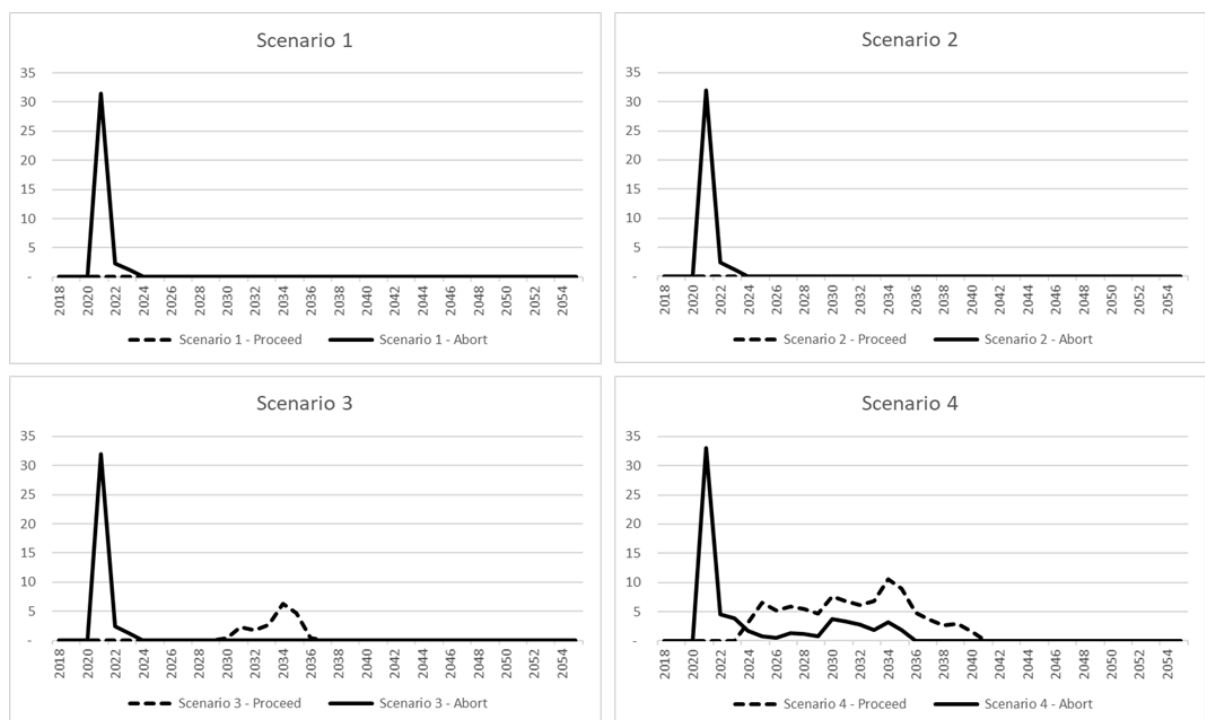
	FBC	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Reserves Requirement (£m)					
Construct to Newhaven	1.9	-	-	18	93
Cancellation	-	35	35	36	65
Year of Payback					
Construct to Newhaven	2027	n/a	n/a	2043	2055 ²

² Estimated date beyond the timeframe of the financial model

	FBC	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Cancellation	n/a	2031	2036	2042	2047

- 4.37 Figure 1 sets out the likely annual call on reserves for each scenario. Under all scenarios there is a £32m requirement in the current financial year, should the Council decide to cancel the project. Should the Council continue with the project there is no there is no call on reserves in any year under scenarios 1 and 2.
- 4.38 Under scenario 3, there is an annual requirement between £2m and £6m in the years between 2030 and 2035. From 2036 onwards, tram revenues are available to replenish reserves.
- 4.39 Under scenario 4, there is an annual requirement of between £6m and £11m in the years between 2024 and 2039. From 2040 onwards, revenues are available to replenish reserves.

Figure 1 – Annual Call of Reserves £m



- 4.40 The result shows that under the first two scenarios, the project continues to be affordable. Moreover, in all but the final scenario project cancellation has a higher cost to the Council than continuing with the project.
- 4.41 Should the Council decide to cancel the project there would be a £32m call on reserves in the current financial year under all scenarios. By contrast, should the Council continue with the project, the annual call on reserves is significantly lower. However, the model is very sensitive to income projections and in the event of a significant fall in demand (scenario 4), the long-term cost of the project would be more costly to the Council than to cancel.

4.42 It should also be highlighted that modelling does not take account of any cost-reduction measures that may be implemented by the management of Edinburgh Trams in the event of reduced patronage, which would reduce the level of reserves required.

Sensitivities

4.43 As all scenarios assessed (other than scenario 4) assume a return to 2019 demand levels by 2023. As described above two further sensitivities have been considered wherein 2019 demand levels are not reached until 2025 (Scenarios 2a & 3a). The results are set out in the table below.

Table 6 – Sensitivity Analysis

	FBC	Scenario 2a	Scenario 3a
Reserves Requirement (£m)			
Construct to Newhaven	1.9	16	47
Cancellation	-	42	38
Year of Payback			
Construct to Newhaven	2027	2039	2048
Cancellation	n/a	2039	2046

4.44 This analysis shows that delay in returning to pre-COVID-19 patronage levels would increase the call on Council reserves.

4.45 In parallel with this downside sensitivity, the potential upside discussed below in relation to policy implementation (paragraphs 4.63 to 4.65) has also been modelled. Rather than showing the full range of possible futures which arise from policy implementation, set out below are examples which give an indication of the impact this may have on the central case.

4.46 Should, for example, patronage increase by 10% beyond that assumed in scenario 4, then the call on reserves would reduce from £93m to £54m. Similarly, if the same upside were applied to scenario 3 this would reduce the call on reserves from £18m to £0m.

Strategic Case

Policy & Strategy

4.47 The FBC noted that the development of transport infrastructure plays a key role in shaping the pattern of future growth and development of the city, and hence in delivering the spatial strategy and the long-term economic growth that this will support.

4.48 The Trams to Newhaven will not only provide a direct link for the people of Leith to the city centre and out to the airport, but also connects residents and visitors to major employment and travel hubs along the route.

- 4.49 Completing the original vision for the first phase of the Edinburgh Trams network unlocks a large swathe of the city for housing development and employment opportunities. It will also help to reduce air pollution by providing an efficient, sustainable transport solution while opening up people-friendly transport links for individuals and communities from all walks of life.
- 4.50 The Strategic Case chapter in the FBC set out the rationale for investment in the Trams to Newhaven project, by reference to existing strategic developments and transport strategies and plans.
- 4.51 Since the FBC, there has been further policy development at the national, regional and city level, specifically the National Transport Strategy 2 (NTS2) was published in February 2020. The overarching vision is to
- “have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors.”*
- 4.52 At a regional level, the Strategic Development Plan 2, will set out the spatial planning priorities across six authorities (Edinburgh, Midlothian, West Lothian, East Lothian, Fife and Scottish Borders). On 16 May 2019 the South East Scotland Strategic Development Plan (SESplan 2) was rejected by Scottish Ministers on the basis that strategic transport infrastructure issues were not properly considered.
- 4.53 At the city level the City Plan 2030 will set out the development framework for the city up to 2031, while the City Mobility Plan sets out key objectives and transport policy priorities in support of the City Plan 2030 and wider national and city policy priorities.
- 4.54 The City Mobility Plan supersedes the Local Transport Strategy for Edinburgh. It provides a strategic framework for proposed interventions aimed at helping the effective movement of people and goods around Edinburgh whilst seeking to address associated environmental and health impacts. It comprises a series of objectives and policy measures under the headings of People, Place and Movement which will, collectively, achieve the vision that
- “Edinburgh will have a greener, safer, inclusive and connected transport system delivering a healthier, thriving, fairer and compact capital city, and a higher quality of life for Edinburgh residents”.*
- 4.55 There are, in parallel, a number of studies and initiatives that aim to further develop and prioritise proposals for interventions that support the achievement of the policy objectives and outcomes. Examples are City Vision 2050, the STPR2 process at the national and sub-regional level and the development of ECCT at the city level.
- 4.56 Since the FBC was approved the emerging policies and strategies only strengthen the case for high capacity, high quality public transport in the city.
- 4.57 There is also strong alignment across national, regional and local objectives. While the terminology and combination or separation of objectives differs slightly between various policy documents, there are nevertheless consistent objectives across the

themes of sustainable economic growth; equity and social inclusion; tackling climate change; and health, wellbeing and safety. As well as supporting national, regional and local policy and strategy, Trams to Newhaven also contributes significantly to the above objectives as set out in Figure 2.

Figure 2 – Meeting the Policy Objectives

<p>Sustainable Economic Growth</p> <ul style="list-style-type: none"> ✓ Supporting strategic development areas where employment will be focused ✓ Supporting the delivery of new housing / mixed-used development in a sustainable manner. ✓ Expanded labour market catchments giving workers greater access to jobs ✓ Providing capacity and connectivity to encouraging new businesses to invest and locate in Edinburgh ✓ Encouraging modal-shift from cars, increasing the efficiency of the overall transport network and reducing the economic costs associated with congestion, accidents and emissions. 	<p>Equity & Social Inclusion</p> <ul style="list-style-type: none"> ✓ Provide improved access to jobs, education, healthcare and leisure by creating further opportunities for cross-city journeys - for example it will significantly improve accessibility between Leith Waterfront (an area of high deprivation) and employment opportunities in West Edinburgh. ✓ Increase access to high quality public transport. A high proportion of lower income / more deprived residents along the corridor do not own or have access to a car; consequently, access to high quality public transport is key to their ability to access jobs and services.
<p>Tackling Climate Change</p> <ul style="list-style-type: none"> ✓ Encouraging modal shift from single occupancy car journeys to public transport. ✓ Supporting sustainable housing and employment development such as increased density in urban areas and the development of brownfield sites. Higher density urban development reduces the need to travel and encourage shorter journeys and more walking, cycling and public transport usage. ✓ The carbon costs associated with providing associated infrastructure and services (electricity, waste, broadband etc) are also lower for higher-density urban development. 	<p>Health, Wellbeing & Safety</p> <ul style="list-style-type: none"> ✓ Complements and ties into the city centre, where the overall CCT strategy is focused on improving facilities for pedestrians and cyclists, hence supporting healthier lifestyles. ✓ Provides a safe means of transport with good levels of security through use of customer service officers and CCTV at stops. ✓ Facilitates accident reduction through modal shift and reduced car kilometres travelled, and through integrated design.

- 4.58 The FBC analysis did also not take full account how tram could support the delivery of transport-related policy outcomes in delivering the ECCT.
- 4.59 The vision of the ECCT project is to create a city centre for all, a place for people to live, work, visit and play. The vision also aims for a city centre that is a place that is at the heart of Edinburgh’s communities, its cultural life, the focal point for its economy and one of Scotland’s most iconic and important locations.
- 4.60 The ECCT strategy proposes a wide range of interventions to provide a more liveable city centre in terms of active travel, public transport, traffic reduction and quality of open space. The strategy is supported by a ten-year delivery plan.
- 4.61 To deliver the emerging strategy, there is a requirement for a mode shift to public transport to help deliver a 10-15% reduction in city centre car traffic in the medium term and a 25-30% reduction in the longer term. The City Mobility Plan and accompanying Action Plans will provide helpful policy / strategy support but won't be sufficiently detailed with regards to individual schemes.
- 4.62 ECCT recognises the importance of tram in delivering a step-change in public transport provision, and being a fundamental enabler of providing the cross-city connectivity whereby Trams to Newhaven would provide both the service and capacity to enable an associated reduction in bus volumes, especially along Princes St. Indeed, the ECCT proposals also included the potential for a second cross-city route and south-east Edinburgh route.

Enhanced Network and Policy Intervention

- 4.63 It is clear that the policy context and the City's stated policy priorities has evolved since the FBC forecasts were prepared. The direction of travel in terms of policy priorities (climate change, sustainable growth, health and wellbeing) and the supporting interventions (better integrated public transport, priority for public transport and walking / cycling, city centre transformation, car demand management measures) will, other things being equal, lead to the development of a transport network where tram would expect to attract higher levels of demand compared to the assumptions made at the time of the FBC.
- 4.64 Steer have therefore undertaken two sensitivities to reflect the potential scale of this impact. These are a 10% demand uplift and a 15% demand uplift, informed by network integration and policy scenario tests undertaken as part of previous Edinburgh Tram work. The uplift has been graduated over time, such that the increase builds up between 2025 and 2030 – this reflect the time taken for interventions and policies to be adopted and implemented, and for the behavioural responses of individuals to manifest themselves.
- 4.65 These tests apply equally to all the scenarios presented, so are not presented in full within the Steer report. Examples of the possible impact these increases in demand may have on the central case have been included in the financial section above.

5. Next Steps

- 5.1 The Transport and Environment Committee notes this report, approves the continuation of the project in line with recommendation 1.1.10 and refers the potential use of reserves to Council for approval.

6. Financial impact

- 6.1 The report recommends continuing with the construction of the Tram to Newhaven project which is still projected to be within the project budget of £207.3m as set out in the Final Business Case for the project and approved by Council.
- 6.2 While at FBC it was assumed that the financing costs associated with the project could be met from tram fares and a one-off extraordinary dividend from Lothian Buses, the impact of COVID-19 has made this more challenging. It is too early to know the long-term impact, but based on scenarios presented herein, the call on Council reserves could range from £0m to £93m.
- 6.3 In the event of a decision to cancel the project, the cost is estimated to total £107.4m, taking in account of expenditure to date and anticipated compensation and reinstatement costs. While the financing of these costs would be met from fare revenues over the longer-term, the call on reserves could range from £35m to £65m based on the scenarios modelled. Moreover, £32m would be required in the current financial year and would need to be funded through the cancellation and/or delay of projects in the Council's capital programme.

7. Stakeholder/Community Impact

- 7.1 The recommendations set out in this report have been discussed with representatives of the Capital Coalition, Opposition Groups, Transport for Edinburgh, Edinburgh Trams, as well as between relevant services within the Council.

8. Background reading/external references

- 8.1 This paper should be read in conjunction with the Trams to Newhaven Final Business Case approved by Council in March 2019.
- 8.2 It should also be read in conjunction with the Steer report entitled *Edinburgh Tram - C19 Demand Scenarios* included at Appendix 1.

9. Appendices

- 9.1 Appendix 1 - Steer Report *Edinburgh Tram - C19 Demand Scenarios*

Edinburgh Tram - C19 Demand Scenarios



Edinburgh Tram - C19 Demand Scenarios

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1 Introduction

Preamble

- 1.1 This report represents an update to the draft report prepared in June 2020 on behalf of the City of Edinburgh Council (CEC).
- 1.2 This report does cite further evidence that provides further context and rationale for the scenarios presented. This evidence is limited, and generally in the form of other industry organisations who have independently set out potential post-covid-19 scenarios. As is the case with the scenarios we have developed, the scenarios developed by others are not forecasts – they are intended to postulate a range of outcomes that could occur as we emerge from the current ‘pandemic’ phase. This evidence suggests that the scenarios we set out in this report are reasonable and provide a plausible range estimate to inform decision-making. The scenarios presented in this report are the same as those in the June 2020 report, but in the light of the further evidence the ‘no growth’ scenario is not presented as it is deemed unrealistic. The reasons for this are explained in more detail later in this report.
- 1.3 Our review of evidence since our June draft does not suggest that the scenario definition (with the exception of the ‘no growth’ scenario) and associated demand estimates should be revisited at this point.

Background and Context

Background

- 1.4 Edinburgh Trams (ET) has been operating successfully since May 2014, running between the Edinburgh International Airport and York Place in the city centre.
- 1.5 In 2019 the City of Edinburgh Council (CEC), herein after referred to as “the Council”, approved funding for the ‘Tram Completion Project’, whereby the route would extend to Newhaven, thereby completing the original Phase 1a section of the planned network. This was subsequently renamed the Trams to Newhaven Project.
- 1.6 The case for the Trams to Newhaven Project. was set out in the Full Business Case (FBC). Within the FBC, the Economic Case set out the economic performance of the Project and the Financial case set out the funding and financing approach. Both the Economic and Financial Cases are informed by forecasts of Edinburgh Tram demand and revenue.
- 1.7 It should be noted that the Economic Case for the Project only takes account of the demand, revenue and benefits on the York Place to Newhaven section. Whereas the demand and revenues from the existing system, between Airport to York Place, do inform the overall Financial / Funding Case, they are treated within the ‘Do Minimum’ within the economic appraisal of the Trams to Newhaven Project.

Context

- 1.8 Earlier this year an outbreak of the virus known as COVID-19 spread throughout the world. It has been defined by the World Health Organization as a “pandemic”. As of the date of distribution of this report, the COVID-19 outbreak and Government responses in the form of ‘lockdown’ and / or restrictions on movement have had material impacts on the global and national economy, including having a significant impact on the transport industry where, in particular, passenger volumes have rapidly fallen.
- 1.9 The situation remains dynamic and rapidly evolving and is subject to further changes, and while the initial lockdown restrictions are being eased and the economy is beginning to ‘re-emerge’, the extent to which the recent increase in infections leads to further restrictions being imposed (locally or nationally) remains uncertain. There remain restrictions on certain activities, guidance to undertake activities locally as much as possible and think carefully whether to use public transport or not, and for public transport passengers to adhere to distancing guidelines, as well as wear face masks when travelling¹. These restrictions affect the demand and effective capacity (supply) of public transport.
- 1.10 Since March, Edinburgh Trams has reduced the service frequency to 4 tph (from 8tph), or one service every 15 minutes, as a result of a significant reduction in demand, while maintaining a level of service that allows to keep one of Scotland’s Critical National Infrastructures operational for key workers and those who need to make essential journeys. Frequency after 7.30pm was reduced in April to a service every 30 minutes and increased back to a service every 15 minutes in June.

Purpose of this Report

- 1.11 The purpose of this report is twofold.
1. To assess the potential impacts on COVID-19 on near, medium and longer-term demand scenarios on the Economic and Financial Cases for the Project.
 2. To use these demand scenarios to inform updates to the Financial and Economic analysis developed as part of the 2019 Full Business Case Trams to Newhaven Project.²
- 1.12 The basis for the analysis by Steer is that it is:
- Relatively high-level and contemporary
 - Guided by emerging insights from the industry across the sectors
 - Based on annual demand forecasts based on original FBC forecasts
 - An analysis of key drivers and the ongoing uncertainty that has led to the development of a number of plausible scenarios

¹ <https://www.transport.gov.scot/coronavirus-covid-19/transport-transition-plan/guidance-on-travelling-within-scotland/>

²

https://democracy.edinburgh.gov.uk/Data/Transport%20and%20Environment%20Committee/20190228/Agenda/item_71_-_edinburgh_tram_-_york_place_to_newhaven_final_business_case.pdf

Disclaimer

The outbreak of the virus known as COVID-19 has spread throughout the world and has been defined by the World Health Organization as a “pandemic”. As of the date of distribution of the Note, the COVID-19 outbreak is having a material impact on global economic and political affairs including having a significant impact on all the transportation industries, including Edinburgh Tram traffic, where in particular passenger volumes have fallen in response to quarantine and self-care measures that governments have imposed including in United Kingdom. The situation remains dynamic and is subject to significant change. In this challenging context, Steer has supplemented the base forecasts (directly produced from the models using a pre-COVID-19 view) with a view on a possible scenario for the demand forecasts based on an assumption of recovery from the COVID-19-related traffic decrease.

However, it is important to note that Steer’s post-COVID-19 analysis is only one view, and there continues to remain uncertainty as to the short-term, intermediate or prolonged effects of and responses to the COVID-19 pandemic on this project. All of these effects could impact the COVID-19-related assessments in this Note. While the COVID-19-related assessments in this Note were prepared in good faith and Steer believes them to be reasonable, no assurance can be provided by Steer that the scenarios and assumptions Steer has identified will prove to be accurate. Given the uncertainty described here and inherent in this unprecedented pandemic, Steer advises that the Council consider the Note in the context of its assessment of the COVID-19 outbreak its likely impact before making final decisions related to this project.

2 Scenario Development

Introduction

2.1 In this chapter we describe and present the scenarios that have been developed as part of this commission.

Potential COVID-19 Impacts

2.2 COVID-19 has and continues to have a profound impact worldwide. It is affecting the way in which our cities work, the way in which people live and travel and the longer-term impacts remain to be seen.

2.3 In the short-term, demand for public transport is a fraction of its previous level during the period of lockdown. Government has insisted that services continue to ensure that key frontline workers can travel to and from work and home during the pandemic.

2.4 In terms of framing the uncertainty, there are many unknowns. For example, we

- do not know whether or when there will be a medical resolution to COVID-19. There is no guarantee of an effective vaccine or treatment in the short-medium term;
- do not know whether surviving COVID-19 grants immunity and thereby whether herd immunity will build in populations;
- do not know whether COVID-19 will be seasonal with potentially stronger waves in e.g. winter months; and
- know most policy/behavioural response will therefore be incremental and tactical as the situation continues to evolve.

2.5 There are two most important and inter-related drivers of future uncertainty as a result of COVID-19. These are:

- **The Economy**, while the economy is now in recession (two quarters of negative growth), the scale and timing of future recovery is uncertain. In broad terms, there is a positive relationship between economic activity and travel demand.
- **Medical COVID-19 Drivers (COVID-19 resolution and social distancing)**, whereby the extent, nature and management of the coronavirus will affect advice and behaviour on who, when, where, for what purpose, how and how often people travel. Scenarios range from 'lockdown' (no effective treatment, no vaccine) to 'unrestricted movement' (e.g. effective treatment and successful vaccine) with mid-range scenarios where more effective treatment / management of coronavirus allows for managed / regulated movement. Any scenario which entails restrictions on, and management of, movements will almost certainly have a disproportionate effect on public transport demand.

- 2.6 Medical scenarios will have a direct bearing on the economic uncertainty, as much transport demand is a ‘derived demand’ stemming from economic activity (commuting, shopping, business trips etc.). However, as movement is restricted people and businesses will increasingly seek to maintain economic activity by means that avoid travel where possible (working from home, internet shopping, virtual meetings etc.).
- 2.7 There is clearly uncertainty about whether COVID-19 transport demand responses (e.g. home working, video conferencing) are temporary, have accelerated existing trends, or will fundamentally change the nature and location of economic activity.
- 2.8 The timing, scale and nature of societal change (and therefore potential demand responses) will be affected by the success, or otherwise, of the transition to normality.

Implications for Edinburgh Tram – Impact on Key Drivers of Demand

- 2.9 The above will have implications on the drivers of future demand (and revenue) for Edinburgh Tram in the medium to long-term. Specific drivers/ segments we have considered in developing scenarios consider are:
- **Airport demand**, informed by:
 - Industry-wide perspectives on likely impacts on air travel demand
 - Airline capacity and supply
 - Implications for Edinburgh Airport given the specific passenger composition (e.g. significantly higher inbound tourism demand compared to most UK airports, but also strong domestic market).
 - **Future development** – housing and jobs growth, and future land use
 - Planning-led perspective – what is in current pipeline.
 - Response-led perspective, i.e. uncertainty about how COVID-19 will affect business location decisions and people’s choice of where to live/ work. This, in turn, could affect the timing and viability of future development.
 - **Future travel patterns / demand** (overall trip rates)
 - Implications of greater home working, on-line shopping etc, and implications for commuting, business and leisure trips.
 - **Future modal preferences**
 - Will temporary increase in cycling and walking translate into a more permanent increase in usage of active modes?
 - Will people view public transport differently in the longer-term?

Approach to Developing Scenarios

2.10 The key steps in the approach to developing scenarios are set out below.

Step 1 – Take FBC Forecasts as starting point

- 2.11 The FBC forecasts formed the basis for the economic and financial case presented for the Trams to Newhaven Project FBC. The FBC forecasts were underpinned by an established modelling and forecasting framework. This framework was used to forecast demand for the existing system, where actual (out-turn) demand closely reflects forecast demand. The forecasting framework and FBC forecasts were independently audited on behalf of CEC, and the approach found to be appropriate and consistent with guidance, and the forecasts to be plausible and reasonable.
- 2.12 The FBC forecasts therefore represent, and remain, the appropriate forecasts for a ‘business as usual’ scenario. The emergence of COVID-19 clearly means the ‘business as usual’ has been superseded in the near-term with potential longer-term implications.
- 2.13 The FBC forecasting framework includes a representation of the key drivers of demand outlined from paragraph 2.9. The ‘base year’ forecast includes representation of existing land uses, transport network and trip patterns and trips by mode, while ‘future year’ forecasts represent planned / assumed future development and population growth and changes to the transport network and forecast future transport demand.
- 2.14 The FBC forecasts therefore reflect how the combination of key drivers interact to inform future demand. From this, we have derived the overall demand growth rate (expressed as percentage increase in annual demand) from the demand forecasts and used these as the key input variables for the demand scenario analysis. The relative importance of different drivers varies by demand segment such that, for example, the annual growth in airport demand within the FBC is higher (being underpinned by forecast airport passenger demand) than for the Newhaven extension.

Step 2 – Establish Key Parameters for Scenario Development

- 2.15 The construction of scenarios is based on looking at annual demand over a period of 60-years (this is the length of the economic appraisal). Within this, each scenario is constructed based on a consideration of:
- **Key Demand segments**, comprising:
 - Airport demand – demand to / from Edinburgh Airport
 - Corridor demand – demand on the remainder of the existing system (i.e. Ingliston P&R to York Place).
 - Newhaven demand – demand on the Newhaven extension, from its planned opening in 2023.
 - **Near, medium and long-term growth assumptions**
 - Near-term, is broadly defined as the period affected by COVID-19 and recovery from COVID-19. This covers the period from 2020 to between 2022 and 2025 (depending on the assumed recovery period). The near-term assumptions were informed by Edinburgh Trams’ assumptions and expectations about how demand would recover, under different scenario assumptions, in the period from 2020 to 2022.
 - Medium-term covers the time horizon that is consistent with the ‘planning horizons’ that informed the FBC demand forecasts. For the Airport the FBC forecasts were

- informed by the Airport Masterplan (to 2045), and those for the corridor and Newhaven up to 2032 (aligned with the City’s Development Planning assumptions).
- Longer-term growth covers the period though to the end of the economic appraisal.

Step 3 – Develop Scenario Definition

- 2.16 We have used our understanding of the potential impacts that COVID-19 has on demand drivers, and an appreciation of Edinburgh context to inform our thinking on scenario development. The scenarios developed are intended to provide a range of possible outcomes related to the short and longer-term impacts of, and demand response to COVID-19.
- 2.17 The key principles of the scenarios were proposed by Steer and agreed with the client during the study definition phase. The application of the scenarios within the study has used the growth rates derived from the FBC forecasts (which reflect the combination of underlying demand drivers) and flexed or tempered these growth rates to align with the principles of the scenario definition.

Status of Scenarios

- 2.18 While the scenarios should not be considered as ‘forecasts’ the confidence in the FBC forecasts (as a reasonable business as usual ‘comparator’ case), and the derivation of implied FBC growth rates for specific demand segments does provide internal consistency within and across the scenarios and is therefore considered a sound and reasonable basis upon which to develop and apply scenarios.

Scenario Definition

- 2.19 We have developed estimates of future Edinburgh Tram demand based on four scenarios in addition to the FBC baseline. These were each discussed and agreed with the Council and its advisors. The scenarios are:
- **FBC Baseline**
 - Forecasts as per 2018 FBC
 - Provides ‘comparator’ case
 - **Scenario 1: ‘Return to Business as Usual’.** Near-term impact; followed by return to ‘business as usual’ (BAU) level of demand by 2025
 - Short-term demand impact of COVID-19 in 2020 and 2021
 - Return to 2019 demand levels by 2022 (2023 for Airport)
 - Return to FBC forecast by 2025 (recovery from 2022 to 2025)
 - **Scenario 2 ‘Return to Business as Usual’ in terms of FBC growth (post recovery period),** but not a full return to full FBC demand in absolute numbers.
 - Short-term demand impact of COVID-19 in 2020 and 2021
 - Return to 2019 demand levels by 2022 (2023 for Airport)
 - Thereafter, return to BAU growth rates, but from a lower base
 - **Scenario 3: ‘Lower future Growth’.** Near-term impact; long-term demand growth fulfilled but at much slower rate.
 - Short-term impact of COVID-19 in 2020 and 2021
 - Return to 2019 demand levels by 2022 (2023 for Airport)
 - Thereafter Long-term demand growth rate at lower rate than previously assumed level
 - **Scenario 4: ‘Permanent Reduction in Demand’.**
 - Short-term impact of COVID-19 in 2020 and 2021

- Return to only 80% of 2019 demand levels by 2022 (2023 for Airport). Thereafter, return to BAU growth rates. In this scenario long-term demand permanently 20% below that of Scenario 2.

- 2.20 The detail of how these scenarios were developed, based on each demand segment, is outlined in Table 2-2.
- 2.21 In the earlier (June 2020) draft of this report Steer considered a fifth ‘no growth’ scenario. This ‘no growth’ scenario assumed that 2019 demand would, from the early 2020s onwards, remain constant over the full period of the financial and economic appraisal (30 and 60-years respectively).
- 2.22 The ‘no growth’ scenario was developed as an illustrative ‘what if’ scenario, and the only one not informed by previous forecasts, or supported by evidence of long-term growth (specifically for the air passenger market). While it was developed to be a pessimistic case, it is also deemed unrealistic, insofar that no growth at all over an extended period is considered highly unlikely.
- 2.23 While none of the scenarios are ‘forecasts’, the four scenarios considered in this report are grounded/ informed by previous forecasts, e.g. on future growth linked to planned development etc. The scenarios considered a combination of short-term COVID-19 impacts (framed by when market segments would return to pre-pandemic demand levels) and industry views on future growth based on returning to or a tempering of previously assumed growth. The No Growth scenario was not grounded in the previous forecasts, nor informed by available views and evidence on potential future demand.
- 2.24 A ‘No Growth’ scenario is not considered realistic for the Airport demand segment, which accounts for almost half of current tram revenue. While short-term impacts on air travel are significant, there is no industry expectation that air travel will not return to pre-pandemic levels and then increase over time.
- 2.25 On this basis, and in with the agreement of the Council, it was decided that the ‘No Growth’ option be removed.
- 2.26 Scenario 4 represents a grounded and realistic ‘downside’ case.

Near-Term Impacts

- 2.27 Near-term impacts reflect the timescale over which the short-term recovery in demand from COVID-19 could take place. We have considered this separately for airport tram demand and other non-airport tram demand, reflecting the fact that there are discrete factors that affect each. The near-term impacts are framed in terms of considering when demand will recover to pre-COVID-19 (i.e. full year 2019) levels.

Edinburgh Trams Near-Term Scenarios

- 2.28 Edinburgh Trams is currently forecasting a recovery of 2019 actual demand figures in 2-3 years’ time, with a central scenario that demand will effectively recover to 2019 levels by 2022. This assumption has been employed in each scenario. The Edinburgh Trams assumptions also include an assessment of the proportion of 2019 demand that is assumed for the current year (2020) and 2021 – which represents around 40% of 2019 demand in 2020 and just under 90% in 2021 (the 2021 figure assumes a resumption of the normal (pre-COVID-19) timetable).

- 2.29 In addition to the core scenario described and shown in the figure above, Edinburgh Trams has also produced additional near-term forecasts, with a 'low' scenario recovering just 80% of 2019 demand levels by 2021 and 2022, which has been used in Scenario 4 (described later in this Chapter).
- 2.30 As part of this updated report Edinburgh Trams has confirmed that the near-term assumptions remain current.

Aviation Demand – Informing Near-Term Aviation Demand Scenarios

- 2.31 In 2019 the total Edinburgh Tram Demand was 7.45 million passengers, which represented a 2.1% increase from 2018 levels. While the demand related to airport accounted for 19% of the trips, the impact in revenue was significantly higher, at 49%, due to the premium fare airport users pay compared to the standard fare for the rest of the corridor. These figures demonstrate the relevance of the airport demand segment for ET.

The Industry Perspective

- 2.32 The industry views on the impacts of the COVID-19 pandemic on air traffic are evolving. The International Air Transport Association (IATA's) latest forecasts suggest that overall passenger volumes will recover to 2019 levels by 2024³. This is a year later than the IATA's view at the time of the June draft.
- 2.33 It is noted that significant capacity has been taken out of the market since spring as a result of the reduction in demand and the travel restrictions imposed worldwide. As an example, British Airways, Virgin Atlantic and easyJet have reduced capacity by 30% while other airlines, like FlyBe, have ceased operations and have gone into administration. In the current context of international impacts to the aviation industry, most airlines will not fly their Summer 2020 schedule, although it is expected that the summer season in 2021, starting from March that year, will be closer to normality.
- 2.34 It is less clear when 'supply' from the airlines come back, with the current views being that in 2021 60% will have returned, with an additional 30 to 40% returning by 2022.

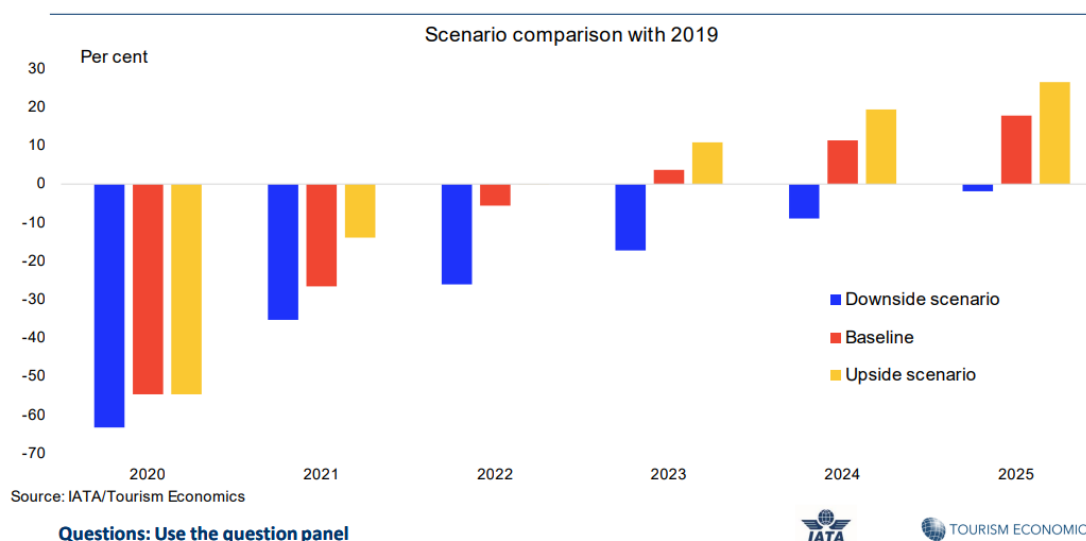
Demand Scenarios

- 2.35 In terms of aviation 'demand' the recovery profile (to 2019 for aviation sectors) is assumed to last 2 to 4 years. The latest available estimates by IATA and Standard & Poor⁴ both suggest that overall passenger demand will return to 2019 levels by 2024. The IATA view (reported in analysis prepared by Tourism Economics and the IATA) is informed by scenario analysis which included both upside and downside scenarios, as shown in Figure 2-1⁵.

³ <https://www.iata.org/en/pressroom/pr/2020-07-28-02/>

⁴ S&P Global Ratings is an American credit rating agency and a division of S&P Global that publishes financial research and analysis on stocks, bonds, and commodities.

⁵ While the 'baseline' estimate shows demand recovery to 2019 levels by 2023, the IATA's stated view that demand recovery is 'expected' by 2024 reflects the fact that the downside risk is greater than the upside risk.

Figure 2-1: Estimates for global air traffic volumes (from IATA/ Tourism Economics)

2.36 The recovery is subject to further uncertainties, such as:

- Duration of or renewed lockdowns due to or related to a potential second infection peak;
- Domestic vs. international travel, where the current view that domestic will recover faster as less impact of quarantine measures and need for bi-lateral protocols;
- Airline capacity and profitability, which affects supply-side (likely to impact smaller and regional airports to greater extent);
- Passenger behaviour. Changes attitudes to business travel and tourism may affect the propensity to travel by air; and
- The economy, as economic growth will affect the underlying drivers of air travel demand.

Aviation Scenario for Edinburgh Airport Tram Demand

2.37 We have not, as part of this study, looked at EDI demand segments (domestic, international, etc.) to inform ‘bottom-up’ scenario development. The current position is too uncertain, and a detailed exercise would be inherently speculative and could deliver spurious results. The scenarios presented in the above figure (industry views) are at an industry-level, and do not reflect the specific nature of EDI or of its market.

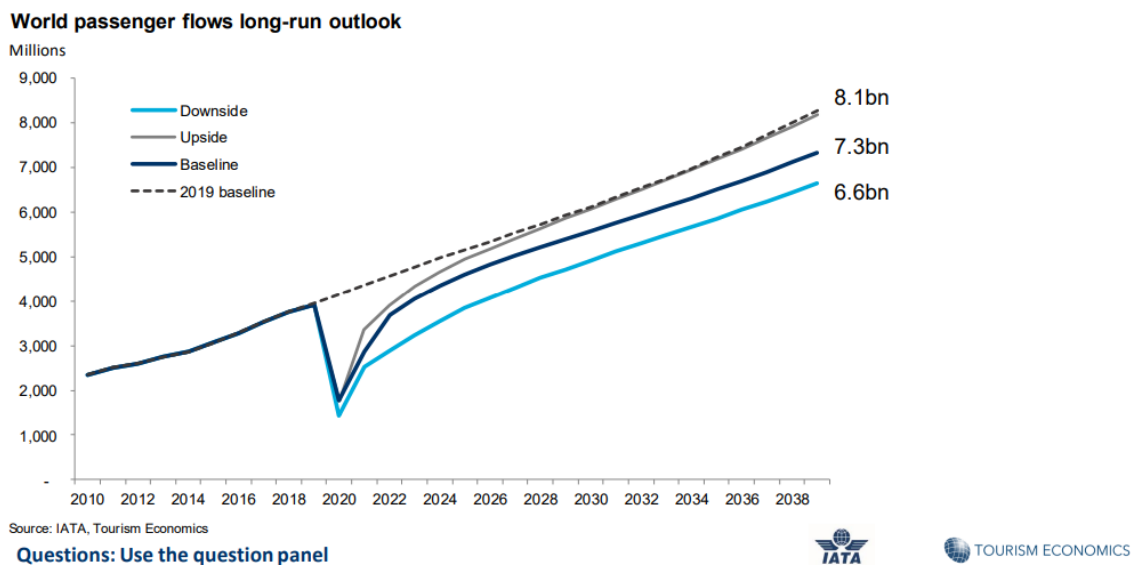
2.38 The FBC included the assumption that Edinburgh Trams airport demand growth would increase in proportion to airport demand growth. This was considered prudent at the time (as tram share had the potential to further increase mode share vs. bus and car over time due to its quality and reliability). COVID-19 may affect users’ modal preferences (e.g. private vs public transport) and / or operators’ response (incl. EDI parking supply / pricing). Our approach is therefore to develop ‘what if’ scenarios that reflect current uncertainty.

2.39 As noted above, since our June draft report the latest industry view is that passenger demand will return to 2019 levels by 2024 rather than 2023. We have not updated the scenarios to reflect this as part of this update, given it represents a relatively marginal change and is implicitly reflected within the scenario ranges presented. Specifically, Scenario 4 (outlined below) represents the effect of Airport passenger demand not returning to 2019 levels until 2030 – implicitly allowing for a further six years to ‘recover’ to 2019 levels above that reflected in the latest IATA view.

Aviation Demand – Longer-Term Demand Scenarios

- 2.40 Tourism Economics / IATA has also prepared a set of air passenger scenarios up to 2039, which comprise both the short-term scenarios (as outlined above and based on the point at which demand recovers to 2019 levels) and scenario projections from that point. Again, the analysis is industry-wide and international so is used to inform our Edinburgh Airport scenarios rather intended to be directly applicable.
- 2.41 That said, the analysis provides useful insight to help frame the Edinburgh Airport scenarios, specifically:
 - The IATA downside case represents a return to 2019 levels by 2025, and 2023 in the baseline.
 - The Edinburgh Airport scenarios 1 to 3 assume a return to Edinburgh Airport tram patronage by 2023 (as per the IATA baseline), and Scenario 4 by 2030.
 - In all scenarios, growth post short-term recovery (i.e. beyond the ‘V’ shaped recovery that reflects the sharp dip from early 2020, and sharp rise from the lowest point) is assumed to be robust, at around 3.5% per annum across the scenarios – and essentially a return to trend growth.
 - The Edinburgh Tram growth is around 3% per annum for Scenarios 1, 2 and 4 (representing ‘return to trend’) and 2% per annum for Scenario 3 (low growth).

Figure 2-2 Estimates of long-run global air traffic volumes (from IATA/ Tourism Economics)



- 2.42 While there clearly remains significant uncertainty about future air passenger demand, the analysis above supports the view that Scenarios developed (specifically Scenario 4 where airport demand only recovers by 2030, and Scenario 2 with a prudent longer-term growth assumption) represent prudent downside scenarios.

Public Transport (non-Airport) – Longer-Term Demand Scenarios

- 2.43 There is less evidence or industry views on the longer-term outlook for passenger transport. This reflects two things. First, the focus on immediate commercial and financial impacts (and related negotiations with Government) – whereby the demand reduction due to the pandemic combined with the retention of most passenger transport services at near normal levels,

results in a significant revenue shortfall. Second, that the level of uncertainty is such that it is only sensible to consider broad-based scenarios of the kind we have developed for this study.

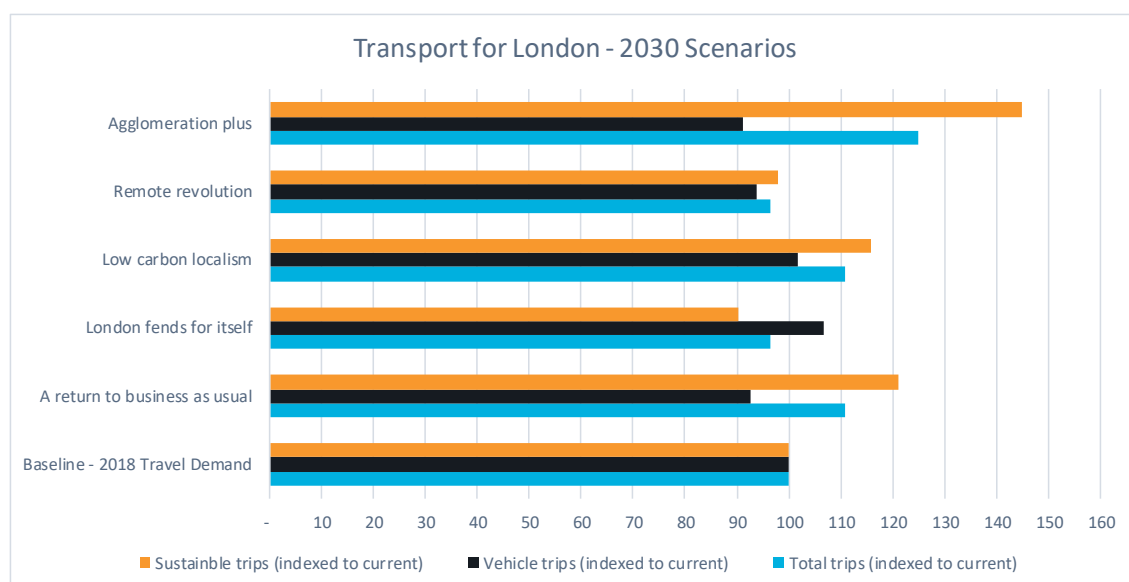
2.44 Transport for London is, as far as we are aware, the only transport authority to have published longer-term demand scenarios⁶. These are explicitly scenarios rather than forecasts but do provide a view on how overall trips and trips by mode could be affected under a range of scenarios.

2.45 The scenario definitions are shown in Table 2-1 and the associated total London-wide trips under each scenario in Figure 2-3.

Table 2-1 Transport for London Future Demand Scenarios - Definition

Scenarios	Scenario Definition
Baseline - 2018 Travel Demand	Current
A return to business as usual	The story of a London which has bounced back quickly from the crisis and looks quite similar to the Draft London Plan.
London fends for itself	The story of a lower growth London, having to cope with the fallout from the virus and a diminished status in the UK and the wider world
Low carbon localism	The story of a more sustainable London, which has been impacted significantly by the virus and become more local as a result
Remote revolution	The story of a successful but quite different city, where technology has changed how people live, work and travel
Agglomeration plus	The story of an expanding but still unequal London, where virus related changes to the economy enhance its global competitive advantage

Figure 2-3 Transport for London Future Demand Scenarios – Trips (indexed to 2018)



⁶ <http://content.tfl.gov.uk/board-20200729-agenda-papers.pdf>

2.46 The scenarios are based on London, but they also capture some of the potential uncertainties and impacts that are germane to Edinburgh. By expressing the demand in future scenarios to the base level (indexing to 2018, where 2018 = 100), it allows for easier comparison.

2.47 Some key points from the scenarios are:

- Sustainable trips (which include public transport and active modes) vary from between a reduction of 10% compared to 2018 levels (under the worst case) to an increase of over 40% in the best case – with the return to business as usual having an increase of around 20%.
 - The level of increase to 2030 under the TfL BAU scenario is similar to that for Edinburgh (Scenario 2 ‘Return to Business As Usual’).
 - The level of demand under the two worst case scenarios (‘London fends for itself’ and ‘remote revolution’) is, at between 90% to 100% of 2018 demand by 2030, comparable with the demand under the Edinburgh Tram Scenario 4 (represents around 94% based on composite ‘corridor’ and Newhaven demand).

2.48 While the TfL and Edinburgh scenarios have been developed wholly independently, and will differ in several respects (reflecting city and modal focus), they do suggest that there is a degree of comparability in terms of both the thinking used to inform the scenarios and the scenario outputs in terms of the implied change in future public transport demand.

Scenario Assumptions

2.49 As part of the study we developed the scenario assumptions and forecasts based on the agreed scenario definition (the key principles of each scenario) and the application of those principles based on the approach outlined earlier in the Chapter. The assumptions for each Scenario are presented in the Table below.

Table 2-2: Scenario Near-term and Medium-Term impacts

Scenario	Near-term impact	Medium-term	Notes
Scenario 1: 'Return to Business as Usual' (return to full FBC demand)	<ul style="list-style-type: none"> Return to 2019 levels by 2022 for corridor and Newhaven, based on ET analysis. Return to 2019 levels by 2023 for Airport 	<ul style="list-style-type: none"> Return to full FBC level by mid-2020s⁷. 	Optimistic view of growth post recovery (i.e. recovering 'lost' growth from 2019 – 2023)
Scenario 2: 'Return to Business as Usual' (return to FBC growth)	<ul style="list-style-type: none"> As per Sc 1 	<ul style="list-style-type: none"> FBC growth rates applied post recovery. <ul style="list-style-type: none"> c 3% p.a. for airport segment c 3% p.a. for 'existing' corridor & c 1.4% p.a. for Newhaven 	<p>Better proxy for economic impact, i.e. recessionary effect to early 2020s then recovery.</p> <p>Implicitly assumes same relationship between economic and demand growth as FBC.</p>
Scenario 3: 'Lower future Growth'	<ul style="list-style-type: none"> As per Sc 1 	<p>Lower medium-term growth:</p> <ul style="list-style-type: none"> 1% p.a. for corridor and Newhaven 2% p.a. for Airport 	Lower growth reflects a permanent change in travel behaviour, moderating future growth.
Scenario 4: 'Permanent Reduction in Demand'	<ul style="list-style-type: none"> 80% of ET's central case near-term forecast. 	<ul style="list-style-type: none"> Ramp up of demand but to reach 80% of BAU by mid-2020s Long-term demand growth rate at FBC level (at 80% demand of Scenario 2) 	Reflects a 'what if' scenarios. Implicitly reflects fundamental shift in behaviour.

2.50 All scenarios assume that the service frequency assumed in the FBC forecasts would be maintained. Scenarios also implicitly assume that, beyond the near-term impacts, there would be a return to normal in that social distancing and its impacts on effective capacity would not constrain future demand.

⁷ The FBC growth assumptions for each market segment are set out in Chapter 3, alongside those for each of the scenarios.

3 Scenario Analysis - Tram Demand

Introduction

- 3.1 In this Chapter we present the Edinburgh Tram demand, by demand segment, for the scenarios presented in the previous Chapter. We deal with each demand segment in turn and consider the FBC demand and scenario demand. The assumptions made in each are also presented and discussed.

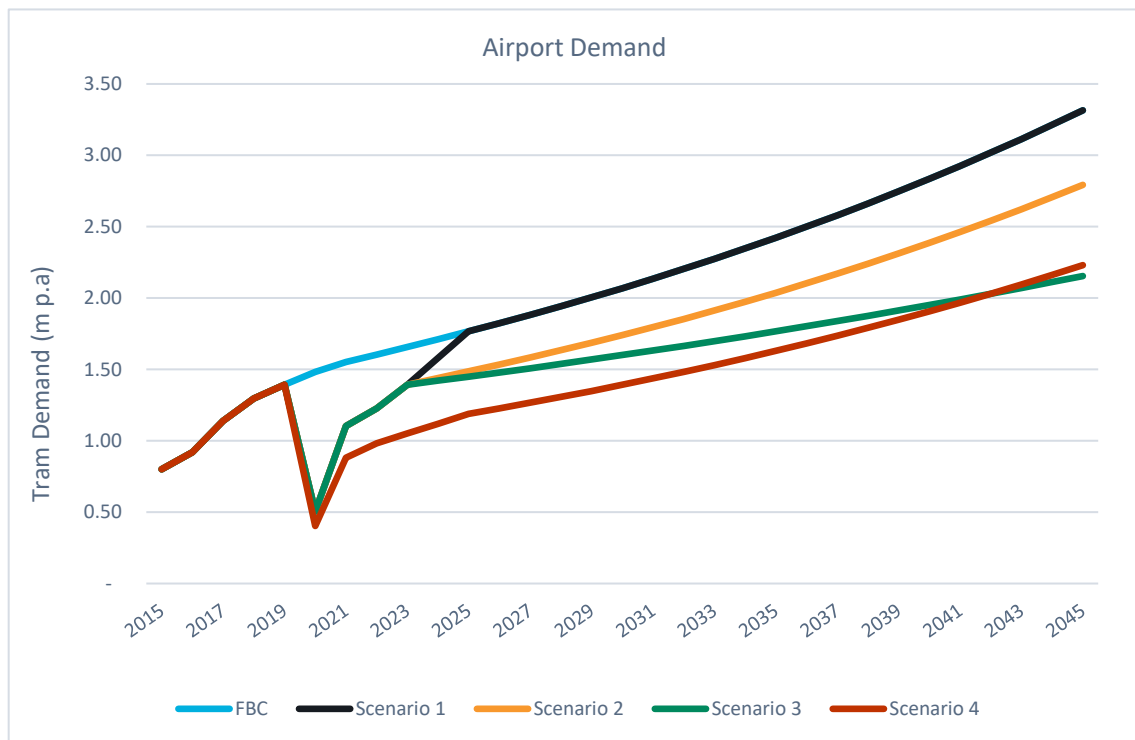
Airport Demand

FBC Demand

- 3.2 The tram demand forecasts for the FBC were based on:
- Actual airport tram demand (2019 estimate based on part year demand)
 - Growth in demand consistent with the growth assumptions underpinning the Edinburgh Airport Masterplan up to 2045. The Masterplan assumes air passenger growth of 6.9%, 5.8% and 4.5% in the years 2019, 2020 and 2021, before reducing to a growth rate of around 3% thereafter.
 - Demand growth of 1% per annum was assumed from 2045 up to a 'demand cap' year of 2049.
- 3.3 Full year 2019 actual airport tram demand was slightly higher than the 2019 estimated figure. For the purposes of our Scenario analysis, we have constrained scenario demand for future years such that it doesn't exceed the FBC level (i.e. by applying FBC growth to a higher actual base).

Scenario Demand

- 3.4 The demand for each of the Scenarios is presented in Figure 3-1.

Figure 3-1: Airport demand segment forecasts

3.5 The key points from the Airport demand scenarios are:

- All scenarios except Scenario 4 (and the FBC comparator case) assume a dip in demand such that recovery to 2019 levels occur in 2023.
- Scenario 1 assumes that all 'lost' growth (from FBC) is recovered in full, by 2025, with demand forecasts equal to FBC from that point onwards.
- Scenario 2 assumes FBC growth rates from 2023, the point from which 2019 demand levels are assumed to be recovered. This is considered a more reasonable view than Scenario 1 given the recessionary effect will mean economic activity may be lower than that implicit within FBC.
- Scenario 3 takes a more conservative view of future Airport growth, assuming a growth of 2% p.a. (closer to GDP and lower than historic / pre-COVID-19 industry forecasts).
- Scenario 4 assumes that short-term impacts result in a long-term shift in behaviour such demand is 20% lower than that previously forecast over the short and longer-term.

Existing Corridor (non-airport) Demand

FBC Demand

3.6 The tram demand forecasts for the FBC were based on:

- Actual corridor tram demand (2019 estimate based on part year demand)
- Growth of just over 3% per annum to 2032. This was consistent with Edinburgh Trams business plan to 2022, and the forecast demand growth from 2022 to 2032 based on the JRC⁸ demand modelling.
- Demand growth of 1% per annum was assumed up to a ‘demand cap’ year of 2049.

Scenario Demand

3.7 The demand for each of the scenarios is presented in Figure 3-2.

Figure 3-2: Existing Corridor (non-airport) demand segment forecasts



3.8 The key points from the corridor (non-airport) demand scenarios are:

- The demand forecast for the scenarios is based on the same principles as for the airport demand segment.
- All scenarios except Scenario 4 return to 2019 levels by 2022 (a year sooner than the airport demand).

⁸ JRC (Joint Revenue Committee) was the previous entity that provided technical support to the Council on Matters related to the development of Edinburgh Tram. The JRC work was undertaken by a team comprising Steer and Jacobs. The JRC contract expired in June 2019, but the Jacobs-Steer team are currently providing advice through the ongoing transport planning and modelling framework, which covers tram-related advice.

- Scenario 1 returns to actual FBC demand by 2025, whereas Scenario 2 assumes a return to FBC annual growth rates from 2022.
- Scenario 3 assumes a growth rate of 1% per annum from 2022. This is much lower than historic demand or FBC forecast to 2032.
- Scenario 4 assumes that short-term impacts result in a long-term shift in behaviour such demand is 20% lower than that previously forecast over the short and longer-term. At this level, demand only recovers to 2019 levels by 2030.

Newhaven Demand

FBC Demand

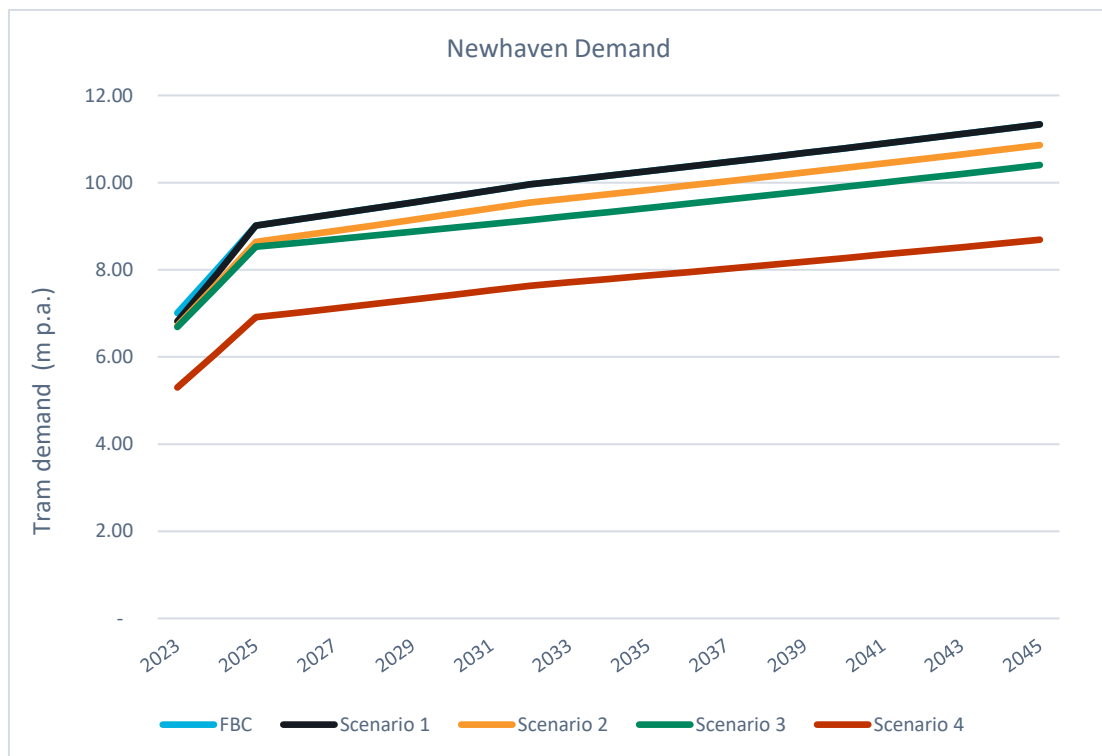
3.9 FBC forecasts of demand for the Newhaven section were based on the JRC modelling suite.⁹

- The FBC demand forecasts for the Newhaven corridor showed a forecast demand of 7.0m in 2023 (this includes an 80% build-up factor) increasing to 9.9m by 2032. After accounting for build-up, the implied annual growth over the period was 1.4% per annum.
- Further demand growth of 1% per annum was assumed up to a 'demand cap' year of 2049, with no growth assumed thereafter.

Scenario Demand

3.10 The demand for each of the scenarios is presented in Figure 3-3.

Figure 3-3: Newhaven demand segment forecasts



⁹ The key model inputs related to demand, network, journey times and planning assumptions were reviewed and, where appropriate, updated as part of the FBC. The model inputs, assumptions and outputs were also subject to independent audit and deemed reasonable and plausible. The fact that the modelling suite that has been shown to forecasts demand for the existing system at levels very close to actual (pre-COVID-19) also lends confidence the its application for the Newhaven section.

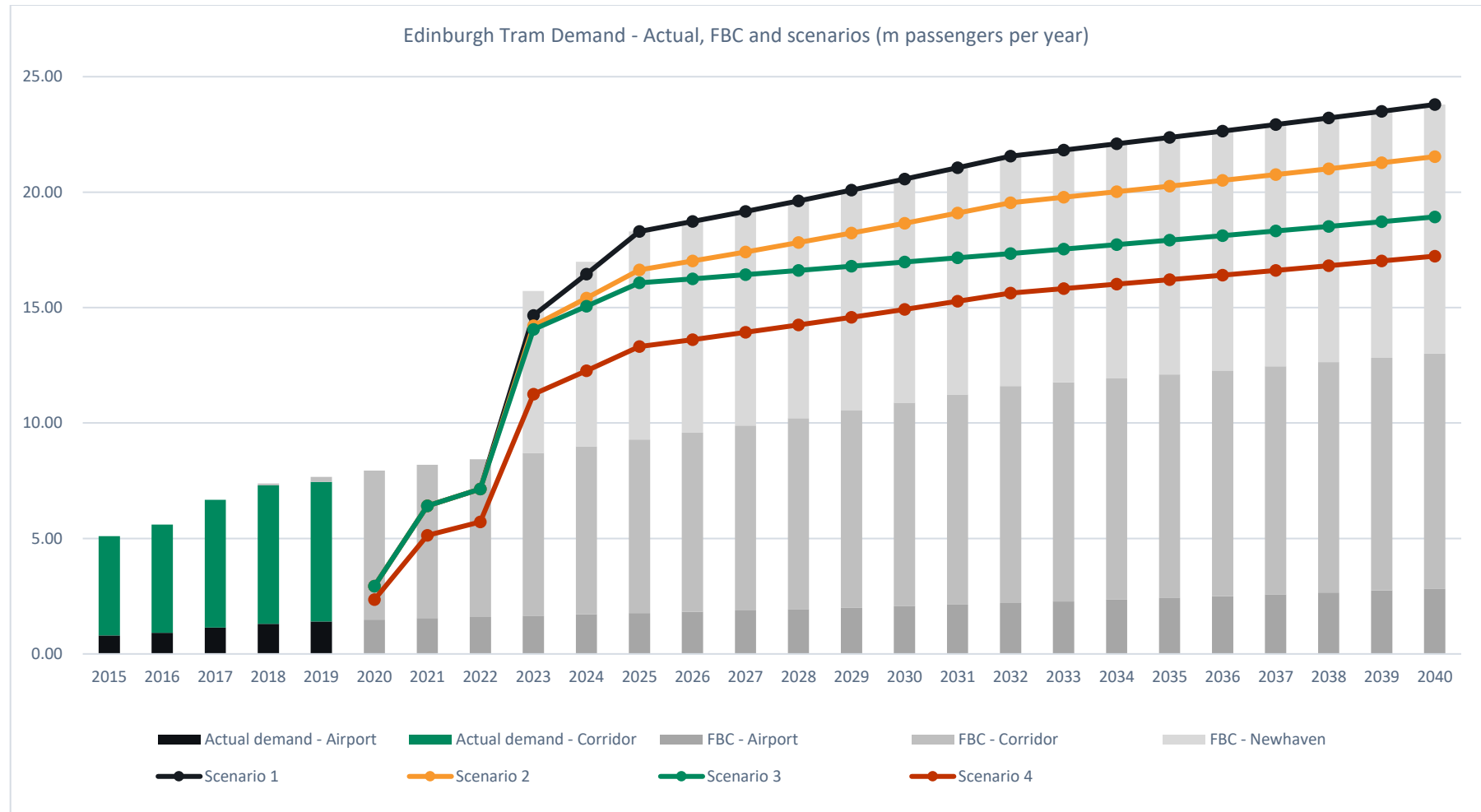
3.11 The key points from the Newhaven demand scenarios are:

- The demand forecast for the scenarios is based on the same principles as for the Airport and corridor demand segments.
- The Newhaven opening date of 2023 means that the impact of COVID-19 is more limited than for the Airport and corridor segments.
- We have 'backcast' FBC forecast demand to proxy 2019 demand, to enact the assumption that demand recovers to 2019 levels. All scenarios therefore have a lower starting point demand than the FBC.
- All scenarios assume a 'build-up' (80% in Year 1, 90% Year 2, 100% Year 3)
- The lower annual growth (within FBC forecasts) mean that the range of outcomes under the scenarios considered is narrower than for other demand segments.

Combined Scenarios

3.12 The combined demand for all segments presented by scenarios is shown in Figure 3-4.

Figure 3-4: Edinburgh Tram Demand- Actual, FBC and Scenario



Sensitivity Testing – Extended COVID-19 Recovery

- 3.13 There remains some uncertainty about the timing of the recovery from COVID-19, and of when social distancing measures will no longer be necessary. Our scenarios take a current view, informed by the industry, of when this could occur.

Downside Sensitivities

- 3.14 However, recognising the uncertainty about the duration of the pandemic and therefore the point at which ‘recovery to 2019 demand levels’ is reached, we have undertaken two ‘downside’ sensitivities which show demand by year on the assumption that 2019 demand levels are not reached until 2025, for all segments. These downsides are variants of Scenarios 2 and 3, so have been named 2a and 3a, with the scenario specification as set out in Table 2-2.

Table 3-1: Sensitivity Analysis – Scenario Description

Scenario	Near-term impact	Medium-term
Scenario 2: ‘Return to Business as Usual’ (return to FBC growth)	<ul style="list-style-type: none"> Return to 2019 levels by 2022 for corridor and Newhaven, based on ET analysis. Return to 2019 levels by 2023 for Airport 	<ul style="list-style-type: none"> FBC growth rates applied post recovery. <ul style="list-style-type: none"> c 3% p.a. for airport segment c 3% p.a. for ‘existing’ corridor & c 1.4% p.a. for Newhaven
Scenario 2a: Extended Recovery, then ‘Return to Business as Usual’ (return to FBC growth)	<ul style="list-style-type: none"> Return to 2019 levels by 2025 	<ul style="list-style-type: none"> As per scenario 2
Scenario 3: ‘Lower future Growth’	<ul style="list-style-type: none"> As per Sc 1 	Lower medium-term growth: <ul style="list-style-type: none"> 1% p.a. for corridor and Newhaven 2% p.a. for Airport
Scenario 3a: Extended Recovery, then ‘Lower future Growth’	<ul style="list-style-type: none"> Return to 2019 levels by 2025 	<ul style="list-style-type: none"> As per scenario 3

- 3.15 There is no equivalent sensitivity presented on Scenario 4, as under Scenario 4 demand doesn’t not recover to 2019 levels until 2030.
- 3.16 The results of Scenarios 2a and 3a, presented alongside those of Scenario 2, 3 and the FBC scenarios are presented in Figure 3-5 (Airport segment) Figure 3-6 (Existing corridor) Figure 3-7 (Newhaven) and Figure 3-8 (combined).

Figure 3-5: Airport demand scenarios – Sensitivity

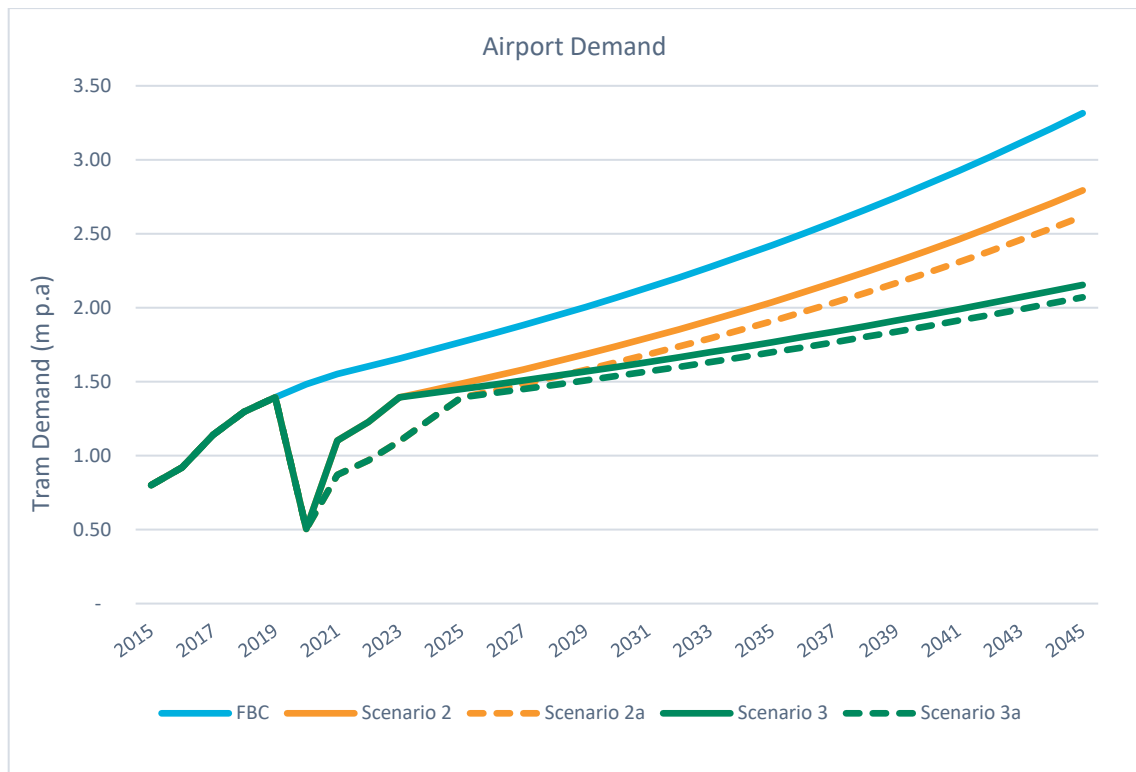


Figure 3-6: Existing Corridor (non-airport) demand scenarios – Sensitivity



Figure 3-7: Newhaven demand scenarios – Sensitivity

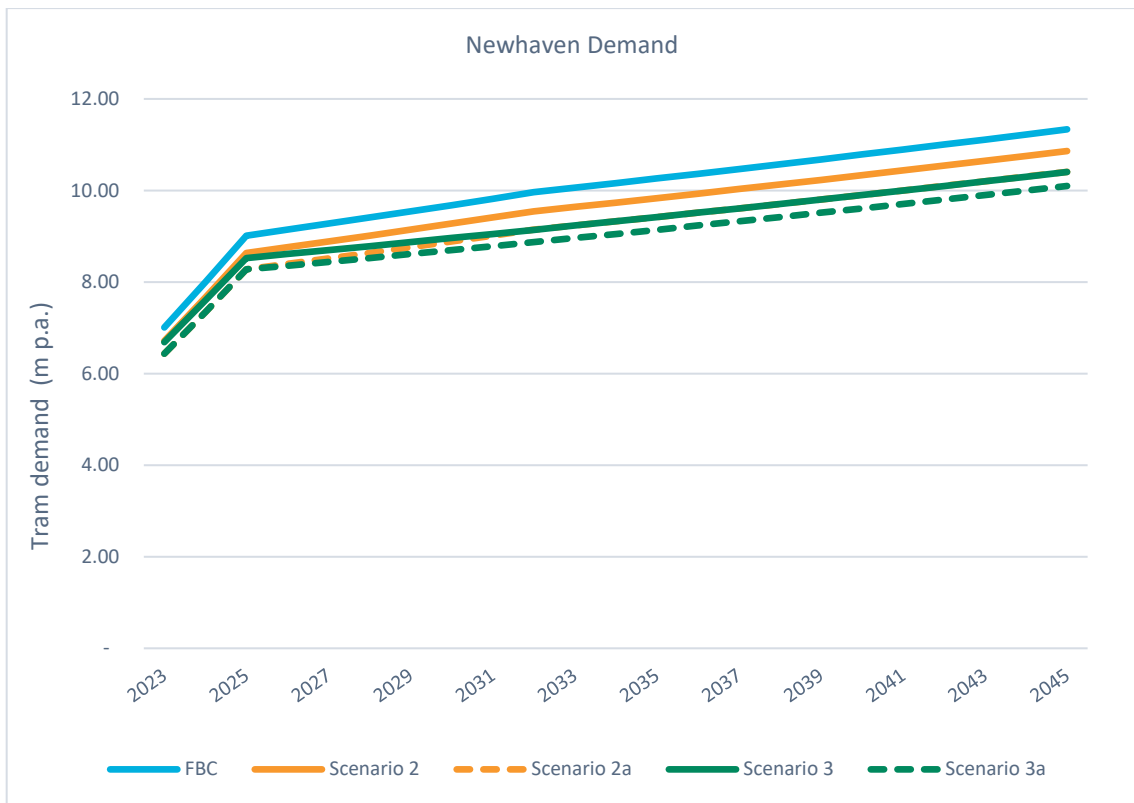
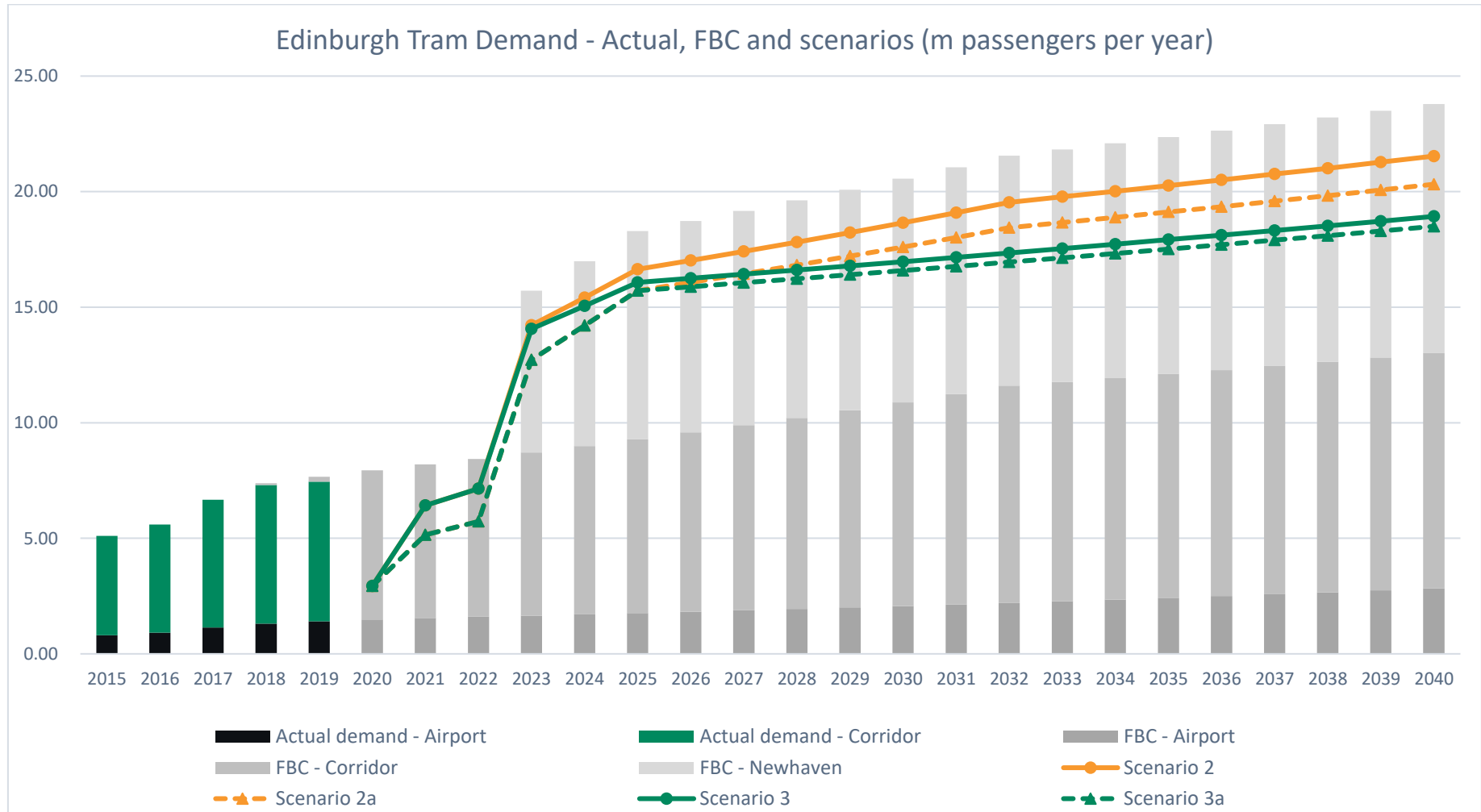


Figure 3-8: Edinburgh Tram Demand- Actual, FBC and Scenarios 2, 2a, 3 and 3a



Policy-Based Sensitivities

- 3.17 The policy context and the City's stated policy priorities has evolved since the FBC forecasts were prepared. This context is described further in Chapter 5.
- 3.18 What is evident, however, is that the direction of travel in terms of policy priorities (climate change, sustainable growth, health and wellbeing) and the supporting interventions (better integrated public transport, priority for public transport and walking / cycling, city centre transformation, car demand management measures) will, *other things equal*, lead to the development of a transport network where tram would expect to attract higher levels of demand compared to the assumptions made at the time of the FBC.
- 3.19 We have therefore undertaken two sensitivities to reflect the potential scale of this impact. These are a 10% demand uplift and a 15% demand uplift, informed by network integration and policy scenario tests undertaken as part of previous Edinburgh Tram work. The uplift has been graduated over time, such that the increase builds up between 2025 & 2030 – this reflect the time taken to interventions and policies to be adopted and implemented, and for the behavioural responses of individuals to manifest themselves.
- 3.20 These tests apply equally to all the scenarios presented, so these are not present in full within this report. The figures have, however, been supplied to CEC to inform their financial analysis.

4 Scenario Analysis – Economic Performance of Trams to Newhaven Project

Introduction

- 4.1 This chapter considers the impact upon the Trams to Newhaven Project, taking account of two separate effects:
- First, the impact on the economic case of the demand reduction scenarios set out in the preceding Chapters.
 - Second, to update the economic case to take account of the additional sunk costs (costs that have already been spent and are irrecoverable) incurred since the FBC.
- 4.2 The economic appraisal of the Trams to Newhaven Project only takes account of the incremental demand / revenue / benefits on the Newhaven section. Whereas the revenues from the existing system (Airport to York Place) do inform the overall financial / funding case, they are treated as within the ‘Do Minimum’ within the economic appraisal.

Economic Case under Demand Scenarios

Approach

- 4.3 We have represented the impact on the economic case through the following:
- Using the Trams to Newhaven Project demand for each demand scenario as presented in Figure 3.4.
 - Assuming that tram revenues and benefits change in direct proportion with annual demand – this is a logical and reasonable assumption.
 - Applying appropriate economic appraisal assumptions to the annual demand over the 60-year appraisal period. This includes the application of a discounting factors and value of time growth applied to annual demand to represent how appraisal treats demand and benefits over time.
 - The steps above are used to develop a ‘demand / benefits’ factor (representing the ratio of demand and benefits over 60-years for each scenario, compared to that of the FBC case), that is applied to the overall FBC benefits, and the benefits are scaled accordingly.

Scenario Results

- 4.4 The results of the economic appraisal for the FBC, alongside the demand scenarios, are presented in Table 4-1.

Table 4-1 Economic appraisal of FBC and scenarios

	FBC	Scenario 1 - return to BAU (to full FBC demand)	Scenario 2 - return to BAU (to FBC growth)	Scenario 3 - Lower future growth	Scenario 4 - permanent reduction in demand
Benefits factor:	1.00	1.00	0.96	0.92	0.77
Total Benefits (£000)	£395,000	£395,000	£379,000	£364,000	£303,000
Total Costs and Financial Impacts (£000)	-£282,000	-£283,000	-£284,000	-£285,000	-£291,000
Economic performance:					
Net Present Value (£000)	£113,000	£113,000	£95,000	£79,000	£12,000
Benefit Cost Ratio	1.40	1.40	1.33	1.28	1.04

Note. Figures have been rounded to nearest 1,000.

4.5 The table shows that:

- The FBC economic appraisal of the Trams to Newhaven Project., as presented in the 2019 FBC, shows a benefit cost ratio of 1.40 : 1.
- Under each of the scenarios, the benefits have been scaled by the demand / benefits factor shown in the table, and described above. The adjustment has also been applied to scheme revenues, which are included within the 'costs and financial impacts'.
- The Newhaven opening date of 2023 means that the short-term impact of COVID-19 is limited in the overall assessment results. This means that under Scenario 1 the economic case for the project remains unchanged from the FBC level.
- The BCR reduces to around 1.3 : 1 under Scenarios 2 and 3 – a modest reduction from the FBC level of 1.4.
- The 'permanent reduction in demand' scenario (Scenario 4) results in loss of just under a quarter of benefits (factor of 0.77). Under this scenario the BCR remains above 1.0 : 1.

Economic Case Excluding Sunk Costs

4.6 The FBC was based on total cost of £207.3m, of which £5.5m had been spent at time of FBC. The FBC costs within the economic appraisal was therefore £201.9m, which excluded the £5.5m 'sunk' costs.

4.7 Costs to date (sunk costs), as of June 2020, are £32m. The economic appraisal has therefore been updated to reflect the current sunk cost total, as presented in Table 4-2. This is presented for the FBC case and each of the demand scenarios, in Figure 3.4.

Table 4-2: Benefit Cost Ratio with cost sensitivities

	FBC	Scenario 1	Scenario 2	Scenario 3	Scenario 4
FBC Costs (FBC & demand scenarios)	1.40	1.40	1.33	1.28	1.04
FBC minus sunk costs (as of June 2020), for each demand scenario	1.51	1.50	1.43	1.37	1.12

4.8 The comparison of the economic appraisal results from the FBC and with the capital cost updated to reflect sunk costs show that excluding current sunk costs of £32m would increase the FBC equivalent BCR to 1.51 : 1, and the BCR would improve under each of the demand scenarios considered.

4.9 We have not updated the sunk costs from the June draft of this report. The inclusion of further sunk costs, reflecting spend between June 2020 and September 2020, would have the effect of increasing the BCR's for the 'FBC minus sunk costs' under each of the scenarios presented in Table 4-2.

Costs of Termination

4.10 In addition to £32m sunk costs (non-recoverable costs already incurred), if the scheme were not progressed there would be additional costs of termination and reinstatement of around £50m.

4.11 In economic terms, the decision to proceed or terminate would be assessed by comparing:

- A termination option, whereby a cost of £50m would be incurred and none of the economic benefits (or ongoing costs of operation etc.) would accrue¹⁰.
- A proceed option, at a capital cost of £175m, delivering appraisal benefits and costs, and a BCR as per Table 4-2.

4.12 The economic case would consider the incremental case for proceeding (incurring the remaining £175m capital costs, and delivering all future appraisal benefits, and future costs) against the termination option incurring £50m costs. Under this construction, the incremental economic case for proceeding (compared to a termination option) would improve to around 1.6 : 1 for the FBC / Scenario 1 cases, to around 1.5 : 1 for Scenarios 2 and 3, and to around 1.2 : 1 for Scenario 4.

¹⁰ As there are no 'benefits' associated with the termination option, there is no associated benefit cost ratio for this option. The termination option is compared to the 'proceed' option – whereby the BCRs presented represents the benefits of proceeding, against the incremental costs (i.e. capital costs minus termination) of proceeding.

5 Strategic Considerations / Wider Narrative

Introduction

- 5.1 Edinburgh Tram was developed in the 2000s as a network concept to meet the wider policy objectives of the City, and to align with national policy priorities. Through the development of the existing line and the Trams to Newhaven project the role of tram in meeting wider policy objectives has been reassessed and validated to ensure alignment with the prevailing policy position. In this vein, the strategic case for the Full Business Case for the Trams to Newhaven Project articulated how tram would support economic, environmental and social objectives.

Current Policy Framework

- 5.2 Since the FBC, there has been further policy development at the national, regional and city level, specifically:

- The National Transport Strategy 2 (NTS2) was published in February 2020.¹¹ The overarching vision is that:

“We will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors.”

- At a regional level, the Strategic Development Plan 2, will set out the spatial planning priorities across six authorities (Edinburgh, Midlothian, West Lothian, East Lothian, Fife and Scottish Borders). On 16 May 2019 the South East Scotland Strategic Development Plan (SESplan 2) was rejected by Scottish Ministers on the basis that strategic transport infrastructure issues were not properly considered.
 - At the city level, the City Plan 2030¹² (Choices for City Plan consultation took place January to April 2020) will set out the development framework for the city up to 2031, while the City Mobility Plan¹³ sets out key objectives and transport policy priorities in support of the City Plan 2030 and wider national and city policy priorities.
- 5.3 The City Mobility Plan supersedes the Local Transport Strategy for Edinburgh. It provides a strategic framework for proposed interventions aimed at helping the effective movement of

¹¹ <https://www.transport.gov.scot/media/47052/national-transport-strategy.pdf>

¹² <https://www.edinburgh.gov.uk/cityplan2030>

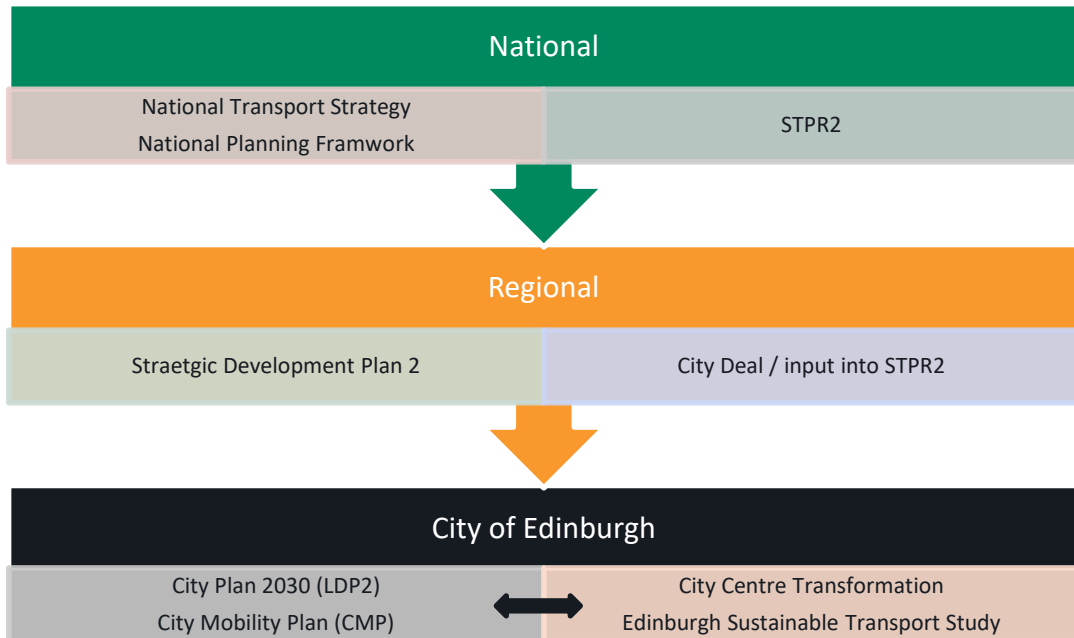
¹³ https://consultationhub.edinburgh.gov.uk/sfc/city-mobility-plan/user_uploads/city-mobility-plan-february-2020.pdf

people and goods around Edinburgh whilst seeking to address associated environmental and health impacts. It comprises a series of objectives and policy measures under the headings of People, Place and Movement which will, collectively, achieve the Vision for the Plan:

"Edinburgh will have a greener, safer, inclusive and connected transport system delivering a healthier, thriving, fairer and compact capital city, and a higher quality of life for Edinburgh residents".

5.4 There are, in parallel, a number of studies and initiatives that aim to further develop and prioritise proposals for interventions that support the achievement of the policy objectives and outcomes. Examples are the STPR2 process at the national and sub-regional level and the development of City Centre Transformation (CCT) at the city level. The current policy framework is summarised in Figure 5-1.

Figure 5-1 Policy Framework



5.5 The Trams to Newhaven Project was, following the Council’s 2019 decision to approve the project, assumed to be committed and an integral component within the development of the City’s spatial development and transport policies.

Policy Objectives and Outcomes

5.6 There is strong alignment across national, regional and local objectives. While the terminology and combination or separation of objectives differs slightly between various policy documents, there are nevertheless consistent objectives across the themes of:

- Sustainable economic growth;
- Equity and social inclusion;
- Tackling climate change; and
- Health, wellbeing and safety.

5.7 This is illustrated by Table 5 1.

Table 5-1: Objective Mapping

NTS 2019	STPR 'Themes'	City Plan 2030	City Mobility Plan
<p>Helps our economy prosper</p> <ul style="list-style-type: none"> • Will get us where we need to get to • Will be reliable, efficient and high quality • Will use beneficial innovation 	<ul style="list-style-type: none"> • Enabling Economic Growth 	<ul style="list-style-type: none"> • A city where everyone shares in its economic success 	<ul style="list-style-type: none"> • to support inclusive and sustainable economic growth
<p>Promotes equality</p> <ul style="list-style-type: none"> • Will be affordable for all • Will be easy to use for all • Will provide fair access to the services we need 	<ul style="list-style-type: none"> • Tackling Inequality 	<ul style="list-style-type: none"> • A city in which everyone lives in a home which they can afford • A city where you don't need to own a car to move around 	<ul style="list-style-type: none"> • Improved equity & social inclusion
<p>Takes climate action</p> <ul style="list-style-type: none"> • Will adapt to the effects of climate change • Will help deliver our net-zero target • Will promote greener, cleaner choices 	<ul style="list-style-type: none"> • Greener and Healthier 		<ul style="list-style-type: none"> • to protect and enhance our environment and respond to climate change
<p>Improves our Health and wellbeing</p> <ul style="list-style-type: none"> • Will be safe and secure for all • Will enable us to make healthy travel choices • Will help make our communities great places to live 	<ul style="list-style-type: none"> • Delivering Safe and Resilient Transport 	<ul style="list-style-type: none"> • A sustainable city which supports everyone's physical and mental wellbeing 	<ul style="list-style-type: none"> • Improved health, wellbeing & safety

Alignment of Trams to Newhaven Project with Objectives

Sustainable Growth and Development

- 5.8 The concept of tram (initially as a 3-line network) was developed explicitly to support the city's spatial planning policies. The City Plan 2030 reaffirms the **established spatial priority areas** such of the city centre, West Edinburgh, South East Edinburgh and the Waterfront. These are shown in Figure 5-2.
- 5.9 Support **sustainable development** through:
- **Supporting Edinburgh's strategic development areas** where employment will be focused, including – the city centre, West Edinburgh, and Newhaven / Waterfront.
 - Supporting the delivery of **new housing / mixed-used development in a sustainable manner**. Tram can increase the scale, rate, density and value (and hence viability) of development, by providing the accessibility, connectivity and capacity for growth.
- 5.10 Supporting **sustainable economic growth** through:
- **Expanded labour market catchments**, enabling businesses to recruit from a larger labour pool and giving workers greater access to jobs.
 - **Increasing the clustering effects of key sectors** (e.g. banking and finance, bio-science, legal and business services). Providing capacity and connectivity to encouraging new forms to invest and locate, further support the success of Edinburgh's high-value economy.
 - Encouraging **modal-shift from cars**, increasing the efficiency of the overall transport network and reducing the economic costs associated with congestion, accidents and emissions.

Figure 5-2: Spatial Vision (from City Mobility Plan draft, 2020)



Equity and social inclusion

5.11 The Trams to Newhaven Project would:

- Provide improved access to jobs, education, healthcare and leisure by creating further opportunities for cross-city journeys - for example it will significantly improve accessibility between Leith Waterfront (an area of high deprivation) and employment opportunities in West Edinburgh.
- A high proportion of lower income / more deprived residents in the Newhaven corridor do not own or have access to a car; consequently, access to public transport is key to their ability to access jobs and services.
- The affordability of public transport is an issue for many. Alongside future development of transit, consideration of a more integrated ticketing system which operates across public transport modes will support social inclusion.

Tackling climate change

5.12 The Trams to Newhaven Project can assist in tackling the causes of climate change by:

- Encouraging modal shift from single occupancy car journeys to public transport.
- Supporting sustainable housing and employment development such as increased density in urban areas and the development of brownfield sites. Higher density urban development reduces the need to travel and encourage shorter journeys and more walking, cycling and public transport usage. The carbon costs associated with providing associated infrastructure and services (electricity, waste, broadband etc) are also lower for higher-density urban development.

Health, wellbeing and safety

5.13 The Trams to Newhaven Project has been developed as part of a corridor solution delivering enhanced public realm and active mode provision.

- The city centre, where the overall City Centre Transformation (CCT) strategy is focused on improving facilities for pedestrians and cyclists, hence supporting healthier lifestyles.
- Safety and security through use of conductors and CCTV at stations.
- Accident reduction through modal shift and reduced car kilometres travelled, and through integrated design.

Network Integration and the Role of Tram in the Delivery of Policy Outcomes

- 5.14 The FBC analysis did not take full account of how tram could support the delivery of transport-related policy outcomes through enhanced network integration and support for delivering the City Centre Transformation (CCT).
- 5.15 Enhanced network integration, as described below and which reflects existing and emerging policy, would have a positive impact on tram demand and revenue, support a more efficient overall transport network, and combine to deliver against key objectives.

City Centre Transformation

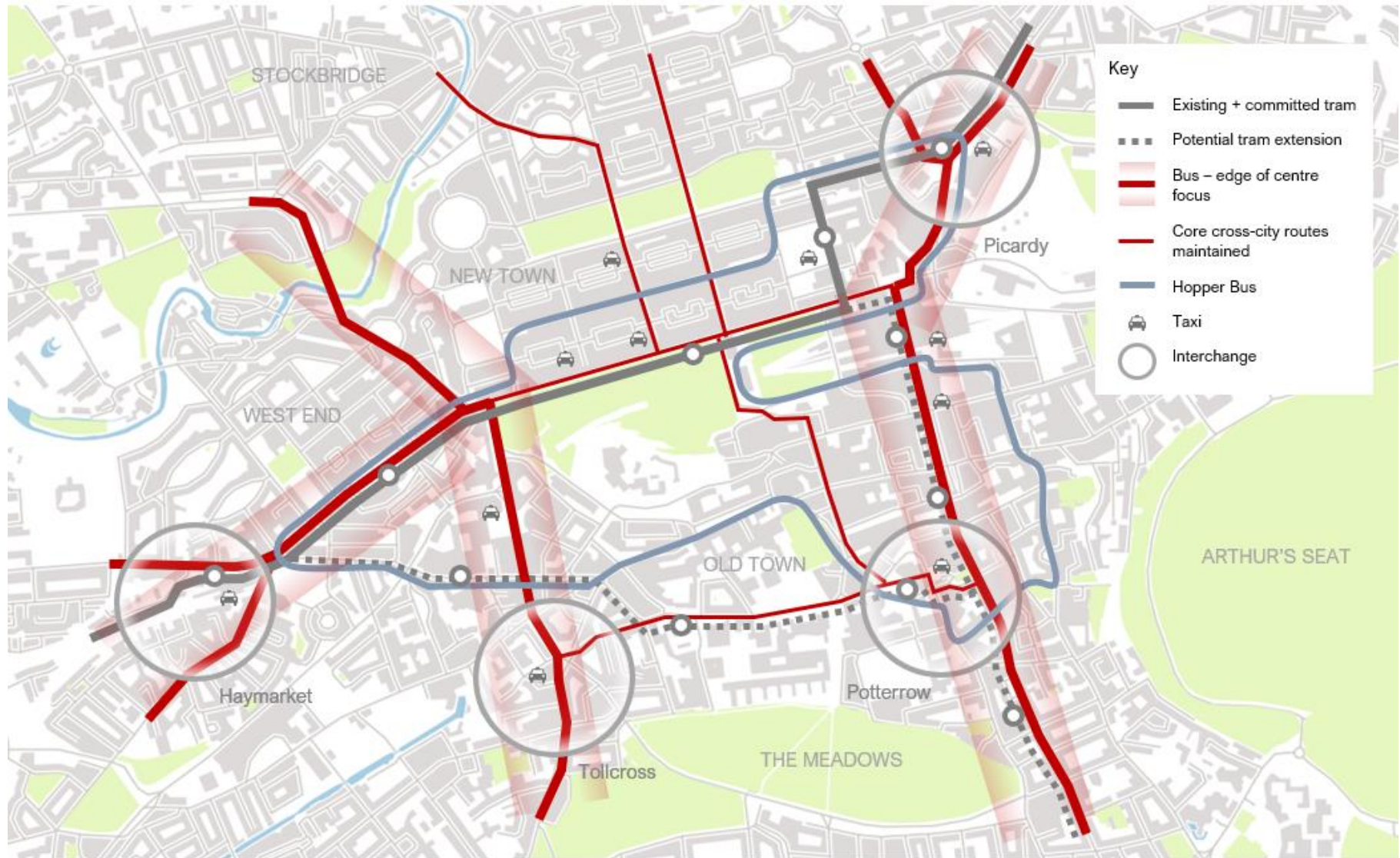
- 5.16 The vision of the City Centre Transformation Project has been to create a city centre for all, a place for people to live, work, visit and play. The vision also aims for a city centre that is a place that is at the heart of Edinburgh's communities, its cultural life, the focal point for its economy and one of Scotland's most iconic and important locations.
- 5.17 The CCT strategy proposes a wide range of interventions to provide a more liveable city centre in terms of active travel, public transport, traffic reduction and quality of open space. The strategy is supported by a ten-year delivery plan.
- 5.18 Across the whole of the city centre, the strategy will seek to deliver:
- A **walkable city centre** core right at the heart of the World Heritage Site, enabled by a **pedestrian priority zone** and a network of connected, high-quality, car-free streets;
 - **High-quality streets and public spaces** where improvements allow for people to be inspired by the city's unique heritage while they interact, relax or play;
 - A connected network across the city centre of **new segregated and safe cycle routes** to link communities and destinations, including the potential provision of a **new walking and cycling bridge connecting the Old Town and the New Town**; and
 - A **free city centre hopper bus** to support people moving around a city without a car, linking city centre communities.
- 5.19 The strategy seeks to promote public transport through improved journey times and service reliability. Options explored include limited bus stop rationalisation, improved traffic signal sequencing and the rerouting of selected bus routes to improve core performance. Instead of all routes crossing the city centre via Princes St, some would instead 'kiss' the centre as shown in Figure 5-3.

The Role of Tram

- 5.20 To deliver the emerging strategy, there is a requirement for modal shift to public transport to help deliver a 10-15% reduction in city centre car traffic in the medium term and a 25-30% reduction in the longer term..
- 5.21 City Centre Transformation recognises the importance of tram in delivering a step-change in public transport provision, and being a fundamental enabler of providing the cross-city connectivity whereby the Trams to Newhaven Project would provide both the service and capacity to enable an associated reduction in bus volumes, especially along Princes St. Indeed, the CCT proposals also included the potential for a second cross-city route and south-east Edinburgh route.

- 5.22 Tram vehicle capacity is between two and three times that of bus, which means that tram can provide public transport capacity through the city centre with significantly fewer vehicles which, in turn, enables an improved city centre environment for pedestrians and cyclists.
- 5.23 Under the outline CCT proposals, the Trams to Newhaven Project would serve to provide integration with the proposed 'hopper bus', and other bus services (which would serve the edge of the centre rather than running through the centre) at Picardy Place and Haymarket.
- 5.24 Without the through capacity offered by Trams to Newhaven and the network integration (essential to enable a reduction in through bus services), the CCT strategy may need to be fundamentally reconsidered.

Figure 5-3: CCT Public Transport Map



Bus Network Integration

Principles of Developing an Integrated Tram and Bus Network

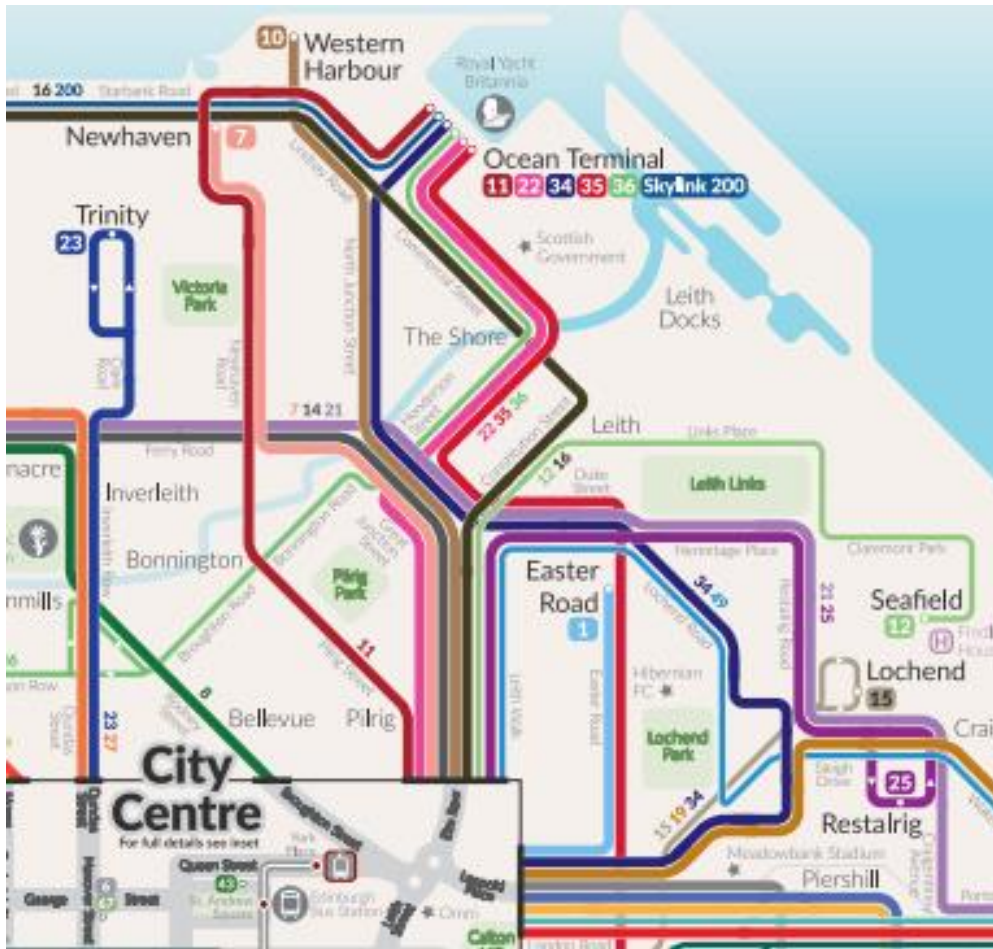
- 5.25 Lothian Buses, though majority owned by CEC, is a commercial entity in a competitive market acting at arms-length from its major shareholder. This has various consequences:
- Any assumed bus changes cannot be guaranteed to take place
 - Another bus operator may commence services in the area, potentially in direct competition with Lothian Bus and/or Edinburgh Tram
 - Lothian Buses has a competitive incentive to provide highly comprehensive services including in the Leith area
- 5.26 With that said, the Project provides an opportunity for Lothian Buses to recast parts of its network to complement and work with Edinburgh Tram.
- 5.27 The Project would provide a new high quality, high capacity public transport service operating on the Leith / Newhaven corridor. As such, this affords the opportunity to reconfigure the bus network to ensure that bus and tram services are better integrated with the aim of:
- Maintaining good overall public transport accessibility throughout the corridor
 - Rationalising bus services where there is a duplication of bus and tram provision
 - Realising bus operating cost savings where services can be rationalised¹⁴.
 - Ensuring the operational efficiency of both bus and tram within the Leith Walk / Newhaven corridor. A reduction in the number of bus services will support the delivery of faster journey times on both bus and tram, compared to those possible at higher frequencies, due to reduced bus congestion. This is achievable while increasing the overall public transport capacity of the corridor, due to the higher passenger capacity of a tram.
- 5.28 The bus network recast options also support the wider objectives of the City in respect of:
- **Promoting the integration of bus, tram and other modes.** The City Mobility Plan (CMP) identifies the role of network and service integration, enhanced and new modal interchange, integrated ticketing and travel information in supporting this.
 - **Enhancing the quality of the environment and public realm within the city centre,** in the manner set out in the CCT proposals.

FBC Bus Network Recast Assumptions

- 5.29 The bus corridor between the city centre and Leith/ Newhaven is shown in Figure 5-4.

¹⁴ For the purposes of the FBC these cost savings are included within the economic appraisal. In practice, the buses 'saved' could be redeployed on other parts of the bus network to provide new routes and services that support the City's wider objectives to support sustainable growth and encourage public transport mode share.

Figure 5-4 Current Bus Route Map



5.30 The peak level of service of bus services towards the southern (busiest section) end of the Leith corridor is shown in Table 5-2.

Table 5-2 Current Peak Bus Route Service Frequencies

Service	7	10	11	12	14	16	22	25	49	Total
Buses per Hour (bph)	5	6	6	3	5	6	8	6	4	49

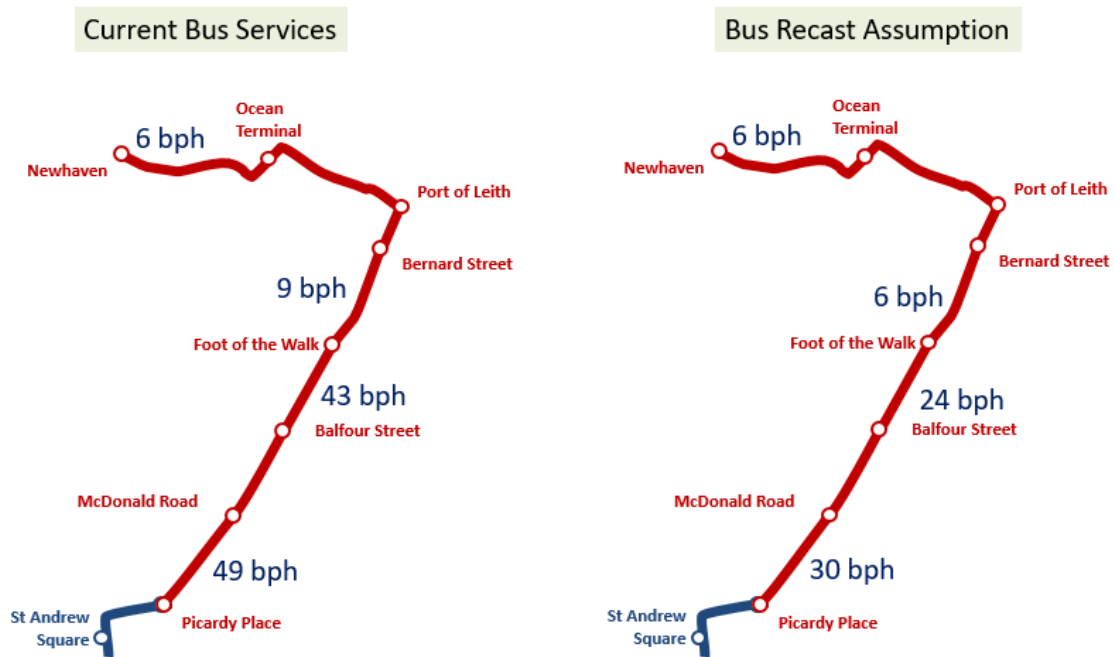
5.31 Within the FBC the 'Central Case' bus recast option was based on Lothian Buses 'with Tram' bus recast proposals, originally supplied as part of our earlier Project Option Assessment work in 2015. There has been no material change to the services provide on Leith corridor. These are shown in Table 5-3.

Table 5-3 FBC 'with Tram' Bus Recast

Central Case Recast	
•	Route 1 extended from Easter Road to Seafield (to replace route 12)
•	Route 10 diverted via MacDonald Rd and Bonnington Rd away from Leith Walk
•	Route 12 cancelled between St Andrew Square and Seafield
•	Route 16 diverted via The Shore and Henderson St away from Constitution St replacing route 22
•	Route 22 cancelled between Leith St and Ocean Terminal
•	Route 25 diverted via Constitution St and The Links part replacing routes 12 and 16

5.32 The resulting changes in bus service frequencies resulting from the assumed recast are summarised in Figure 5-5.

Figure 5-5 Bus Service Frequencies on Project under Bus Recast Scenarios



5.33 Under the recast the service frequency on the section south of Foot of the Walk reduces from 43 bph to 24 bph.

Scope for further Bus Service Review

5.34 Under the FBC recast the overall increase in public transport capacity is in the order of 30% on the section south of Leith Walk (where the most buses are removed) in 2022, and the capacity increase in 2032 (with 16 trams per hour) would be closer to 60%. This suggests that:

- From a capacity perspective there is further potential to consider bus service reductions on the corridor. This would allow services to be reduced through the city centre, aligned with the proposal in the CCT.
- Accessibility and connectivity could be maintained and / or enhanced through integration of ‘feeder’ services serving the tram corridor, and between tram and the city centre ‘Hopper’ proposals suggested in CCT.

5.35 While the FBC recast was based on transport planning-led judgement, there has been no detailed testing, refining and optimisation the bus recast options. As such, it would be reasonable to assume that, with further refinement, the overall performance of the integrated tram and bus network (based on the trade-offs between coverage, frequency, capacity, and cost) could be enhanced through further detailed service planning in advance of opening.

5.36 This has the potential to enhance the overall financial performance of tram (and the public transport network as a whole) and support the wider objectives of CEC through reducing the volume of buses within the city centre.

Integration with Walk and Cycle

5.37 In addition to the CCT, which is focused on improving the quality of provision and the wider environment for cyclists and pedestrians, there are opportunities for further enhancements in active travel provision to integrate with and complement the existing system and Trams to Newhaven Project. For example, key corridors where cycle enhancements are proposed include:

- The Waterfront, starting from Newhaven and along to Portobello / Musselburgh, where enhanced integration with tram at Leith Waterfront could be provided and promoted.
- An active travel corridor serving West Edinburgh and major developments along the Glasgow Road Corridor. Again, West Edinburgh provides a key potential cycle-tram hub.

Demand Management

5.38 The overall policy priority is to promote modal shift from car towards active travel and public transport. The enhancement of active travel and public transport provision can be complemented and reinforced by the adoption of different forms of demand management. Demand management already exists in the form of city centre parking charges, the adoption of city-wide 20mph zones and the allocation of road-space to public transport and cycling in the form of dedicated or shared lanes.

5.39 The CCT proposals include additional forms of physical restraint, where some car movements are restricted or banned to reprioritise space for walking, cycling and public realm.

5.40 The Council also plan to assess the potential for user-charging mechanisms to further encourage modal shift. An example would be a workplace parking levy (WPL), which has been successfully implemented in Nottingham, whereby revenues from the WPL were hypothecated (revenue raised was dedicated to the funding and financing of public transport improvements – mainly tram) towards the development of Nottingham’s tram network.

Summary of Network Integration and Impact on Edinburgh Tram Demand

5.41 Each of the network integration options outlined above reflect current and emerging policy. Each of the measures, on a stand-alone basis, would enhance the potential demand for tram on the existing and planned (Trams to Newhaven Project) network. Moreover, the combined impact of the above measures, developed as an integrated and planned network, would have a further positive impact.

5.42 It is not possible to quantify this impact at this stage, other than that they represent an upside compared to any of the scenarios presented in this report.

5.43 More fundamentally, the Project is part of a long-term strategy which seeks to deliver the key policy outcomes related to sustainable economic development, tackling climate change, promoting equity and supporting health and wellbeing. Tram is integral to delivering this wider strategy through supporting spatial development priorities and integrating with and being a fundamental enabler of city centre transformation.

Policy Levers

- 5.44 The FBC analysis (and by extension the demand scenarios that are based on FBC demand) are based on a 'fixed' set of assumptions across a range of areas including tram service patterns and frequency, fares and equivalent assumptions for all other modes (e.g. bus network and fares).
- 5.45 In practice, the Council (and by extension Edinburgh Tram, Lothian Bus) has a range 'levers' that can be deployed to respond to changes in demand. For example, since opening Edinburgh Trams has increased service levels across the route and provided additional peak services to accommodate demand. In response to COVID-19 services have been reduced.
- 5.46 While there is considerably more uncertainty about future demand related to COVID-19, the demand and economic analysis take account of the range of levers and actions that CEC could deploy to respond to demand change and / or mitigate downside risk. The policy levers available in the shorter term could cover change to tram services/ fares, changes to other modes e.g. improving network integration or scaling services in response to demand. In the longer-term changes to wider planning and transport policy can ensure the potential of tram in delivering wider policy goals is realised, which would also have a positive impact on demand.

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City of Edinburgh Council

10.00am, Thursday 19 November 2020

Spaces for People Update – November 2020– referral from the Transport and Environment Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The City of Edinburgh Council is asked to approve the decision taken by the Transport and Environment Committee.

Andrew Kerr

Chief Executive

Contact: Martin Scott, Committee Services

E-mail: martin.scott@edinburgh.gov.uk | Tel: 0131 529 4237

Referral Report

Spaces for People Update – November 2020– referral from the Transport and Environment Committee

2. Terms of Referral

2.1 On 12 November 2020, the Transport and Environment Committee considered a Spaces for People Update report by the Executive Director of Place providing an update on the schemes implemented by a Temporary Traffic Regulation Order (TTRO), under delegated authority with recommendations on continuation or changes (as appropriate).

2.2 Motion

- 1) To note the update on the Spaces for People programme.
- 2) To approve the specific scheme changes noted in paragraph 4.5 of the report.
- 3) To approve the new schemes as outlined in paragraphs 4.7, 4.8 – 4.11 and Appendix 2 of the report for:
 - 3.1 South Bridge – Town Centre Measures;
 - 3.2 Lanark Road, Longstone Road and Inglis Green Road;
 - 3.3 A1 and A90; and 1.1.3.4 Greenbank to Meadows.
- 4) To approve the recommendations included in Appendix 1 of the report.
- 5) To note the schedule of proposed measures near schools (Appendix 3 of the report.)
- 6) To note the high level and detailed reports on Commonplace (Appendix 4 of the report) and to approve the recommended schemes that arose from the suggestions made (paragraph 4.36 and Appendix 1 of the report).
- 7) To note that since receiving legal advice regarding the East Craigs proposals, officers had carefully looked at every new Spaces for People scheme to ensure they were proportionate and go no further than was required to address the public health dangers posed by the pandemic. Committee also noted that the Spaces for People projects pursued to date had been assessed on this basis and complied with both the legal advice

given and the guidance provided by the Scottish Government as a basis for this temporary national scheme.

- 8) To note significant resident concern that had arisen around the Braid Road closure and its effect elsewhere in surrounding streets. To note its interlinked nature with Comiston Road, Braidburn Terrace and the proposed Greenbank to Meadows Quiet Route. To agree that this specific scheme should continue to be monitored closely and that a short report would come to the January 2021 Transport and Environment Committee detailing a proposed way forward on this route. To agree that a briefing note was circulated to Committee members and relevant ward councillors in mid-December 2020 providing more detailed monitoring information on traffic volumes, public transport journey times and air pollution levels.
- moved by Councillor Macinnes, seconded by Councillor Doran

Amendment 1

- 1) To note the update on the Spaces for People programme.
- 2) To approve the specific scheme changes noted in paragraph 4.5 of the report.
- 3) To approve the new schemes as outlined in the report for 1.1.3.1 South Bridge – Town Centre Measures, and 1.1.3.2 Greenbank to Meadows.
- 4) To recommend that given the scale and complexity of the schemes for Lanark Road, Longstone and Inglis Green Road; the A1 and A90 that these were all paused and presented to the Transport and Environment Committee in one cycle after detailed designs and feedback were shared with, and further validated by, local elected members, interest groups, businesses, transport providers and residents to take account of residents' concerns (e.g. over the changes to the Oxford Terrace/Dean Park Crescent junction in the A90 proposal).
- 5) To recommend the following suggestion from New Town and Broughton Community Council for London Road to be considered as alternative option; re-route the planned active travel along Montrose Terrace and onto Regent Road to avoid London Road roundabout, avoiding Picardy Place whilst the tram works were in place.
- 6) To approve the revised recommendations presented in the amendment as Appendix 1 which included but was not limited to; the immediate re-opening of Braid Road, Links Gardens and a further extended review and consultation along the schemes in Tollcross, Bruntsfield, Stockbridge and Morningside given the specific issues highlighted by businesses.
- 7) To note the schedule of proposed measures for schools (Appendix 3 of the report) and looked to accelerate and prioritise these.

- 8) To note disappointment that no measures near schools were presented for Holy Cross Primary, despite many requests from the Parent Council, the School and Ward Members.
 - 9) To note the high-level reports from Commonplace (Appendix 4) and approve the recommended schemes arising from the suggestions made as per the attached revised Appendix 1.
 - 10) To note the high-level reports from Commonplace data confirmed that measures to support and enhance walking should be prioritised over all other as these had by far higher support and endorsement than other measures.
 - 11) To instruct that an assessment of the wider impacts on all mode transport flows was undertaken to determine the effect of the measures in the round.
- moved by Councillor Webber, seconded by Councillor Smith

Amendment 2

- 1) To note the update on the Spaces for People programme.
- 2) To approve the specific scheme changes as noted in paragraph 4.5 and Appendix 1 of the report, with the exception of the following:
 - a) believed there was insufficient justification for the continued closure of Silverknowes Road and therefore agreed to reopen this road with further work undertaken to establish cycleways on the route and options for safe crossing points at the north and south ends of the road.
 - b) agreed that officers re-examine the Silverknowes Parkway element of the Pennywell Road scheme to address issues with access and deliveries for households on Silverknowes Parkway.
 - c) believed there was insufficient justification for the continued closure of Braid Road, therefore agreed to reopen this road as well as install the planned improvements and appropriate traffic calming measures.
 - d) agrees the Orchard Brae roundabout be considered a priority project for implementation by the end of 2020.
- 3) To agree to continue consideration of the South Bridge - Town Centres scheme for one cycle pending further discussion on the positioning of bus stops.
- 4) To recognise the changes made to the Greenbank to Meadows quiet route and agreed to continue consideration to allow for a short online consultation with affected residents.
- 5) To agree to proceed with the A90 scheme (subject to further consideration of changes to the phasing of traffic lights at the Burnshot junction to control peak time traffic flow) and the A1 scheme.

- 6) To recognise the substantial concerns expressed in relation to the Lanark Road, Longstone Road and Inglis Green Road scheme and agreed this should be subject to proper public consultation before final decision.
 - 7) To welcome the schedule of proposed measures near schools and agreed that changes still to be implemented should be considered a priority under the Spaces for People programme.
 - 8) To note the high level and detailed reports on Commonplace and approve the recommended schemes arising from the suggestions made.
 - 9) To acknowledge the elements of the report relating to the removal of unnecessary barriers and street clutter; believed there was an opportunity for 'quick wins' which should be given greater priority and agreed to receive an update report on progress made in two cycles.
- moved by Councillor Lang, seconded by Councillor Whyte

In accordance with Standing Order 22(12), paragraphs of 7, 8 and 9 of Amendment 2 were accepted as an addendum to the motion. Paragraphs 2a, 3 and 4 were accepted as an addendum to Amendment 1. Paragraphs 2d, 7, 8 and 9 were accepted as an addendum to Amendment 3.

Amendment 3

- 1) To note the update on the Spaces for People programme.
 - 2) To approve the specific scheme changes noted in paragraph 4.5 of the report.
 - 3) To approve the new schemes as outlined in paragraphs 4.7, 4.8 – 4.11 and Appendix 2 for:
 - 3.1 South Bridge – Town Centre Measures;
 - 3.2 Lanark Road, Longstone Road and Inglis Green Road;
 - 3.3 A1 and A90; and 1.1.3.4 Greenbank to Meadows.
 - 4) To approve the recommendations included in Appendix 1.
 - 5) To note the schedule of proposed measures near schools (Appendix 3)
 - 6) To note the high level and detailed reports on Commonplace (Appendix 4) and approve the recommended schemes arising from the suggestions made (paragraph 4.36 and Appendix 1).
- moved by Councillor Miller, seconded by Councillor Corbett

Voting

First Vote

The voting was as follows:

- | | |
|-------------------------------|-----------|
| For the motion (as adjusted) | - 5 votes |
| For Amendment 1 (as adjusted) | - 3 votes |

For Amendment 2 - 1 vote

For Amendment 3 - 2 votes

(For the motion (as adjusted) – Councillors Bird, Doran, Key, Macinnes, and Perry
For Amendment 1 (as adjusted) – Councillors Smith, Webber and Whyte

For Amendment 2 – Councillor Lang

For Amendment 3 – Councillors Corbett and Miller)

There being no overall majority, Amendment 2 fell and a second vote was taken between the Motion, Amendment 1 and Amendment 3

Second Vote

The voting was as follows:

For the motion (as adjusted) - 5 votes

For Amendment 1 (as adjusted) - 4 votes

For Amendment 3 - 2 votes

(For the motion (as adjusted) – Councillors Bird, Doran, Key, Macinnes, and Perry

For Amendment 1 (as adjusted) – Councillors Lang, Smith, Webber and Whyte

For Amendment 3 – Councillors Corbett and Miller)

There being no overall majority, Amendment 3 fell and a second vote was taken between the Motion and Amendment 1.

Third Vote

The voting was as follows:

For the motion (as adjusted) - 7 votes

For Amendment 1 (as adjusted) - 4 votes

(For the motion – Councillors, Bird, Corbett, Doran, Key, Macinnes, Miller and Perry.

For Amendment 1– Councillors Lang, Smith, Webber and Whyte)

Decision

To approve the following adjusted motion by Councillor Macinnes:

- 1) To note the update on the Spaces for People programme.
- 2) To approve the specific scheme changes noted in paragraph 4.5 of the report.
- 3) To approve the new schemes as outlined in paragraphs 4.7, 4.8 – 4.11 and Appendix 2 for:

3.1 South Bridge – Town Centre Measures;

3.2 Lanark Road, Longstone Road and Inglis Green Road;

3.3 A1 and A90; and 1.1.3.4 Greenbank to Meadows.

- 4) To approve the recommendations included in Appendix 1 of the report.
- 5) To note the schedule of proposed measures near schools (Appendix 3 of the report).
- 6) To note the high level and detailed reports on Commonplace (Appendix 4 of the report) and approve the recommended schemes arising from the suggestions made (paragraph 4.36 and Appendix 1 of the report).
- 7) To note that since receiving legal advice regarding the East Craigs proposals, officers had carefully looked at every new Spaces for People scheme to ensure they were proportionate and go no further than was required to address the public health dangers posed by the pandemic. Committee also noted that the Spaces for People projects pursued to date had been assessed on this basis and complied with both the legal advice given and the guidance provided by the Scottish Government as a basis for this temporary national scheme.
- 8) To note significant resident concern that had arisen around the Braid Road closure and its effect elsewhere in surrounding streets. To note its interlinked nature with Comiston Road, Braidburn Terrace and the proposed Greenbank to Meadows Quiet Route. To agree that this specific scheme should continue to be monitored closely and that a short report would come to the January 2021 Transport and Environment Committee detailing a proposed way forward on this route. To agree that a briefing note was circulated to Committee members and relevant ward councillors in mid-December 2020 providing more detailed monitoring info on traffic volumes, public transport journey times and air pollution levels.
- 9) To welcome the schedule of proposed measures near schools and agreed that changes still to be implemented should be considered a priority under the Spaces for People programme.
- 10) To note the high level and detailed reports on Commonplace and approved the recommended schemes arising from the suggestions made.
- 11) To acknowledge the elements of the report relating to the removal of unnecessary barriers and street clutter; believes there was an opportunity for 'quick wins' which should be given greater priority and agrees to receive an update report on progress made in two cycles.

2.3 In accordance with Standing Order 30.1, the decision was referred to Council for approval.

3. Background Reading/ External References

3.1 [Webcast of the Transport and Environment Committee – 12 November 2020](#)

4. Appendices

- 4.1 Appendix 1 – Conservative Amended Appendix 1 – Project List / Recommendation and Estimated Cost
- 4.2 Appendix 2 – Report by the Executive Director of Place

Conservative Amended Appendix 1 – Project List / Recommendation and Estimated Cost

(Scheme delivery dependent on installation costs and budget)

Location	Intervention (Proposed/Actual)	Review Outcome/Update
CITY CENTRE		
South Bridge – Town Centre measures	Footway widening & cycle lanes	Proposed scheme developed for Committee approval (Appendix 2A)
Waverley Bridge	Closure	Review complete – recommendation to continue with improvements
Forest Road	Cycle segregation	Review complete – recommendation to continue with no changes
George IV Bridge	Cycle segregation	Review complete – recommendation to continue with no changes
The Mound	Cycle segregation	Review complete – recommendation to continue with no changes
Princes Street East End	Bus gate	Review complete – recommendation to continue with no changes
Victoria Street	Part time closure	Review complete – recommendation to revise to pedestrian zone to open from George IV Bridge. Revised scheme recommended for approval.
Cockburn Street	Part time closure	Continue review to explore taking access from Market Street to facilitate access for residents and traders – to report back in one cycle
Cowgate	N/A	No scheme proposed. (Budget to be reallocated to South Bridge proposals).
Chamber Street	Temporary signals at George IV Bridge Junction	Incorporated into South Bridge scheme for Committee approval.

TOWN CENTRES		
Queensferry High Street	Pedestrian space	Scheme under review with local stakeholders. Installation expected in November 20
Great Junction Street	Pedestrian space (remove)	Review complete - recommendation to remove the interventions following review and feedback from Lothian Buses.
Stockbridge	Pedestrian space	Notes the late completion of the SGN works and agrees a further detailed review given specific feedback from businesses

Gorgie / Dalry Road	Pedestrian space	Review complete – recommendation to continue with no changes
Bruntsfield	Pedestrian space	Recommend further detailed review given specific feedback from businesses
Tollcross		Recommend further detailed review given specific feedback from businesses
Morningside	Pedestrian space	Recommend further detailed review given specific feedback from businesses
Portobello	Pedestrian space	Review complete – recommendation to continue with no changes
Corstorphine	Pedestrian space	Review complete – recommendation to continue with no changes
Newington Corridor	N/A	Assessment concluded that it was not possible to introduce measures due to the road width
The Shore	Subject consideration and engagement	Proposals for this location will be considered as part of consideration of local area interventions for Leith (see below) with full consultation and outside of SFP given legal position in relation to LTN introduction

TRAVELLING SAFELY		Scheme list under review wrt available budget
Telford Road	Cycle segregation	Proposals withdrawn due to significant impact on public transport, delays and need for costly junction changes anticipated
Fountainbridge Dundee St	Cycle segregation	Scheme programmed for implementation.
Ferry Road	Cycle segregation	Review complete – recommendation to continue with installation of segregation units programmed
Melville Drive	Cycle segregation	Scheme on hold. There are alternative routes available if further funding is made available.
Teviot Place / Potterow	Cycle segregation	Scheme programmed
Buccleuch St / Causewayside	Cycle segregation	Scheme implemented. To be reviewed after two months
Crewe Toll Roundabout	Cycle segregation (Further consideration at DRG – traffic modelling)	The scheme design is to be reviewed following modelling. A Stage 2 Road Safety Audit has been completed and will feed into the design review – share ASAP with elected members

Meadowplace Road	Cycle segregation	Scheme on hold. Interventions possible if further funding is made available
Duddingston Road	Cycle segregation	Scheme programmed for implementation
Wester Hailes Road	Cycle segregation (Alternative plans to be developed)	Remove scheme from Programme
Craigmillar Park corridor	Cycle segregation	Scheme programmed for implementation
Gilmerton Road	Cycle segregation	Scheme programmed for implementation
Kingston Avenue closure and connection to Gilmerton Rd via Ravenswood Ave	Road closure	Scheme currently on hold
Crewe Road South	Cycle segregation (segregator units to be installed)	Review complete - installation of segregation units completed. No further changes proposed
Old Dalkeith Road	Cycle segregation (segregator units to be installed)	Review complete – recommendation to reduce segregation to maintain road width for buses and emergency vehicles. Installation of segregation units (where possible) complete
Comiston Road	Cycle segregation	Review complete – proposed to continue to monitor. Further review planned for December 2020. Installation of segregation units complete. Review with community and take account of network impact – LB included
Inglis Green Rd	Cycle segregation	Postpone Scheme and consult fully (Appendix 2B)
Pennywell Road	Cycle segregation	Review programmed December 2020, Installation of segregation units complete
Mayfield Road	Cycle segregation	Scheme programmed for implementation
Quiet Corridor - Meadows / Greenbank	Various closures	Options included in Committee Report for approval (Appendix 2C)
A90 Queensferry Road	Bus Lanes and cycle segregation	Scheme to be reviewed independently of this report – full plans must be available and enhanced consultation where possible
A1 Corridor	Bus Lanes and cycle segregation	Scheme to be reviewed independently of this report – full

		plans must be available and enhanced consultation where possible
Slateford Road (A70)	Cycle segregation	Postpone design
Lanark Road	Cycle segregation	Scheme to be reviewed independently of this report – full plans must be available and enhanced consultation
Longstone Road	Cycle segregation	Scheme to be reviewed independently of this report – full plans must be available and enhanced consultation
Murrayburn Road (short section at Longstone)	Cycle segregation	Proposals included for Committee approval (Appendix 2B)
Orchard Brae Roundabout	Road markings	Scheme Review to take account of elected member comments on inadequacy of “paint only” design

LOCAL AREA INTERVENTIONS		
East Craigs	Proposed closures & part-time bus gate	Options to be considered under separate report -
Drum Brae North	Cycle segregation	Options to be considered under separate report on East Craigs
Leith	TBA	Design under development
Corstorphine South (Featherhall)	Filtered permeability	Scheme to be developed using funding from Neighbourhood Environment Programme (NEPs) rather than Spaces for People (the estimated cost is £50,000)

SPACES FOR EXERCISE		
Braid Road	Road closure	Review undertaken – recommendation to reopen immediately
Links Gardens	Road closure	Review undertaken – recommendation to reopen immediately
Cammo Walk	Road closure	Review complete - recommendation to modify and reopen south Cammo car park included in this Committee report
Warriston Road	Road closure	Review undertaken – Recommendation to remove this scheme included in this Committee report

Stanley Street/ Hope Street	Road closure	Review complete – recommendation to continue with improvements to temporary signage
Braidburn Terrace	One-way road closure	Continuation of temporary one-way arrangement considered appropriate with Braid Road closure
Silverknowes Road (North section)	Road Closure	Review undertaken - revision proposed for approval in this report
Silverknowes Road (South section)	Alternative on-street proposal to be developed	Following notification response - progress alternative detailed design
Granton Square / Gypsy Brae	Cycle segregation	Local engagement ongoing - scheme under development.
Seafield Street	Cycle segregation	Review programmed for December 2020.
Kings Place	Link between Proms	Temporary measures installed - Review programmed December 2020
Maybury Road	Temporary traffic lights	Review complete – recommendation to continue with no changes (note traffic lights are now 'live' but further North and another set are due to be in situ nearer Queensferry Road imminently)
Arboretum Place	Crossing point	Temporary measures installed - Review programmed December 2020
Carrington Road	Road closure	Currently on hold

Public Proposals – Commonplace Consultation	Various	Recommend approval to progress detailed designs:
Broughton Street	Pavement widening and uphill cycle lane	To approve subject to consultation with local community: develop short / medium term proposals in order to recognise impact changes in traffic management to facilitate tram construction
Broughton St Roundabout	Improvements for pedestrian crossings	For Approval
Restalrig Road South (Smoky Brae)	Pavement widening and uphill cycle lane. Road layout TBA	For Approval
Starbank Road	Pavement widening with give & go traffic management	To approve to detailed design work, subject to traffic modelling being completed to understand the impact

		on people moving along or living on Starbank Road, East Trinity Road and Ferry Road.
Fillyside Road - Crossing	Installation of a pedestrian/cyclist crossing point (Island – TBA)	For Approval
Fillyside Road	Pavement widening	For Approval
West End of Princes Street	Footpath widening at Johnny Walker site	No short term changes possible
Musselburgh boundary to Portobello (Edinburgh section)	Cycle segregation from CEC boundary in to Portobello	For Approval
Duddingston Road West	Cycle segregation	Assessment completed but considered not feasible due to road width
Portobello Promenade	Improved signage and minor interventions to reduce speed of cyclists	For Approval Additional/improved signage to be considered
Removal of Street Clutter	Working in partnership with Living Streets to remove street clutter	Proposed to package as a single, city wide scheme (excluding city centre) : progress report to TEC in Jan 2021
Greenbank Drive and Glenlockhart Road	Reduce speed limit to 20mph	Speed limit reduction to be considered by the Road Safety team

Schools	Various measures	See Appendix 3.
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Note: Information contained in this list will be subject to change with the potential for estimated costs to be revised during the detailed design phase. Actual costs are tracked during the procurement and installation phases.

Each project (excluding minor interventions at schools for example) is considered by a Design Review Group (peer review), subject to internal approval and shared with the agreed Notification Stakeholder Group.

On completion of all these stages the projects are considered by the Corporate Incident Management Team (CIMT) or Committee prior to implementation.

Transport and Environment Committee

10.00am, Thursday, 12 November 2020

Spaces for People Update – November 2020

Executive/routine Wards Council Commitments	Executive 1, 3, 4, 5, 9, 10, 11, 13, 14, 17
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1. Recommendations

- 1.1 Transport and Environment Committee is asked to:
 - 1.1.1 Note this update on the Spaces for People programme;
 - 1.1.2 Approve the specific scheme changes noted in paragraph 4.5;
 - 1.1.3 Approve the new schemes as outlined in paragraphs 4.7, 4.8 – 4.11 and Appendix 2 for:
 - 1.1.3.1 South Bridge – Town Centre Measures;
 - 1.1.3.2 Lanark Road, Longstone Road and Inglis Green Road;
 - 1.1.3.3 A1 and A90; and
 - 1.1.3.4 Greenbank to Meadows;
 - 1.1.4 Approve the recommendations included in Appendix 1;
 - 1.1.5 Note the schedule of proposed measures near schools (Appendix 3); and
 - 1.1.6 Note the high level and detailed reports on Commonplace (Appendix 4) and approve the recommended schemes arising from the suggestions made (paragraph 4.36 and Appendix 1).

Paul Lawrence

Executive Director of Place

Contact: Dave Sinclair, Local Transport and Environment Manager

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Spaces for People Update – November 2020

2. Executive Summary

- 2.1 Policy and Sustainability Committee approved creating safe spaces for walking and cycling in [May 2020](#) in response to the impact of COVID-19. This report provides an update on the schemes implemented by a Temporary Traffic Regulation Order (TTRO), under delegated authority with recommendations on continuation or changes (as appropriate).
- 2.2 This report also requests approval to progress with four new schemes and provides updates on the measures introduced for schools and on the feedback received through Commonplace.

3. Background

- 3.1 The Scottish Government's Spaces for People programme was introduced in May 2020 to protect Public Health, reduce the likelihood of danger to the public and provide safe options for essential journeys.
- 3.2 Spaces for People schemes are approved for implementation by the Council Incident Management Team (CIMT), followed by discussion between the Chief Executive, the Leader of the Council and the Depute Leader under the delegated scheme approved in response to COVID-19.
- 3.3 Where appropriate, the Road Traffic Regulation Act (RTRA) 1984 allows the Roads Authority to restrict or prohibit temporarily the use of a road, or any part of it, by vehicles or pedestrians, to such an extent as it considers necessary making use of TTROs for up to a period of 18 months and for up to six months for interventions on footways.
- 3.4 As Roads Authority, the Council has powers to introduce features on public roads. Not all projects or features require TTROs, however the Project List (Appendix 1) includes all proposals considered or implemented to date.
- 3.5 Since April 2020, the Spaces for People programme has implemented interventions under the following themes across the city:
 - 3.5.1 **City Centre** – measures to provide additional safe space for walking and provide access to shops on key routes, the provision of safe cycling

segregation to support alternative travel options in the city centre and maintaining reasonable access for residents and businesses to create safe public space and support economic recovery;

- 3.5.2 **Town Centres** – measures to provide safe space for people to walk and access local shops safely (considering the current default two metre distancing guidance), the provision of adequate servicing facilities for businesses to protect our Town Centres and support economic recovery;
- 3.5.3 **Space for Exercise** – early interventions in April and May 2020 to create safe spaces for people to access open and green spaces across the city with continued provision to encourage outdoor exercise with safe local access and connections;
- 3.5.4 **Traveling Safely** – the provision of safe segregated cycle infrastructure on key arterial routes (over 30km planned), supporting people to consider active travel options. The programme also includes the introduction of bus lane enhancements to protect and/or improve journey times;
- 3.5.5 **Measures near Schools** – introduction of various measures around schools across the whole city to create safer spaces for young people, parents and carers when dropping off and collect children, or accessing their school;
- 3.5.6 **Public Suggestions** – an allocation of funding (£0.250m) to consider and implement supplementary measures across the city suggested during the Commonplace consultation exercise.

- 3.6 Based on feedback through Commonplace, a further theme for **Removal of Street Clutter** is being developed.
- 3.7 Policy and Sustainability Committee requested updates on the programme every two months. The last project update was considered by Policy and Sustainability Committee on [20 August 2020](#).
- 3.8 Generally, the schemes to date have related to individual streets under the above themes. As reported to Committee on 1 October 2020, where schemes cover a broader geographical area or are more complex, these will now be presented to Committee for approval, rather than being approved by CIMT.
- 3.9 For interventions that relate to a single street or where the intervention is considered to be minor in nature (e.g. measures for schools, local Commonplace suggestions or minor improvements arising from project reviews), these would be considered through the existing delegated authority approval process.

4. Main report

Programme Update and Scheme Reviews

- 4.1 The scheme list in Appendix 1 sets out all projects currently included in the programme, noting the scope of the interventions and their current status.

- 4.2 An internal peer review process has been established to review the implemented schemes and to consider the success or otherwise of each scheme, before making recommendations on next steps.
- 4.3 These reviews consider project outcomes in relation to programme objectives, the findings from Stage 3 Road Safety Audits (where available), feedback received from residents and/or stakeholders, changes in current traffic patterns and feedback from key stakeholders (including the blue light services and Lothian Buses).
- 4.4 All of the implemented schemes have recently been reviewed and a recommendation on next steps has been provided. On the basis of the assessment undertaken there are 20 schemes which are recommended to continue as currently implemented (or with very slight amendments e.g. Waverley Bridge, Bruntsfield and Old Dalkeith Road).
- 4.5 In the case of a further six schemes more significant amendments have been noted by CIMT and are now presented to Committee for approval:
- 4.5.1 On Warriston Road it is proposed to remove the measures in place as it appears that there is decreased pressure on the North Edinburgh Path Network now and use of the road by people walking and cycling is modest. These measures have therefore been assessed as no longer being required.
- 4.5.2 On Victoria Street changes are proposed to create a revised pedestrian priority zone which allows limited servicing access during the day. This recommendation has been made following review of the existing measures and feedback from a Local Elected Member and traders that improvements to delivery and servicing access are required. The proposed measures include time restricted access from a gateway feature at the George IV Bridge junction. The 'no parking' restriction is proposed to continue, but limited loading will be permitted. (Further activities planned for Victoria Street are outlined in paragraphs 4.12 – 4.15.)
- 4.5.3 Following feedback from the Cramond and Barnton Community Council it is proposed to re-open the Cammo Estate lower car park, by relocating the road closure to the south of the access. In addition, during the period of the temporary closure local residents have reported inconsiderate parking in the area. To address this, additional temporary waiting restrictions have been laid at the Cammo Road junction to improve visibility.
- 4.5.4 During the review detailed consideration was given to local access and the principles of the closure of Silverknowes Road (North section). The original project principles are still valid (to provide safe access to areas of exercise) however, the reinstatement of the public transport route is seen as important to provide access to sustainable transport. While it is acknowledged that public transport use is restricted at this time, the reinstatement of the local bus service should give people safe travel options, in line with appropriate travel advice. The proposal is to reopen the road to public transport vehicles. Keeping the road closed to other traffic will allow the introduction of a wide segregated cycleway suitable for family groups and children.

4.5.5 Following a review of the scheme and feedback from Lothian Buses, it is proposed to remove the measures in place on Great Junction Street.

4.5.6 Following review of the scheme and representation from local Councillors, it is proposed to reinstate 10 parking spaces on Morningside Road.

4.6 In addition, Appendix 1 shows a number of schemes which are currently on hold, are under consideration, which are currently being developed or for which detailed design is still to be completed.

Schemes Recommended for Approval

4.7 There are four further temporary schemes which are more complex or cover a wider geographical area and are therefore presented to Committee for approval. Below is a summary of the proposals (with further details set out in the referenced appendices):

South Bridge – Town Centre Measures

4.7.1 To facilitate safe physical distancing, safer conditions for both pedestrians and cyclists, to improve the local town centre environment and to support economic recovery, it is proposed to introduce measures on and around South Bridge. These measures include a bus gate at the Chambers Street junction (northbound), footpath widening and segregated cycleways as shown in Appendix 2A. This scheme will also support the traffic management necessary for the repairs to North Bridge, enabling these to be completed more quickly and economically. It will also include a revised road layout for Chambers Street (loading areas) and introduce a temporary signalised junction at Chambers Street and George IV Bridge. This proposal also has a link into the infrastructure works on North Bridge as outlined in the Appendix;

Lanark Road, Longstone Road and Inglis Green Road

4.7.2 On these roads it is proposed to install cycle segregation and revised parking arrangements over the extent of the noted routes as set out in Appendix 2B to provide a safe, protected cycling route as an alternative to the canal towpath and Water of Leith shared use path on each of these roads;

A1 and A90

4.7.3 It is proposed to introduce cycle improvement temporary infrastructure on the A1 (Appendix 2C) and the A90 (Appendix 2D) These plans have been developed alongside proposals to improve bus priority as part of the Bus Priority Rapid Deployment Fund (BPRDF) to maximise the benefits and to minimise any potential adverse impacts for other road users. These plans link with existing infrastructure to enhance rather than replace them.

Greenbank to Meadows

- 4.8 As reported to Committee on 1 October, a scheme has been developed to improve connectivity between Greenbank and the Meadows by creating safer cycling routes along this route.
- 4.9 The principle of the recommended scheme is to maintain the existing Braid Road closure and introduce specific measures near the St Peter's and James Gillespie's schools to provide a coherent quiet connection from the Greenbank area through to the existing Meadows active travel network. This option does not require the installation of any further interventions in the Cluny/Midmar area to restrict intrusive traffic (shown in Appendix 2C).
- 4.10 The Spaces for People review of the measures on Braid Road recommends retaining its closure. This assessment has considered the scheme relationship with both Comiston Road and with the proposals for the Greenbank to Meadows Quiet Connection.
- 4.11 Recognising the feedback received, officers have considered the impact of reopening Braid Road in a south-bound direction to allow residents and visitors to the Cluny/Midmar area an alternative route to access the south of the city. However, this has identified that it would cause conflict between general traffic and users of the quiet route (on Hermitage Drive) and would undermine the attractiveness of the Greenbank to Meadows proposals and would require additional traffic calming measures to be introduced.
- 4.12 Full details, including designs for each of these schemes can be obtained from the Spaces for People team (spacesforpeople@edinburgh.gov.uk).
- 4.13 All of the measures proposed have been considered in respect of the legal powers associated with TTRO powers. An assessment of the measures and the associated legislation has concluded that these proposals have been developed to provide access to appropriate areas which enables safe active travel for all ages during the transition through and beyond COVID-19.

Upcoming Schemes

- 4.14 There are a number of schemes which are currently being developed which it is hoped will be ready for Committee approval on 28 January 2021, including:
- 4.14.1 Corstorphine South (Featherhall) where measures are proposed to close some local roads and to introduce waiting restrictions to reduce intrusive traffic and improve road safety in the Featherhall area; and
- 4.14.2 Leith where measures are also proposed, closing some local roads and introducing waiting restrictions to reduce intrusive traffic and improve road safety.

Other Activities

- 4.15 In addition to the schemes outlined above, there are a number of other activities which have been taking place which are focused on creating safe spaces for walking and cycling.

City Centre Interventions

Cockburn Street and Victoria Street

- 4.16 In recognition of the unique trading environment on Cockburn Street and Victoria Street, the introduction of new temporary street furniture is being explored. This would include planters/benches/parklets and creating space for additional tables and chairs trading areas for adjacent businesses where space allows.
- 4.17 It is acknowledged that current access arrangements on Cockburn Street are quite challenging for local residents and businesses. Currently, access is taken from the existing rising bollards on the High Street near the Council Chambers. Due to the recent failure of the automatic bollards it has been necessary to make use of a Steward at this location. Clearly, this situation has a financial implication and repairs to the bollard units will be progressed as soon as reasonably possible.
- 4.18 In addition to the current access arrangements on Cockburn Street (06:30-10:30am each day), the Parking Operations team are exploring options to allow residents with existing parking permits an opportunity to access the street for 30 minutes outwith the current High Street access periods. The purpose of this arrangement is to allow specific access for deliveries etc.
- 4.19 New or enhanced lighting will also be installed in Cockburn Street and Victoria Street for the festive period.

George Square and Appleton Tower Area

- 4.20 On behalf of Edinburgh University, public safety measures were introduced at the start of the University's autumn term around George Square and the Appleton Tower area. These measures were designed to facilitate outside queuing and were funded separately from the Spaces for People programme.
- 4.21 Following a request from Edinburgh University, some of these measures were removed in October 2020.

Measures to Improve Access to Schools

- 4.22 A broad range of interventions to create safer spaces around the city's schools have been installed or are planned.
- 4.23 These range from temporary road closures, to footpath widening, introduction of additional waiting restrictions and changes to access arrangements. Details and the status of these measures are set out in Appendix 3.
- 4.24 In summary, measures have been planned for over 130 primary schools across the city, with 74 expected to be complete by the time Committee meets. The remaining measures will be implemented as soon as possible.

Winter Maintenance

- 4.25 The Council's Road Operations team are responsible for co-ordinating the maintenance of the city's road network during winter weather. Treatment decisions will be taken in accordance with the Council's Winter Maintenance Plan, based on risk, forecast and actual weather conditions.

- 4.26 The Spaces for People team, with support from Road Operations, are currently reviewing the existing Winter Maintenance Plan alongside the Spaces for People measures to identify areas where additional treatment plans may be required.

Street Cleaning

- 4.27 Where possible, interventions have been designed to support mechanical street cleaning.
- 4.28 In particular, segregated cycle routes have been designed to facilitate access for the eight small mechanical street cleaning vehicles in the current Council fleet.
- 4.29 Specific cleaning schedules, including Spaces for People projects, were prepared in advance of the leaf fall season and if necessary, additional resources will be allocated from Spaces for People to support the clearance of leaves within the temporary features during this challenging period.

Commonplace

Feedback Summary

- 4.30 As previously reported, public suggestions and comments on the Spaces for People programme were gathered between 29 May and 29 June 2020 using the 'Commonplace' online tool.
- 4.31 A total of 4,100 comments were made, with 31,687 agreements logged on Commonplace.
- 4.32 The information gathered through Commonplace was then mapped using GIS software to produce a 'heatmap' of comments and agreements.
- 4.33 This map was then overlaid with the existing and proposed programme of interventions to:
- 4.33.1 Identify clusters of comments which had not already been proposed (a gap analysis);
 - 4.33.2 Identify corridors or locations where particular issues were noted for pedestrians and people using bikes; and
 - 4.33.3 Identify clusters of comments which related to shopping streets or city centre locations.
- 4.34 The analysis considered the number of comments, their concentration and the number of agreements. An adjustment was made to give more weight to comments relating to those areas of the city scoring highly on the Scottish Index of Multiple Deprivation. This was undertaken to counter the tendency for comments to be concentrated in more affluent areas with higher internet access and response rates.
- 4.35 Appendix 4 provides analysis in the form of a report noting high level and specific feedback received during the Commonplace consultation, the report also identifies comments received relative to the appropriate theme or project.

Next Steps

- 4.36 Based on the above analysis, 11 schemes were shortlisted to progress, with nine schemes recommended to be progressed as part of the current Spaces for People programme. These are:
- 4.36.1 Pavement widening and uphill cycle lane on Broughton Street;
 - 4.36.2 Pedestrian crossing improvements on Broughton Street roundabout;
 - 4.36.3 Pavement widening and uphill cycle lane on Restalrig Road South (Smoky Brae);
 - 4.36.4 Pavement widening with give and go traffic management on Starbank Road;
 - 4.36.5 Installation of a pedestrian/cyclist crossing point on Fillyside Road;
 - 4.36.6 Pavement widening on Fillyside Road;
 - 4.36.7 Footpath widening at the West End of Princes Street;
 - 4.36.8 Cycle segregation from the City of Edinburgh boundary into Portobello; and
 - 4.36.9 Improved signage and minor interventions to reduce speed of cyclists on Portobello Promenade.
- 4.37 In addition, the removal of guardrail and street clutter were themes raised at many locations.
- 4.38 Working in partnership with Living Streets, a new project theme has been created to define and schedule the removal of non-essential street furniture to reduce the danger to pedestrians and improve walking conditions. Although the package of works is still to be defined, a longlist of locations has been assessed and for each location a solution has been identified or the conclusion has been reached that there is no short-term viable solution which can be delivered through Spaces for People.
- 4.39 Of the long-listed locations, not including the citywide package, there are 19 in which potentially viable solutions have been identified so far.

5. Next Steps

- 5.1 If the recommendations of this report are approved:
- 5.1.1 Existing interventions will continue, be adjusted or will be removed;
 - 5.1.2 The newly approved measures will be introduced as soon as possible; and
 - 5.1.3 The proposed schemes set out above will be further developed with the aim of presenting these to Committee on 28 January 2021.
- 5.2 In addition, the other interventions set out in the report will be progressed as appropriate.

6. Financial impact

- 6.1 The City of Edinburgh Council has been allocated £5m from the Scottish Government's Spaces for People programme.
- 6.2 The programme scheme list and implementation programme will consider the actual costs of delivery and available budget within each particular theme. It should be noted therefore that the final project programme may be subject to change.
- 6.3 The costs to design, implement, monitor, maintain and remove measures, as well as for project management, design and TTRO preparation for Spaces for People interventions will be contained within the allocated funding and are summarised below:

Programme Theme	Funding Allocation £'000
City Centre	443
Town Centres	415
Travelling Safely	1,747
Local Area Interventions	122
Spaces for Exercise	218
Public Proposals – Commonplace (including the Removal of Street Clutter)	297
Schools	150
Total cost of implementation and maintenance	3,392
Design and Management (City of Edinburgh Council staff costs)	750
Monitoring and Evaluation	175
Road Patching (City Centre)	200
Removal allowance	350
Contingency (Schemes on HOLD/additional maintenance/removal)	83
Additional resource for Street Cleaning team (October/November/December)	50

Overall Total	5,000
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- 6.4 The measures associated with George Square and the surrounding area were funded separately, as will any measures associated with Featherhall (which will be funded from Neighbourhood Environment Partnership (NEPs)).

7. Stakeholder/Community Impact

- 7.1 The process for notification on Spaces for People schemes was agreed on 14 May 2020.
- 7.2 All TTROs required to implement measures through this programme have been advertised on the Council website. Due to the current COVID 19 infection transmission risk street bills are not currently used.
- 7.3 An initial [Integrated Impact Assessment](#) for the programme was developed and published on the Council's website. This has recently been updated and will shortly be uploaded to the website.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 Spaces for People Project Update
- 9.2 Appendix 2 Scheme Proposals for Approval
- 9.2.1 Appendix A - South Bridge – Town Centre proposals
- 9.2.2 Appendix B - Lanark Road – Cycle Segregation
- 9.2.3 Appendix C - A1 Public Transport improvements and Cycle Segregation
- 9.2.4 Appendix D - A90 - Public Transport improvements and Cycle Segregation
- 9.2.5 Appendix E - Greenbank to Meadows – Quiet Connection
- 9.3 Appendix 3 Project list for measures near schools
- 9.4 Appendix 4 Commonplace Report

Appendix 1 – Project List / Recommendation and Estimated Cost

Location	Intervention (Proposed/Actual)	Review Outcome/Update
CITY CENTRE		
South Bridge – Town Centre measures	Footway widening & cycle lanes	Proposed scheme developed for Committee approval (Appendix 2A)
Waverley Bridge	Closure	Review complete – recommendation to continue with improvements
Forest Road	Cycle segregation	Review complete – recommendation to continue with no changes
George IV Bridge	Cycle segregation	Review complete – recommendation to continue with no changes
The Mound	Cycle segregation	Review complete – recommendation to continue with no changes
Princes Street East End	Bus gate	Review complete – recommendation to continue with no changes
Victoria Street	Part time closure	Review complete – recommendation to revise to pedestrian zone to open from George IV Bridge. Revised scheme recommended for approval.
Cockburn Street	Part time closure	Review complete – recommendation to continue. Repairs to High Street rising bollards to be completed as soon as possible.
Cowgate	N/A	No scheme proposed. (Budget to be reallocated to South Bridge proposals).
Chamber Street	Temporary signals at George IV Bridge Junction	Incorporated into South Bridge scheme for Committee approval.

TOWN CENTRES		
Queensferry High Street	Pedestrian space	Scheme under review with local stakeholders. Installation expected in November 2020
Great Junction Street	Pedestrian space (remove)	Review complete - recommendation to remove the interventions following review.
Stockbridge	Pedestrian space	Programmed for implementation on 5/11/2020 following completion of SGN works
Gorgie / Dalry Road	Pedestrian space	Review complete – recommendation to continue with no changes
Bruntsfield	Pedestrian space	Review complete – recommendation to continue with minor revisions
Tollcross		Review complete – recommendation to continue and review in January 2021 when resurfacing underway

Morningside	Pedestrian space	Review complete – recommendation to continue with minor revisions including 10 parking spaces to be reinstated
Portobello	Pedestrian space	Review complete – recommendation to continue with no changes
Corstorphine	Pedestrian space	Review complete – recommendation to continue with no changes
Newington Corridor	N/A	Assessment concluded that it was not possible to introduce measures due to the road width
The Shore	Subject consideration and engagement	Proposals for this location will be considered as part of consideration of local area interventions for Leith (see below)

TRAVELLING SAFELY		Scheme list under review currently being reviewed in line with the available budget
Telford Road	Cycle segregation	Proposals withdrawn due to significant impact on public transport, delays and need for costly junction changes anticipated
Fountainbridge Dundee St	Cycle segregation	Scheme programmed for implementation.
Ferry Road	Cycle segregation	Review complete – recommendation to continue with installation of segregation units programmed
Melville Drive	Cycle segregation	Scheme on hold. There are alternative routes available if further funding is made available.
Teviot Place / Potterow	Cycle segregation	Scheme programmed
Buccleuch St / Causewayside	Cycle segregation	Scheme implemented. To be reviewed after two months
Crewe Toll Roundabout	Cycle segregation (Further consideration at DRG – traffic modelling)	The scheme design is to be reviewed following modelling. A Stage 2 Road Safety Audit has been completed and will feed into the design review
Meadowplace Road	Cycle segregation	Scheme on hold. Interventions possible if further funding is made available
Duddingston Road	Cycle segregation	Scheme programmed for implementation
Wester Hailes Road	Cycle segregation (Alternative plans to be developed)	Currently on hold due to design constraints identified in relation to winter maintenance
Craigmillar Park corridor	Cycle segregation	Scheme programmed for implementation
Gilmerton Road	Cycle segregation	Scheme programmed for implementation

Kingston Avenue closure and connection to Gilmerton Rd via Ravenswood Ave	Road closure	Scheme currently on hold
Crewe Road South	Cycle segregation (segregator units to be installed)	Review complete - installation of segregation units completed. No further changes proposed
Old Dalkeith Road	Cycle segregation (segregator units to be installed)	Review complete – recommendation to reduce segregation to maintain road width for buses and emergency vehicles. Installation of segregation units (where possible) complete
Comiston Road	Cycle segregation	Review complete – proposed to continue to monitor. Further review planned for December 2020. Installation of segregation units complete
Inglis Green Rd	Cycle segregation	Proposals included for Committee approval (Appendix 2B)
Pennywell Road	Cycle segregation	Review programmed December 2020. Installation of segregation units complete
Mayfield Road	Cycle segregation	Scheme programmed for implementation
Quiet Corridor - Meadows / Greenbank	Various closures	Options included in Committee Report for approval (Appendix 2C)
A90 Queensferry Road	Bus Lanes and cycle segregation	Proposals included for Committee approval (Appendix 2D)
A1 Corridor	Bus Lanes and cycle segregation	Proposals included for Committee approval (Appendix 2E)
Slateford Road (A70)	Cycle segregation	Detailed design to be developed
Lanark Road	Cycle segregation	Proposals included for Committee approval (Appendix 2B)
Longstone Road	Cycle segregation	Proposals included for Committee approval (Appendix 2B)
Murrayburn Road (short section at Longstone)	Cycle segregation	Proposals included for Committee approval (Appendix 2B)
Orchard Brae Roundabout	Road markings	Scheme programmed for implementation
LOCAL AREA INTERVENTIONS		
East Craigs	Proposed closures & part-time bus gate	Options to be considered under separate report
Drum Brae North	Cycle segregation	Options to be considered under separate report on East Craigs
Leith	TBA	Design under development

Corstorphine South (Featherhall)	Filtered permeability	Scheme to be developed using funding from Neighbourhood Environment Programme (NEPs) rather than Spaces for People (the estimated cost is £50,000)
SPACES FOR EXERCISE		
Braid Road	Road closure	Review undertaken – recommendation to continue. Continue to monitor adjacent traffic impact
Links Gardens	Road closure	Review undertaken – recommendation to continue. Continue to monitor traffic impact on adjacent streets. Improve access and consider on-street features or school use
Cammo Walk	Road closure	Review complete - recommendation to modify and reopen south Cammo car park included in this Committee report
Warriston Road	Road closure	Review undertaken – Recommendation to remove this scheme included in this Committee report
Stanley Street/ Hope Street	Road closure	Review complete – recommendation to continue with improvements to temporary signage
Braidburn Terrace	One-way road closure	Review complete – recommendation to continue temporary one-way arrangement considered appropriate with Braid Road closure
Silverknowes Road (North section)	Road Closure	Review undertaken - revision proposed for approval in this report
Silverknowes Road (South section)	Alternative on-street proposal to be developed	Following notification response - progress alternative detailed design
Granton Square / Gypsy Brae	Cycle segregation	Local engagement ongoing - scheme under development.
Seafield Street	Cycle segregation	Review programmed for December 2020.
Kings Place	Link between Proms	Temporary measures installed - Review programmed December 2020
Maybury Road	Temporary traffic lights	Review complete – recommendation to continue with no changes
Arboretum Place	Crossing point	Temporary measures installed - Review programmed December 2020
Carrington Road	Road closure	Currently on hold

Public Proposals – Commonplace Consultation	Various	Recommend approval to progress detailed designs:
Broughton Street	Pavement widening and uphill cycle lane	For Approval
Broughton St Roundabout	Improvements for pedestrian crossings	For Approval
Restalrig Road South (Smoky Brae)	Pavement widening and uphill cycle lane. Road layout TBA	For Approval
Starbank Road	Pavement widening with give & go traffic management	For Approval
Fillyside Road - Crossing	Installation of a pedestrian/cyclist crossing point (Island – TBA)	For Approval
Fillyside Road	Pavement widening	For Approval
West End of Princes Street	Footpath widening at Johnny Walker site	No short term changes possible
Musselburgh boundary to Portobello (Edinburgh section)	Cycle segregation from City of Edinburgh boundary in to Portobello	For Approval
Duddingston Road West	Cycle segregation	Assessment completed but considered not feasible due to road width
Portobello Promenade	Improved signage and minor interventions to reduce speed of cyclists	For Approval Additional/improved signage to be considered
Removal of Street Clutter	Working in partnership with Living Streets to remove street clutter	Proposed to package as a single, city wide scheme (excluding city centre)
Greenbank Drive and Glenlockhart Road	Reduce speed limit to 20mph	Speed limit reduction to be considered by the Road Safety team
Schools	Various measures	See Appendix 4.

Note:

Scheme delivery is dependent on installation costs and budget once detailed designs have been developed. The information contained in this list could therefore be subject to changes.

The actual costs are tracked during the procurement and installation phases.

Each project (excluding minor interventions at schools for example) is considered by a Design Review Group (peer review), subject to internal approval and shared with the agreed Notification Stakeholder Group.

On completion of all these stages the projects are considered by the Corporate Incident Management Team (CIMT) or Committee prior to implementation (depending on the anticipated impact of the measures proposed).

Appendix 2 – Schemes for Approval

As set out in the report above, there are four schemes which are being presented to Committee for approval today. The summary of the scheme is set out in the report, with the details of each proposed scheme provided below.

Appendix 2A – South Bridge - Town Centre Measures

Summary of Proposal

Due to the constraints of the existing building lines, existing footway widths, existing traffic management and both North and South bridges being key public transport routes, limited options were available to accommodate all the key desirable outcomes that the Spaces for People projects aim to deliver.

The proposed measures on South Bridge are:

- Reducing the carriageway down to two lanes;
- Allowing buses and taxis only northbound from 0730 hours – 1830 hours;
- Introducing cycle segregation both sides; and
- Widening the footway on both sides.

Following traffic modelling of these measures, to improve the road network capacity there are a small number of additional measures which are required in the streets surrounding South Bridge:

- Introducing a signalised junction at the junction of Chambers Street and George IV Bridge;
- Advance warning signs around the surrounding road network to encourage traffic to use an alternative route;
- Loading areas created on Chambers Street to accommodate deliveries required to be carried out between 0730 hours and 1830 hours;
- Relocation of South Bridge bus stops to North Bridge to reduce obstructions on the footway around the crowded bus stops;
- Closure of George Street west bound between St Andrews Square and Hanover Street; and
- Changes to the traffic signal timings at Hanover street / Queen Street junction.

As noted above, it is intended to relocate the South Bridge bus stops to North Bridge. In addition, as part of the capital infrastructure works which are being carried out on the North Bridge (and to support the measures on South Bridge) it is intended to make northbound traffic only for bus, cycle and taxis between 0730 hours and 1830 hours and to introduce a segregated cycle lane southbound. These measures are expected to be required until the completion of the works (Summer 2022). Ensuring the plans for North and South Bridge fit together and allow both the on-going works (North Bridge) and the planned measures on South Bridge to be implemented has required close partnership working between teams on development and design.

Appendix 2 B – Lanark Road, Longstone Road and Inglis Green Road

Summary of Proposals

The Spaces for People project on Lanark and Longstone Road will establish segregated cycleways and improved bus lanes on Longstone Road and Inglis Green Road between Longstone Roundabout and Slateford Road. It will also provide segregated cycleways and improved bus lanes on Lanark Road between Gillespie Crossroads and Slateford Road.

These measures will form part of a longer route intended to provide an alternative to the Water of Leith and Union Canal towpath to enable physical distancing and reduce congestion and conflict on these busy routes which are shared between cyclists and pedestrians.

The proposed measures on Lanark Road include:

- Removal of kerbside traffic lane – except on approach to junctions;
- Introduction of segregated cycle lanes on both sides of road protected from traffic;
- Retention of parking where space allows – parking will be outside of cycle lane (i.e. footway, then cycle Lane, then parking, then carriageway – similar to Comiston Road);
- Introduction of Bus Lane on approach to Gillespie Crossroads;
- Introduction of parking restrictions on existing bus lane on approach to Inglis Green junction;
- Bus Stop Bypasses have been designed and may be introduced at a later date following review;
- Reduction of speed limit to 30mph; and
- Narrowing side road entries to slow traffic and make crossing easier.

For Longstone Road and Inglis Green Road, the proposed measures include:

- Introduction of segregated cycle lanes on both sides of the road, protected from traffic;
- Retention of parking where space allows;
- No change to bus stops;
- Reduction of speed limit to 20mph; and
- Safety improvements at Longstone/Murrayburn Road roundabout.

Appendix 2C - A1 – London Road to Milton Road West

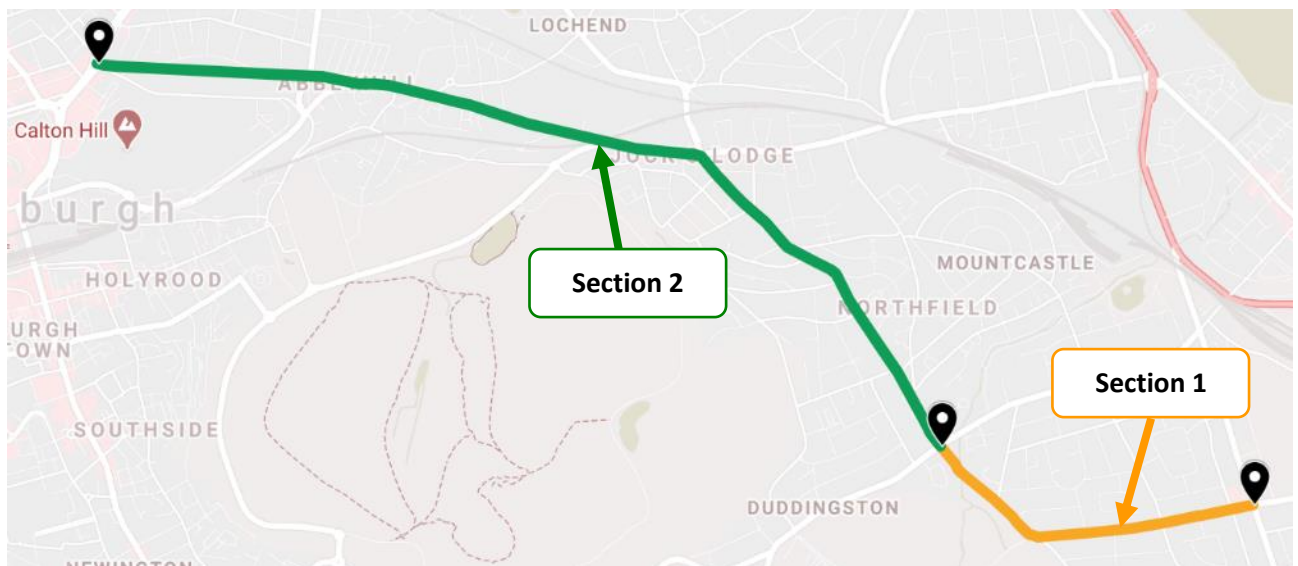
Summary of Proposals

It is proposed to introduce temporary infrastructure improvements to provide significant safety and desirability enhancements for people choosing to cycle along the A1 as part of the Spaces for People programme. Pedestrian improvements and street clutter removal along the corridor have also been considered and, where feasible, have been integrated into the proposals.

These measures have been developed alongside plans for new or enhanced public transport priority which are funded by the Bus Priority Rapid Deployment Fund (BRRDF).

The proposed measures have been developed in a holistic manner to maximise the benefits for both modes while also seeking to minimise any potential adverse impacts on other road users. In sections of the corridor where existing public transport and or cycling infrastructure is already in place, this scheme has aimed to enhance these provisions rather than replace them for the benefit of the other primary mode being improved by this scheme.

Figure 1 defines the extents of the A1 corridor that has been considered for new and or enhanced measures.



In the first instance public transport measures were considered in Section 1 and cycle improvements were considered in Section 2. Principally this was driven by the aim of developing a holistic scheme that delivered strategic benefits in the most impactful locations for both public transport and people choosing to walk and cycle. However, cycle improvement measures are now proposed for Section 1 due one of the scheme objectives to enhance existing public transport or cycle infrastructure rather than removing any for the benefit of the other mode.

The cycle improvement measures have been developed taking into account the existing cycling network, tying into and terminating at key transition points in order to support safe and coherent on-going journeys.

Special consideration has been given when developing the proposals to mitigate potential impacts on the response of emergency vehicles.

It should be noted there are a number of permanent road renewal and enhancement schemes under construction and planned for this corridor which were taken into account during the development of

the proposed measures. More specifically this relates to the section of the A1 corridor between Easter Road and Abercorn Road.

Funding for the implementation of this scheme will be provided through the Spaces for People programme for the pedestrian and cycle measures of the scheme, whereas the public transport measures will be funded through the BPRF programme.

The Spaces for People scheme has been designed to improve the safety and desirability of walking and cycling on one of the city's strategic arterial routes. In accordance with the government policy to promote walking and cycling wherever possible for essential journeys during the pandemic, the proposed measures have been designed to promote and encourage people to choose active and more COVID-19 safe transport modes to: commute to workplaces, schools and other facilities; exercise; access greenspaces and for any other essential trips that utilise the corridor.

It is particularly important to create safe segregated space for people choosing to cycle on this key arterial corridor as the traffic volumes are likely to be in excess of limits set out in the Edinburgh Street Design Guidance for safe and attractive cycling. The installation of segregated cycling infrastructure on this key pedestrian corridor will also provide a significant improvement to the pedestrian environment along the corridor as offsetting vehicles from the footway will provide real and perceived safety benefits for all footway users. It is also important for walking as less traffic can make a safer street space, such as when crossing the road, which is more inviting to walk in.

Minor amendments have been made to the proposals following engagement feedback and have been incorporated into the design presented.

Appendix 2D - A90 Public Transport improvements and Cycle Segregation

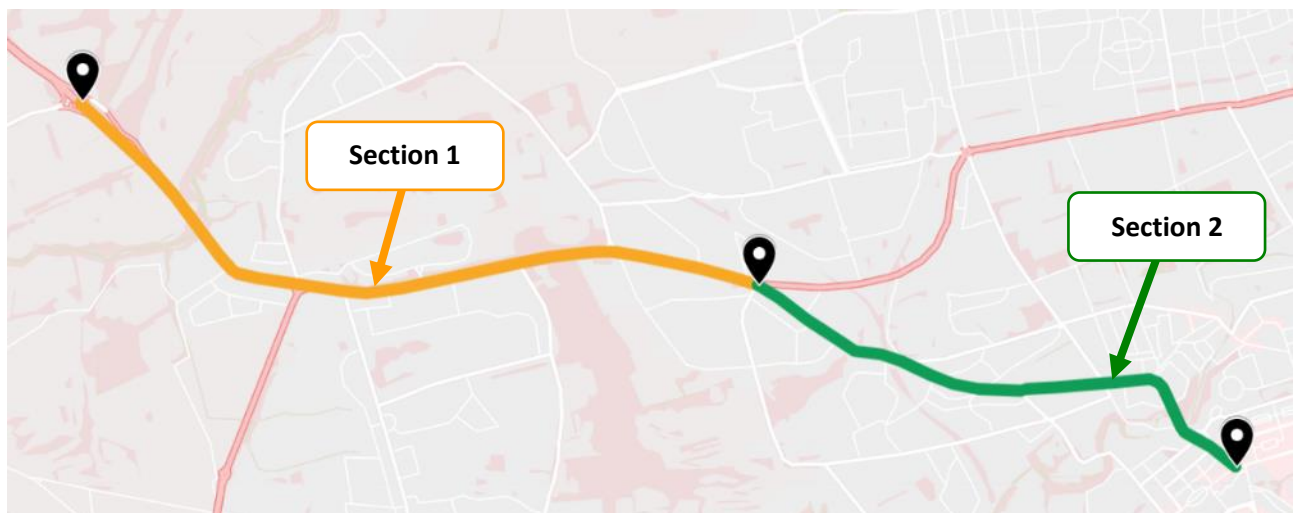
Summary of proposals

It is proposed to introduce temporary infrastructure improvements to provide significant safety and desirability enhancements for people choosing to cycle along the A90 as part of the Spaces for People programme. Pedestrian improvements and street clutter removal along the corridor have also been considered and, where feasible, have been integrated into the proposals.

These measures have been developed alongside plans for new or enhanced public transport priority which are funded by the Bus Priority Rapid Deployment Fund (BRRDF).

The proposed measures have been developed in a holistic manner to maximise the benefits for both modes while also seeking to minimise any potential adverse impacts on other road users. In sections of the corridor where existing public transport and or cycling infrastructure is already in place, this scheme has aimed to enhance these provisions rather than replace them for the benefit of the other primary mode being improved by this scheme.

Figure 2 defines the extents of the A90 corridor that has been considered for new and or enhanced infrastructure.



With reference to Figure 2, in the first instance public transport measures were considered in Section 1 and cycle improvements were considered in Section 2. Principally this was driven by the aim of delivering strategic benefits in the most impactful locations for both public transport and people choosing to walk and cycle. However, a combination of measures is proposed that will provide benefit for both public transport and people choosing to walk and cycle.

The cycle improvement measures have been developed taking into account the existing cycling network, tying into and terminating at key transition points in order to support safe and coherent on-going journeys.

Special consideration has been given to mitigating potential impacts on the response times of emergency vehicles.

With reference to the new and enhanced cycle infrastructure proposed, the measures will improve the safety and desirability of walking and cycling on one of the city's strategic arterial routes. In

accordance with the government policy to promote walking and cycling wherever possible for essential journeys during the pandemic, the proposed measures have been designed to promote and encourage people to choose active and more COVID-19 safe transport modes to: commute to workplaces, schools and other facilities; exercise; access greenspaces and for any other essential trips that utilise the corridor.

It is particularly important to create safe segregated space for people choosing to cycle on this key arterial corridor as the traffic volumes are likely to be in excess of limits set out in the Edinburgh Street Design Guidance for safe and attractive cycling. The installation of segregated cycling infrastructure on this key pedestrian corridor will also provide a significant improvement to the pedestrian environment along the corridor as offsetting vehicles from the footway will provide real and perceived safety benefits for all footway users. It is also important for walking as less traffic can make a safer street space, such as when crossing the road, which is more inviting to walk in.

Appendix 2E – Greenbank to Meadows – Quiet Corridor

Summary of Proposals

This scheme proposes to create a safe cycling route between the south of the city and the city centre, as well as providing a safe way to walk and cycle to school for several primary schools and one high school. It also improves options for safe cycling to Astley Ainslie Hospital.

To achieve this, modal filters (where the street is closed to vehicular traffic) are proposed at the following locations:

- Canaan Lane north of the Astley Ainslie hospital access;
- Whitehouse Loan immediately south of the junction with Strathearn Road;
- Whitehouse Loan immediately south of the junction with Bruntsfield Crescent; and
- Whitehouse Loan immediately north of the junction with Warrender Park Road.

Following a stakeholder meeting with local Councillors the proposed design was revised to reduce the number of closures required. No additional road closures are required in the Cluny/Midmar area if Braid Road remains closed.

It is proposed to introduce a single closure on Canaan Lane just north of the Astley Ainslie entrance. This will remove southbound through traffic from this route and other local streets and will also improve walking or cycling access to the hospital and St Peter's primary school.

Further north, it is proposed to introduce several closures on Whitehouse Loan to remove through traffic and discourage motorists from dropping children off immediately adjacent to James Gillespie's high school and primary school. This will provide additional space for physical distancing and enable people to journey to school by foot or bike.

Braid Road

The current recommendation is to continue with the closure of Braid Road and monitoring of traffic flows on Comiston Road (currently average +11%).

However, it is acknowledged the re-opening of Braid Road could reduce the effect of displaced traffic on the lower section of Comiston Road between the Morningside Station and Greenbank junctions.

At present the closure of Braid Road has effectively removed through traffic from the Cluny area. If Braid Road was re-opened in any direction this would re-introduce traffic to this area, primarily on Midmar Avenue and Hermitage Drive which would cause a conflict between general traffic, and users of the quiet route on Hermitage Drive. This could significantly undermine the attractiveness of the Greenbank to Meadows Quiet Corridor.

It would be challenging to adequately address this conflict particularly at the Hermitage Drive and Braid Road roundabout, where the conflict between cyclists/pedestrians and general traffic is would be difficult to resolve.

While it is considered that the reopening of Braid Road would impact negatively on the wider Greenbank to Meadows plan, if Committee are considering reopening of Braid Road, officers recommend that the southbound route would be the most appropriate. This would require significant traffic calming to main this safe and coherent Quiet Corridor.

In addition, it is likely that additional road closures and other restrictions in the Cluny area would be required to support this.

Further information on all of the schemes, details of the feedback received through the notification process and Commonplace and revised designs will be shared with Elected Members in advance of Committee.

Appendix 3 – Measures near Schools (as at 30 October 2020)

School	Proposal	Status
Murrayburn Primary School	Road Closure and Footpath Widening with Double Yellow Lines (DYLs) at junctions	All in place with the exception of the DYLs.
Gylemuir Primary School	One-way school gate system to be arranged with school, as well as a park smart campaign.	Measures in place. Following discussion with school - install temporary path.
Carrick Knowe Primary School	Letter drop residents to cut back all vegetation on Lampacre Road. Close roads at school frontage.	Letter drop has been passed to Parks and Greenspace service to progress. Road closure to progress through CIMT.
Broomhouse Primary School	One way school gate system to be arranged with school and liaise with St David's Church to use as Park and Stride.	These measures in place. Request for cycle lane on Broomhouse Road to be considered by the Council's Active Travel team.
Forrester High School	Segregated Cycle Lanes (linking in with Meadow Place Road)	Spaces for People team progressing this.
Trinity Primary School	One way school gate system to be arranged with school.	Measures in place and working well. Playgrounds and gates marked and stickered.
Wardie Primary School	Arrange opening other gates with school for one way system at pick up and drop off time. Close access lane to traffic.	All measures in place.
Victoria Primary School	Run a Park Smart campaign, ensure both gates are open for access into school, implement footpath widening and close road to traffic.	Footpath widening in place, will monitor requirement for closure.
Trinity Academy	No measures as permanent 20mph on Craighall Road is at TRO stage	N/A

Appendix 3 – Measures near Schools (as at 30 October 2020)

Bruntsfield Primary School	Road closures.	All in place.
Buckstone Primary School	Run a Park Smart campaign, ensure both gates are open for access into school and agree a one way system at the gates.	Discussion with Head Teacher and Business Manager has taken place. Marked waiting spaces on footway. To go to Design Review Group for introduction of remedial measure.
South Morningside Primary School	Liaise with school to set up a walking bus, encourage Waitrose for use as a Park and Stride site. Road closure on Canaan Lane.	All in place.
Boroughmuir High School	Proposing to extend NE footway of Viewforth	All in place.
Sciennes Primary	Footway widening at gates. Will also arrange for diversion signs to be relocated from footways. Road closure installed along frontage.	All in place.
Tollcross Primary	Liaise with school on making gates one way and utilise car park gate also, restricting entry times for teachers. Permanent scheme delivering footpath widening here.	Arranged on site meeting with Health and Safety
Preston Street Primary	Liaise with school on one way gate system, lane closure on Dalkeith Road and widen footways.	All in place, guardrail removed at both entrances.
James Gillespie's Primary and High Schools	Liaise with schools on creating in/out gate system. Implement pavement widening temporarily.	All measures in place and guardrail removed.
Royal Mile Primary School	No measures possible due to surrounding infrastructure	Suggestion of parent waiting areas taken up by Head Teacher

Appendix 3 – Measures near Schools (as at 30 October 2020)

Taobh na Pairce	Encourage parents to use side gate as more space	All sorted with school
Canal View Primary	Use Westside Plaza as a Park and Stride site, have teachers at the vehicle access to stop vehicles entering the school car park at the start and end of the day to ensure social distancing, restrict entry times for teachers.	Emailed school.
Clovenstone Primary	Arrange one way gates with school	Delivered arrows for one way system.
Sighthill Primary	Ensure paths surrounding the school are clear of vegetation. Liaise with school to open main gate to create a one way in/out system that will be delineated with cones/ barriers.	Contact Head Teacher and Parks and Greenspace service. Been in touch and delivered arrows.
Wester Hailes Education Centre	Run 'paths for all' campaign	Liaise with Head Teacher.
Corstorphine Primary School	Road closures and footway build out	All measures in place.
East Craig's Primary School	Arrange one way gates with school.	System working fine.
Fox Covert Primary School/ St Andrews	Arrange a one way gate system with school, organise park and stride from Drum Brae Hub	Working fine. Arrows delivered.
Hillwood Primary School	Arrange one way gate system	Arrows delivered.
Roseburn Primary School	Arrange one way gate with school.	Liaise with Head Teacher.
Craigmount High School	Measures to be proposed as part of East Craigs Spaces for People programme	N/A
Dean Park Primary	Liaise with school on gate management system at entry/ exit times.	With officer to contact Head Teacher.

Appendix 3 – Measures near Schools (as at 30 October 2020)

Ratho Primary School	Liaise with Bridge Inn as a Park and Stride site, arrange pick up/ drop off with the school recommending parents leave their children before they get to the school gate, if this is not possible, the vehicle access should be utilised as an exit point for parents, this would restrict entry times for teachers.	Arrows delivered. School warning signs and DYL's at the crossing point on North Street with Spaces for People team for notification.
Balerno High School	TTRO for DYL's to prevent drop off happening in cycle lane on Bridge Road along school frontage.	With Spaces for People team to go to notification.
Queensferry Primary School	Arrange one way gate system with the school, TTRO at school frontage to prevent parking	Lining work complete.
Kirkliston Primary School	One way gate system, restrict teachers access times to car park. Encourage Park and Stride	Visited, marked playground. Matting installed at gate. Investigate additional entry point.
Echline Primary School	One way gate system, restrict teachers access times to car park, TTRO at school frontage to prevent parking.	Lining work complete.
Dalmeny Primary	Liaise with the school on setting up a walking bus to reduce number of parents at the school.	No further action at this time, officer has contacted school.
Queensferry High School	Permanent measure already in the pipeline.	Officer met with Head Teacher and Health and Safety. Lining work complete in school grounds to mark a temporary path.
Blackhall Primary School	Arrange vegetation to be cut back on approach to school. Mark 2m spacing on footpath at school gates. Investigate segregating cycle lanes on Craigcrook Road.	With officer to contact Head Teacher and with Spaces for People team to design segregated cycle lanes.

Appendix 3 – Measures near Schools (as at 30 October 2020)

Clermiston Primary School	Mark 2m spacing at school gates, remove guardrail in Parkgrove Place.	Visited and delivered arrows.
Davidsons Mains Primary School	No waiting TTRO between the school and the Turtle Dove café to keep cycleway clear and maximise footway width. Arrange park and stride with school, continue to promote the cycle train and WOW. Install prohibition of vehicles and footway widening.	With officer to contact Head Teacher on soft measures. Lining approved by CIMT. Closures/ widening with Spaces for People team for notification.
Cramond Primary School	Mark 2m spacing at the school gate	Footways marked out.
The Royal High School	Liaise with school on one way system. Widen footway by 2m on south side of Barnton Avenue.	Measures in place.
Balgreen Primary School	Liaise with school on one way system. Have requested additional DYL's.	Reverse direction system working fine.
Craiglockhart Primary School	Liaise with school on one way system. Widen footways around school and remove guardrail. Introduce parking restrictions to clear towpath entrance.	Measures removed in the October week following discussion with Head Teacher. Staggered start times working fine for them.
Dalry Primary School	Liaise with school on one way system. Widen footways around school.	With officer to contact Head Teacher on soft measures. Additional widening out for notification.
Stenhouse Primary School	Liaise with school on one way system. Close Saughton Mains Drive at frontage of school to create more space for pedestrians.	Out for notification. Visited and delivered arrows to enable pedestrian one way.
Tynecastle High School	Liaise with school on one way system.	With officer to contact Head Teacher on soft measures.

Appendix 3 – Measures near Schools (as at 30 October 2020)

Craigour Park School	Encourage Park and Stride. They are having issues. They would like pavement widening and removal of parking or road closure to enable this.	Contact made with school.
Gilmerton Primary School	Additional enforcement from Police Scotland to enforce school streets.	With Police Scotland
Liberton Primary School	Road closure at school frontage, investigate new temporary footway to rear of school.	Awaiting information from care home to implement closure. Temporary path to be installed.
Prestonfield Primary School	Widen footway along frontage of school, introduce TTRO to prevent parking opposite school. Liaise with school on one way gate system. Close road along school frontage.	Lining completed during October Week. With Notification team to proceed with closure to CIMT.
Liberton High School	Remove guardrail at Mount Vernon entrance.	Guardrail removed.
Leith Primary School	Liaise with school on one way system and marking out footway. Request enforcement from Police Scotland on School Streets.	Liaise with Head Teacher.
Craigentenny Primary School	Liaise with school on one way system and marking out footway. Widen footway along frontage and revoke parking.	Liaise with Head Teacher on school entry points and feedback. Footpath widening in place, one way with Spaces for People team for notification.
Hermitage Park Primary	Widen footway at front of school, remove guardrail. Liaise with school on walking and cycling promotion	Widening in place, guardrail removal complete.

Appendix 3 – Measures near Schools (as at 30 October 2020)

Lorne Primary School	Liaise with school on one way system and marking out footway. Contact School with regards to a park smart campaign as soon as possible. Build out footway and revoke parking at frontage	Liaise with Head Teacher. Widening in place. TTRO in progress.
Leith Academy	Contact school to ensure all access gates are being used.	Liaise with Head Teacher.
Towerbank Primary School	Contact school to see if they require arrows. Request additional School Streets enforcement with Police Scotland.	Liaise with Head Teacher.
Duddingston Primary	Request additional School Streets enforcement with Police Scotland, communicate Park and Stride with Parents. Spaces for People installing segregated cycle facilities on Duddingston Road	Liaise with Head Teacher.
Brunstane Primary School	Liaise with school on Park and Stride at The Range. Contact Head Teacher with regards to removing railings in school Close Magdalene Gardens and Magdalene Drive along frontage of the school.	Closures in place. TTRO for DYL's with Spaces for People team to proceed with closure to CIMT. Plans to introduce closure on the bend outside the school is with the notification team. Plans to amend closures to go to notification following discussion with Head Teacher.
Parsons Green Primary School	Liaise with school for requirement of footway arrows and implementation of Walk Once a Week WOW. Closure on Paisley Drive.	Closure in place.
Royal High Primary School	Liaise with school on any additional support/ arrows they need.	Liaise with Head Teacher.

Appendix 3 – Measures near Schools (as at 30 October 2020)

Portobello High School	Stanley Street closed under Spaces for People for active travel/ physical distancing. Mark to contact head over concerns in the car park.	Liaise with Head Teacher.
Craigroyston Primary School	Liaise with school on one way gates and to see if closure of Muirhouse Place West would be beneficial.	Cluster to be completed.
Pirniehall Primary School		Measures are still being developed.
Forthview Primary School		Measures are still being developed.
Craigroyston Primary School	Liaise with school on one way gates	Cluster to be completed.
St Josephs RC Primary School	Liaise with school on one way gates	Arrows and marked footway arrows provided.
Castleview Primary School	Extend Footway by 1 metre along school frontage, remove guardrail and introduce DYL's from Greendykes Road along the school frontage.	With Spaces for People team to proceed with closure to CIMT.
Newcraighall Primary School	Liaise with school on Park and Stride.	Liaise with Head Teacher.
Castlebrae Community High School	Introduce parking restrictions to keep junction clear.	With Spaces for People team to proceed with closure to CIMT.
St John Vianney's RC School	Close road along frontage of school, maintain access for residents and waste	With Spaces for People team to proceed with closure to CIMT.
St Catherine's RC Primary School	Close road along frontage of school, maintain access for residents and waste	With Spaces for People team to proceed with closure to CIMT.
St Marys RC Primary School	Mark out footprints etc around school and in playground	Installation to be completed.

Appendix 4

Spaces for People: Detailed Commonplace Analysis Report

Contents

- Introduction
- Spatial presentation of data
- Longlisting: Cluster selection
- Citywide trends
- Shortlisting
- Scoring
- Recommended schemes
- Schemes for further discussion
- Assessed and rejected longlisted sites

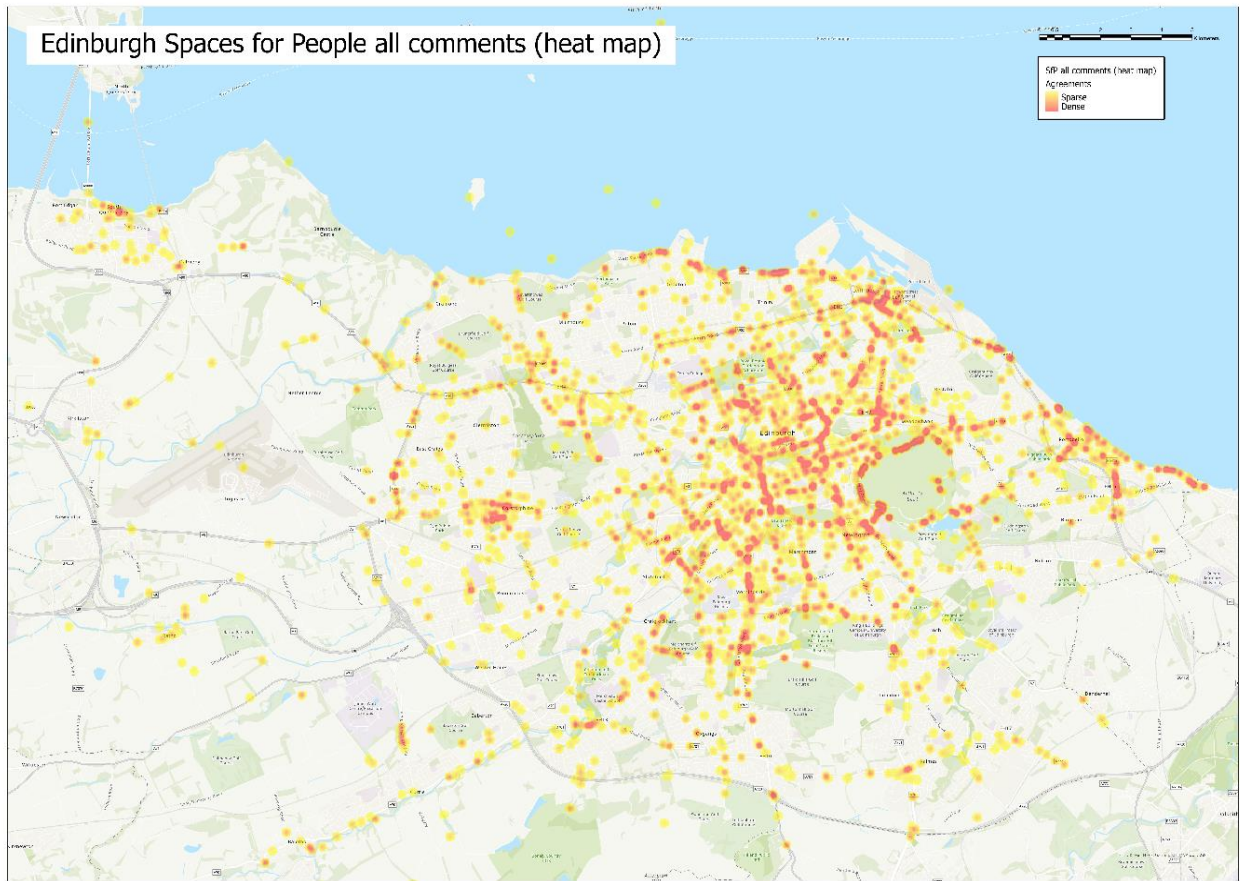
Introduction

This report summarises the detailed analysis undertaken to generate a shortlist of new Spaces for People schemes, based on issues and suggestions raised via the public via the Commonplace platform. It encompasses a recommended shortlist of schemes to be developed further, as well as documenting sites/suggested schemes that were longlisted before being ruled out.

Methodology

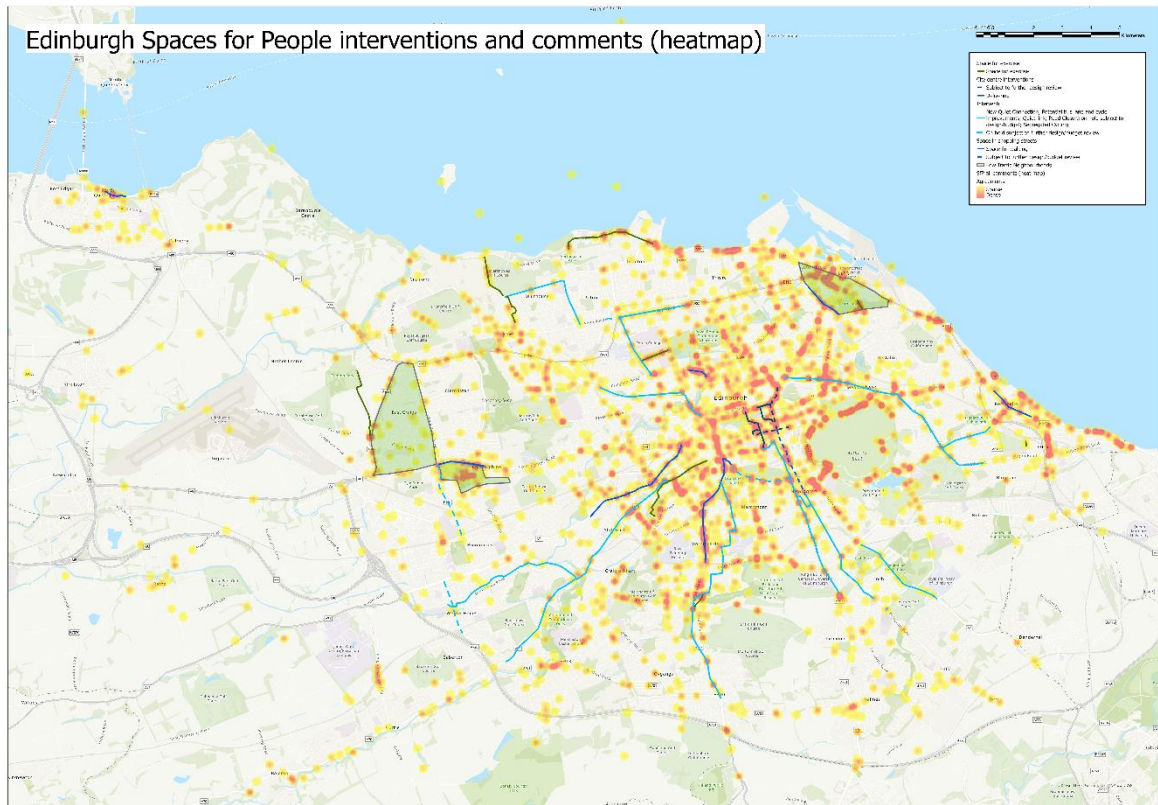
Initial Steps- Spatial presentation of data

The commonplace data was extracted and analysed visually using GIS software so that spatial trends in comments across the city could be identified. The heatmap (Map 1) displays all of the comments styled in a heatmap of agreements. The denser (more red) the colour, the more comments and/or agreements were clustered. It was used to identify locations with significant numbers of comments and/or high levels of agreements.



Map 1: Heatmap of all the Commonplace comments and agreements within City of Edinburgh Council boundary

The heatmap was overlaid with the proposed programme of interventions. In many locations there was a strong correlation between measures already under consideration and commonplace clusters of comments (see map 2). Comments aligning with schemes that were already being proposed were not analysed as part of this process. Instead, officers were able to examine these comments during the design process for each scheme individually. See Summary graphs at the end of the report for an overview of the barriers and solutions highlighted via Commonplace for



Map 2: Spaces for People Programme overlaid with the Commonplace comments and agreements

each strand of the Spaces for People Programme. Similarly, clusters of comments around and relating to schools were passed to the team specifically addressing these sites.

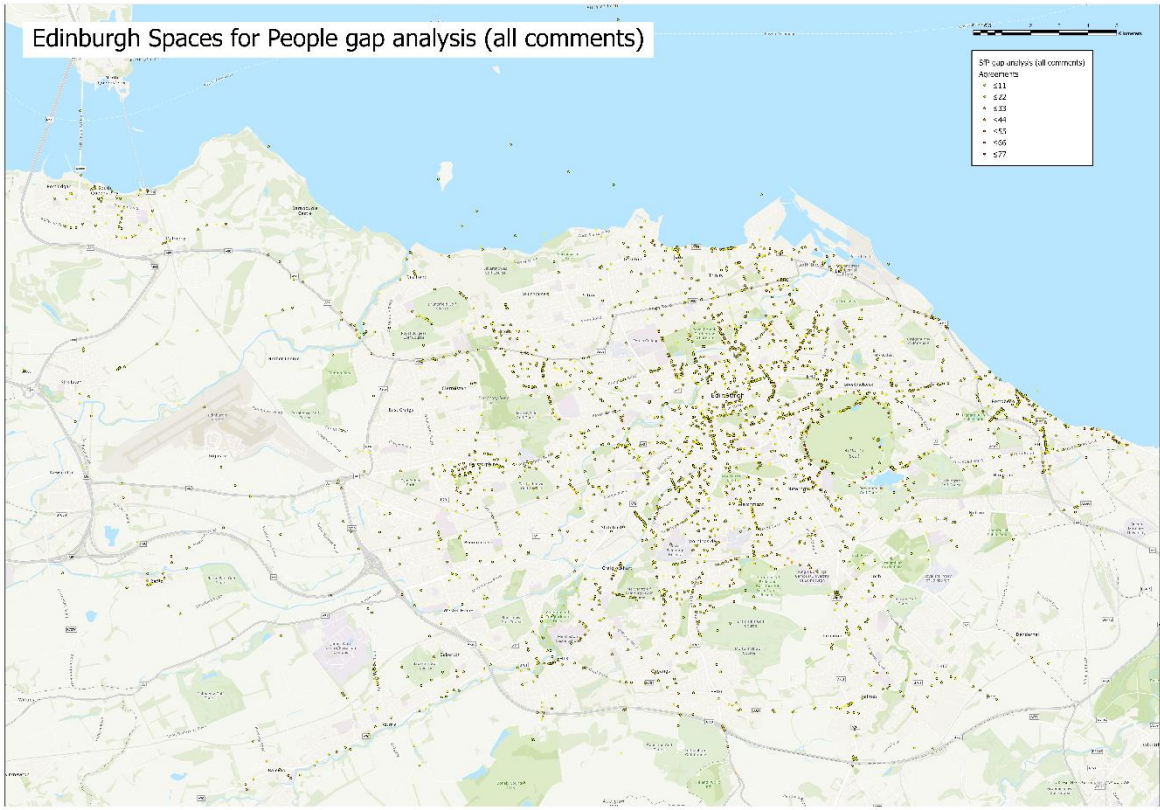
Comments aligning with existing proposals were then filtered out of the data to enable identification of spatial trends more easily within the remaining data (see Map 3). Based on the predefined tags available to respondents when they completed the questionnaire, along with key search terms within the free text option, filters were used to identify key corridors or locations that were a particular issue for:

- a) Pedestrians (see map 4)
- b) People using bikes (see map 5)

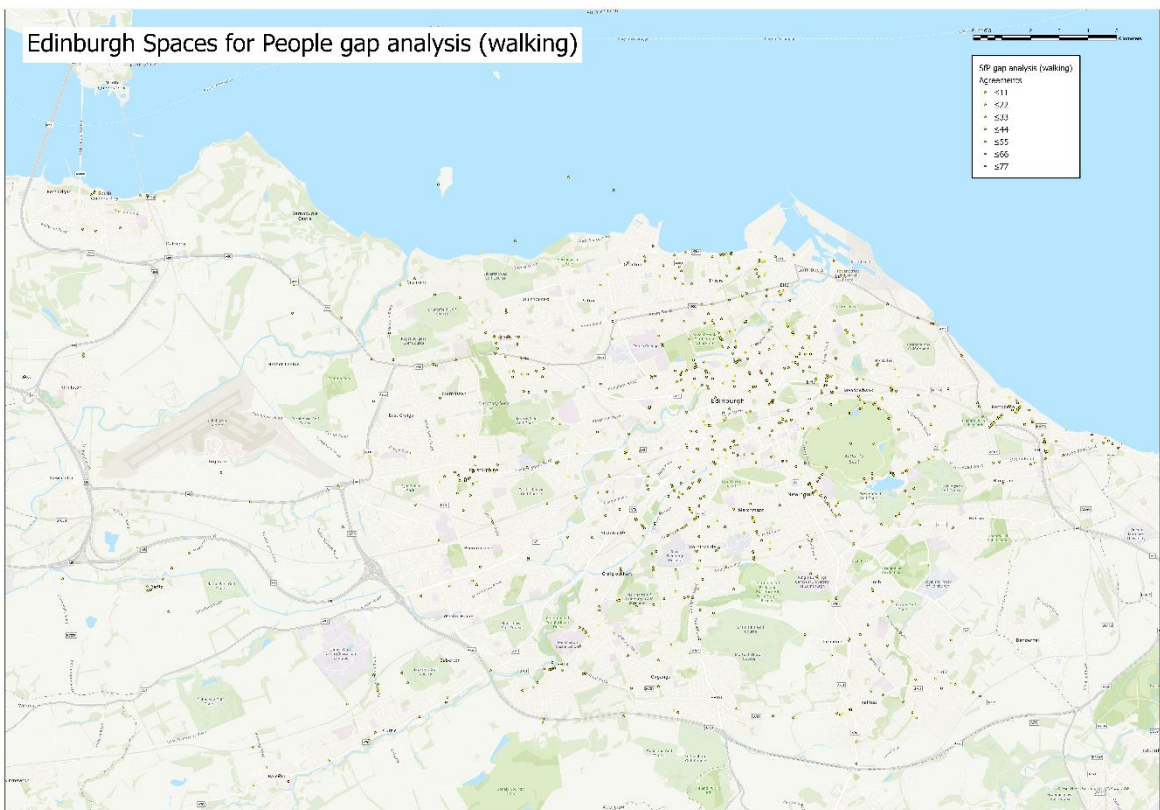
Comparing the filtered maps to the overall comments map meant that it was easier to spot potential corridors of movement or localised hot spots for different user groups.

In addition, using land-use information for the city, comments in proximity to shops were cross-checked. The purpose of this was to understand if any other shopping

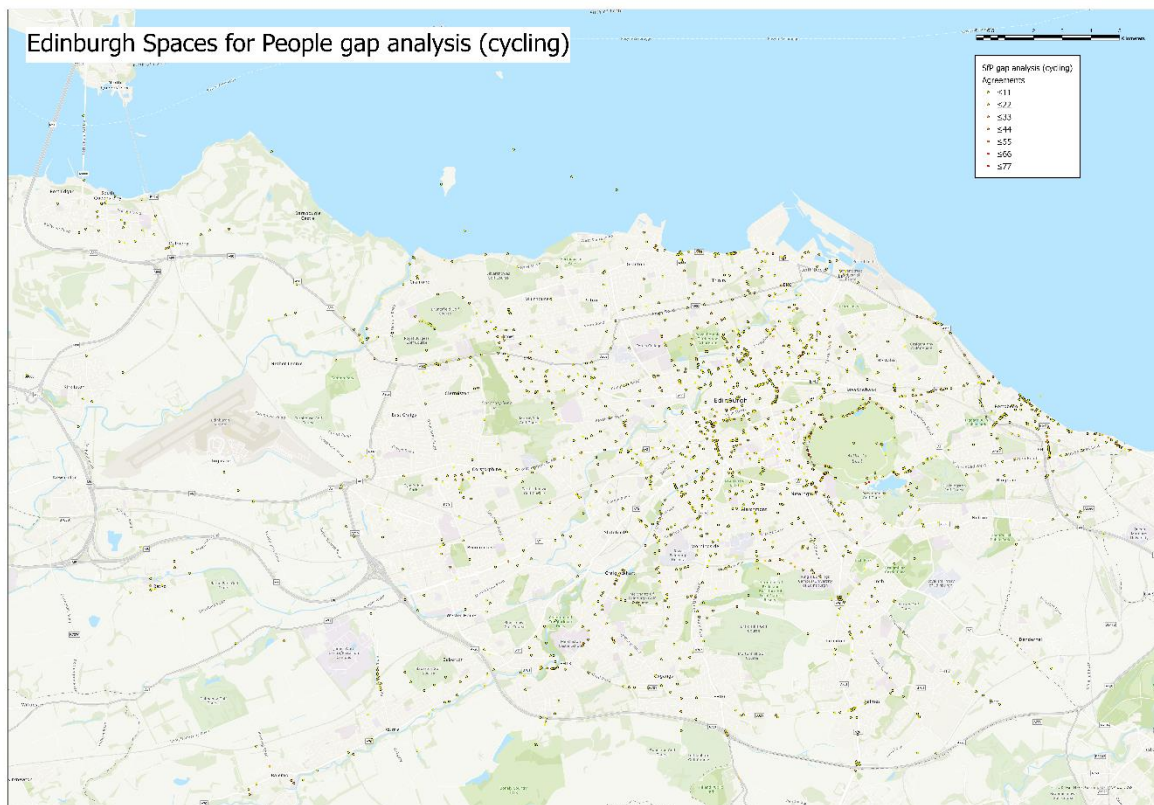
locations should be added into the space in local shopping streets part of the programme.



Map 3



Map 4



Map 5

Longlisting: Cluster Selection

Using the filtered maps, the locations of clusters of five or more comments were recorded under the following categories:

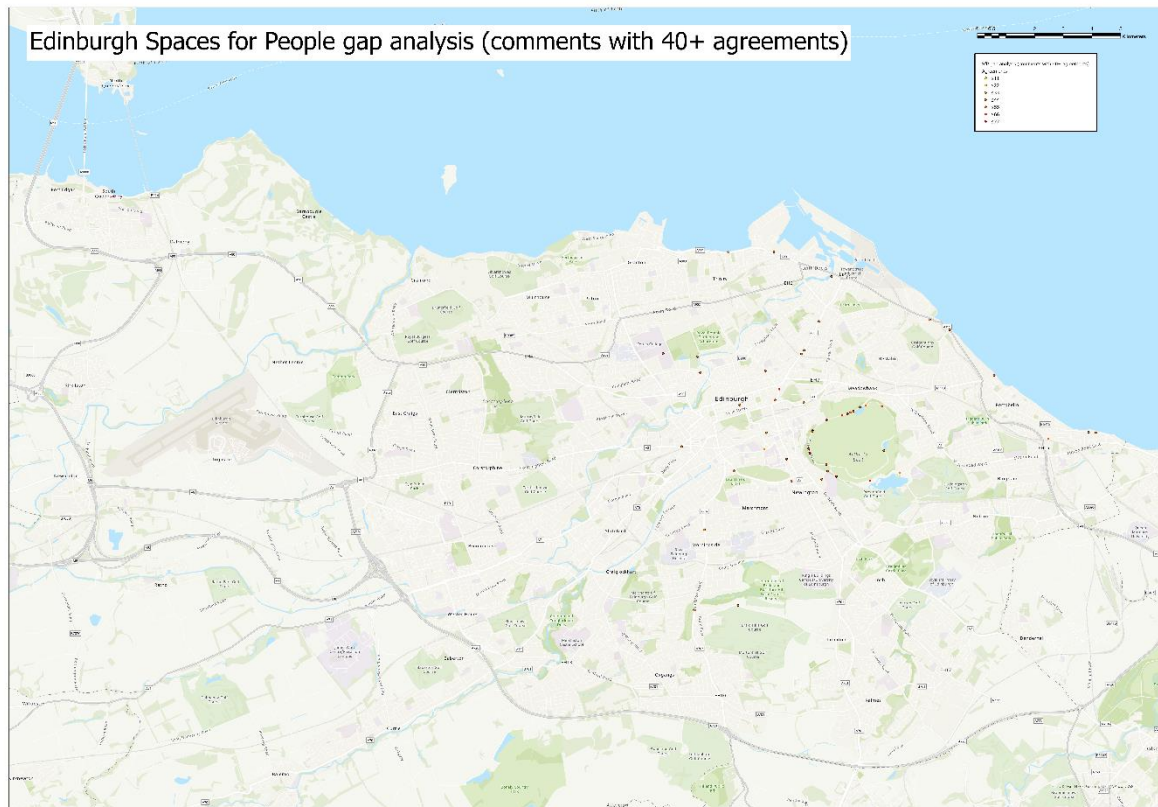
- Walking clusters
- cycling clusters
- shopping streets
- and city centre

The strength of agreement for the range of the comments in that location was then assigned a numerical category. The length of the street over which the comments were spread was also recorded. Using these pieces of information, a ranking was produced for all longlisted locations. A weighting for comments within or connecting to areas of higher SIMD. This was felt necessary given the far lower levels of engagement from within these communities (see high level commonplace report for the postcode data breakdown on engagement with the tool).

The top 20 walking locations, the top 20 cycling locations and approximately the top 10 shopping st and city centre locations were then selected from the longlist. Several locations were identified as having a strong number of comments for walking and cycling.

As the programme progressed quite rapidly, several corridors or sites that were longlisted were then brought on board in the programme, due to connection or importance to another scheme in the package. These schemes have therefore not been included in table 3. The total number of separate locations assessed across the city therefore is therefore slightly lower than the sum of the longlists.

At this stage, a filter was also run to pull out all comments with more than 40 agreements. These can be seen on map 6. A similar check was done with comments with 30+ agreements. The highest number of agreements on a single comment on Commonplace was 71. The average number of agreements was between 10 and 20. This filter therefore provided a check that no significant localised sites had been missed by the 5 comment threshold.



Exceptions

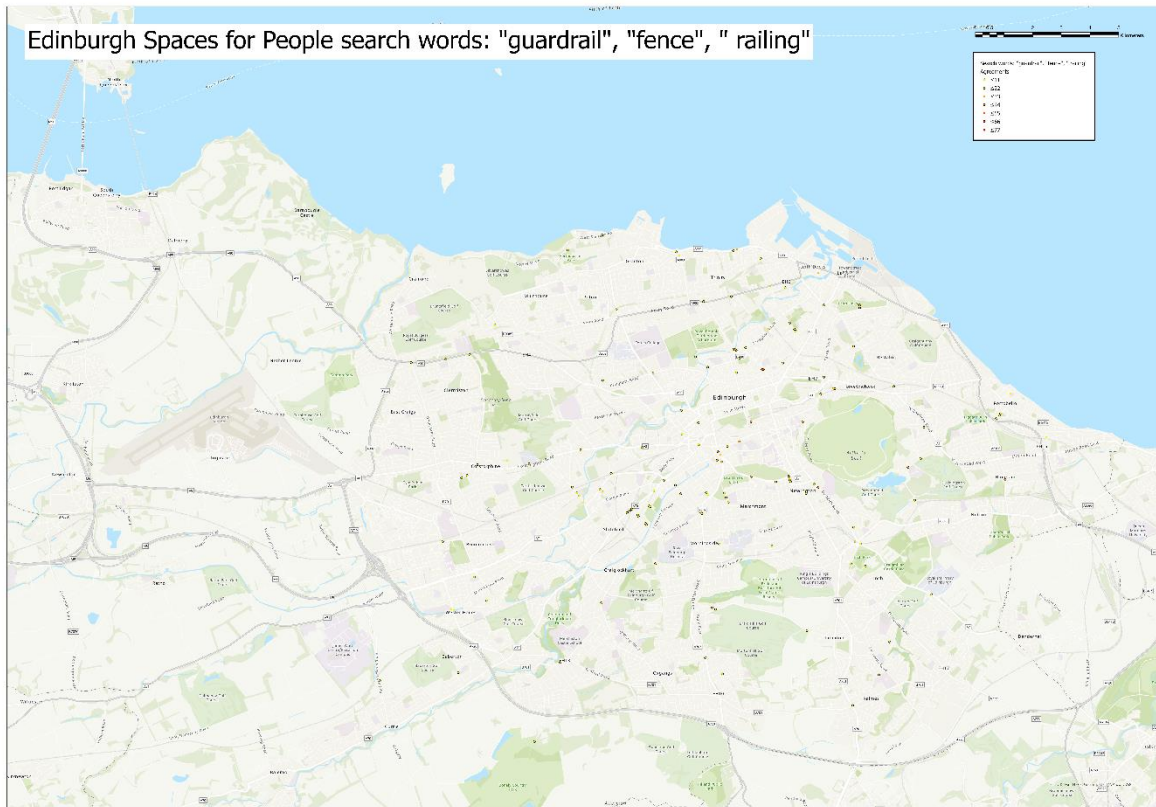
- 1) Due to the ongoing tram construction works and their significant impact on the street, comments on Leith Walk weren't analysed as part of this process as the layout of the street was dramatically altered during and since Commonplace was open to comment. Feedback on the new layout is being dealt with by the Trams to Newhaven team.
- 2) Although not shown on the map as part of the Spaces for People programme, changes to George St are being considered and undertaken by Economic Development to support business recovery. As such, comments on George St were not analysed to identify a separate intervention.
- 3) As part of identifying clusters, the level of similarity between different comments on a street was also briefly reviewed. Due to the very strong extent to which comments were identifying the same issue, along with the unusually high levels of agreement with comments, the Portobello to Musselburgh corridor was included for assessment despite falling out with the top 20 sites.
- 4) There are a small number of schemes that were already under consideration at the point of the Commonplace analysis, but have since been dropped from the programme due to feasibility issues. These locations were therefore also not analysed. Easter Road is an example of this type of situation.

Citywide trends

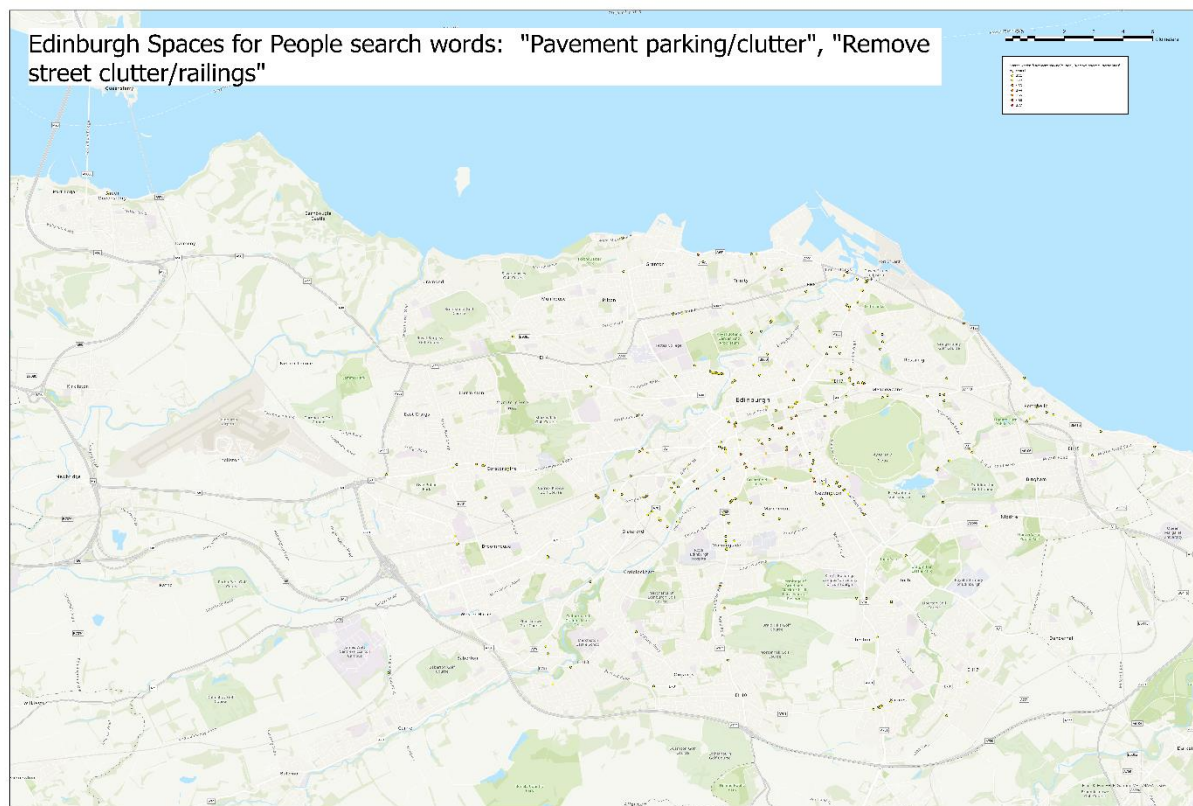
Whilst looking at comments across the city, it was noted that guardrail and street clutter were themes that came up in a variety of locations (see maps 7 & 8). These are issues that can be best addressed as a package of work, delivered at multiple locations across the city. As such, they were added into the longlist as such and scored in this way, rather than looking at each site individually.

Several comments across the city also flagged the need for overhanging vegetation to be cut back. This was not scored as an intervention, but the locations were fed into the Council's usual workstream for such matters. This includes targeted social media campaigns encouraging residents to cut back their hedges where they overhang the pavement.

Similarly, requests for cycle parking were extracted from the database and each location assessed as part of the citywide cycle parking rollout. Where there was a suitable site at the locations raised, it has been added to the cycle parking programme and will be delivered over the next year through that, rather than Spaces for People.



Map 7: Comments relating to guardrail across the city



Map 8: All comments across the city tagged as relating to street clutter and/or pavement parking

Shortlisting - with Starbank Road and Trinity Crescent example

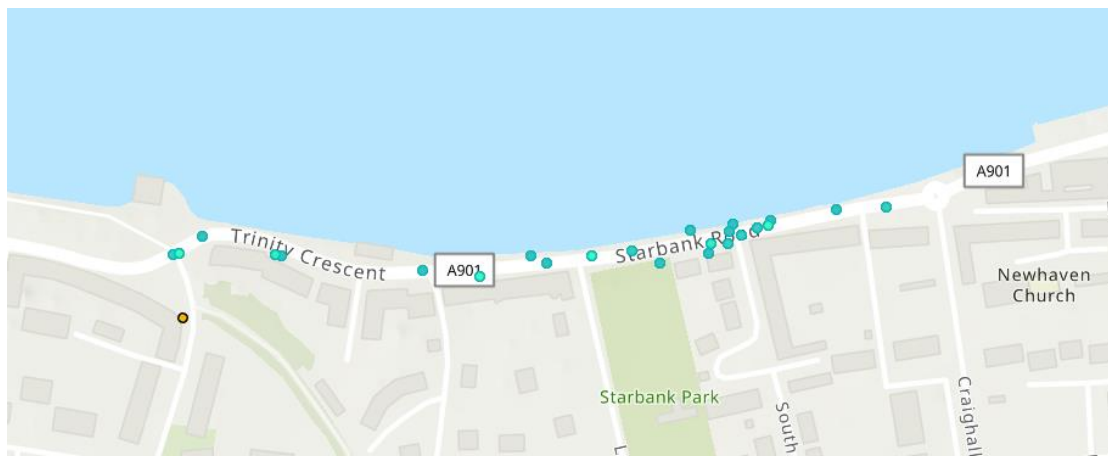
For each of the longlisted locations, the barriers, solutions and specific issues provided on commonplace for that location were then assessed. See below for an example extract of the summaries produced for each location.

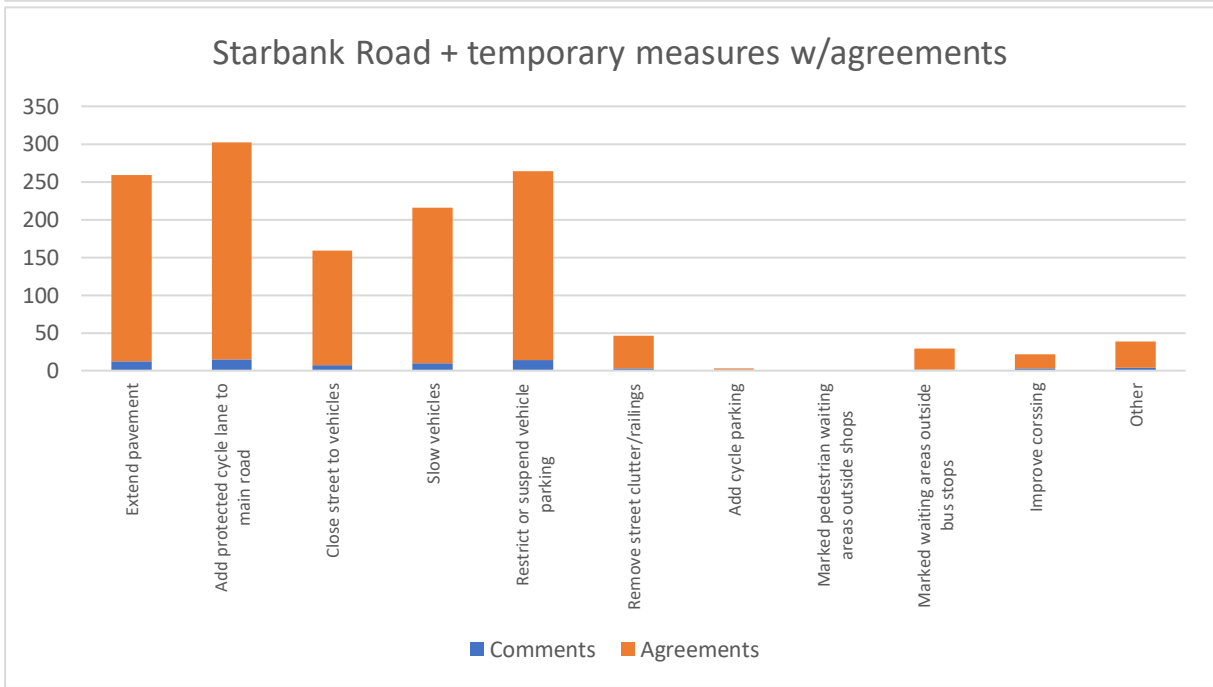
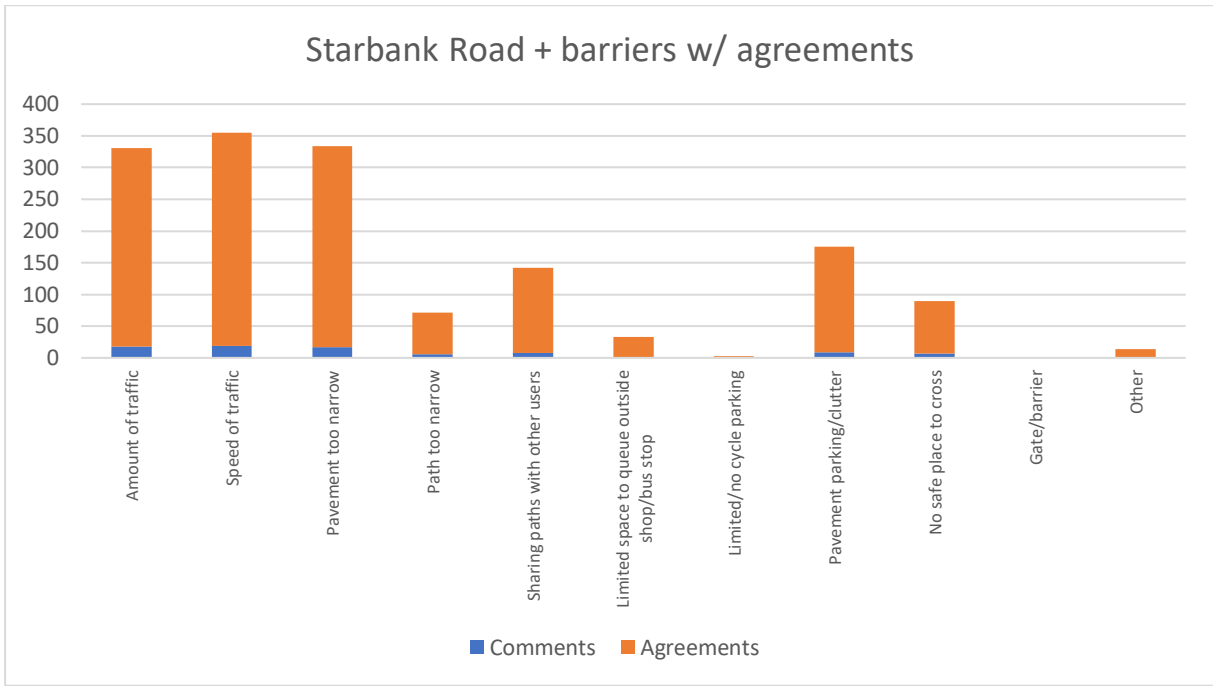
Whilst clusters were selected based on the filtered maps, all comments in a street were looked at during this stage. This ensured all issues within the street were taken into consideration when identifying a design solution. The proposed interventions tried where possible to address the most major concerns, however in some situations it was only feasible for an intervention to address a sub-section of the issues identified.

Starbank Road & Trinity Crescent

Total comments: 24

Total agreements: 395





Extract from the comments summary table

Agreements	Any other comments relating to physical distancing in this location?
43	pavement very narrow and is a weak link in an otherwise well-served walk/cycle between Newhaven and Granton. Normally a very unpleasant busy road
36	I've twice cycled along here, moved out into the road to give distance to pedestrians who have not enough space as it is to pass each other safely and had cars blast their horns at me. Its extremely dangerous and needs addressed. The whol extension to granton needs closed to vehicular traffic. Its a really nice walk giving variety to views for people wishing to follow the guidance and stay local with the lovely views over the forth.cars need to be removed from here.
33	It's literally impossible to walk down this bit of road without stepping out into the carriageway. It's an incredibly popular cycling and walking route with no space as it links key greenspaces and path networks together. There's no good reason for this to be a through road anyhow as through traffic should be on Ferry Road.
32	Is it impossible to social distance on Starbank Road due to the width and the volume of traffic which prevents opportunistic crossings to avoid people. Additional problems are caused by queues outside the Old Chain Pier and frequent pavement parking at various points along both sides of the road.
31	Remove railings to make crossing easier. Pavement too narrow to walk on in 'normal time' and impossible in C-19 times. High traffic, speeding and pollution along here make it unpleasant and dangerous. Really lets the front down after the brilliant work on McKelvie Parade
28	It's literally impossible to walk along this road in a safe way. Between Craighall Road and Trinity Road should be completely closed to traffic (except for residents).

For each location either a solution was identified, or it was deemed that there was no viable short-term solution that could be delivered through Spaces for People. In some cases, the issues raised are already being investigated and dealt with through

other workstreams within the Council. In these instances, particularly when the delivery timeframe under the alternative workstream is in relatively near future, these sites were ruled out for an intervention through Spaces for People. Table 3 provides details of these locations. Taking this approach ensures the Council are spending money as efficiently as possible between different workstreams.

Scoring

Of the longlisted locations, 20 had a potentially viable solution. These were then scored using the same criteria as the rest of the Spaces for People programme. Below is the table of the top 10 scoring interventions, recommended for progressing. These will now need further design work to ascertain if they are definitely deliverable and to generate a more precise costing.

Recommended Schemes

Table 1: Recommended shortlisted schemes

Scheme location	Proposed intervention	Benefit Score	Impact Score	Cost (£1,000)	Comments
Broughton Street & Roundabout	Footway widening, uphill cycle lane and investigate ped improvements to the roundabout	26	-12	112	Changes to roundabout would need to be discussed with the tram team
Restalrig Road South	Re-allocation of carriageway (via road closure or give and go system) to footway and possibly space for uphill cyclists	23	-6	6	Further design optioneering required on this scheme
Starbank Rd	Give and go traffic management to allow carriageway reallocation for footway/shared use widening	21	-10	15	
Fillyside Road	Wide D island and carriageway space re-allocation to facilitate crossing to Portobello Prom/shared use path towards Leith	20	0	37	
West End of Princes St	Re-allocation of carriageway to footway space in line with construction work by House of Fraser, to mitigate footway narrowing	19	-5	4	
Musselburgh boundary to Portobello High St	Bi or uni-directional on-carriageway cycle segregation	17	-5	120	Need to liaise with East Lothian to tie in at the boundary
Duddingston Road West	uni-directional on-carriageway cycle segregation	16	-4	High	Decision made to not progress this scheme further at this stage as has greater design challenges and will therefore provide less of a step change in

					active travel provision than some of the other schemes.
Portobello Prom	Signage campaign on cyclist speed and minor adjustments to mitigate cycle/ped interaction along prom	16	0	TBA	
Citywide guardrail removal	Citywide programme of guardrail removal, taking into account the multiple locations flagged on Commonplace	16	-1	TBA	
Greenbank Drive and Glenlockhart Rd	Reduce road to 20mph	12	-1	3	

Table 2: City Centre scheme identified to be considered alongside South Bridge scheme

Location	Issues/scheme for further investigation
Leith St	Uphill cycle lane

Rejected sites/schemes

Table 3: Other shortlisted Commonplace issues, not recommending progressing through SfP

Location	Issues raised	Why not taken forward	Alternative programme issue being addressed by (if applicable)
Princes St	Amount of traffic- Need for protected cycle lane, and desire to see traffic removed and space given to businesses.	Not deliverable without significant impacts on PT.	Tram cycle safety project- cycle signal early releases going in imminently along this corridor.
Duddingston Low Rd, Holyrood Park	Volume and speed of traffic, narrow pavement	Proposed solution that would be affordable and viable does not score highly enough to look to progress.	Recommend we add clear signage at junction with Duddingston Road West that park is shut on weekends to prevent traffic entering unnecessarily.
Granton Square, Granton	Size of carriageway - intimidating and challenging for both pedestrians and cyclists to traverse square	Low score for SfP.	Longer-term: Granton masterplan or should be considered in next ATAP.
Bridge Road, Colinton	Footway width, particularly outside shops and carriageway surface/traffic speed	Footway widening only feasible in very localised area, so benefit would be very small scale.	Traffic speed (and possibly carriageway surface) to be addressed by Road Safety 20mph remedial actions programme.
Boswell Parkway, Granton	Footway width outside shops	Footway fairly wide and widening would be so localised, unlikely to be of largescale benefit.	
Holyrood Park Road, Southside	Pedestrian pinch point at park	Addressing pedestrian pinch	

	gates. No crossing within park. Cycle segregation into park requested.	point too small scale an impact. Don't own land in park to address crossing issue. Cycle segregation wouldn't tie into existing wider network particularly well.	
Queen's Drive – High Road, Holyrood Park	Keep closed. Divide space between peds and cyclists. Make two-way. Address access barrier issues.	HES has already addressed many of these points.	
Arboretum Avenue, Stockbridge	St closure	Traffic flows already low	
Brighton Place, Portobello	Improved active travel access along st and through tunnel.	Not able to address tunnel concerns safely in a temporary form.	
Abbeymount Rd, Abbeyhill	Guardrail under railway bridge, need for uphill cycle lane	Guardrail necessary. Cycle lane less in demand and beneficial compared to other proposed cycle schemes	
Cramond Road South and Main St, Davidson Mains	Pavement width, street clutter	Issues to be picked up via other programmes	Issues with route to school to be identified as part of refreshed School travel plans Traffic calming (humps and narrowing) being introduced to Roundabout by Road Safety
Malborough St, Portobello	Pavement parking, street clutter and narrow pavements (access to Portobello prom)	Issue and potential intervention scored lower than other projects included for recommendation.	
Brunstane Rd, Portobello	Demand for Road closure and as an	Commonplace comments very	

	active travel connection	whether this intervention was wanted	
Dalkeith Rd/Pleasance, Southside	Issues around East Preston Primary School, segregated cycle lane	Cycle infrastructure provided on parallel corridors, with connection.	Primary school access addressed as part of schools scheme Guardrail at crossings by Commonwealth pool can be addressed as part of citywide guardrail removal programme
Meadows to Blackford Hill via Marchmont and Kilgraston Rd, Marchmont/Blackford	Pavement width, amount of traffic	Significant road width constraints on Kilgraston Road. Is a potential crossing improvement to the park but would likely require civils. Cluny gardens speed limit in process of being brought down to 20 with permanent TRO.	Longer-term active travel scheme Marchmont to King's buildings addresses some of these issues.
West Mains Road and Blackford Avenue	Speed reduction, cycle segregation,	No temporary solution	Speed reduction currently being developed for this corridor with permanent TRO. Cycle improvements being delivered as part of Marchmont to KB active travel scheme.
Portobello Road	Demand for cycle segregation and/or widened footway	Not deliverable in temporary scheme	
Queen's Drive and Duke's walk	Demand for closure	Following discussions with the Council, Park has closed on weekends.	

		Any further intervention may have interaction with South Bridge scheme.	
Kirkbrae, Liberton Rd, Blackford Glen and Mayfield Rd junction	Lack of pedestrian crossing, demand for cycle segregation on Liberton road corridor	No viable temporary solution for this junction – already looked at by signals. Cycle segregation being provided along parallel Gilmerton Road under SfP and Roads renewals scheme.	
Merchiston Ave	Traffic speed, lack of crossing, narrow pavements	No viable temporary solution.	Pick up crossing improvements through active travel minor improvements programme
Ravelston Dykes Rd	Traffic speed, pavement width, lack of safe crossing into corstorphine hill	Majority of issues currently being looked at through a permanent scheme	Road Safety 20mph remedial actions programme.
Salisbury Road	Guardrail at junction, traffic volumes	Cannot close road – network impact.	SfP citywide guardrail removal would address this
Main St/Wilkieston Ave, Ratho	Narrow pavements, pavement parking and traffic speed through village an issue, makes lack of crossing facility a problem	Unable to address pavement parking issue. Addressing speed should improve crossing.	Wilkieston Ave in 20mph remedial actions programme for Vehicle
West Crosscauseway, Southside	Road closure – narrow pavements and cut through by traffic at speed.	Already permanent scheme with lot of history and background in area.	Localities- TRO with hearing due for permanent Causey project design.
Montrose Terrace, Abbeyhill	Improve crossing (increase time), pavement width, safe cycle	Not a high footfall shopping st, low commonplace demand compared	

	facilities, reduce traffic speed.	sts and potential interaction with south bridge scheme.	
High St, Corstorphine	Narrow pavements	Addressed as part of SfP schools programme	SfP schools programme
Abercromby Place and Albany St	Vehicle speed, safe crossings, non-residential parking	Pavement width sufficient, parking changes and change to layout of st to enforce speed limit not viable in temporary form.	Road layout recently adjusted to facilitate crossing of Dublin St.
Seafield Road	Shared use path too narrow, particularly over road bridge	Adding cycle lane to carriageway not viable as road width required to cater for HGV movements- this is key access corridor to Forth Port. Public proposal of adding an off-road connection via Craigentenny golf course isn't a short-term solution, although could be explored further in next Active Travel Action Plan if appropriate.	
Cranston St	Narrow pavements	Does not score strongly for risk mitigation as far lower in footfall than other city centre streets	
Kaimes Junction and Frogston Road East	Lack of crossing and pavement at new development, lack of cycle provision in area and junction pavements not wide enough. Route to school	None of these issues had a suitable short-term solution. Vegetation cutback to be picked up in citywide programme.	Consider route to school interventions as part of travel plan. Cycle provision in area/along Frogston Road for potential

			consideration under next ATAP.
East Trinity Road	Narrow pavements, pavement parking and street clutter	Potential solutions of removing guardrail likely to exacerbate pavement parking problem. Making street one-way also likely to increase speed of traffic on street and closure would have very significant impact, particularly if considering intervention on parallel starbank rd.	Flagged as a route to school, should therefore any viable interventions should be picked up as part of the renewing school travel plans work.

Annex to Appendix 2: Summary of Commonplace key barriers and solutions, by Spaces for People workstream

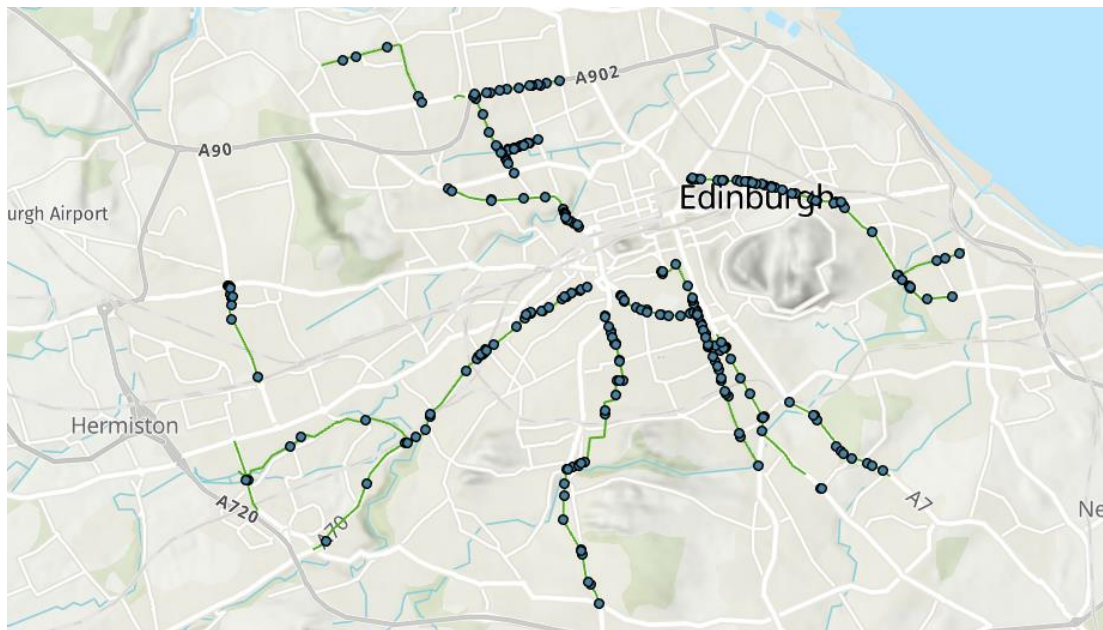
Introduction

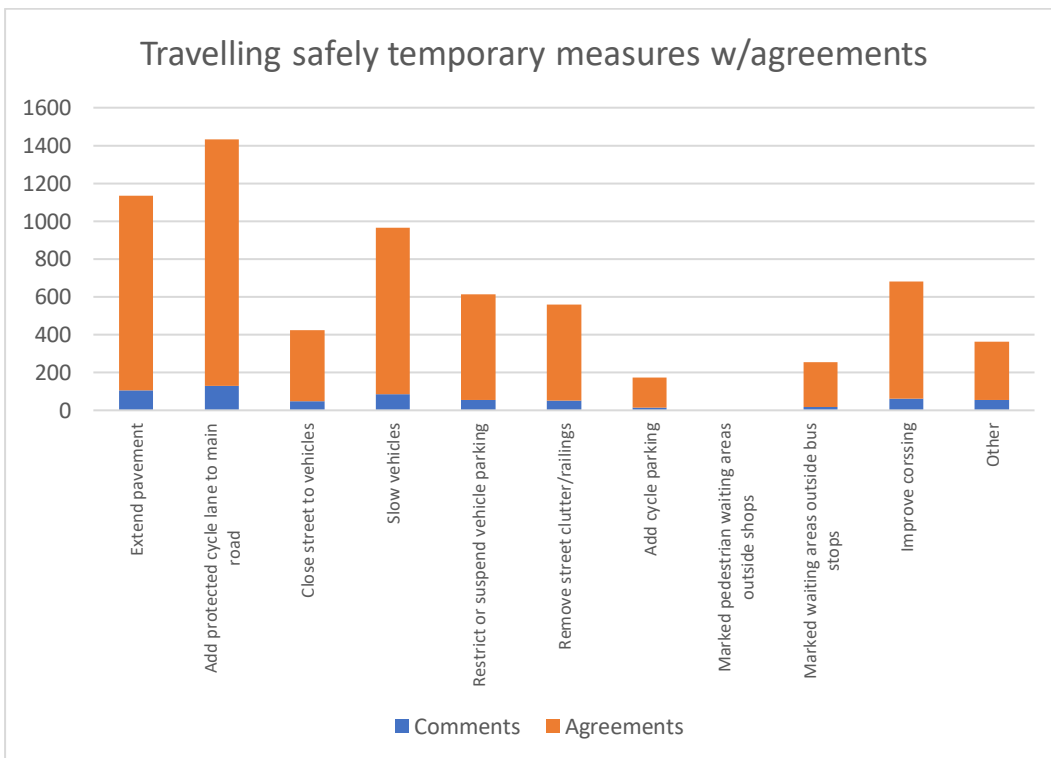
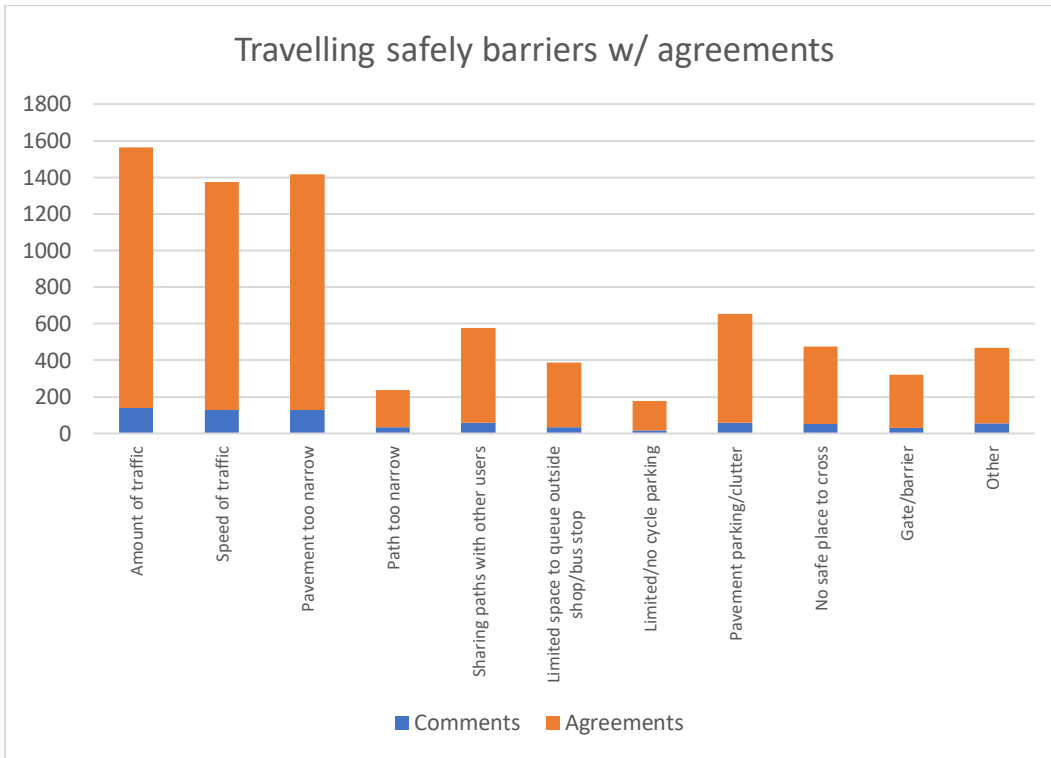
This section contains a summary of the number of comments and agreements and Explain what image shows.

Travelling Safely

Total comments: **306**

Total number of agreements: **2618**



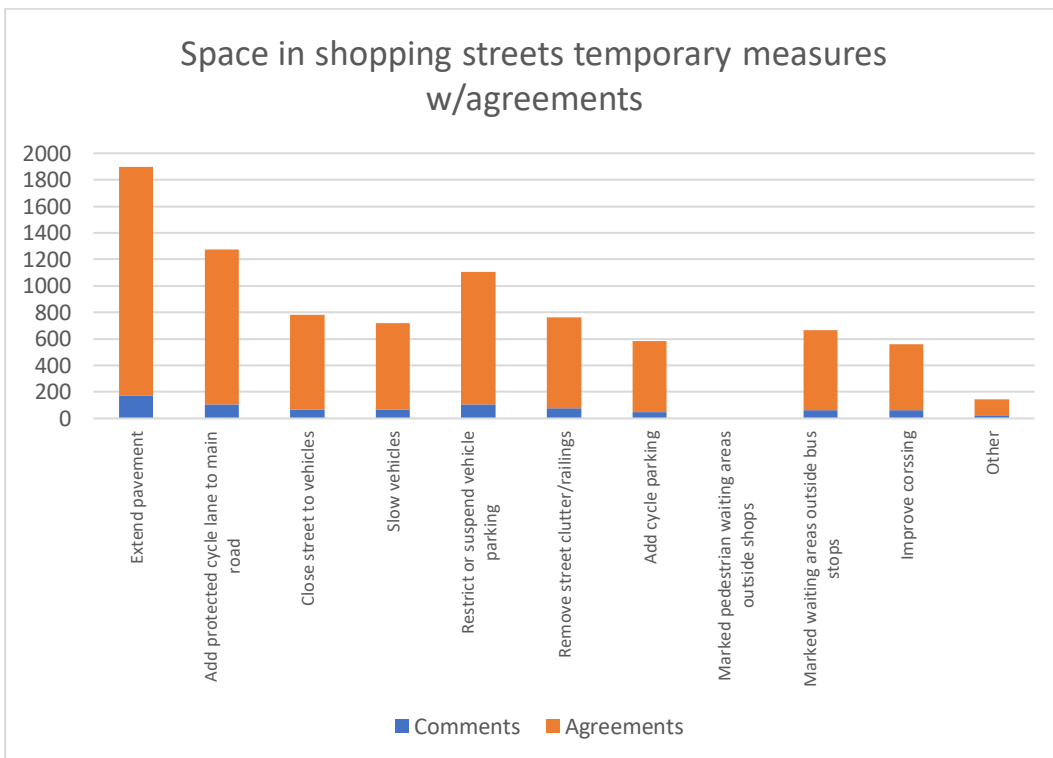
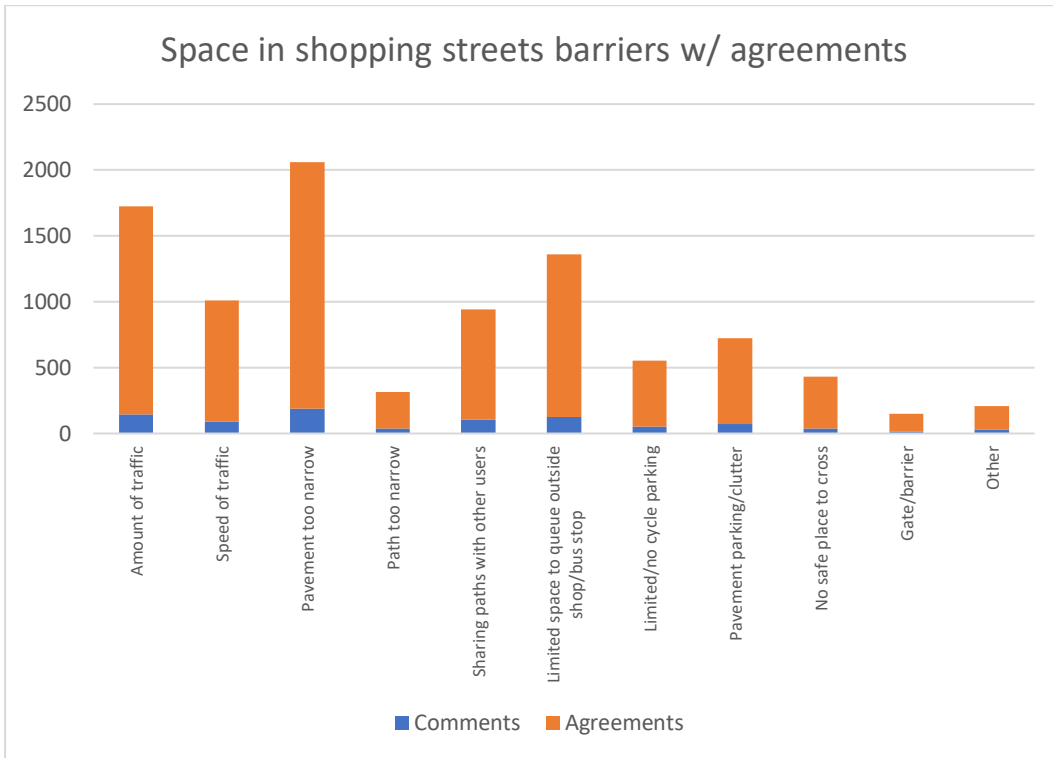


Space in shopping streets

Total comments: **280**

Total number of agreements: **2528**

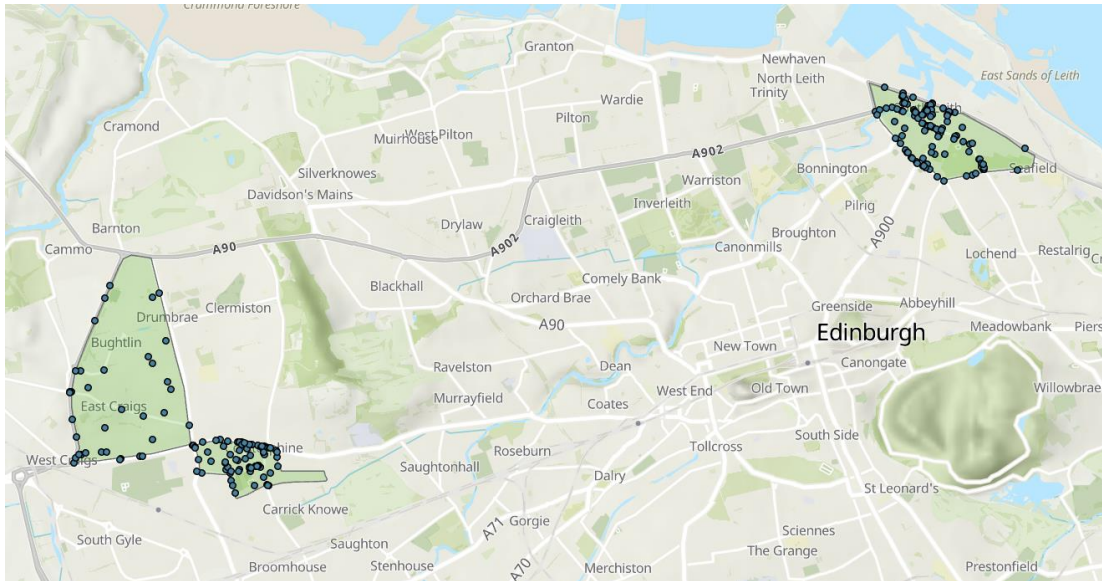


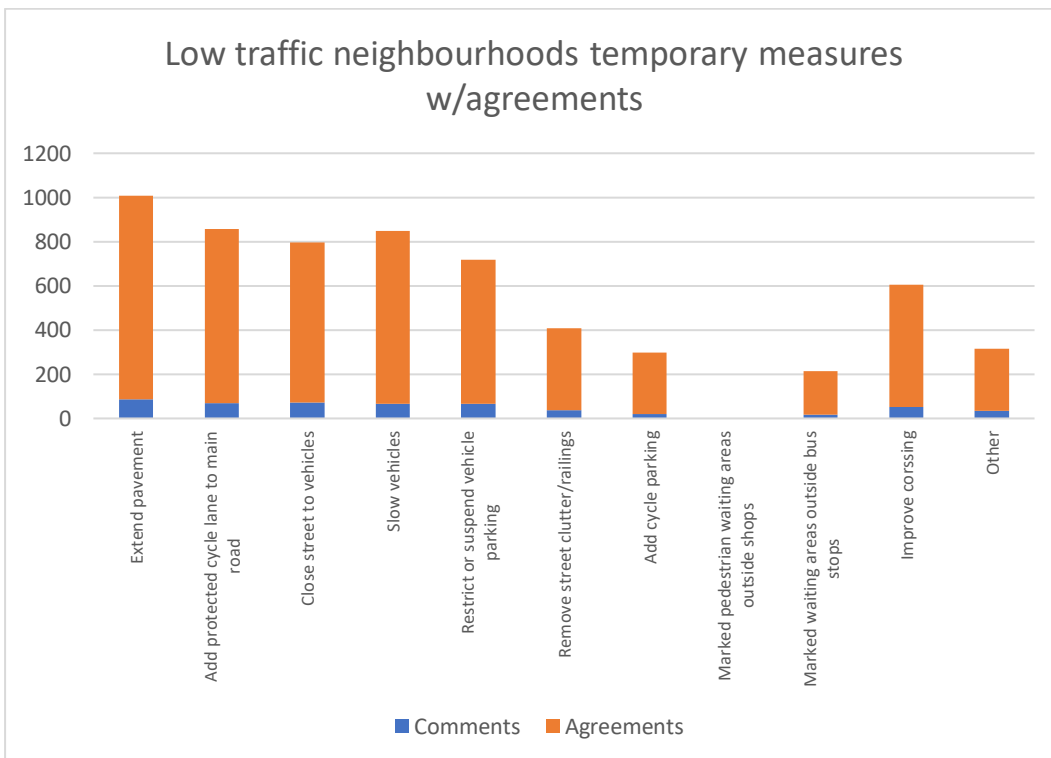
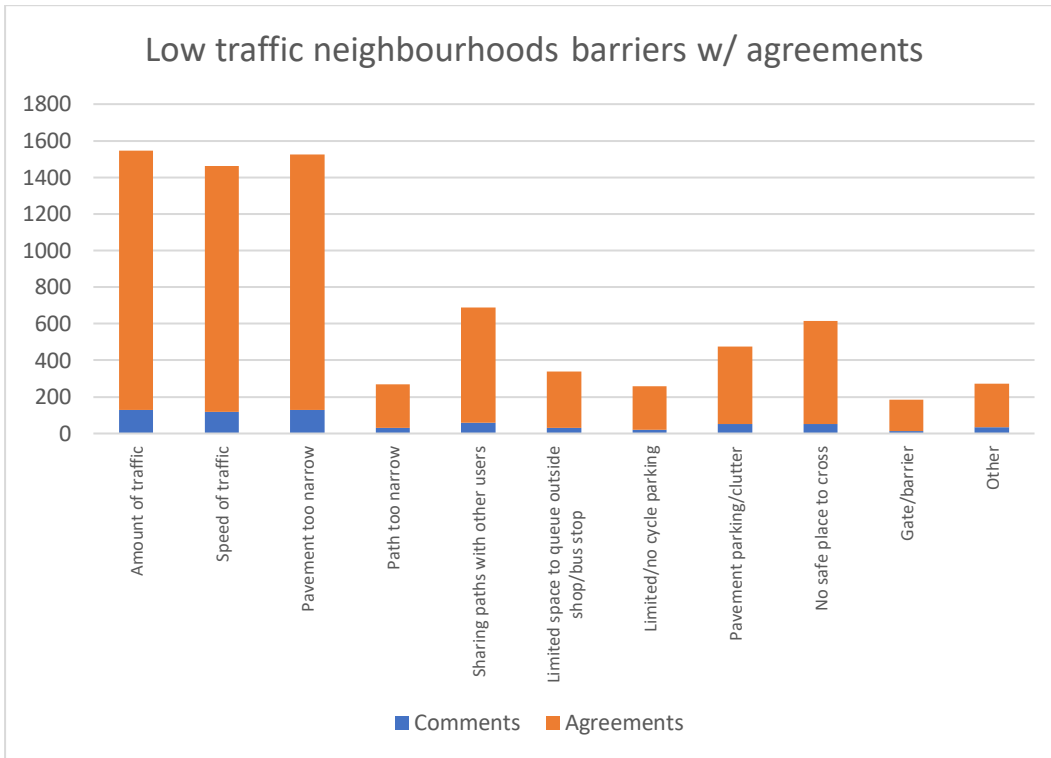


Low traffic neighbourhoods

Total comments: 243

Total agreements: 2313



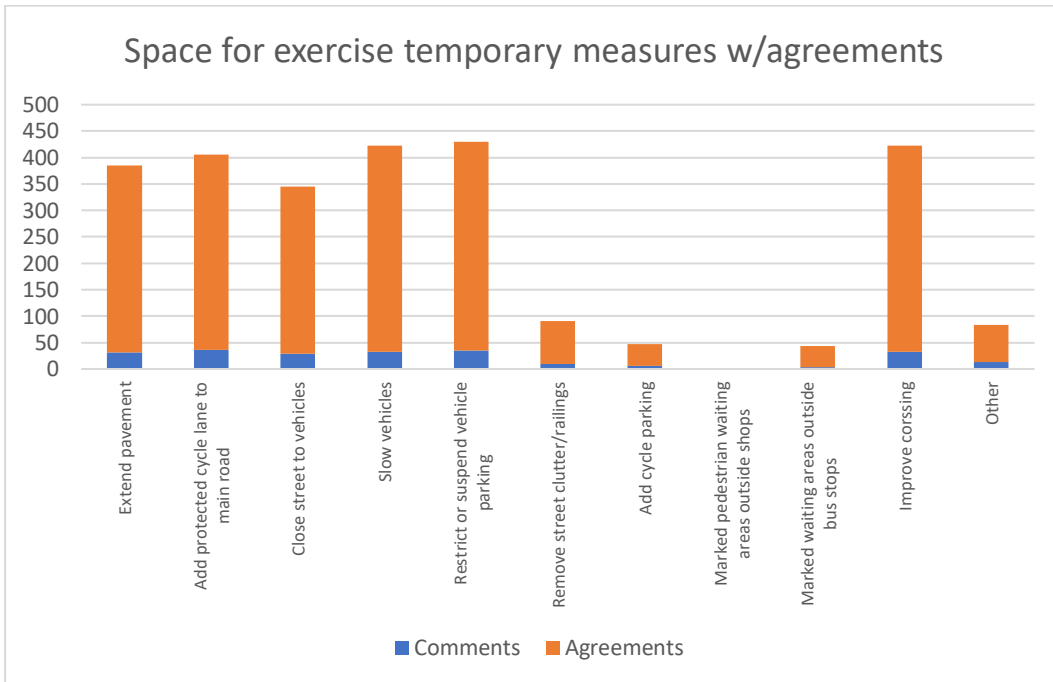
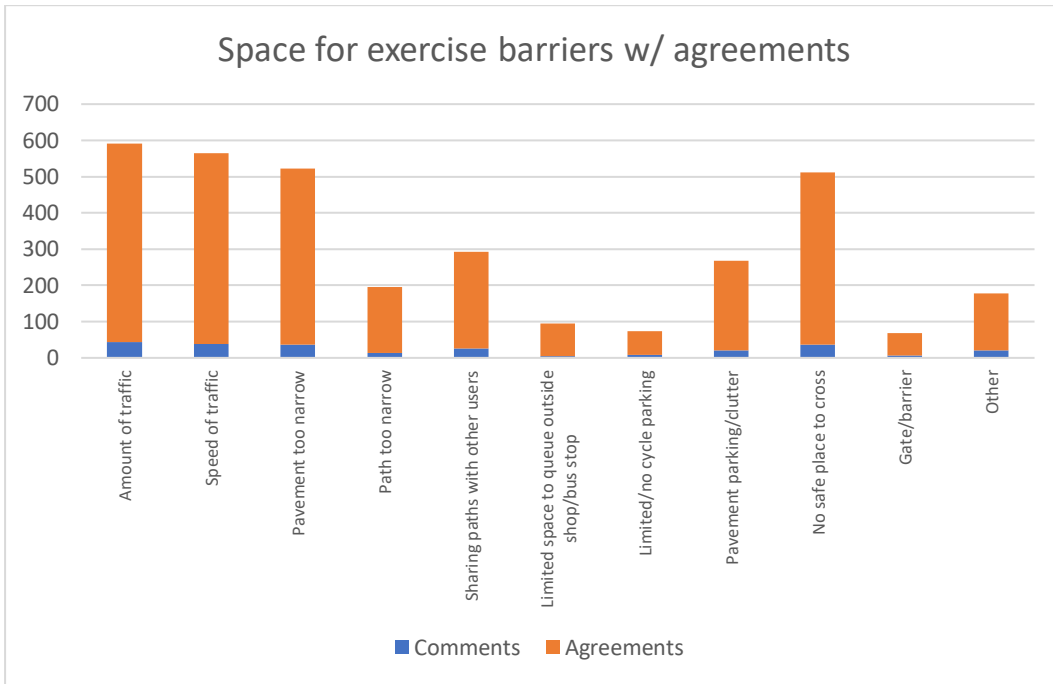


Space for exercise

Total comments: **118**

Total agreements: **1164**

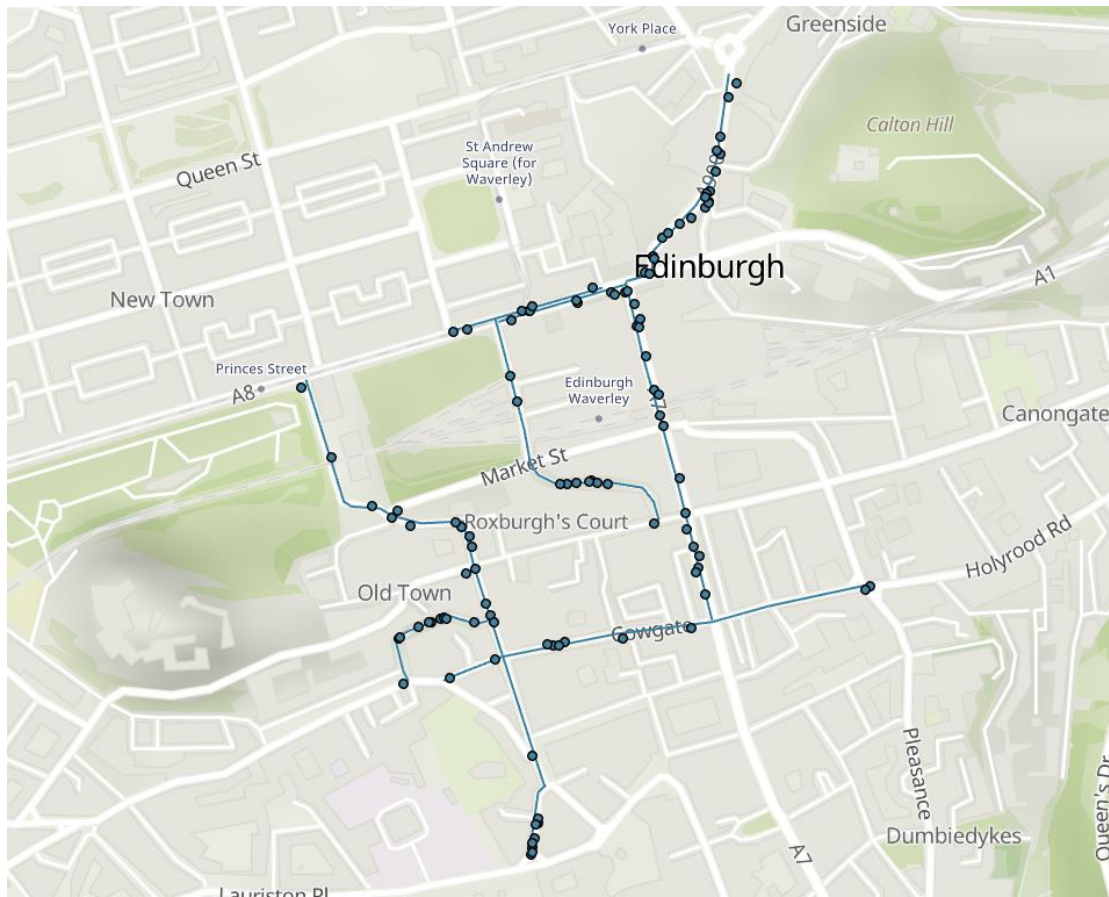


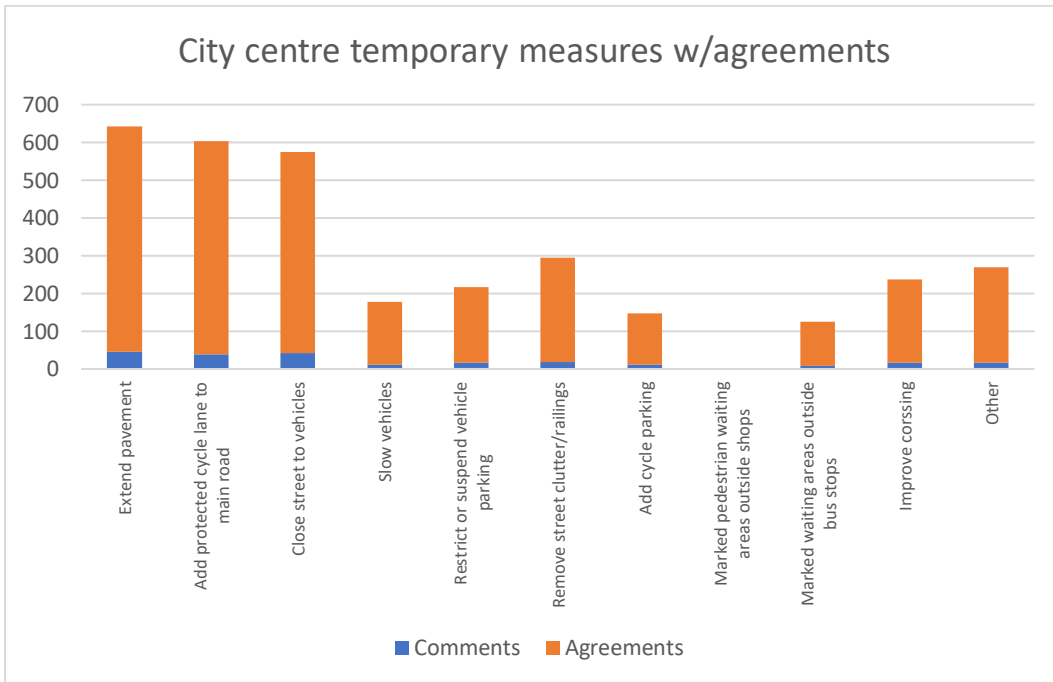
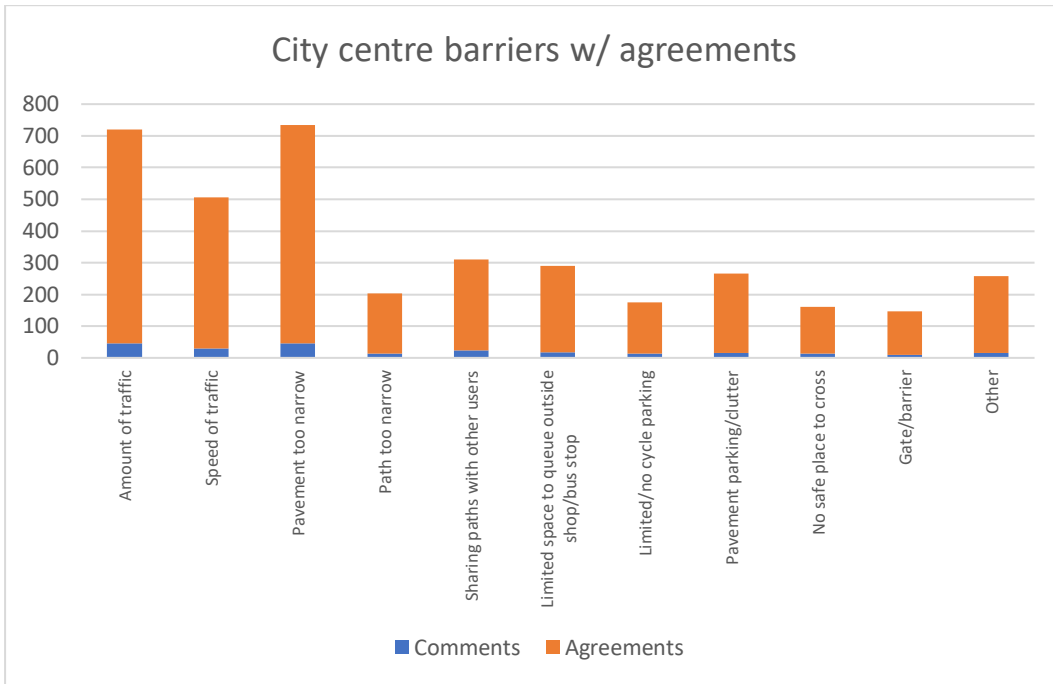


City Centre

Total comments: **105**

Total agreements: **1084**





City of Edinburgh Council

10.00am, Thursday 19 November 2020

Spaces for People – East Craigs Low Traffic Neighbourhood – referral from the Transport and Environment Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The City of Edinburgh Council is asked to approve the decision taken by the Transport and Environment Committee.

Andrew Kerr

Chief Executive

Contact: Martin Scott, Committee Services

E-mail: martin.scott@edinburgh.gov.uk | Tel: 0131 529 4237

Referral Report

Spaces for People – East Craigs Low Traffic Neighbourhood – referral from the Transport and Environment Committee

2. Terms of Referral

2.1 On 12 November 2020, the Transport and Environment Committee considered a report by the Executive Director of Place setting out options for improving conditions for walking and cycling in the East Craigs area in response to COVID-19 following discussions at Policy and Strategy Committee (20 August 2020), Transport and Environment Committee (1 October 2020) and City of Edinburgh Council's meeting (15 October 2020). The report also set out the next steps in respect of creating a permanent Low Traffic Neighbourhood (LTN) in the East Craigs area.

2.2 Motion

- 1) To note the background to the Spaces for People programme, and particularly the proposed introduction of a Low Traffic Neighbourhood (LTN) in East Craigs.
 - 2) To note the options to improve conditions for walking and cycling in the East Craigs area.
 - 3) To approve option 2b for implementation by Temporary Traffic Regulation Order (TTRO) as part of the Council's Spaces for People programme as set out in paragraphs 4.12 – 4.13.
 - 4) To approve commencement of an experimental traffic order and to propose a full public consultation prior to the decision by a later Transport and Environment Committee, (date to be confirmed), as part of the process for the introduction of a LTN in East Craigs as set out in paragraphs 4.23 - 4.30 of the report.
- moved by Councillor Macinnes, seconded by Councillor Doran

Amendment 1

- 1) To note the background to the Spaces for People programme, and particularly the proposed introduction of the Low Traffic Neighbourhood (LTN) in East Craigs.

- 2) To note the legal opinion provided to both the Community group and the Council indicated, that using the emergency legislation and the SfP programme to progress an LTN was not a proportionate or appropriate action.
 - 3) To recognise that each option presented continued to adversely impact the wider East Craigs area, resulting in continued acrimony from residents.
 - 4) To agree therefore that Option 3 was the only democratically acceptable option available at this time.
 - 5) To agree no part of the programme would be progressed unless or until a redesign was in place that gained local support and therefore requests a full, comprehensive consultation with the local community.
 - 6) In the interim to suggest these measures were carried out to further improve and enhance the area:
 - 6.1 - Agree with proposals to introduce measures to address the footway pinch points around Craigmount High School.
 - 6.2 - Welcome plans in relation to Maybury Road Vegetation maintenance and confirmation that Officers would continue to maintain verges.
 - 6.3 - Agree to a full review of the East Craigs Path Network to make it safe underfoot and enjoyable for all residents to use in line with social distancing guidelines.
- moved by Councillor Webber, seconded by Councillor Brown

Amendment 2

- 1) To note that Committee regretted the flawed processes and previous poor decisions on implementing the East Craigs Low Traffic Neighbourhood and recognised the damage this had caused to the relationship between the Council and the people of East Craigs, North Gyle and Craigmount.
 - 2) To congratulate the campaigning efforts of those in the community, who simply asked for the Council to consult properly before any decisions were taken, and believed the contents of the report vindicated those efforts over the last three months.
 - 3) To agree that no experimental traffic regulation order should be progressed on the LTN until a full public consultation had been undertaken and a further report presented to Committee.
 - 4) To agree to proceed with report option 2b meantime in order to address concerns around social distancing and traffic speeds immediately outside Craigmount High School.
- moved by Councillor Lang, seconded by Councillor Whyte

Voting

For the motion - 7 votes

For the amendment - 4 votes

(For the motion – Councillors, Bird, Corbett, Doran, Key, Macinnes, Miller and Perry.

For Amendment 1 – Councillors Brown, Webber and Whyte.

For Amendment 2 – Councillor Lang)

Decision

To approve the motion by Councillor Macinnes.

- 2.3 In accordance with Standing Order 30.1, the decision was referred to Council for approval.

3. Background Reading/ External References

- 3.1 [Webcast of the Transport and Environment Committee – 12 November 2020](#)

4. Appendices

- 4.1 Appendix 1 – Report by the Executive Director of Place

Transport and Environment Committee

10.00am, Thursday, 12 November 2020

Spaces for People – East Craigs Low Traffic Neighbourhood

Executive/routine Wards Council Commitments	Executive 3
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1. Recommendations

- 1.1 It is recommended that Transport and Environment Committee:
 - 1.1.1 Note the background to the Spaces for People programme, and particularly the proposed introduction of a Low Traffic Neighbourhood (LTN) in East Craigs;
 - 1.1.2 Note the options to improve conditions for walking and cycling in the East Craigs area;
 - 1.1.3 Approve option 2a for implementation by Temporary Traffic Regulation Order (TTRO) as part of the Council's Spaces for People programme as set out in paragraphs 4.8 – 4.11; and
 - 1.1.4 Approve the commencement of an Experimental Traffic Regulation Order (ETRO) process for the introduction of a LTN in East Craigs as set out in paragraphs 4.23 - 4.30.

Paul Lawrence

Executive Director of Place

Contact: Ewan Kennedy, Planning and Transport Service Manager

E-mail: ewan.kennedy@edinburgh.gov.uk | Tel: 0131 469 3575

Spaces for People – East Craigs Low Traffic Neighbourhood

2. Executive Summary

- 2.1 This report sets out options for improving conditions for walking and cycling in the East Craigs area in response to COVID-19 following discussions at Policy and Strategy Committee (20 August 2020), Transport and Environment Committee (1 October 2020) and City of Edinburgh Council's meeting (15 October 2020). The report also sets out the next steps in respect of creating a permanent Low Traffic Neighbourhood (LTN) in the East Craigs area.

3. Background

- 3.1 On [15 October 2020](#) City of Edinburgh Council considered proposals to introduce a LTN in East Craigs. Council requested that a summary of legal advice be provided to Elected Members in advance of the Transport and Environment Committee meeting on 12 November 2020. This briefing was circulated to Elected Members on a confidential basis on 19 October 2020.
- 3.2 The Council also:
- 3.2.1 Agreed that, if necessary, options for further compliant revised designs should be brought forward to the meeting on 12 November which would address any issues resulting from legal advice and ensure the safety of the public and better conditions for walking, cycling and wheeling on a temporary basis during the public health crisis;
 - 3.2.2 Noted the composite motion approved on [14 May 2020](#) on Creating Safe Spaces for Walking and Cycling to move forward as early as possible, and that the report included a proposal to 'close selected roads to enable local trips to be made safely, especially to parks etc and schools' in the East Craigs area;
 - 3.2.3 Agreed that until legal counsel has been received and made available, Members were not in a position to approve this report;
 - 3.2.4 Agreed to implement an immediate and on-going programme of works to strip back the overgrown vegetation on pavements on both sides of

Maybury Road in order to reclaim the full pavement area as space for people; and

3.2.5 Noted the substantial opposition expressed by residents in East Craigs, North Gyle and Craigmount; local ward councillors and the local community council to the original Spaces for People LTN proposals for this area.

- 3.3 On [20 August 2020](#), Policy and Sustainability Committee considered a report on the Spaces for People programme, including proposals for an LTN for East Craigs and agreed (specifically in relation to East Craigs) that as well as moving forward with the Spaces for People LTN proposals, that the process for the permanent Traffic Regulation Order (TRO) for East Craigs LTN would be accelerated to the earliest possible time to allow full public consultation to take place with residents as part of the permanent TRO process.
- 3.4 On [1 October 2020](#), revised proposals for a LTN in East Craigs were considered and approved by Transport and Environment Committee. These proposals had been amended following significant feedback from local residents, Elected Members and the local community council both in writing and at a community meeting in August 2020. This report was referred to Council on 15 October 2020 (as set out above).
- 3.5 The original proposals to create safer spaces for walking, cycling and wheeling (now known as Spaces for People) during the coronavirus (COVID-19) pandemic were considered by Policy and Sustainability Committee on [14 May 2020](#).
- 3.6 The Council Leader and the Convener and Vice Convener of Transport and Environment Committee met with representations of the deputation Get Edinburgh Moving on 16 October 2020 to discuss the proposals for East Craigs. It was agreed that a follow up meeting would be arranged with officers to discuss the technical details of the proposed scheme.

4. Main report

Spaces for People options for East Craigs

Legal advice and Options appraisal

- 4.1 Following the provision of legal advice in respect of the proposals to introduce a LTN in East Craigs using a Temporary Traffic Regulation Order (TTRO), officers have carefully considered the options available to the Council. The Council could:
- 4.1.1 Acknowledge the legal risks in proceeding with the scheme as is, but proceed as set out in the report to Transport and Environment Committee on 1 October 2020; or
- 4.1.2 Reduce any interventions using a TTRO to measures around Craigmount High School and Drum Brae North to improve conditions for walking and cycling (two options are set out for this in paragraphs 4.10 – 4.15); or
- 4.1.3 Decide not to proceed with any changes.

- 4.2 Policy and Sustainability Committee approved an updated Risk Appetite Statement for the Council on [6 October 2020](#). The section on Regulatory and Legislative Compliance has three core elements:
- 4.2.1 The Council aims to comply with applicable regulatory and legislative requirements to the fullest extent possible.
 - 4.2.2 No officer or elected member may knowingly take or recommend decisions or actions which breach legislation.
 - 4.2.3 Executive Directors and Heads of Service are expected to implement appropriate controls to ensure ongoing compliance and identify; report; and resolve breaches when they occur.
- 4.3 For the purposes of Spaces of People, where necessary, the Council has used TTRO powers. This is in accordance with Section 14 of the Road Traffic Regulation Act 1984 which gives the roads authority - in certain circumstances - the power to make an order to restrict or prohibit temporarily the use of a road, or any part of it, by vehicles or pedestrians, to such an extent as it considers necessary.
- 4.4 One of the circumstances where the Council can rely upon the provisions of Section 14 of the 1984 Act is where it is considered that there is a *likelihood of danger to the public* and measures should be taken to address that danger. At the outset of the Covid-19 pandemic Transport Scotland issued guidance where it was noted that the incidence and potential transmission of the coronavirus was considered to be a danger to the public.
- 4.5 Specifically, in relation to the LTN proposals for East Craigs, officers considered:
- 4.5.1 that there was evidence of intrusive traffic on Craigs Road;
 - 4.5.2 that levels of traffic on Craigs Road exceed the levels that are recommended for cycling without cycleways as set out in the [Edinburgh Street Design Guidance](#);
 - 4.5.3 That while Craigs Road has the potential for increased walking and cycling within the context of the covid-19 pandemic, and the requirement for more active forms of travel and physical distancing, due to the physical layout of this street it is very difficult to provide continuous reallocation of space;
 - 4.5.4 Traffic speed surveys which recorded 85th percentile speeds well in excess of the 20mph speed limit on a number of roads in the neighbourhood; and
 - 4.5.5 Feedback from the Spaces for People Commonplace web engagement tool highlighted themes within the East Craigs of: intrusive traffic, speeding traffic, footway pinch points and desires for cycleways and some road closures.
- 4.6 To ensure that the Council does not take any unnecessary legal risks, officers have now further considered the options for creating safe spaces for walking, cycling and wheeling in this area (as set out in paragraph 4.1) and these are detailed below.

Option 1

- 4.7 Option 1 is to implement the revised East Craigs LTN scheme (shown in Appendix 1). As set out in paragraph 3.4, this scheme was approved at Committee on 1 October 2020.

Option 2a

- 4.8 In considering alternative measures for East Craigs which would address the public health concerns arising from COVID-19 within the legislation, officers have developed an alternative option to increase safety around Craigmount High School, as this location sees large numbers of people coming together at the start and end of the school day. This would involve measures on Craigs Road including creating more space for pedestrians near the school, introducing a bus gate at the start and end of the school day and removing a guardrail close to the school and a local path which exits onto Craigs Road. An outline design for this option is set out in Appendix 2. These combined measures will help people to physically distance around the school enhance.
- 4.9 In addition, the reduction in traffic resulting from the bus gate would also create road space that is safer and more attractive for cycling to the new cycle and pedestrian crossing on Maybury Road, which was specifically implemented under Spaces for People to help local residents access the Cammo area as a space for exercise.
- 4.10 In this option, road safety/traffic calming measures are proposed in the surrounding roads where survey data shows that average vehicle speeds are well in excess of the 20mph speed limit. This in turn will help provide safer spaces for walking, cycling and wheeling as a means of exercise during the pandemic.
- 4.11 The option also includes a segregated cycleway along a section of Drum Brae North to help people move around safely by bicycle as an alternative to public transport and for exercise.

Option 2b

- 4.12 Another alternative is only to introduce measures to address the footway pinch points around Craigmount High School and to introduce the segregated cycleway on Drum Brae North to create sufficient space for physical distancing around the school and for exercise.
- 4.13 An outline design of this option is set out in Appendix 3.

Option 3

- 4.14 There has been significant feedback from the local community that measures to create safer spaces for walking, cycling and wheeling in this area are not required. Therefore, Committee could decide that no measures should be implemented in this area.
- 4.15 However, there has been feedback received which has indicated that measures to provide safer space to support physical distancing and for cycling would be welcomed.

- 4.16 Should Committee decide not to implement any measures in this area these concerns would not be addressed.

Officer Recommendation

- 4.17 Committee is asked to note that, in advance of the Council meeting on 15 October 2020, officers received an intimation of legal challenge should the scheme (Appendix 1) be approved using TTRO powers.
- 4.18 After consideration of the legal position and the alternative options, the recommendation of officers would be to implement option 2a as part of the Spaces for People programme, using TTRO powers. The combination of measures outlined would address concerns raised about safety around this entrance to Craigmount High School, linking closely with a popular local path to and from the school, and would introduce measures to address concerns raised about safety for walking, cycling and wheeling in this area.
- 4.19 However, recognising the significant feedback from the local community, option 2a does not introduce further road closures in the surrounding streets.

Maybury Road Vegetation

- 4.20 As requested by Council on 15 October 2020, arrangements are being made for vegetation which is encroaching on the footways on both sides of Maybury Road to be removed.
- 4.21 There are some areas along Maybury Road where the Council is responsible for the maintenance of verges and footways and a plan has been developed to initially cut back vegetation and then to continue to maintain this on an on-going basis.
- 4.22 However, where the land is not owned by the Council, arrangements have been made to identify and contact the landowner to request that vegetation which is encroaching on the footpath be removed. There are three stages to this process:
- 4.22.1 Inspection and letter to the landowner explaining their responsibility to maintain vegetation to ensure that the footway remains safe for those walking and cycling. The letter will give 28 days notice of the need to take action;
- 4.22.2 If no action is taken, a formal notice will be given instructing the landowner to take the required action to cut back encroaching vegetation. Once again, 28 days notice is given; and
- 4.22.3 If the landowner fails to act, the Council will take action to cut back the vegetation and will seek to recover the cost of doing so from the landowner.

East Craigs LTN – Experimental Traffic Regulation Order

- 4.23 Policy and Sustainability Committee on 20 August 2020 agreed that the process for the permanent Traffic Order for East Craigs LTN should be accelerated to the earliest possible time to allow full public consultation to take place with residents.
- 4.24 Committee is aware that officers were developing plans for a permanent LTN in the area using a TRO through the West Edinburgh Link (WEL) programme. The focus

of WEL is to support sustainable travel choices across West Edinburgh, which is clearly important given the scale of change and development in the area.

- 4.25 Committee are asked to approve the commencement of the process required to start the implementation of a permanent LTN for East Craigs. The proposed permanent LTN is the scheme set out in Appendix 1.
- 4.26 However, recognising that the local community are keen to be involved in developing and refining plans for such a scheme and the importance of ensuring the that the strategy for the wider West Edinburgh area, it is proposed to progress with the permanent scheme initially as an Experimental Traffic Regulation Order (ETRO).
- 4.27 An ETRO means that measures can be introduced, and those measures can then be changed during the lifetime of the Order (under certain circumstances). These measures can be in place for a maximum of 18 months.
- 4.28 This will help to facilitate a greater depth of public consultation during the first six months of the changes being in force, once the local people have had a chance to experience the LTN in operation which can then be considered in preparing plans for the permanent TRO.
- 4.29 Objections to the ETRO can be submitted during the formal consultation period as part of the initial ETRO process. Once the scheme is in place and the impact of the measures have been identified, it is expected that a TRO process for the permanent scheme will begin. While this is being advertised there is another formal consultation period during which objections to the permanent scheme are invited.
- 4.30 Although, technically, no decision is required on objections to an ETRO, it is intended that any objections received will be carefully considered by officers and reported to Committee if necessary.

5. Next Steps

- 5.1 If Committee approve the recommendations of this report, officers will take the appropriate action to implement the agreed measures as soon as possible.
- 5.2 Assuming an ETRO is promoted for implementation of the initial LTN plans for East Craigs, once a permanent scheme has been developed, this will be promoted as a TRO and any objections will be reported to Committee.
- 5.3 Officers will continue to maintain verges along Maybury Road (where the verge is the responsibility of the Council) and to engage with adjacent landowners to make arrangements to cut back overhanging/overgrown vegetation.

6. Financial impact

- 6.1 City of Edinburgh Council received £5m funding from Scottish Government's Spaces for People programme.

- 6.2 The cost of implementing the preferred option will be met from the Council's Spaces for People budget allocation.
- 6.3 The cost of advertising the permanent ETRO for East Craigs LTN will be met from the West Edinburgh Link project funding.

7. Stakeholder/Community Impact

- 7.1 Residents of East Craigs, North Gyle and the surrounding areas have provided significant feedback on the revised proposal which was presented to Committee on 1 October 2020, to Council on 15 October 2020 and which are outlined in Option 1 (and Appendix 1). This includes a number of deputations, abridged Counsel advice and a notification of legal challenge should the scheme proceed as proposed.
- 7.2 In respect of a permanent TRO/ETRO, consultation will begin as soon as possible, taking into account other priorities for legal orders and, assuming objections are received, these will be reported to Transport and Environment Committee in due course.
- 7.3 The integrated impact assessment for the Spaces for People programme has recently been updated. An impact assessment on the East Craigs LTN (option 1) has also been prepared and will be uploaded to the Council website shortly.

8. Background reading/external references

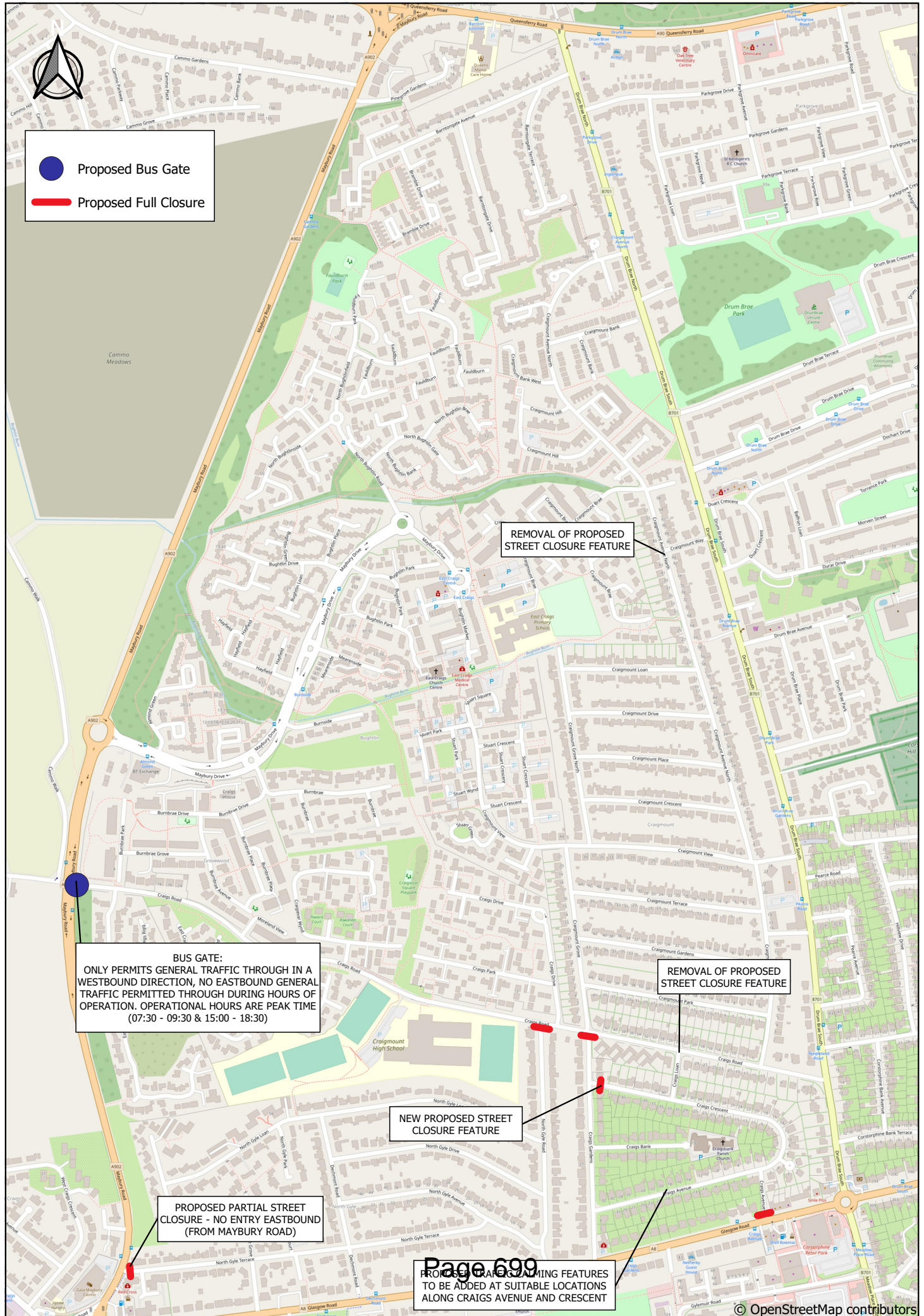
- 8.1 None.

9. Appendices

- 9.1 Appendix 1 Option 1: Revised LTN Proposals for East Craigs
- 9.2 Appendix 2 Option 2a: Improved safety around Craigmount High School, including bus gate, wider traffic calming and cycleway on Drum Brae North
- 9.3 Appendix 3 Option 2b: Improved safety around Craigmount High School, cycleway on Drum Brae North.

Appendix 1

Option 1: Revised LTN Proposals for East Craigs



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