Public Document Pack

:

# Notice of meeting and agenda

## Housing, Homelessness and Fair Work Committee

### 10.00 am Thursday, 4th November, 2021

Virtual Meeting - via Microsoft Teams

This is a public meeting and members of the public are welcome to watch the webcast live on the Council's website. Attendance may also be in person, but this will be limited in order to maintain a minimum of 1-metre distancing in the public gallery and access cannot therefore be guaranteed.

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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

### Contacts


Email: jamie.macrae@edinburgh.gov.uk / sarah.stirling@edinburgh.gov.uk

Tel: 0131 553 8242 / 0131 529 3009


•EDINBVRGH•
THE CITY OF EDINBURGH COUNCIL

## 1. Order of Business

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

## 2. Declaration of Interests

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

## 3. Deputations

**3.1** If any.

## 4. Minutes



## 5. Forward Planning



## 6. Business Bulletin



## 7. Executive Decisions

## 8. Routine Decisions

| | | |
|---|---|---|
| **8.3** | Internal Audit: Overdue Findings and Key Performance Indicators as at 11 August 2021 – referral from the Governance, Risk and Best Value Committee | 269 - 282 |

## 9. Motions

**9.1** None.

**Nick Smith**

Service Director, Legal and Assurance

## Committee Members

Councillor Kate Campbell (Convener), Councillor Mandy Watt (Vice-Convener), Councillor Jim Campbell, Councillor Cammy Day, Councillor David Key, Councillor Kevin Lang, Councillor John McLellan, Councillor Susan Rae, Councillor Alex Staniforth, Councillor Susan Webber and Councillor Norman Work

## Information about the Housing, Homelessness and Fair Work Committee

The Housing, Homelessness and Fair Work Committee consists of 11 Councillors and is appointed by the City of Edinburgh Council. This meeting of the Housing, Homelessness and Fair Work Committee is being held in the Dean of Guild Court Room in the City Chambers on the High Street in Edinburgh and remotely by Microsoft Teams.

## Further information

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

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

## Webcasting of Council meetings

Please note this meeting may be filmed for live and subsequent broadcast via the Council's internet site – at the start of the meeting the Convener will confirm if all or part of the meeting is being filmed.

The Council is a Data Controller under the General Data Protection Regulation and Data Protection Act 2018. We broadcast Council meetings to fulfil our public task obligation to enable members of the public to observe the democratic process. Data collected during this webcast will be retained in accordance with the Council's published policy including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

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

If you have any queries regarding this, and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact Committee Services (committee.services@edinburgh.gov.uk).

This page is intentionally left blank

# Minutes

# Housing, Homelessness and Fair Work Committee

## 10.00am, Thursday 2 September 2021

**Present**

Councillors Kate Campbell (Convener), Watt (Vice-Convener), Jim Campbell, Day, Key, Lang, McLellan, Mowat (substituting for Councillor Webber), Rae, Staniforth and Work.

## 1. Minutes

**Decision**

1) To approve the minute of the Housing, Homelessness and Fair Work Committee of 3 June 2021 as a correct record.

2) To approve the minute of the Housing, Homelessness and Fair Work Committee of 25 June 2021 as a correct record.

## 2. Work Programme

The Housing, Homelessness and Fair Work Committee Work Programme for September 2021 was presented.

**Decision**

To note the Work Programme.

(Reference – Work Programme, submitted.)

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

The Housing, Homelessness and Fair Work Committee Rolling Actions Log for September 2021 was presented.

**Decision**

1) To agree to close the following actions:

- Action 4 – Housing Revenue Account (HRA): Impact of a One-Year Rent Freeze
- Action 9 (3, 4 & 5) – Approach to Dampness, Mould and Condensation in Council Homes
- Action 12 (1 & 2) – Place Based Investment Programme – 2021/22 Allocations

2) To agree not to close Action 1 (2) – EICC Update to request further information and figures on how the EICC planned to reduce their carbon footprint and how much by.

3) To otherwise note the remaining outstanding actions.

(Reference – Rolling Actions Log, submitted.)

## 4. Housing, Homelessness and Fair Work Committee Business Bulletin

The Housing, Homelessness and Fair Work Committee Business Bulletin for September 2021 was presented.

**Decision**

To note the Business Bulletin.

(Reference – Business Bulletin, submitted.)

## 5. Young Person's Guarantee Delivery

Edinburgh had been awarded funding totalling £4.80m for financial years 2020/21 and 2021/22 from the Scottish Government for delivery of the Young Person's Guarantee (YPG) ambition. The report set out how the funding for 2020/21 was used and provided recommendations on how the funding for 2021/22 could be utilised.

**Decision**

1) To note the funding which had been allocated by the Scottish Government for delivery of the Young Person's Guarantee ambition in Edinburgh in the financial year 2021/22.

2) To note the priority groups and gaps in provision identified.

3) To approve the recommendations of the Local Employability Partnership (LEP) to allocate funding to the activities set out in paragraph 4.9 of the report.

4) To approve the use of a small grants process, as set out in paragraphs 4.10 – 4.12, and to agree to delegate authority to the Executive Director of Place in consultation with the Convener and Vice Convener of Housing, Homelessness and Fair Work for the award of grants under this programme.

5) To note the importance of Fair Work and Edinburgh's commitment to becoming a Living Wage City. Therefore to ask officers to bring back a report on Employer Recruitment Incentives (ERIs) and how we could ensure that where young people's employment was being subsidised through ERIs they were either receiving the Real Living Wage (RLW), or gaining qualifications and skills which would enable them to enter a profession and earn above the RLW on completion of their training.

6) Further, the report should:

   i) Identify how we could subsidise young people who were living in poverty, and who would not be able to take on an apprenticeship, so that those young people would have the same opportunities available to them as young people from households not in poverty.

ii) Ensure that any employment subsidised by ERIs did not offer varying rates of pay depending on age, and embedded the principle that people doing the same job should be entitled to the same rate of pay.

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

## 6. Network of Employability Support and Training

Approval was sought to commission a replacement Network of Employability Support and Training (NEST) that would complement Edinburgh's current employability services and provide person-centred support for each of the individual target groups.

**Decision**

1) To note the co-production exercise and review undertaken in order to update, develop and realign the specification for the NEST in Edinburgh to include No One Left Behind Phase 2 (NOLB2) provision.

2) To approve the specification set out in paragraphs 4.2 and 4.3 of the report for the future NEST provision.

3) To approve that future NEST provision would consist of two elements, as set out in paragraph 4.5 of the report.

4) To note that recommendations for funding from the proposed NEST small grants programme would be reported to Committee following completion of the grants commissioning process.

5) To approve, in principle, the direct award of funding to Capital City Partnership (CCP) for the vocational training programme. The funding allocation for this would be confirmed once the NOLB2 funding allocation for Edinburgh was known.

6) To agree that there would be no reduction in the funding for the NEST third party grants, and only additional NOLB2 funding would be used to fund the training provision

7) To agree that officers would make sure there was a mechanism involved in the grants process that guaranteed that funding for the NEST third party grants would be prioritised towards organisations operating in SIMD areas 1&2 and would ensure the mechanism would deliver the best possible spread across the city from the projects and organisations that apply to the fund.

(References – Housing, Homelessness and Committee of 3 June 2021 (Item 17); report by the Executive Director of Place, submitted.)

## 7. Fair Work Action Plan and Living Wage Edinburgh

A response was provided to the commitments made in the Council Business Plan and draft actions set out for Council leadership to promote fair work in Edinburgh. The action plan set out key commitments for the Council to implement in its role as an employer, a procurer of goods and services, a provider of business support, a provider of employability and skills support, and a convener for change in the city.

An update was also provided on work to establish an Edinburgh Living Wage Action Group and actions to achieve accreditation for Edinburgh as 'Living Wage City'. Council commitments incorporated in this work were provided for consideration.

**Decision**

1) To note the draft Fair Work Action Plan and the policy levers the Council could draw upon to further the fair work agenda in Edinburgh.

2) To notes that further engagement with stakeholders on the details of this plan would be carried out in alignment with consultation activities underway for the refresh of the Edinburgh Economy Strategy.

3) To agree that a final Fair Work Action Plan would be considered by this Committee following approval of the Edinburgh Economy Strategy in November 2021.

4) To note update on progress towards achieving Edinburgh's accreditation as a Living Wage City and the work carried out to date with city partners.

5) To agree the Council actions included in the draft Edinburgh Living Wage City Action Plan.

(References – Housing, Homelessness and Fair Work Committee of 25 June 2021 (Item 2); Policy and Sustainability Committee of 10 June 2021 (Item 17); report by the Executive Director of Place, submitted.)

## 8. 2022/23 Housing Revenue Account (HRA) Budget Consultation

The 30-year Housing Revenue Account (HRA) Business Plan 2022/23-2051/52 was the financial framework that underpinned the Housing Service. The plan would be reviewed annually in consultation with tenants and a five-year Capital Programme and one-year Capital Investment Budget would be ratified by the City of Edinburgh Council.

**Motion**

1) To agree to seek tenants' views on the HRA budget strategy and potential mitigations of the one-year rent freeze for inclusion in the 2022/23 HRA budget report.

2) To note the potential impact on delivery of the five-year HRA capital programme of rising construction costs, materials and skills shortages and Covid safe operating practices.

3) To agree to receive a report on the outcome of the consultation and the 2022-32 HRA Budget Strategy in January 2022.

\- moved by Councillor Kate Campbell, seconded by Councillor Watt

**Amendment**

1) To agree to seek tenants’ views on the HRA budget strategy and potential mitigations of the one-year rent freeze for inclusion in the 2022/23 HRA budget report.

2) To note the potential impact on delivery of the five-year HRA capital programme of rising construction costs, materials and skills shortages and Covid safe operating practices.

3) To agree to receive a report on the outcome of the consultation and the 2022-32 HRA Budget Strategy in January 2022.

4) To agree that both the consultation and the subsequent 2022-32 HRA Budget Strategy Report should reflect how the quality, speed and customer service of the Council Housing Repair and Maintenance Service needed to improve to meet the reasonable demands of existing Council tenants.

5) To agree that tenants should be consulted on the relative importance of upgrading the fabric of existing Council housing alongside building new Council housing funded through existing rents.

6) To agree that the report should include any implications for the HRA of the Scottish Parliamentary deal between the SNP / Green Parties targeting all homes being Energy Performance Certificate C standard by 2033.

\- moved by Councillor Jim Campbell, seconded by Councillor McLellan

In accordance with Standing Order 22.12, paragraphs 2 and 3 of the addendum were accepted as an amendment to the motion.

**Decision**

To approve the adjusted motion by Councillor Kate Campbell as follows:

1) To agree to seek tenants’ views on the HRA budget strategy and potential mitigations of the one-year rent freeze for inclusion in the 2022/23 HRA budget report.

2) To note the potential impact on delivery of the five-year HRA capital programme of rising construction costs, materials and skills shortages and Covid safe operating practices.

3) To agree to receive a report on the outcome of the consultation and the 2022-32 HRA Budget Strategy in January 2022.

4) To agree that tenants should be consulted on the relative importance of upgrading the fabric of existing Council housing alongside building new Council housing funded through existing rents.

5) To agree that the report should include any implications for the HRA of the Scottish Parliamentary deal between the SNP / Green Parties targeting all homes being Energy Performance Certificate C standard by 2033.

(References – Housing, Homelessness and Fair Work Committee of 3 June 2021 (Item 10); report by the Executive Director of Place, submitted.)

## 9. Rent Collection and Assistance for Council Tenants

In response to a motion by Councillor Booth at the City of Edinburgh Council of 24 June 2021 on eviction action against tenants for rent arrears, information was provided on operational practice in the management of Council tenant rent arrears, tenant representative views and the legal protections and processes by which formal action to recover arrears was taken where this was required.

**Decision**

1) To note the information provided on the Council's rent collection service and the legal protections and processes for formal action to recover arrears where this was required.

2) To note the approach taken to provide advice and support to help tenants remain in their homes.

3) To note that formal debt recovery action recommenced with the Scottish Government moving Edinburgh into level 0 Covid-19 lockdown restrictions.

4) To note the information on the steps being taken by the Council to support tenants in the Private Rented Sector to prevent homelessness.

5) To agree to discharge the amended motion on the suspension of eviction action against tenants for rent arrears as approved at the City of Edinburgh Council on 24 June 2021.

6) To note the positive inclusion of the additional step, pre court action, of referrals to the multi-disciplinary team. To recognise that 84% of tenants referred have had positive engagement with the team.

7) Therefore, to ask that consideration would be given to how this team could be effectively expanded, with an emphasis on early intervention, and report back through the RRTP.

8) To agree to an annual Business Bulletin update on support for rent collection.

9) To agree to Business Bulletin updates on locality drop in events, as referenced in 4.5.2 of the report. Updates would be circulated to all elected members for information.

(References – Act of Council No. 22 of 24 June 2021; report by the Executive Director of Place, submitted.)

## 10. Homelessness Services – Statutory Returns

All local authorities were required to submit a range of data, quarterly, to the Scottish Government as part of their statutory returns process. The latest publication of these returns was on 29 June 2021 and covered the period 1 April 2020 – 31 March 2021. Key areas of performance were highlighted and the link to the full publication provided in section 8. Comparisons with the previous years' data were provided, however it was important to note that the global pandemic may have impacted on some of these performance areas.

**Decision**

To note the summary of the Council's statutory homelessness returns.

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

## 11. Homelessness Services' Performance Dashboard

The Council's Internal Audit service recommended that Homelessness Services, in addition to providing an annual report on the service's statutory returns, should provide additional performance information to Committee.

On 3 June 2021 the Housing, Homelessness and Fair Work Committee agreed the measures to be contained in the performance dashboard. The dashboard provided performance information which was linked to the Council's Business Plan, the Poverty Commission Delivery Plan and the delivery of the Rapid Rehousing Transition Plan activities. Data was provided for the first quarter of 2021/22.

**Decision**

1) To note the performance dashboard for quarter one of 2021/22 attached at Appendix 1 of the report.

2) To note that the next Performance Dashboard would be presented to Committee in March 2022.

(References – Housing, Homelessness and Fair Work Committee of 3 June 2021 (Item 16); report by the Executive Director of Place, submitted.)

## 12. Prevention Duty: Recommendations from the Prevention Review Group

The findings of the Prevention Review Group were published and submitted to Scottish Government on 18 February 2021. These set out recommendations to identify legal duties on local authorities and other public bodies to prevent homelessness.

An overview of the recommendations and next steps was provided.

**Decision**

1) To note recommendations of the Prevention Review Group.

2) To note that officers would provide further updates when more information became available.

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

## 13. Appointments to Working Groups 2021/22

The Housing, Homelessness and Fair Work Committee was required to appoint the membership of its Working Groups for 2021/22. The proposed membership structures and remits of each are detailed in Appendices 1 and 2 of the report by the Executive Director of Corporate Services.

**Motion**

1) To agree the remits of the working groups set out in Appendices 1 and 2 of the report.

2) To appoint membership of the working groups as set out in Appendices 1 and 2 of the report.

- moved by Councillor Kate Campbell, seconded by Councillor Watt

**Amendment**

1) To agree the remit of the working groups set out in Appendix 1 of the report.

2) To appoint membership of the working groups as set out in Appendix 1 of the report.

3) To agree that the Economic Advisory Panel would benefit from a plurality of views and therefore to agree to appoint a Councillor to represent every Group on Council.

- moved by Councillor McLellan, seconded by Councillor Jim Campbell

**Voting**

| | | |
|---|---|---|
| For the motion | - | 8 votes |
| For the amendment | - | 3 votes |

(For the motion – Councillors Kate Campbell, Day, Key, Lang, Rae, Staniforth, Watt and Work.

For the amendment – Councillors Jim Campbell, McLellan and Mowat.)

**Decision**

To approve the motion by Councillor Kate Campbell.

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

## 14. No One Left Behind Activity Agreement Hubs – North East and North West Edinburgh

An update was provided on the information contained in the Housing, Homelessness and Fair Work Committee Business Bulletin of 25 June 2021 on recent delivery issues and solutions put in place to ensure ongoing delivery of the No One Left Behind (NOLB) Activity Agreement (AA) Hubs for North East (excluding Leith) and North West Edinburgh.

**Decision**

1) To note the actions taken to ensure continued delivery of valuable support for vulnerable young people in North Edinburgh.

2) To note the award of funding to a new delivery partner in North East and North West Edinburgh.

(References – Housing, Homelessness and Fair Work Committee of 25 June 2021 (Item 2); report by the Executive Director of Place, submitted.)

## 15. Place Directorate - Revenue Monitoring 2020/21 – Provisional Out-turn and 2021/22 Month Three Position

The provisional 2020/21 out-turn revenue monitoring position was set out for the Housing Revenue Account (HRA) and Place Directorate General Fund (GF) for services within the scope of the Housing, Homelessness and Fair Work Committee. As of the time of writing, closure of the Council's accounts for 2020/21 was continuing and the report represented a provisional update. The final outturn position would be reported in due course.

**Decision**

1) To note that the Housing Revenue Account (HRA) provisional out-turn position for the 2020/21 financial year was a balanced budget after a contribution of £11.103m towards the Strategic Housing Capital Investment Programme. This was an improvement of £0.505m on the approved budget and the most recent update to committee.

2) To note that the Place General Fund (GF) 'business as usual' revenue budget provisional out-turn position for 2020/2021 was a £0.116m overspend (excluding COVID19 impact) for services within the remit of this Committee which was in line with previous updates to the Committee.

3) To note that the Place GF revenue budget provisional out-turn for 2020/21 in respect of the net cost impact of COVID-19 was £2.207m for services within the remit of this Committee. This was consistent with the most recent update to Committee.

4) To note that the HRA 2021/22 month three forecast was a balanced position after the budgeted contribution to Strategic Housing Investment of £9.941m.

5) To note that the Place GF 2021/22 month three 'business as usual' forecast for services within the remit of this Committee was a £0.300m overspend in respect of emergent pressures and a forecast Covid-19 cost of £0.550m which was in line with provision made within the approved budget.

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

## 16. Homelessness and Housing Support - Revenue Outturn 2020/21 and Revenue Monitoring 2021/22 – month three position

The 2020/21 revenue outturn and 2021/22 projected month three revenue monitoring position for the Homelessness and Housing Support service was set out, based on analysis of actual expenditure and income to the end of June 2021, and expenditure and income projections for the remainder of the financial year.

**Decision**

1) To note an overall net residual budget pressure of £2.562m for Communities and Families at month three.

2) To note that this pressure included a net residual budget pressure of £1.2m for the Homelessness and Housing Support service.

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

## 17. Place Services Internal Audit – Actions Update

The Place Services Internal Audit Actions Update sat alongside the referral report from the Governance, Risk and Best Value Committee on overdue findings which was considered on 27 April 2021. An update was provided on progress on management actions arising from Internal Audits which specifically related to services which fell within the remit of the Housing, Homelessness and Fair Work Committee.

**Decision**

To note the progress made on the overdue Internal Audit management actions relating to the Housing Property and Homelessness services and the audit actions, which had been agreed corporately, and which services which sat within the remit of the Housing, Homelessness and Fair Work Committee were working on.

(References – Governance, Risk and Best Value Committee, 8 June 2021 (item 5); Housing, Homelessness and Fair Work Committee of 2 September 2021 (Item 18); referral from the Governance, Risk and Best Value Committee, submitted.)

## 18. Internal Audit Overdue Findings and Key Performance Indicators as at 27 April 2021 – referral from the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee had referred a report on Internal Audit Overdue Findings and Key Performance Indicators as at 27 April 2021, which provided an overview of the status of the overdue Internal Audit (IA) findings as at 27 April 2021 to the Housing, Homelessness and Fair Work Committee for information.

**Decision**

To note the report by the Governance, Risk and Best Value Committee.

(Reference – Governance, Risk and Best Value Committee, 8 June 2021 (item 5); referral from the Governance, Risk and Best Value Committee, submitted.)

## 19. Unsuitable Accommodation Order: Purchasing Homes

The Committee, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 8 of Part 1 of Schedule 7(A) of the Act.

A proposal was set out to purchase homes to address the Unsuitable Accommodation Order.

**Decision**

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

(References – Housing, Homelessness and Fair Work Committee of 5 November 2020 (item 24); report by the Executive Director of Place, submitted.)

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

Document is Restricted

This page is intentionally left blank

# Work Programme

## Housing, Homelessness and Fair Work Committee

## 4 November 2021

| No. | Title / description | Purpose/Reason | Directorate and Lead Officer | Progress updates | Expected date |
|---|---|---|---|---|---|
| 1 | Homelessness – Financial Monitoring | Quarterly and annual report<br><br>(items 1 and 2 to be combined for January onwards) | Executive Director of Corporate Services<br>Lead Officer: Brendan O'Hara<br>0131 469 3620<br>brendan.o'hara@edinburgh.gov.uk | | November 2021<br><br>January 2022 |
| 2 | Place Directorate – Financial Monitoring | Quarterly and annual report<br><br>(items 1 and 2 to be combined for January onwards) | Executive Director of Place<br>Lead Officer: Susan Hamilton<br>0131 469 3718<br>susan.hamilton@edinburgh.gov.uk | | November 2021<br><br>January 2022 |
| 3 | Homelessness Services' Performance Dashboard | Six-monthly report | Executive Director of Place<br>Lead Officer: Nicky Brown<br>0131 469 3620<br>nicky.brown@edinburgh.gov.uk | | March 2022<br><br>September 2022 |

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

| | | | | | |
|---|---|---|---|---|---|
| 4 | EDI Group | Annual Report and six-monthly update | Executive Director of Place<br>Lead Officer: David Cooper<br>0131 529 6233<br>david.cooper@edinburgh.gov.uk | | November 2021 |
| 5 | Appointments to Working Groups | Annual report | Executive Director of Corporate Services<br>Lead Officer: Jamie Macrae<br>0131 553 8242<br>jamie.macrae@edinburgh.gov.uk | | September 2022 |
| 6 | City of Edinburgh Council Assurance Schedule on Housing Services | Annual report | Executive Director of Place<br>Lead Officer: Elaine Scott<br>0131 529 6789<br>elaine.scott@edinburgh.gov.uk | | November 2021 |
| 7 | EICC | Annual report | Executive Director of Place<br>Lead Officer: David Cooper<br>0131 529 6233<br>david.cooper@edinburgh.gov.uk | | November 2021 |
| 8 | Empty Homes Annual Update | Annual Report | Executive Director of Place<br>Lead Officer: Elaine Scott<br>0131 529 6789<br>elaine.scott@edinburgh.gov.uk | | November 2021 |
| 9 | Homelessness – Statutory Returns | Annual Report | Executive Director of Place<br>Lead Officer: Nicky Brown<br>0131 469 3620<br>nicky.brown@edinburgh.gov.uk | | September 2022 |

| | | | | | |
|---|---|---|---|---|---|
| 10 | Housing Revenue Account Capital Programme | Annual report | Executive Director of Place<br>Lead Officer: Elaine Scott<br>0131 529 6789<br>elaine.scott@edinburgh.gov.uk | | March 2022 |
| 11 | Land Strategy to Support Delivery of Affordable Housing and Brownfield Regeneration | Annual Report | Executive Director of Place<br>Lead Officer: Elaine Scott<br>0131 529 6789<br>elaine.scott@edinburgh.gov.uk | | November 2021 |
| 12 | Rapid Rehousing Transition Plan | Annual report | Executive Director of Place<br>Lead Officer: Nicky Brown<br>0131 469 3620<br>nicky.brown@edinburgh.gov.uk | | June 2022 |
| 13 | Strategic Housing Investment Plan (SHIP) | Annual Report | Executive Director of Place<br>Lead Officer: Elaine Scott<br>0131 529 6789<br>elaine.scott@edinburgh.gov.uk | | November 2021 |
| 14 | Net Increase in Homes and Acquisition | Six-Monthly Business Bulletin | Executive Director of Place<br>Lead Officer: Elaine Scott<br>0131 529 2277<br>elaine.scott@edinburgh.gov.uk | | January 2022 |

| | | | | | |
|---|---|---|---|---|---|
| 15 | Support for Rent Collection | Annual Business Bulletin | Executive Director of Place<br>Lead Officer: Elaine Scott<br>0131 529 6789<br>elaine.scott@edinburgh.gov.uk | | September 2022 |

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

| Report Title | Directorate | Lead Officer |
|---|---|---|
| **January 2022** | | |
| Housing Service Improvement Plan | Place | Robyn Barrie |
| Tenant Participation and Engagement | Place | Jennifer Hunter |
| Edinburgh Living Bi-annual report | Place | Tricia Hill |
| 2022-32 HRA Budget Strategy Consultation Response | Place | Elaine Scott |
| Approach to Dampness, Mould and Condensation in Council Homes | Place | Willie Gilhooly |
| NEPS Update | Place | Sarah Burns |
| Award of Network of Support and Training Grants | Place | Elin Williamson |
| Edinburgh Employer Recruitment Incentive and Real Living Wage Employers | Place | Elin Williamson |
| Financial Monitoring | Corporate Services | Susan Hamilton |

This page is intentionally left blank

# Rolling Actions Log

## Housing, Homelessness and Fair Work Committee

4 November 2021

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| 1 | 31.10.19 | Edinburgh International Conference Centre Annual Update | 1) To agree that a draft Service Level Agreement (SLA) be prepared and reported in two committee cycles. | Executive Director of Place | November 2021 | November 2021 | **Recommended for Closure** – report on agenda for November<br>*It is a long standing requirement that all Arms-Length External Organisations of the Council should enter into a Service Level Agreement (SLA) with the Council.* |



Agenda Item 5.2

THE CITY OF EDINBURGH COUNCIL

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| | | | | | | | *However, given that there is a Shareholder Agreement in place and the company does not offer a direct service to the Council, it is proposed that Strategic Delivery Agreement (SDA) is put in place.* |

Page 29

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| | | | | | | | *A draft document has been prepared but some of the terms cannot be finalised until the details of other legal documents are also sufficiently developed. These dependencies are unfortunately not entirely within the control of either the Council or the EICC and require agreement from other parties. It is, however, hoped that this will be completed shortly and the SDA will be reported to the June committee for consideration.* |

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| | | | 2) To request that officers ask the Board for details of how they planned to reduce their carbon footprint. | Executive Director of Place | | | **Recommended for Closure** – included in annual update report<br>Committee agreed this action would remain open to request further information and figures on how the EICC planned to reduce their carbon footprint and how much by. |
| 2 | 05.11.20 | Consultation Response: Local Connection | Officers will provide Committee with an update on the impact of these changes six months after implementation. | Executive Director of Place | November 2021 | November 2021 | **Recommended for Closure** – update in Business Bulletin for November |

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| 3 | 14.01.21 | Empty Homes Update | Therefore agrees to receive a further report within three cycles setting out the potential to mainstream funding for the EHO post and to greater embed the work of the EHO within the wider homelessness and council tax teams in order to support wider council objectives on ending homelessness. | Executive Director of Place | November 2021 | November 2021 | **Recommended for Closure** – report on agenda for November |
| 4 | 18.03.21 | Community-Led Factoring | Agrees to receive a progress update on this work within 12 months, including possible solutions for any areas not currently covered by factoring arrangements. | Executive Director of Place | March 2022 | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | 03.06.21 | Housing Sustainability Update | Therefore agrees that the Convenor will write to the Cabinet Secretary for Net Zero, Energy and Transport, and the Cabinet Secretary for Social Justice, Housing and Local Government, to urge the Scottish Government to:<br>a) accelerate the Heat in Buildings strategy, and<br>b) enhance incentives and introduce regulatory levers as soon as possible to allow local authorities to meet their ambitious carbon reduction and fuel poverty targets, including but not limited to, introducing regulations to set minimum energy efficiency standards at point of sale and major refurbishment to come into force within the next five years, as recommended by the Existing Homes Alliance Scotland in their recent “Pathway to zero carbon homes” report. | Convener | | | |

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| 6 | 03.06.21 | Updated Housing Revenue Account (HRA) Capital Programme | Agrees to receive a report in two cycles on the projects outlined in the key priorities in appendix 3. This should include, for large scale projects such as external fabric improvements, status updates on community engagement and consultation, design work, the scope of works and indicative time frames for work to begin. | Executive Director of Place | November 2021 | November 2021 | **Recommended for Closure** – report on agenda for November |
| 7 | 03.06.21 | Housing Service Improvement Plan – Repairs Update | To agree to a workshop for committee on the monitoring and communication of repairs. | Executive Director of Place | | | Initial workshop took place in September, further workshop to be scheduled<br>(see action 8(2)) |

Page 33

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| 8 | 03.06.21 | Approach to Dampness, Mould and Condensation in Council Homes | 1) Agrees that a further report will be brought back in six months to update on the asset management strategy, how data is monitored to ensure investment is targeted to where it is needed most alongside an analysis of the implementation of the new processes including data on the number of cases where mould has been removed and reinstatement work carried out. Agrees that report will contain details of the current condition of council stock, and suggestions for how we can measure improvements to the service tenants receive and the condition of homes. | Executive Director of Place | January 2022 | | |

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| | | | 2) To agree to a workshop for committee members to discuss key reporting outcomes which would inform the update report returning in six months' time. | Executive Director of Place | January 2022 | | Initial workshop took place in September, further workshop to be scheduled<br>(see action 7) |
| 9 | 10.06.21 | [Council Fire Safety Policy 2021-24](#)<br>(from Policy and Sustainability Committee) | Therefore calls for a report to Housing, Homelessness and Fair Work Committee detailing the council's current post-fire procedure should a fire occur on or near council run accommodation and any suggested updates to that procedure within two cycles. | Executive Director of Place | November 2021 | November 2021 | **Recommended for Closure** – on agenda for November |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 10 | 24.06.21 | **Motion By Councillor Booth - Suspension of Eviction Action Against Council Tenants for Rent Arrears**<br><br>(from the City of Edinburgh Council) | 6) Further agrees that a report will be provided to the Housing, Homelessness and Fair Work Committee within one cycle and that this report should:<br><br>a. set out options for a review of pre-court engagement with tenants with a view to adopting best practice in encouraging tenants to engage early and constructively with the council when arrears problems first emerge.<br><br>b. Recognising that the council is the custodian of the HRA for tenants, the report should reflect the views of tenants and tenants' representative organisations and therefore asks officers to consult with tenants representatives about any additional measures that could be put in place to avoid court proceedings<br><br>c. Recognising further that the biggest risk of homelessness is to tenants in the private rented sector, as the pre-legal requirements in | Executive Director of Place | September 2021 | September 2021 | **Recommended for Closure** – report considered on 2 September 2021 |

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| | | | place for social landlords requiring every action be taken to assist with rent arrears are not in place in the private rented sector. Therefore requests the report includes the most up to date data on evictions across all tenures, and steps the council is taking to support tenants in the PRS to prevent homelessness. | | | | |

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| 11 | 03.09.21 | Young Person's Guarantee Delivery | Notes the importance of Fair Work and Edinburgh's commitment to becoming a Living Wage City. Therefore asks officers to bring back a report on Employer Recruitment Incentives (ERIs) and how we can ensure that where young people's employment is being subsidised through ERIs they are either receiving the Real Living Wage (RLW), or gaining qualifications and skills which will enable them to enter a profession and earn above the RLW on completion of their training. | Executive Director of Place | November 2021 | | **Recommended for Closure** – report on agenda for November |
| 12 | 03.09.21 | 2022/23 Housing Revenue Account (HRA) Budget Consultation | Agrees to receive a report on the outcome of the consultation and the 2022-32 HRA Budget Strategy in January 2022 | Executive Director of Place | January 2022 | | |

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| 13 | 03.09.21 | [Rent Collection and Assistance for Council Tenants]() | 1) Notes the positive inclusion of the additional step, pre court action, of referrals to the multi-disciplinary team. Recognises that 84% of tenants referred have had positive engagement with the team<br><br>Therefore, asks that consideration is given to how this team can be effectively expanded, with an emphasis on early intervention, and report back through the RRTP. | Executive Director of Place | June 2022 | | |

| No | Date | Report Title | Action | Action Owner | Expected completion date | Actual completion date | Comments |
|---|---|---|---|---|---|---|---|
| | | | 2) To agree to Business Bulletin updates on locality drop in events, as referenced in 4.5.2 of the report. Updates would be circulated to all elected members for information. | Executive Director of Place | | | |

Page 40

# Business Bulletin

## Housing, Homelessness and Fair Work Committee

**10.00am, Thursday, 4 November 2021**

# Housing, Homelessness and Fair Work Committee

<table>
<tr><th>Convener:</th><th>Members:</th><th>Contact:</th></tr>
<tr><td>Convener<br>Councillor Kate Campbell<br><br><br>Vice Convener<br>Councillor Mandy Watt<br></td><td>• Cllr Jim Campbell<br>• Cllr Cammy Day<br>• Cllr David Key<br>• Cllr Kevin Lang<br>• Cllr John McLellan<br>• Cllr Susan Rae<br>• Cllr Alex Staniforth<br>• Cllr Susan Webber<br>• Cllr Norman Work</td><td>Jamie Macrae<br>Committee Officer<br>Tel: 0131 553 8242<br><br>Sarah Stirling<br>Assistant Committee Officer<br>Tel: 0131 529 3009</td></tr>
</table>

| Recent News | Background |
| --- | --- |
| **Local Connection Update**<br><br>At present local authorities have the power to refer a household they have assessed as homeless to another local authority if they determine that the household does not have a local connection to their local authority area.<br><br>The suspension of referrals between Scottish local authorities will remove the local connection part of the homeless assessment and will mean that households can choose where to make a homeless application. Households will therefore be entitled to homeless assistance in the Scottish local authority area of their choice, regardless of whether they have a local connection to that area.<br><br>Modifications to local connection referrals was due to take effect in May 2021, however this was delayed as a result of Covid-19. Officers have continued to engage with the Scottish Government on this matter, however to date there is no further information available regarding a commencement date. | **Contact:**<br><br>jill.thomson@edinburgh.gov.uk<br><br>0131 529 7183 |
| **Regeneration Capital Grant Fund**<br><br>The Council made seven bids to the ninth round of the Regeneration Capital Grant Fund as agreed by the Housing, Homelessness and Fair Work Committee on 3 June 2021. Two of these bids were successful at stage one:<br><br>• The MacMillan Hub – the creation of a new creative and community hub in Muirhouse/ Pennywell in partnership with North Edinburgh Arts; and<br>• West Shore Studios – the creation of a new creative hub on West Shore Road at Granton Waterfront.<br><br>Stage two applications have been made for these bids with a final decision on each expected in early 2022. | **Contact:**<br><br>david.cooper@edinburgh.gov.uk<br><br>0131 529 6233 |

| Recent News | Background |
| --- | --- |
| **<u>Awards Success for Affordable Housebuilding Programme</u>**<br><br>The Housing Development and Regeneration team's work has been recognised by The Scottish Home Awards – an accolade that acknowledges excellence in the Scottish housing sector.<br><br>The Craigmillar Town Centre development has won the 'Housing Regeneration Project of the Year'. This project was completed for the Council in partnership with CCG (Scotland), our housebuilding contractor and architects Anderson Bell Christie.<br><br>The Craigmillar Town Centre development consists of 194 high-quality, energy efficient homes that form part of a rejuvenated, thriving community. These homes are for social rent and mid-market rent. The blueprint for the regeneration of Craigmillar has integrated retail and education as part of an area-wide improvement in facilities and amenities, and the housing development at the town centre has been central in completing the remaining phases of the vision.<br><br>In addition two further shortlistings have recently been announced. Firstly the Council's Meadowbank Masterplan has been shortlisted in 'Masterplan' category at the Architectural Journal (AJ) Architecture Awards. Recognising excellence in UK architecture the winners will be revealed on 17 November at a ceremony in London.<br><br>The Housing and Regeneration team, on behalf of the City of Edinburgh Council, has also been shortlisted for the Council of the year category in the UK Housing Awards 2021. This award represents celebrates the housing teams and individuals who have demonstrated a real commitment to the housing sector and whose work has made a valuable impact on the people and communities they serve. Winners will be announced on the 25 November. | **<u>Contact:</u>**<br><br>tricia.hill@edinburgh.gov.uk<br><br>0131 529 3954 |

| Recent News | Background |
|---|---|
| **Accessible Housing Research**<br>The Housing Service has commissioned research on accessible housing to gain a greater understanding of the extent of adapted stock and accessible stock in the city, across tenures, and to provide an estimate of current and projected need for accessible housing, including wheelchair housing.<br>There are recognised challenges in assessing current provision and unmet needs for accessible, specialist and wheelchair housing including:<br>• Limited availability of hard data particularly on the extent and nature of provision and unmet housing need across a range of disabilities and health impairments; and<br>• Fragmented data across partners and professionals with limited insight on housing need, demand and supply in the private housing sector.<br>A successful launch event for partners and stakeholder was held in June 2021 to inform them about the study and to request their support in gathering data and insight. Over 40 people attended the online event, representing the Council, Edinburgh Health and Social Care Partnership, Registered Social Landlords and third sector organisations. Primary research, in the form of telephone and online surveys, was carried out to help address the data gaps noted above. Partners also helped to promote the online survey through their networks.<br>A further event will be held with stakeholders to discuss the findings of the study and the wider strategic responses and interventions needed to meet accessible housing requirements going forward. A briefing for elected members can be arranged in November before the final report is completed. The study is expected to complete before the end of the year. | **Contact:**<br>gillian.donohoe@edinburgh.gov.uk<br>0131 529 7660 |

| Recent News | Background |
|---|---|
| **Re-letting of Council Homes**<br><br>During Covid-19, Scottish Government Guidance recognised the significant challenges of re-letting available empty homes safely including overcoming many practical barriers such as social distancing requirements, reduced workforce capacity, new connections for utility supplies, and difficulties with removals and furnishing properties. The Council and the partner EdIndex landlords put in place safe working practices to protect the public, staff and wider communities and, following a brief pause, the advertising/re-letting of empty homes has been maintained since June 2020. The Scottish Social Housing Charter data for 2020/21 shows impacts across the social housing sector in Scotland with a reduction in the turnover of homes during 2020/21 but an increase in the average time taken to let homes.<br><br>The more complex and time consuming processes associated with completing repairs and the viewing/offer process adopted during the Covid-19 period has impacted on the time taken to turnaround available empty homes, and officers have worked hard to find solutions to some of the ongoing challenges associated with utility supplies, carrying out safety checks and coordinating moves for households. Officers have developed new approaches during this time to overcome these challenges and where new examples of best practice has emerged, it will be embedded in the lettings process moving forward.<br><br>Safe working practices remain in place and are being reviewed and updated as the service continues to adapt in line with the Corporate approach and to respond to increasing expectations from the public on a return to more normal services, whilst still ensuring the safety of our staff and tenants. | **Contact:**<br><br>jennifer.hunter@edinburgh.gov.uk<br><br>0131 529 7532 |
| **Tenant Grant Fund**<br><br>The Scottish Government has provided grant funding to local authorities for tenants who are at risk of | **Contact:**<br><br>jill.thomson@edinburgh.gov.uk |

| Recent News | Background |
| --- | --- |
| homelessness as a direct result of rent arrears accrued due to the Covid-19 pandemic. Edinburgh received £1.499 million from this fund, which can be used for arrears accrued for both private and social tenants. A dedicated team to administer the fund is being set up at the moment. Details of the criteria for a grant award will be placed on the Council's website with communications also being distributed to Registered Social Landlords and Private Landlords, and to tenants via social media. | 0131 529 7183 |
| **<u>Energy Advice Service</u>**<br><br>The Energy Advice Service is now in its fourth year of operation. It provides an invaluable service to Council tenants many of whom are in fuel poverty. The key outcomes of the Energy Advice Service are to empower tenants to reduce their energy use and carbon emissions through improved understanding of energy efficient behaviours and reduce their energy costs through increased confidence in engaging with providers (switching, managing energy bills, negotiating debt repayments etc.) and the ability to access funding for energy efficiency improvements. Since the service was introduced over 3,000 tenants have received support, with financial savings of approximately £700k achieved for supported tenants over this period.<br><br>The recent increases in fuel costs and inflation, coupled by changes to Universal Credit (removal of temporary uplifts) and increases in national insurance rates are a growing concern. These changes are likely to have the biggest impact on those on the lowest incomes and is likely to affect many residents in Edinburgh, including Council tenants.<br><br>As a result the Housing Service and colleagues in Communications are promoting a Winter Communications Campaign to highlight the various agencies that can provide support to our tenants and residents in the city more generally. This will highlight the bespoke support available to our tenants through the Energy Advice Service and for residents, more widely, the support available from Home Energy Scotland | **<u>Contact:</u>**<br><br>lisa.mallon@edinburgh.gov.uk<br><br>0131 529 6291 |

| Recent News | Background |
|---|---|
| including advice on grants and funding available for improving home insulation etc. The Council will also be liaising closely with Changeworks and Home Energy Scotland to ensure a collaborative approach across the agencies and also consistency in messaging.<br><br>The winter edition of the Tenant Courier is focussed on 'Keeping Warm this Winter', with a range of advice provided and key contact details for the Energy Advice Service and Home Energy Scotland provided. | |
| **The Edinburgh Guarantee**<br><br>The Edinburgh Guarantee recently relaunched as an all age service, to help meet the needs of individuals who had their life chances, employment or other opportunities affected by the Covid-19 pandemic. Bringing together public, private and education sectors, the Edinburgh Guarantee aims to position itself as a one-stop-shop to help the city's residents access training or employment, and support small businesses to recruit and upskill their workforce.<br><br>Funding to small and medium sized enterprises (SMEs) to support recruitment of those who have barriers to employment, signposting of those in need of support to find training or employment to relevant services, and linking employers offering training and skills to those who will benefit from them, are a few of the main services on offer.<br><br>Fair work and payment of the real living wage are high on the agenda and one recent outcome was negotiation with a large employer to offer a minimum guaranteed number of hours employment, rather than the zero hours they were originally proposing.<br><br>The Employer Steering Group has representation from a variety of sectors, including Financial Services, Hospitality, Care and Health Care, Energy, Transport, Fintech, Engineering, Manufacturing and Aerospace/Defence which helps to inform and guide our employability offer. | **Contact:**<br><br>Elin.williamson@edinburgh.gov.uk<br>0131 469 2801 |

| Recent News | Background |
|---|---|
| Although one of the main areas of focus is young people, supported by Young Person's Guarantee funding from Scottish Government, the new website now hosts information and opportunities for all ages, with employability and support organisations beginning to use the calendar to promote forthcoming training courses and other activities.<br><br>Since 1 April 2021:<br><br>• 313 opportunities have been advertised on the job's boards;<br>• 200 organisations are signed up to receive weekly bulletin;<br>• 608 people are signed up to receive weekly job alerts;<br>• 1338 followers on Twitter;<br>• 46 awards of Edinburgh Employer Recruitment Incentive funding have been made to SMEs;<br>• 21 Kickstart extensions made; and<br>• 86 paid work placements secured in public and third sector.<br><br>An intensive marketing campaign is due to start in November, with the main activity taking place from January. This will include community-based advertising, social media, radio and other routes to share the Edinburgh Guarantee message.<br><br>To view the website visit www.edinburghguarantee.org or email edinburghguarantee@edinburgh.gov.uk for further information. | |
| **Scotland Loves Local Gift Cards**<br><br>The Scotland Loves Local campaign is a national initiative designed to encourage all those who live in Scotland to think local first and support their high streets safely and in line with public health guidelines.<br><br>The outbreak of Covid-19 has caused significant challenges for our town centres, high streets and local businesses who have lost out on vital trade, yet many of them have gone to enormous lengths to support the most vulnerable people in our communities. | **Contact:**<br><br>Elin.williamson@edinburgh.gov.uk<br>0131 469 2801 |

| Recent News | Background |
|---|---|
| Scotland’s Towns Partnership, the organisation behind the Scotland Loves Local campaign, has joined forces with Town and City Gift Card provider Miconex to launch the Scotland Loves Local Gift Card. The objective of the Scotland Loves Local Gift Card is to encourage consumers to spend money locally, in turn supporting local businesses that are emerging from the impact of the Covid-19 restrictions.<br><br>The Scotland Loves Local Gift Card is a localised product for each of Scotland’s 32 local authority areas, and will be rolled out across Scotland. Rollout success hinges on each local authority signing up to support the scheme to allow use of the Gift Card in every region of Scotland. In doing so, they will enable the active participation of businesses across Scotland and keep spending in the community local for longer.<br><br>The Council will promote this through channels such as Forever Edinburgh, Business Gateway, the Business Champions Network and also partner organisations like Edinburgh Chamber of Commerce and Essential Edinburgh. | |

# Housing, Homelessness and Fair Work Committee

## 10.00am, Thursday, 4 November 2021

## Place Based Investment Programme Framework

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

### 1. Recommendations

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

1.1.1 Notes the update on the allocations of the Place Based Investment Programme (PBIP) for 2021/22; and

1.1.2 Agrees the framework for allocating future rounds of PBIP funding as set out in this report.

**Paul Lawrence**

Executive Director of Place

Contact: David Cooper, Commercial Development and Investment Manager

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

# Report

## Place Based Investment Programme Framework

### 2. Executive Summary

2.1 This report sets out a proposed framework for allocating future rounds of Place Based Investment Programme (PBIP) funding over the four-year period 2022/23 to 2025/26.

### 3. Background

3.1 The PBIP is a ring-fenced capital grant for local authorities created by the Scottish Government in 2020/21. The City of Edinburgh Council received £1.998m from the PBIP in 2020/21. The Scottish Government has confirmed that there will be further rounds of PBIP funding over the next four financial years. The forecast allocations are set out at 6.1.

3.2 The remit of the PBIP is relatively wide ranging. The objectives are to:

3.2.1 Link and align place based initiatives and establish a coherent local framework to implement the Place Principle;

3.2.2 Support place policy ambitions such as town centre revitalisation, community led regeneration, 20-Minute Neighbourhoods and Community Wealth Building;

3.2.3 Ensure that all place based investments are shaped by the needs and aspirations of local communities; and

3.2.4 Accelerate [Scotland’s] ambitions for net zero, wellbeing and inclusive economic development, tackling inequality and disadvantage, community involvement and ownership.

3.3 The Scottish Government has directed that local authorities should use PBIP money to “*accelerate our ambitions for place, 20-minute neighbourhoods, town centre action, community led regeneration and community wealth building*” and to “*contribute to net zero, wellbeing and inclusive economic development, tackling inequality and disadvantage, and community involvement and ownership, including the repurposing of buildings, maintenance and repairs, reallocating external space and community led land acquisition*”.

3.4 The PBIP can only be used to fund new activity – it cannot be used as a substitute source of funding for existing Council-funded activity.

3.5 The PBIP allocations must be fully spent or contractually committed by the end of the financial years of allocation.

3.6 On 25 June 2021, the Housing, Homelessness and Fair Work Committee allocated the £1.998m for 2020/21 to the following eleven projects:

3.6.1 The Causey – the creation of a public square, widening of pavements, and traffic calming measures (£266,000);

3.6.2 Craigmillar 'Meanwhile' site – meanwhile uses on a brownfield site in Craigmillar (£60,000);

3.6.3 Gracemount civic square – improvements to the square at Gracemount Drive/Captain's Road including additional planting and green space; shopfront improvements; improved street furniture; full upgrade of the surfacing; improved accessibility with the removal of the split level; artwork; and cycle bays (£150,000);

3.6.4 Green Bridge, Balerno – the replacement of a derelict footbridge spanning the Bavelaw Burn at Balerno, linking Bavelaw Road to Malleny Garden (£66,000);

3.6.5 MacMillan Hub, Pennywell – a new creative and community hub at MacMillan Square in Pennywell (£250,000);

3.6.6 Northfield Drive and Grove environmental improvements – delivering a softer greener landscape, improving connections to the Figgat Burn, and improving access and street lighting at the Northfield housing estate (£230,000);

3.6.7 Portobello Town Hall – refurbishment of Portobello Town Hall (£350,000);

3.6.8 Rejuvenating Roseburn – a package of public realm upgrades in Roseburn linking into the City Centre West to East Cycle Link (£110,000);

3.6.9 Roseburn Park toilet block conversion – the conversion of a disused 1900s toilet block in Roseburn Park into a new café incorporating a publicly accessible toilet (£66,000);

3.6.10 St. Oswald's Centre – the conversion of the historic St. Oswald's Church and Hall in Bruntsfield into a community facility (£350,000); and

3.6.11 Wester Hailes regeneration – infrastructure improvements in Wester Hailes to be delivered as identified in the interim Local Place Plan and additional environmental improvement works (£100,000).

3.7 Committee also requested that officers bring forward a further report setting out a framework for allocating future rounds of PBIP money, which is the purpose of this report.

## 4. Main report

**Update on 2021/22 round of funding**

4.1 Below is a short summary on each project approved in June 2021:

4.1.1 The Causey – a hearing on the necessary traffic regulation and redetermination orders took place in August 2021; at the time of writing the outcome was still pending.

4.1.2 Craigmillar 'Meanwhile' site – a contract has been let to deliver the project with works scheduled to commence in autumn 2021. It is expected that the new space will open in March 2022. Tender returns were higher than anticipated due to construction price inflation; in response, officers in consultation with the Convener and Vice Convener, have agreed that the PBIP funding be used to meet increased tender costs and provide services into the site (avoiding the need to use temporary generators) rather than to create a second commercial unit as previously proposed. (Additional funding sources are currently being pursued and, if confirmed, should allow the second commercial unit to be delivered as originally envisioned);

4.1.3 Gracemount civic square – following feedback and engagement with the local community on an initial concept design for the project, a new proposal has now been agreed and will be taken be taken forward by the Gracemount Civic Square sounding board. The sounding board, made up of elected members, community representatives and other local stakeholders, will seek to further engagement with the community as finer details of the project are developed. This is on track to meet timescales for tender and site start date this financial year;

4.1.4 Green Bridge, Balerno – the Council is taking forward the removal of the existing bridge. Balerno Community Council have agreed to take on the delivery of the replacement bridge (with the Council providing technical oversight to help ensure the new bridge can be adopted upon completion). A legal agreement with Balerno Community Council has been drafted and is ready for signing pending confirmation of the project budget breakdown. Additional funding for this project has been secured and officers have agreed with the Convener and Vice Convener that any surplus funding be utilised to improve the footpaths around the bridge;

4.1.5 MacMillan Hub, Pennywell – design work for this project is complete and a planning application submitted. It is anticipated that a contract will be let at the end of 2021/beginning of 2022 with a site start in early 2022 and completion in mid-2023. The PBIP funding forms part of a much larger funding pot;

4.1.6 Northfield Drive and Grove environmental improvements – consultation has been completed and a supplier has been appointed to finalise the design, secure planning consent, and prepare tender documentation.

4.1.7 Portobello Town Hall – on behalf of the Community Group, the Council has arranged and carried out a full condition survey; a drainage survey; and a structural survey. These will inform the scope of works for a tender exercise for construction work aimed at ensuring the building can reopen by eliminating the immediate health and safety issues. The timescales permit the commitment of the works this financial year;

4.1.8 Rejuvenating Roseburn – the proposals for Rejuvenating Roseburn are included within the proposed construction contract for the wider City Centre West East Link (CCWEL) project, which was approved at Finance and Resources Committee on 7 October 2021. Work will commence on the CCWEL project, including Rejuvenating Roseburn, during 2022;

4.1.9 Roseburn Park toilet block conversion – a grant agreement was signed with the Friends of Roseburn Park in July 2021. The Friends of Roseburn Park are proceeding with delivery of the project and have begun drawing down funds;

4.1.10 St. Oswald's Centre – a grant agreement was signed with Bruntsfield St. Oswald's in August 2021. Bruntsfield St. Oswald's are proceeding with delivery of the project and have begun drawing down funds; and

4.1.11 Wester Hailes regeneration – a multi-disciplinary team has been appointed and is engaged in early master-planning activities. Initial stakeholder engagement is underway and baseline information is being reviewed.

4.2 Officers will provide further updates on these projects via the Committee Business Bulletin in future.

**Framework for allocating future rounds of funding**

4.3 The PBIP (and the two rounds of the Town Centre Fund that preceded it) have provided highly valuable resources and have enabled many projects to be delivered that would otherwise not have been viable. However, the relatively short notice at which the funds were announced and the relatively tight timescales for committing funding meant the Council was, to some degree, required to prioritise projects that were deliverable with a short lead-in. With the Scottish Government having confirmed that the PBIP will run for a further four years, there is an opportunity to move to a position whereby the available funding is aligned more closely with strategic goals and programmes.

4.4 As set out in paragraph 6.1, it is forecast that the Council will have access to approximately £5.36m over the four-year period 2022/23 to 2025/26. While this is a modest sum in the context of the Council's wider budget and the challenges facing Edinburgh, it is still capable of having considerable local impact if deployed prudently.

4.5 As set out in paragraphs 3.2 and 3.3, the parameters of the PIBP are very broad. To focus the PBIP and align it more closely with the strategic goals of the Council, it is proposed that future funding allocations should be aligned with the three core priorities set out in the Council business plan (and the outcomes linked to each):

4.5.1 Ending poverty and preventing adverse outcomes such as homelessness and unemployment – for example, the creation/improvement of affordable housing (above and beyond that already being delivered); the preservation/enhancement of Edinburgh's cultural offering; support for businesses etc;

4.5.2 Becoming a sustainable and net zero city – for example, the creation or enhancement of greenspaces; the creation or enhancement of active travel routes; improved building energy efficiency; development of brownfield land, etc; and

4.5.3 Making sure wellbeing and equalities are enhanced for all – for example, the creation of 20 Minute Neighbourhood "hubs"; the provision of affordable leisure services; neighbourhood enhancements etc.

4.6 It is proposed that officers would initiate a call for projects throughout the Council and to external partners, seeking proposals for how the PBIP funding could be utilised over the next four years to achieve the above priorities. These projects would be presented to the Housing, Homelessness and Fair Work Committee to agree allocations.

4.7 It is very likely that proposals for the use of the PBIP will exceed the funding available. As such, contextual information will be supplied to help members take final decisions on allocations. The mandatory criteria that it is proposed all projects must meet are shown in Appendix 1.

4.8 While the Scottish Government has stated that the PBIP will run for four more years, there is nonetheless a risk that it will be withdrawn, or that the allocations are substantially lower than expected. Given this, project managers seeking multi-year funding allocations from the PBIP would be expected to build appropriate break points into all relevant contracts to mitigate financial risk the Council.

4.9 Committee is recommended to agree this approach to allocating future rounds of the PBIP.

## 5. Next Steps

5.1 Subject to the Committee approving this framework, officers will initiate a call for projects. The responses to this call will be used to populate a schedule showing the proposed allocations of the PBIP funding over the period 2022/23 to 2025/26 (as shown in Appendix 2). This schedule will then be referred to the Housing, Homelessness and Fair Work Committee for approval.

5.2 Should the Committee approve the schedule, the respective project managers will be advised of their provisional allocation for each financial year. These provisional allocations will crystallise each financial year upon the confirmation by the Scottish Government of the exact allocation to each project (expected to be in May each year). In the event that the exact allocations differ from the estimated values below, the allocations to each project would be reduced or increased on a pro rata basis to fit the level of funding available.

5.3 Regular updates on the status of project funded via the PBIP will be provided via business bulletin updates.

## 6. Financial impact

6.1 The PBIP is expected to run for a further four years until 2025/26. Based on the announced overall levels of funding for each year, and the Council's share for 2021/22, the estimated allocations for each year are set out below.

| Estimated 2022/23 | Estimated 2023/24 | Estimated 2024/25 | Estimated 2025/26 | Total |
|---|---|---|---|---|
| £1.735m | 1.209m | £1.209m | £1.209m | £5.36m |

## 7. Stakeholder/Community Impact

7.1 All projects supported by the PBIP will benefit neighbourhoods and communities. Work to engage these respective groups will be undertaken by each project.

## 8. Background reading/external references

8.1 Place Based Investment Programme – 2021/22 Allocations – report to the Housing, Homelessness and Fair Work Committee, 25 June 2021.

8.2 "Our Future Council, Our Future City" – the City of Edinburgh Council business plan for 2021 to 2024

## 9. Appendices

9.1 Appendix 1 – Place Based Investment Programme criteria.

9.2 Appendix 2 – Place Based Investment Programme schedule template.

**Appendix 1 – Place Based Investment Programme criteria**

To qualify for funding for the Place Based Investment Programme (PBIP), it is proposed that all projects must adhere to the following mandatory criteria:

- The funding in question must be being used for capital costs.
- The funding must not substitute for existing Council expenditure, i.e. the project in question must be a new activity that would not have happened otherwise.
- The funding must be capable of being contractually committed during the financial year in question and spend no later than the following financial year.
- The funding must be capable of being phased across financial years with appropriate break points in any contracts.
- The funding must be utilised to help achieve at least one of the three priorities set out in the Council business plan: ending poverty and preventing adverse outcomes such as homelessness and unemployment; becoming a sustainable and net zero city; and making sure wellbeing and equalities are enhanced for all.
- The funding must attract at least 1:1 match funding, i.e. the PBIP funding must represent no more that 50% of the overall project costs.

**Appendix 2 – Place Based Investment Programme schedule template**

| Project | Description | Allocation | | | | |
|---|---|---|---|---|---|---|
| | | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total |
| *Project #1* | *Project #1 description* | *X1* | *Y1* | *Z1* | *W1* | ***T1*** |
| *Project #2* | *Project #2 description* | *X2* | *Y2* | *Z2* | *W2* | ***T2*** |
| *Project #3* | *Project #3 description* | *X3* | *Y3* | *Z3* | *W3* | ***T3*** |
| *[ … ]* | *[ … ]* | *[ … ]* | *[ … ]* | *[ … ]* | *[ … ]* | *[ … ]* |
| ***Total*** | ***N/A*** | ***£1.735m*** | ***1.209m*** | ***£1.209m*** | ***£1.209m*** | ***£5.36m*** |

# Housing, Homeless and Fair Work Committee

## 10.00am, Thursday, 4 November 2021

## Edinburgh International Conference Centre – annual update for the year ending 31 December 2020

| | |
|---|---|
| **Executive/routine** | **Executive** |
| **Wards** | **11 – City Centre** |
| **Council Commitments** | **2, 31** |

## 1. Recommendations

1.1 It is recommended that the Committee:

1.1.1 Notes the annual performance update provided by Edinburgh International Conference Centre (EICC) as detailed in Appendix 1;

1.1.2 Notes the EICC Statement of Accounts for 2020 as reported to CEC Holdings Ltd and the audit findings as detailed in Appendices 2 and 3 respectively; and

1.1.3 Refers this report to Governance Risk and Best Value Committee for information.

**Paul Lawrence**
Executive Director – Place

Contact: David Cooper, Commercial Development and Investment Manager

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

# Report

## Edinburgh International Conference Centre – annual update for the year ending 31 December 2020

### 2. Executive Summary

2.1 This report provides an update on the performance of EICC in the year ending 31 December 2020. The performance reflects the difficulties that COVID-19 has created for the events and conferencing industry; notwithstanding these, EICC has managed to significantly mitigate the impact of COVID-19. Overall, EICC made a loss of £1,721,998, compared to a profit of £623,483 in the prior year. EICC's accounts for 31 December 2020 have been signed-off by its auditor. It is recommended that the results be referred to Governance Risk and Best Value Committee for consideration.

### 3. Background

3.1 On 13 December 2012 the Council approved arrangements for the governance of arms-length companies. The responsibility for overseeing the performance of EICC lies with the Housing, Homelessness and Fair Work Committee.

3.2 The principal remit of EICC, as detailed in the Shareholders' Agreement with the City of Edinburgh Council, is to:

3.2.1 Procure the successful and continued operation of the Centre as a venue for conferences, exhibitions, trade shows, annual general meetings, cultural and sporting events, award ceremonies and other such events in a global market place with international and national customers so as to maximise the economic benefit to the City of Edinburgh;

3.2.2 Insure, maintain and upgrade the Centre from time to time as necessary to carry on its business; and

3.2.3 Operate on a prudent commercial basis in accordance with the Business Plan.

3.3 The Centre opened on Morrison Street in 1995 as a joint undertaking between Edinburgh District Council and Lothian and Edinburgh Enterprise. It is now owned by the City of Edinburgh Council. A £30m expansion of the Centre completed in 2013, enabling it to accommodate conferences of up to 2,000 delegates.

3.4 EICC occupies the Conference Centre on a peppercorn rent. Loan stock of £61.6m is due to the Council/CEC Holdings, representing money and assets paid into the company since its inception (for example the cost of constructing and extending the Centre) but no call is being made on this at the current time. Since 2014, EICC has been charged by the Council with being financially self-sufficient.

3.5 On 7 June 2018, the Housing and Economy Committee agreed a motion calling for a report into the future capital expenditure requirements of EICC.

3.6 On 12 March 2020, the City of Edinburgh Council was presented with a business case proposing that the Council enter into a 25-year lease on a 365-bedroom hotel at The Haymarket Edinburgh, which would in turn be sub-let to EICC to operate as a hotel and hotel school under a franchise agreement with an international hotel brand, generating sufficient income to meet all EICC capital expenditure requirements over the duration of the lease along with surpluses for redistribution to the Council in later years. The Council agreed the business case and granted delegated authority to the Chief Executive to proceed with all agreements and actions required to commence the project. Subsequently, officers began detailed negotiations with the hotel developer around the lease terms.

## 4. Main report

**EICC performance**

4.1 Appendix 1 provides a summary of EICC's activities in financial year 2020 (1 January 2020 to 31 December 2020.

4.2 The paper summarises:

4.2.1 The company's Key Performance Indicators (KPIs) set against previous years' performance;

4.2.2 The key business developments achieved in the year;

4.2.3 EICC's corporate and social responsibility, activity and its environmental focus; and

4.2.4 The challenges EICC is facing and its focus and key objectives moving forward.

4.3 The contents of the paper reflect the impact of the COVID-19 pandemic, which forced the closure of the Conference Centre on 18 March 2020. This had an adverse impact on the performance of EICC and its finances. The paper sets out the actions carried out by EICC to mitigate the impact of the pandemic, including securing new forward bookings; minimising operating costs; launching a virtual conferencing service; and making use of the Coronavirus Job Retention Scheme.

These and other actions enabled a forecast operating deficit of £5m-£6m to be managed down significantly. This deficit has been financed from EICC's own reserves without any debt being taken on or any call on Council finances. Despite these challenges, EICC was able to avoid making any team members redundant.

4.4 It should be noted that Committee has previously agreed new KPI headings for the EICC but that these are not being reported upon at this stage. They will be reflected in the next performance report following the agreement of the SDA.

4.5 Appendix 2 sets out the financial position of the company for 2020. The performance reflects the significant challenges to the events and conferencing industry that COVID-19 has given rise to. The headline figure is a loss of £1,721,998, compared to £623,483 of profit in the prior year. EICC is currently forecasting an operating deficit of approximately £800,000 for the year ending 31 December 2021.

4.6 Appendix 3 provides the audit findings for the year ending 31 December 2020. The report concludes that the financial statements give a true and fair view and accord with applicable law; that no material issues affecting the company's ability to continue as a going concern have been identified (albeit COVID-19 is identified as an ongoing area of material uncertainty); and that no subsequent events necessitating amendments or disclosures to be made to the financial statements had been identified.

4.7 The auditor recommends that EICC reviews its current governance structure and considers whether supporting committees (e.g. an audit committee) would offer benefits to the Board; in response, EICC has noted that it anticipates making significant changes to its corporate and governance structure as part of the hotel and hotel school project.

4.8 This performance update should be referred to Governance Risk and Best Value Committee, in line with the Council's governance arrangements for arm's length companies.

4.9 It should also be noted that in accordance with Council policy on arms-length external organisations (ALEOs) that a service level agreement (SLA) needs to be agreed between the Council and the EICC. This work has been delayed due to the need to revise the document to reflect the hotel and hotel school project but a draft document (referred to as the Strategic Delivery Agreement) was considered by the City of Edinburgh Council on 28 October 2021, with a full document to be presented to Housing, Homelessness and Fair Work Committee at a future date.

**Hotel and hotel school project**

4.10 A separate report on the hotel and hotel school project was considered by the City of Edinburgh Council on 28 October 2021. A verbal update will be provided to the Committee.

## 5. Next Steps

5.1 The SDA for the Conference Centre and Hotel (if approved by Council) will be brought back to committee in January 2022 for consideration.

5.2 The next annual update on EICC's performance will be in Quarter 3 2022 and will reflect the new KPIs that will be set out in the SDA.

## 6. Financial impact

6.1 As noted above, while EICC sustained a loss in the year ending 31 December 2020, there has been no call on Council finances. The EICC Board has not recommended the payment of a dividend for 31 December 2020.

## 7. Stakeholder/Community Impact

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

## 8. Background reading/external references

8.1 "Edinburgh International Conference Centre Annual Update" – report to the Housing, Homelessness and Fair Work Committee, 5 November 2020

## 9. Appendices

9.1 Appendix 1 - EICC Performance Review 2020.

9.2 Appendix 2 - EICC Statement of Accounts 2020.

9.3 Appendix 3 – Audit findings for the year ended 31 December 2020.

**INTRODUCTION**

The purpose of this paper is to update and inform the committee on the performance of the Edinburgh International Conference Centre during the year to 31 December 2020 and to highlight some of the achievements realised by the Company in the period under review.

**CONTEXT**

As committee Members are aware businesses, and indeed industries, across the UK, and much further afield, have been decimated as a result of the coronavirus pandemic.

Most operators have seen their turnover slashed and have struggled to reduce their operating costs. As a result, the vast majority of businesses have made losses during the period of the pandemic.

Indeed, the pandemic has resulted in many companies going out of business and hundreds of thousands of people within the UK have been made redundant due to COVID-19.

However, the Executive believe that the Company performed much better, during 2020, than many would have expected at the outset of the pandemic. Indeed, it believes that since the Conference Centre was forced to close for business, on 18 March, the EICC has:

• maximised its revenue generating opportunities

• secured a strong, and improved, business pipeline for future years

• enhanced its technical capacity

• minimised the operating costs that it has incurred

• safeguarded and maintained the Conference Centre building, as appropriate

• improved the resilience of the business

**PERFORMANCE REVIEW**

This paper seeks to expand further on what the Executive consider to be the significant achievements, referred to above.

**Financial Outturn**

The Executive had forecast an operating surplus of £911,000 for the year to 31 December 2020. This was based on, amongst other things: the level of contracted bookings that had been secured for the year: an assessment of the conference market, which had been undertaken in the latter part of 2019; and the revenue shortfall that still had to be achieved to make the sales target for 2020.

The Executive believed that achieving this target would constitute a challenge but believed it would be achievable given the record level of business on the books and the success of previous years.

However, COVID-19 totally changed the business landscape and, as noted above, the Executive had to close the building only 11 weeks into the new year, on 18 March, as a result of the pandemic.

At this early stage in the financial year and with material uncertainty over the ability to hold conferences and events for the remainder of the year the business faced a potential operating deficit of £5-£6m.

The Executive quickly initiated a review of the Centre's operations and implemented substantial cost saving measures and initiatives to protect the business and mitigate expenditure and consequently losses. The result of these measures and initiatives was a saving in operating expenditure versus budget of £3.2m

With a robust sales contract in place for all events the Executive pursued a strategy of balancing the desire to maximise revenues, with the need to maintain customer loyalty and preserve customer relationships in order to optimise business potential for future years.

EICC's Sales Team were faced with an array of extremely challenging conversations and negotiations with clients as they requested that their bookings be postponed or cancelled. However, due to the professionalism of the sales team, supported by the Leadership team along with the robust sales contract which the company has in place for all events, we were able to successfully execute our agreed strategy.

In addition to this we also secured many event contracts for future years as part of their negotiations. Several of these contracts are on a multiyear basis. In fact, over £3m worth of revenues were generated in this way for future years, during 2020, from clients who had initially been looking to cancel their event.

The Executive believe this to be a tremendous achievement and a real declaration from clients that EICC wants to act in their best interests; and the strong customer relationship bonds that the team has with many of its clients.

Notwithstanding the level of sales that were generated during the year and the value of cost savings that were made the Company produced an operating deficit of £836,000 for the year to 31 December 2020.

The Executive believe that this should be viewed as a considerable achievement given that: the Conference Centre was unable to operate for 41 weeks of the year; the 11 weeks in which it was open for business are historically the worst performing months of the financial year; and the potential losses facing the business at the outset of the pandemic given we were unable to operate were between £5 and £6m.

Committee Members should note that the Company has financed this operating deficit entirely from its own reserves built up over the last 5 years and has not had to take on any debt or had any ask from the City of Edinburgh council or any other financial institution.

It should also be noted that notwithstanding the support received from Government, in respect of the Coronavirus Job Retention Scheme, the Company operated throughout

the shutdown period without making any team members redundant. We are encouraged and pleased to now have every team member back to work.

**Minimising Operating Costs**

Following the closure of the Conference Centre and the curtailment of the Company's events activities the Executive quickly initiated a review of the Centre's operations and implemented substantial cost saving measures and initiatives to protect the business and mitigate expenditure and consequently losses.

Committee members should note that from April 2020:

• a significant number of EICC's team members were placed on furlough which generated savings in the year

• the company was granted non-domestic rates relief for 2020/21 which generated savings in 2020

• EICC's cleaning staff were relocated to other Mitie sites ensuring job retention

• the security team was reduced due to the building being in shutdown mode and again most personnel were re-located to other Croma Vigilant security sites Ensuring jobs were retained.

• the building's air conditioning and boiler systems were only used on a limited basis giving rise to significant cost savings in gas and electricity

• contract holidays were negotiated with all maintenance contract providers

The Executive, more so than ever, placed great focus on containing all levels of expenditure incurred during the year and as a result of: a stringent focus on cost controls; the achievement of a number of operating efficiencies; negotiating with key partners and suppliers; and deferring expenditure where appropriate, outgoings for the year were significantly below budget.

The Executive believe that these savings, which amounted to £3.2m in comparison to budget, were crucial to it mitigating losses and preserving cash during 2020. It believes that without the decisive action that was taken in this regard the savings realised for the year would have been significantly lower than what was achieved as noted above.

**Strong Business Pipeline**

Notwithstanding the impact that coronavirus has had on bookings in the short term and the global uncertainty surrounding future business operations, caused by the pandemic, the sales team have continued to receive enquiries and contract new business for future years.

In total 60 new events, worth £4.83m, were contracted during 2020, for future years. The Executive believe that this is a remarkable achievement given the uncertainty that has been caused by the pandemic and a reduction in the sales team with many of the team being placed on furlough to mitigate cost.

Throughout 2020, the Marketing Team, continued to ensure that the EICC remained visible to clients, the industry and members of the public. Thus, in the course of last year: 28 marketing campaigns were launched; EICC was cited in almost 1,800 news articles; and there was an increase in 'hits' to and 'dwell' time on the EICC website.

These have all ensured that the Conference Centre has continued to attract reasonably high levels of booking enquiries, in the course of last year and into 2021. It is interesting to note that many of the client relationships that were initially created, and subsequently strengthened during the lockdown period, have been invaluable in attracting many of these enquiries.

Committee Members should note that the level of enquiries for events taking place in 2022, 2023 and beyond have begun to increase noticeably in the last 2 months when restrictions eased allowing events under 2,000 delegates to take place without government approval.

Committee Members may be aware, that many association events book their meetings years in advance and therefore the strength of the sales pipeline is crucial to the future business prospects of the EICC.

At 31 December 2020 the EICC had 150 confirmed future bookings, covering the period January 2021 to December 2028. This compares with: 179 confirmed bookings at the end of 2019; 155 confirmed bookings at the end of 2018; 160 confirmed bookings at the end of 2017; and 148 confirmed bookings at the end of 2016.

As can be seen from the figures shown above the level of future bookings at the end of 2020 compares very favourably with previous years, considering the impact of the pandemic, and the Executive believes that the Company's future prospects are much better than could have been imagined 11 months ago.

**Enhancing Technical Capacity**

Given the huge negative impact of the coronavirus pandemic on the Company's traditional client base and in order to retain as much business as possible in 2020 the Executive sought to develop alternative event platforms which it could offer to clients.

As the EICC has an excellent reputation for technical facilities and infrastructure as well as for producing high quality and creative technical events for clients, the Executive believed that this would provide a perfect platform for developing a hybrid/virtual event solution for clients.

EICC's message to clients was therefore "Whether it takes place online, in-person, or a combination of both, our hybrid event solutions provide real experiences".

Make it Edinburgh Live is a series of hybrid event solutions which translate the non-tangible elements of an event to an online format. The online element runs as it would if the event were taking place within the EICC - starting with a plenary and flowing into breakout sessions.

There is also the opportunity for one or more speakers, or event hosts, to present from the EICC to the client's audience of delegates, who are viewing remotely. In this scenario the EICC provides the controlled space and the audio-visual support for the event speakers or hosts to deliver their presentation, or to compere the event, in a relaxed and professional environment.

EICC's Technical Team also created e-Exhibition and e-Poster functionality which gives clients a virtual experience through an exhibition hall. Whether onsite or online delegates can enjoy the same experience and visit multiple stands viewing documents, videos and have live face to face meetings with exhibitors and other delegates.

A polling and Q&A app is also integrated into the software and enables delegates to: interact with the event sessions; vote on questions that are presented; and ask questions.

Finally, in addition to the above the Executive in conjunction with Leith's have also developed a dinner package which provides for corporate dining at home on a large scale with our largest dine at home event to date catering for over 2,000 people.

The Executive believe that, over a short space of time, the EICC Team developed an excellent set of online proposals to offer to clients as an alternative to hosting traditional style events.

It is important to note that these offerings came at very little cost to the business. There was no capital investment, and the only operational cost was the time invested by the technical and operational team who had not been furloughed.

These virtual options proved to be very successful in the second half of 2020. In total 14 virtual conferences and awards ceremonies for a range of both new and existing clients were held with excellent feedback from both clients and delegates.

Clearly the EICC continue to offer online and hybrid events to clients and the Executive believe that these event options will continue to generate revenues in the future albeit the industry feedback suggests a real desire to get back to face to face live events.

**Safeguarding the Conference Centre**

As the building remained closed for 10 out of 12 months in 2020, a key priority of the Executive was to ensure that the Conference Centre was safeguarded and maintained, to the appropriate level, during the pandemic, due to the fact that:

• it is a large, complex building which contains a lot of valuable plant, equipment and furniture

• it generally attracts a lot of interest from a wide cross section of the public

• it needed to be ready to resume operations as quickly as possible once authority to host events is granted by Government

As such the Executive determined that from the time the building was placed in shutdown mode a number of protocols should be put in place. These included:

• a 24-hour security presence should remain in place

• essential building maintenance should continue to be undertaken.

• a limited number of team members could be granted access to the building from time to time, to undertake necessary building related work or where this is deemed essential to facilitate their working from home.

• any team member accessing the building had to have pre-authorised permission to do so, such authorisations being granted by the Leadership Team. Security Control were instructed to record the names of anyone entering the building.

• for security reasons, the staff entrance on Morrison Street was locked down and remained so until the building was operating normally again. All access to the building was therefore restricted to the Loading Bay staff entrance and Security Control must be contacted by intercom or telephone prior to anyone entering the Conference Centre.

• all necessary measures aimed at preventing the spread of coronavirus were and continues to be undertaken by all people entering the building

• an enhanced cleaning and hygiene regime was put in place

• the updating of crisis management documents, which include a new EICC pandemic policy

• the introduction of Covid-19 control measures such as: awareness signage; safety screens; people flow measures; and temperature screening

The Executive believes that the maintenance and introduction of these measures was crucial in protecting the EICC's assets; keeping the building in 'nearly ready' mode; and protecting team members and others entering the building.

This has been borne out by the fact that: there have been no break-ins to what is ostensibly an empty building; as far as EICC is aware no contractors or students attending the Napier University classes contracted coronavirus.

Improved Business Resilience

The information contained within this paper demonstrates that COVID-19 has had a significant negative impact on the Company and its business.

However, the Executive believe that it has managed the situation and the Company has performed extremely well, in relative terms, throughout the period of the pandemic.

Whilst the Company made an operating loss for the first time since 2016, this was in extenuating circumstances. The financial outturn for the year was also much better than might have been expected when the Company closed for business and when compared to a number of the forecasts that were made in the course of the year.

The Sales Team performed admirably under very difficult circumstances and have developed, improved and strengthened relationships with many clients, which in turn offers EICC increased levels of security due to the heightened loyalty of clients for future years.

The Company has maintained its marketing activities throughout the shutdown and enquiry levels for future years have picked up markedly in recent months. In addition

to this, 60 new events worth £4.83m were contracted, for future years, during 2020. Furthermore, the company, following early and proactive engagement, secured a contract with NHS Lothian to become the principal vaccination centre for the health board from January 2021.

Indeed, the number of events booked for future years, as at the end of 2020, was not markedly different from the figure achieved in the previous 4 years albeit restriction continued to impact events throughout 2021.

The Technical Team has demonstrated its prowess and developed a range of online events and features, in very quick time, which retained and/or secured 14 virtual conferences and award ceremonies in the second half of 2020.

The Executive sought to make expenditure reductions across a wide area of the business's operations. It believes that these savings, which amounted to £3.2m in comparison to budget, were crucial to it mitigating losses and preserving cash.

The Executive acted to safeguard the Conference Centre building, its contents and all of the people who enter it, which entailed the introduction of new measures and protocols.

The Executive believe that all of the above contributed, in their own way, to ensuring the significant achievements that have been attained during 2020. All of the different parts of the business have contributed to this success and the Executive believes that the EICC Team has grown stronger as a result of this.

Indeed, the Executive believes that much of what has been achieved would not have been possible without the hard work, commitment and enthusiasm of the team members who have worked through this period.

In the course of last year, the Executive believe that the Company has: adapted very well to the circumstances it found itself in; been extremely proactive in its approach to the problems it faced; and performed as well as could have been expected given the conditions that it faced.

**HOTEL DEVELOPMENT**

Considerable progress was also made with regard to the Hotel and Hotel School project in the course of last year.

Representatives from EICC/CEC finalised a business case for the project, a series of briefing meetings for Councillors took place and a data room facility was set up. This culminated in the project being approved by Full Council in March 2020.

Since then, the Executive believe that significant progress has been made in respect of: franchise agreement negotiations with Hyatt International; the layout and internal design of the hotel; the development of the hotel's operating systems and processes; the formulation and development of a wide range of matters relating to the Hotel School with Edinburgh College; lease negotiations with QMile Group; and the establishment of governance documentation with CEC.

The Executive believes that the progress that has been made in all of these areas means that a number of the key agreements, relating to the project, will soon be in a position to be signed off.

# EDINBURGH INTERNATIONAL CONFERENCE CENTRE LIMITED

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2020

**COMPANY NUMBER SC131773**

## GENERAL INFORMATION

**Company number**

SC131773

**Present Company Directors**

L.M. Cameron
M.C. Dallas
G.A. Gordon
J.Mc.H. McFarlane
S.R. Bone

**Company Secretary**

Pinsent Masons Secretarial Limited
1 Park Row
Leeds
LS1 5AB

**Registered Office**

Edinburgh International Conference Centre Limited
150 Morrison Street
Edinburgh
EH3 8EB

**Auditor**

Azets Audit Services
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

**Bankers**

Bank of Scotland plc
3 Earl Grey Street
Edinburgh
EH3 9BN

**Solicitors**

Pinsent Masons LLP
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

## STRATEGIC REPORT

### Principal activities

The principal activities that the Company undertook during the year were in respect of the operation of an international conference centre.

### Results and review of the business

The results for the year are shown on the statement of profit or loss and other comprehensive income on page 11.

The loss from continuing operations before tax for the year amounted to £1,721,998 (2019 – profit of £630,202). The Company has, after taxation adjustments, a total comprehensive loss for the year of £1,721,998 (2019 – profit of £623,483). The Directors do not recommend the payment of a dividend for the year ended 31 December 2020.

The year to December 2020 saw the Company report an operating loss, before adjustments for depreciation and the release of capital grants, as a result of having to close the conference and exhibition centre in March 2020 due to government-imposed restrictions relating to coronavirus.

At the outset of 2020 the company had anticipated a strong financial year and a continuation of the growth shown in the preceding five years which had led to a marked increase in the number of enquiries, volume of events and consequently revenues and gross profits derived from the Conference Centre's association, corporate, banqueting and other business. Future business on the books was at its highest ever level coming into 2020, both for the current year and for each of the succeeding years until 2024.

Notwithstanding this, the Conference Centre and the Company's administrative offices were closed on Wednesday the 18th March in line with government guidance, this decision was coupled with the introduction of a working from home policy, which was put into place with immediate effect.

This proved to be a very challenging time which created a dynamic environment with constantly changing client situations and scenarios given the uncertainty on the timescale of restrictions within the events sector and the impact on international travel. The company dealt with the situation in a measured and professional way, dealing with client's requests for their bookings to be postponed, cancelled, or moved to EICC's newly developed virtual platform.

Given the negative impact of the coronavirus pandemic on the Company's traditional client base and in order to retain as much business as possible in 2020 the Company developed an alternative virtual event platform. "Make it Edinburgh Live" delivered 15 virtual events in 2020 and will prove crucial in the months and years ahead with many events potentially being delivered on a hybrid basis with delegates both, in the venue and online.

The cumulative effect of the company's activities and negotiations in conjunction with the robust client contract which EICC has in place had a significant impact on the Company's revenues for the year which amounted to £3.188m. Whilst this was a significant decrease on the previous year's figure of £9.359m, the revenues generated were significantly greater than could have been expected given the Conference Centre was not permitted to host business events for 41 weeks of the financial year.

Expenditure in respect of cost of sales and administration expenses totalled £4.557m in 2020, which was a decrease of £3.860m on the previous year's expenditure which had amounted to £8.417m. This represented a decrease of 46% compared to the expenditure recorded during the previous year. This was achieved as a result of the reductions in gross revenues, the benefit from government initiatives such as the Job Retention Scheme and Non-Domestic Rates relief, stringent focus on cost reduction management and negotiation of contract holidays with suppliers and third-party providers.

The delegates who did attend events at the EICC during the year generated an economic impact of £4.2m in the first quarter of 2020. The economic impact that is produced as a result of the EICC's activities helps to create and sustain employment within Edinburgh and further afield.

The Company continues to align its operations with the business excellence model, and it is accredited to several quality standards. These standards cover systems management, human resources and environmental practices and the EICC continues to achieve very positive results from assessments in respect of its re-accreditation to these standards.

The Company made continued and significant progress towards its aim of operating an hotel, in close proximity to the Conference Centre, during the year. It is believed that this is essential in order to provide the necessary funding for the Conference Centre's long-term capital expenditure programme. The City of Edinburgh Council, the Company's parent organisation, approved the project on 12 March 2020. Activities aimed at securing an agreement for lease with the developer and a franchise agreement with the hotel brand have taken place since then and at this point in time these negotiations are nearing completion and will soon be in a position to sign off before construction commences later in the year.

Future business on the books remained strong coming into 2021, both for the current year and for each of the succeeding years until 2025. The coronavirus pandemic has however had a significant impact on business event bookings for the period from January until the end of July this year as government restrictions prevented events from taking place. Though, at this point in time it is difficult to ascertain how great the effect of the crisis will be on the Company from August until the end of the year as there is still uncertainty surrounding restrictions and the ability for international delegates to travel without requirement to quarantine.

Notwithstanding the restrictions in the first half of 2021 the Conference Centre secured a large contract with NHS Lothian to use the Conference Centre as a covid mass vaccination centre between January and July. The company are pleased to be part of the solution in the country's vaccination rollout whilst allowing the Centre to be operational in a covid secure manner.

The principal risk to the business from the pandemic is the cancellation of business, or the rescheduling of events to subsequent years, resulting in a significant loss of revenues with a corresponding reduction in operating profits for 2021. Whilst the easing of restrictions within the United Kingdom from May 2021 and proposed roadmap gives the company real optimism for 2021 there is uncertainty around the timeline on international travel and consequently international delegates attending events in Edinburgh.

The company has negotiated the retention and rescheduling of a significant amount of client business since the crisis began and this has been aided by the client relationships that have been developed over many years and by the loyalty of many of the Company's customers. It is believed that many of these customer relationships have been strengthened further as a result of the flexible approach that the Company has adopted during the crisis.

The Company has held the view for many years that its team members are its principal asset. It is therefore keen to protect and retain the experience and expertise that they have with regard to the operation of the Conference Centre. The support of the Job Retention Scheme throughout 2020 and in to 2021 has been crucial in achieving that objective.

The Company has budgeted an operating deficit of £1.2m for 2021, however, as a result of the extension of government initiatives this has been upgraded and the Company is now forecasting producing an operating deficit of £0.8m for the year. The full year outcome will, however, be affected by: how long the crisis lasts; the success of the vaccine rollout both nationally and internationally; when the further easing of restrictions will apply to the Conference Centre's business; the restrictions on international travel; and the social distancing measures that will need to be put in place and how these will affect the Conference Centre's operations.

Notwithstanding the above the Conference Centre has an extensive list of bookings for future years and the Company's business outlook for the medium and long term remains very positive. The level of future bookings at the end of 2020 compares very favourably with previous years. Considering the impact of the pandemic, we believe that the Company's prospects look extremely healthy

This is reinforced by the fact that even during the current pandemic the company has continued to receive a steady stream of enquiries for 2021 and subsequent years. Indeed, within 2020 the company contracted new events for 2021 and beyond worth in excess of £4.8m.

**Key performance indicators**

The Company's performance with regard to its key financial and other performance indicators during the year was as follows:-

| | 2020<br>£'000 | 2019<br>£'000 | %<br>Change |
|---|---|---|---|
| Turnover | 3,188 | 9,359 | (293.6)% |
| Cost of sales and administration expenses | 4,557 | 8,417 | (84.7)% |
| | | | |
| Customer delight | 90% | 89% | |
| Economic impact | 4,158 | 56,713 | |

**Risks and uncertainties**

In common with many other businesses the Company is exposed to a range of risks. The principal risks and uncertainties facing the Company are associated with market forces and the behaviour of competition as well as the risks associated with catastrophic events.

As noted above, the coronavirus pandemic will undoubtedly have a significant impact on the Company's business results for 2021. Whilst the extent of the risk posed by the crisis remains uncertain, the Directors believe that the business outlook for the medium and long term remains very positive.

The Directors recognise that the Company has lost business, and will lose business in the future, as a result of Brexit and the uncertainty surrounding its implementation. However, they believe that such losses will be compensated for by securing increased levels of business from the UK, America and the Far East.

**Future developments**

The Directors intend to maintain the objectives and aims of the Company, which have resulted in many notable achievements and successes to date.

Director
24 May 2021

## DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and financial statements, in respect of Edinburgh International Conference Centre Limited (the Company), for the year ended 31 December 2020.

### Directors

The Directors who served during the period were as follows:

| | |
|---|---|
| L.M. Cameron | |
| M.C. Dallas | |
| L.M. Florence | resigned 29 March 2021 |
| G.A. Gordon (Chair) | |
| J.Mc.H. McFarlane | |
| S. Smith | resigned 6 April 2021 |
| S.R. Bone | appointed 27 May 2020 |

None of the Directors had any interest in the shares of the company during the period.

### Going concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest rate, credit and liquidity risk are described in note 22 to the financial statements.

The Company's ultimate parent entity, the City of Edinburgh Council, has committed to providing continued funding, sufficient to meet all liabilities as and when they fall due.

After making suitable enquiries, the Directors have a reasonable expectation that the Company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements, as described in note 2 to the financial statements.

### Directors' responsibilities for the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the company financial statements in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements the Directors are required to:

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

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

**Disclosure of information to the auditor**

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company auditor is unaware and each Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

A resolution to re-appoint Azets Audit Services as the Company's auditor will be put to the forthcoming Annual General Meeting.

**By Order of the Board**

Pinsent Masons Secretarial Limited
24 May 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDINBURGH INTERNATIONAL CONFERENCE CENTRE LTD**

**Opinion**

We have audited the financial statements of Edinburgh International Conference Centre Limited (the 'company') for the year ended 31 December 2020 which comprises the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Material uncertainty related to going concern**

We draw attention to the Directors Report and note 2 in the financial statements, which indicate that Edinburgh International Conference Centre Ltd is reliant on the continued support of the City of Edinburgh Council to continue as a going concern. As stated in note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities Statement set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Use of our report**

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

Nick Bennett, Senior Statutory Auditor
For and on behalf of
Azets Audit Services, Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date:

**STATEMENT OF PROFIT OR LOSS AND**
**OTHER COMPREHENSIVE INCOME**
**For the year ended 31 December 2020**

| | Notes | | 2020 | 2019 |
|---|---|---|---|---|
| | | £ | £ | £ |
| Revenue | 3 | | 3,187,628 | 9,359,444 |
| Cost of sales | | | (4,204,792) | (8,023,259) |
| **Gross profit** | | | (1,017,164) | 1,336,185 |
| Other income | 4 | - | | - |
| Development expenses | | (17,710) | | (115,022) |
| Administration expenses | | (351,936) | | (393,690) |
| | | | (369,646) | (508,712) |
| **Operating profit/(loss) from continuing operations** | 6 | | (1,386,810) | 827,473 |
| Finance revenue | 8 | | 15,943 | 35,362 |
| Finance costs | 9 | | (351,131) | (232,633) |
| **Profit/(loss) from continuing operations before tax** | | | (1,721,998) | 630,202 |
| Tax charge | 10 | | (0) | (6,719) |
| **Total comprehensive profit/(loss) for the year** | | | (1,721,998) | 623,483 |

The accompanying notes form part of the financial statements

**STATEMENT OF CHANGES IN EQUITY**
**For the year ended 31 December 2020**

| | Share Capital £ | Other Reserves £ | Retained Earnings £ | Shareholder's Funds £ |
|---|---|---|---|---|
| At 31 December 2018 | 63 | 61,566,243 | (53,473,911) | 8,092,395 |
| Total comprehensive profit for period | - | - | 623,483 | 623,483 |
| Increase in loan stock | - | 716,826 | - | 716,826 |
| At 31 December 2019 | 63 | 62,283,069 | (52,850,428) | 9,432,704 |
| Total comprehensive profit for period | - | - | (1,721,998) | (1,721,998) |
| Increase in loan stock | - | 30,668 | - | 30,668 |
| At 31 December 2020 | 63 | 62,313,737 | (54,572,426) | 7,741,374 |

The accompanying notes form part of the financial statements

**STATEMENT OF FINANCIAL POSITION**
**At 31 December 2020**

| | Notes | £ | 2020 £ | 2019 £ |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | 11 | | 5,864,799 | 6,592,904 |
| Right of use assets | 12 | | 951,474 | 1,035,583 |
| | | | 6,816,273 | 7,628,487 |
| **Current assets** | | | | |
| Trade and other receivables | 13 | 1,093,892 | | 3,500,353 |
| Cash and cash equivalents | 14 | 6,738,493 | | 5,655,883 |
| | | | 7,832,385 | 9,156,236 |
| **Total assets** | | | 14,648,658 | 16,784,723 |
| **Current liabilities** | | | | |
| Trade and other payables | 15 | 1,728,165 | | 1,798,589 |
| Financial liabilities | 16 | 104,248 | | 93,508 |
| Capital grants | 17 | 91,470 | | 216,024 |
| Deferred revenue | 17 | 1,606,225 | | 2,193,232 |
| | | | 3,530,108 | 4,301,353 |
| **Non-current liabilities** | | | | |
| Financial liabilities | 16 | 1,564,217 | | 1,350,124 |
| Capital grants | 17 | 1,213,383 | | 1,304,852 |
| Deferred revenue | 17 | 599,576 | | 395,690 |
| | | | 3,377,176 | 3,050,666 |
| **Capital & reserves** | | | | |
| Issued share capital | 18 | 63 | | 63 |
| Other reserves | 19 | 62,313,737 | | 62,283,069 |
| Accumulated losses | | (54,572,426) | | (52,850,428) |
| | | | 7,741,374 | 9,432,704 |
| **Total equity & liabilities** | | | 14,648,658 | 16,784,723 |

The financial statements were authorised for issue by the Board of Directors on 24 May 2021 and were signed on its behalf, on that date, by:

Councillor George Gordon
Director:

Councillor Lezley Marion Cameron
Director:

The accompanying notes form part of the financial statements

Company Number SC131773

**CASHFLOW STATEMENT**
**For the year ended 31 December 2020**

| | | 2020 | 2019 |
|---|---|---|---|
| | £ | £ | £ |
| **Operating activities** | | | |
| Profit/(loss) before tax | (1,721,998) | | 630,202 |
| Finance revenue | (15,943) | | (35,362) |
| Finance costs | 351,131 | | 232,633 |
| **Operating profit/(loss) for the year** | (1,386,810) | | 827,473 |
| Net finance revenues | 15,943 | | 35,362 |
| Depreciation on property, plant and equipment | 758,773 | | 716,454 |
| Depreciation on right-of-use assets | 119,432 | | 125,236 |
| Capital grants released | (216,023) | | (281,811) |
| Decrease/(increase) in trade and other receivables | 2,406,461 | | (93,081) |
| (Decrease)/increase in trade and other payables | (70,424) | | (475,775) |
| Increase/(decrease) in deferred income | (383,121) | | 218,996 |
| **Cash generated from operations** | 1,244,231 | | 1,072,854 |
| Tax on continuing operations | (0) | | (6,719) |
| **Cash flow from operating activities** | | 1,244,231 | 1,066,135 |
| **Investing activities** | | | |
| Proceeds from sale of property, plant and equipment | - | | - |
| Payments to acquire property, plant and equipment | (30,668) | | (711,498) |
| **Cash flow from investing activities** | | (30,668) | (711,498) |
| **Financing activities** | | | |
| Receipt of loan stock | 30,668 | | 716,826 |
| Repayment of lease liability | (161,621) | | (167,200) |
| **Cash flow from financing activities** | | (130,953) | 549,626 |
| **Net increase in cash and cash equivalents** | | 1,082,610 | 904,263 |
| Cash and cash equivalents at 1 January 2020 | | 5,655,883 | 4,751,620 |
| **Cash and cash equivalents at 31 December 2020** | | 6,738,493 | 5,655,883 |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Authorisation of financial statements and statement of compliance with IFRS's

The financial statements of Edinburgh International Conference Centre Limited for the year ended 31 December 2020 were approved by the Board of Directors on 25 May 2021 and signed on its behalf by the Directors noted on the Statement of Financial Position. Edinburgh International Conference Centre Limited is a company incorporated and domiciled in Scotland. The principal activities of the Company are described in Note 3 and information regarding its ultimate parent company is presented in Note 21.

### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

**Basis of preparation**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2020 and applied in accordance with the Companies Act 2006.

The accounting policies which follow set out those policies which apply, in preparing the financial statements for the year ended 31 December 2020. The Company has used the "cost of sales" method of presenting income and expenditure and the Company's financial statements are presented in Sterling.

**Adoption of new and revised standards**

The following standards and interpretations are mandatory for the first time for the year ended 31 December 2020 but are either not applicable or have no material impact on the company's financial statements; IFRS 3, Amendments to IFRS 3 – definition of a business, IAS 1 and IAS 8, Amendments to IAS 1 and IAS 8 on the definition of material and Conceptual Framework, Revised Conceptual Framework for Financial Reporting.

The company has adopted, where applicable, the following new and amended IFRSs as of 1 January 2020:

- IFRS 3, Amendments to IFRS 3 – definition of a business
- IAS 1 and IAS 8, Amendments to IAS 1 and IAS 8 on the definition of material
- Conceptual Framework for Financial Reporting (Revised)
- IBOR Reform and its Effects on Financial Reporting – Phase 1
- IFRS 16, Amendment – Covid-19 Related Rent Concessions

Other new standards, amendments to standards and interpretations that are mandatory for the first time in 2020 are considered to have no significant or material effect on the company's financial statements.

**Guidance in issue but not in force**

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 31 December 2020, and with potential effect.

| **Effective for periods beginning on or after** | **Effective for periods beginning on or after** |
|---|---|
| IBOR Reform and its Effects on Financial Reporting – Phase 2 | 1 January 2021 |
| Annual Improvements to IFRS: 2018 – 2020 Cycle | 1 January 2022 |
| Conceptual Framework for Financial Reporting (Amendments to IFRS 3) | 1 January 2022 |
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract) | 1 January 2022 |
| IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use) | 1 January 2022 |
| IFRS 17 Insurance Contracts | 1 January 2023 |
| IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current) | 1 January 2023 |

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

**Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of the Company's ultimate parent undertaking, The City of Edinburgh Council. Notwithstanding the impacts COVID-19 has had on the business, having taken into account the Company's cash balances at the year end it is the directors' opinion that the financial statements should be prepared on a going concern basis.

**Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the end of the reporting period and the amounts reported for revenues and expenses during the year. Uncertainty about these assumptions and estimates could, however, result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The areas impacted by such judgements and estimation uncertainties, within these accounts, relate primarily to the depreciation policy used, assumptions used in undertaking impairment reviews and the basis of determining whether or not to capitalise equipment purchases in respect of fixed assets, the recoverability of items contained within trade and other receivables and the discount interest rates to fair value loan stock and right-of-use assets.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its expected useful life as follows: Infrastructural works - 20 years; Leasehold Land and Buildings - 10 to 50 years; Office Equipment and Furniture - 3 to 10 years.

Management use judgement in arriving at the Company's depreciation policy by taking account of the residual value of the assets concerned and their useful economic life. The Company expects that items of property, plant and equipment will be used for their entire life and as a result it is expected that these items will have no residual value. An assets useful economic life is based on past experience and general expectations.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

The capitalisation of infrastructural works and assets under construction is based on management's judgement of when a projects future economic benefit can be determined. Initial project development costs in respect of feasibility studies, design team fees and pre construction activities are expensed via the statement of comprehensive income. However, once a project's feasibility has been determined and a future benefit is expected to arise from it the costs of that project are capitalised.

**Foreign currency translation**

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

**Capital grants**

Grants in respect of capital expenditure are credited to deferred income and are released to income in equal amounts over the expected useful lives of the relevant assets by equal annual instalments.

**Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the statement of financial position.

The interest elements of the rental obligations are charged in the statement of comprehensive income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

The lease of the Conference Centre was treated as a finance lease until 8 December 1999 when the option to enter into a new lease was exercised. From this date the assets have been depreciated over their useful lives, rather than the period of the lease, as the substance of the transaction is effectively that of financing. The leaseholders hold no rights to impose restrictions on or reclaim the title of the Conference Centre.

**Leased assets**

For all contracts in existence on 1 January 2020 and any new contracts entered into on or after 1 January 2020, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'.

Where it is determined that: the contract contains an identified asset; the Company has the right to obtain substantially all of the economic benefits from the use of that asset throughout the period of use; and it has the right to direct the use of that asset throughout the period of use, the contract will be deemed to include a right-of-use-asset.

At lease commencement date, a right-of-use asset and a lease liability are recognised on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred and an estimate of any costs required to dismantle and remove the asset at the end of the lease.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease term for each category of assets are: Office accommodation - 10 years; Office Equipment and Furniture – 5 years; Motor Vehicles – 3 years.

The lease liability is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

Within the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in financial liabilities.

**Trade and other receivables**

Trade receivables which generally have 30 day terms are recognised and carried at their original invoiced value, less an allowance for impairment of doubtful debt. An allowance for doubtful debt is estimated by management, taking into account future cashflows, based on past experience and an assessment of the current economic climate in which the company operates.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

**Trade and other payables**

Trade and other payables are recognised at fair value and subsequently held at amortised cost.

**Loans**

Loans are initially recognised at fair value and then held at amortised cost using the effective interest rate method of calculation. The effective interest rate charge for the year is included in finance costs in the statement of comprehensive income.

**Taxation**

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws enacted or substantially enacted at the reporting date.

The Company does not recognise amounts which may be recoverable under group relief until the tax computations for the companies in the tax group have been agreed.

**Revenue recognition**

EICC contracts with a range of customers to provide meeting and conference facilities for the events that they wish to hold. Under the terms of these contracts the Company usually receives a number of stage payments from clients prior to and post their event taking place. The Company however does not finish performing its obligations until the end point of the contract and that is when revenue is recognised.

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance and that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding VAT.

**Pensions**

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

**Government grants**

Grants from government bodies and similar organisations are recognised where there is reasonable assurance that the grant will be received, and the company will comply with all attached conditions. Government support in the form of the Job Retention Scheme (JRS) was received and in line with accounting standards have chosen the accounting policy to offset the income against the wages costs to which they relate.

### 3. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows:

| | 2020 £ | 2019 £ |
|---|---|---|
| Revenue recognised from contracts with customers | 3,159,956 | 9,300,766 |
| Rendering of other services | 27,672 | 58,678 |
| | 3,187,628 | 9,359,444 |

### 4. Other Income

Other income recognised in the statement of comprehensive income is analysed as follows:

| | 2020 £ | 2019 £ |
|---|---|---|
| Reimbursement of development expenditure | - | - |

### 5. Segment information

For management purposes the Company operates as a single business unit.

All revenues are derived from external customers who are based in the United Kingdom. No single customer accounted for 10 per cent or more of the Company's revenues.

### 6. Operating profit

This is stated after charging/(crediting):

| | 2020 £ | 2019 £ |
|---|---|---|
| Depreciation of fixed assets | 878,205 | 841,690 |
| Auditor's remuneration - audit services | 9,785 | 10,800 |
| Auditor's remuneration – taxation services | 1,780 | 1,680 |
| Other income | - | - |
| Capital grants released | (216,023) | (281,811) |

### 7. Staff costs and directors' emoluments

(a) Staff costs

| | 2020 £ | 2019 £ |
|---|---|---|
| Salaries | 1,874,219 | 2,403,368 |
| Social security costs | 186,455 | 210,753 |
| Pension costs | 135,486 | 133,630 |
| Job Retention Scheme | (516,838) | - |
| | 1,679,322 | 2,747,751 |

## 7. Staff costs and directors' emoluments (cont.)

The monthly average number of staff employed during the year was:

| | 2020 | 2019 |
|---|---|---|
| Sales and Marketing | 15 | 15 |
| Operations | 31 | 43 |
| Administration | 8 | 7 |

(b) Directors' emoluments

| | 2020 £ | 2019 £ |
|---|---|---|
| Directors' remuneration | 300,291 | 313,907 |
| Directors' pension | 21,957 | 20,788 |
| | 322,248 | 334,695 |

The remuneration of the highest paid director included:

| | 2020 £ | 2019 £ |
|---|---|---|
| Directors' remuneration | 161,380 | 184,644 |
| Directors' pension | 5,693 | 8,415 |
| | 167,073 | 193,059 |

## 8. Finance revenue

| | 2020 £ | 2019 £ |
|---|---|---|
| Interest receivable on bank deposits | 15,943 | 35,362 |

## 9. Finance costs

| | 2020 £ | 2019 £ |
|---|---|---|
| Effective interest on loan stock | (285,216) | (162,984) |
| Effective interest on right-of-use-assets | (65,915) | (69,649) |
| | (351,131) | (232,633) |

## 10. Tax charge

| | 2020 £ | 2019 £ |
|---|---|---|
| UK Corporation Tax | 0 | 6,719 |

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). A number of factors affect the tax charge, and these are shown/reconciled below:

| | 2020 £ | 2019 £ |
|---|---|---|
| Profit from continuing operations before tax | (1,721,998) | 630,202 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | (327,180) | 119,738 |
| Expenses not deductible for tax purposes | 2,374 | 6,153 |
| Fixed asset differences | 63,217 | 60,686 |
| Adjust deferred tax to average rate | (1,751) | (17,635) |
| Remeasurement of deferred tax for changes in tax rates | (164,598) | 0 |
| Deferred tax not recognised | 427,938 | (162,223) |
| Tax charge for the period | 0 | 6,719 |

As at 31 December 2020 there was an unrecognised deferred tax asset amounting to £(1,827,032) (2019: £1,399,094) of which £364,069 (2019: £290.780) was in respect of accelerated capital allowances and other timing differences and £1,462,963 (2019: £1,108,314) was in respect of trading losses. The directors have elected not to recognise a deferred tax asset due to uncertainty surrounding future profitability from which any reversal of timing differences could be deducted.

No other factors that may affect future tax charges have been identified.

## 11. Property, plant and equipment

| | Infrastructure Works £ | Long Leasehold Buildings £ | Office Equipment & Furniture £ | Total £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2020 | 6,669,993 | 35,602,734 | 6,515,388 | 48,788,115 |
| Additions | - | - | 30,668 | 30,668 |
| Disposals | - | - | - | - |
| At 31 December 2020 | 6,669,993 | 35,602,734 | 6,546,056 | 48,818,783 |
| **Depreciation** | | | | |
| At 1 January 2020 | 6,595,205 | 30,380,216 | 5,219,790 | 42,195,211 |
| Charge for the period | 74,788 | 236,245 | 447,740 | 758,773 |
| Released on disposal | - | - | - | - |
| At 31 December 2020 | 6,669,993 | 30,616,461 | 5,667,530 | 42,953,984 |
| **Net book value** | | | | |
| At 31 December 2019 | 74,788 | 5,222,518 | 1,295,598 | 6,592,904 |
| At 31 December 2020 | - | 4,986,273 | 878,526 | 5,864,799 |
| **Cost or valuation** | | | | |
| At 1 January 2019 | 6,669,993 | 35,264,791 | 6,141,833 | 48,076,617 |
| Additions | - | 337,943 | 373,555 | 711,498 |
| Disposals | - | - | - | - |
| At 31 December 2019 | 6,669,993 | 35,602,734 | 6,515,388 | 48,788,115 |
| **Depreciation** | | | | |
| At 1 January 2019 | 6,482,867 | 30,194,285 | 4,801,605 | 41,478,757 |
| Charge for the period | 112,338 | 185,931 | 418,185 | 716,454 |
| Released on disposal | - | - | - | - |
| At 31 December 2019 | 6,595,205 | 30,380,216 | 5,219,790 | 42,195,211 |
| **Net book value** | | | | |
| At 31 December 2018 | 187,126 | 5,070,506 | 1,340,228 | 6,597,860 |
| At 31 December 2019 | 74,788 | 5,222,518 | 1,295,598 | 6,592,904 |

Long leasehold buildings consist of freehold buildings constructed on land that is leased to the company until 2117.

## 12. Right-of-use-assets

| | Long Leasehold Buildings £ | Office Equipment & Furniture £ | Motor Vehicles £ | Total £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2020 | 1,143,059 | 9,336 | 8,424 | 1,160,819 |
| Additions | - | 35,323 | - | 35,323 |
| Disposals | - | (9,336) | - | (9,336) |
| At 31 December 2020 | 1,143,059 | 35,323 | 8,424 | 1,186,806 |
| **Depreciation** | | | | |
| At 1 January 2020 | 112,639 | 9,336 | 3,261 | 125,236 |
| Charge for the period | 112,639 | 3,532 | 3,261 | 119,432 |
| Released on disposal | - | (9,336) | - | 9,336 |
| At 31 December 2020 | 225,278 | 3,532 | 6,522 | 235,332 |
| **Net book value** | | | | |
| At 31 December 2019 | 1,030,420 | - | 5,163 | 1,035,583 |
| At 31 December 2020 | 917,781 | 31,791 | 1,902 | 951,474 |

The right-of-use assets are included under the same fixed asset categories as they would be if they were owned.

## 13. Trade and other receivables

| | 2020 £ | 2019 £ |
|---|---|---|
| Trade receivables | 773,631 | 1,459,520 |
| Amount owed by the City of Edinburgh Council | 30,670 | 1,794,704 |
| Other receivables | 6,001 | 1 |
| Prepayments | 283,590 | 246,128 |
| | 1,093,892 | 3,500,353 |

Trade receivables are non-interest bearing and are generally on 30 days’ terms. As at 31 December 2020 no trade receivables were determined to be impaired (31 December 2019: nil).

### 13. Trade and other receivables (cont.)

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

| | Total | Neither past due nor impaired | Past due but not impaired | | |
|---|---|---|---|---|---|
| | | | < 30 days | 30-60 days | > 90 days |
| | £ | £ | £ | £ | £ |
| At 31 December 2019 | 1,459,520 | 1,329,016 | 108,389 | 22,272 | (157) |
| At 31 December 2020 | 773,631 | 712,111 | 33,660 | 21,725 | 6,135 |

The credit rating of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings, where available, historical information in respect of repeat business and payment history with regard to current business.

### 14. Cash and cash equivalents

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Cash at bank and in hand | 6,738,493 | 5,655,883 |

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £6,738,493 (31 December 2019: £5,655,883).

### 15. Trade and other payables

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Trade payables | 466,628 | 813,111 |
| Value Added Tax | 252,381 | 59,751 |
| Other taxes and social security costs | 56,828 | 55,985 |
| Other payables | 487,734 | 455,478 |
| Accruals | 464,594 | 414,264 |
| | 1,728,165 | 1,798,589 |

Trade payables are non-interest bearing and are normally settled on 30-60 days' terms. Other payables are non-interest bearing.

### 16. Financial liabilities

**Loans and borrowings**

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Fair value - Right-of-use-assets | 1,002,885 | 1,063,268 |
| Fair value - Loan stock | 665,580 | 380,364 |
| | 1,668,465 | 1,443,632 |

## 16. Financial liabilities (cont.)

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| This is made up as: | | |
| Current obligations | 104,248 | 93,508 |
| Non-current obligations | 1,564,217 | 1,350,124 |
| | 1,668,465 | 1,443,632 |

Non-current obligations are made up as:

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Due within one year | 108,390 | 97,608 |
| Due within two to five years | 1,154,421 | 823,369 |
| Due after five years | 301,406 | 429,147 |
| | 1,564,217 | 1,350,124 |

Financial liabilities are made up of:

Right-of use-assets

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Current obligations | 104,248 | 93,508 |
| Non-current obligations | 898,637 | 969,760 |
| | 1,002,885 | 1,063,268 |

Non-current obligations are made up as:

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Due within one year | 108,390 | 97,608 |
| Due within two to five years | 489,408 | 443,362 |
| Due after five years | 300,839 | 428,790 |
| | 898,637 | 969,760 |

The Company has entered into a number of leases in relation to office accommodation, office equipment and motor vehicles. These leases have a duration of between 2 and 14 years. The leases are in respect of identified assets and under the terms of the agreements the Company has the right to obtain substantially all of the economic benefits from the use of the assets throughout the period of their use. It also has the right to direct the use of the assets throughout their period of use.

The lease liability, in respect of these assets, is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

## 16. Financial liabilities (cont.)

| Loan stock | 2020 £ | 2019 £ |
|---|---|---|
| Current obligations | - | - |
| Non-current obligations | 665,580 | 380,364 |
| | 665,580 | 380,364 |

Non-current obligations are made up as:

| | 2020 £ | 2019 £ |
|---|---|---|
| Due within one year | - | - |
| Due within two to five years | 665,013 | 380,007 |
| Due after five years | 567 | 357 |
| | 665,580 | 380,364 |

The company has issued convertible and non-convertible loan stock to the City of Edinburgh Council and CEC Holdings Limited, as shown below. These loan stocks, which amount to a face value of £62,313,737 (31 December 2019: £62,283,069) either bear no interest or the interest on them has been waived by the stockholder.

The loans have been recognised at fair value by discounting the future cash flows using market interest rates. Loan stocks are then held at amortised cost by applying an effective interest rate, to increase the loan stock to its face value over the term of the loan stock's issue. These loans have been received from the parent company and the Company relies on these loans as an ongoing source of funding.

| Loan Stock | Effective Interest Rate % | Loan Stock £ | Amortised cost at 31 December 2020 £ | Aggregate Interest £ |
|---|---|---|---|---|
| Convertible Unsecured Loan Stock 2117 | 15 | 45,297,609 | 59 | 57 |
| Non-Convertible Unsecured Loan Stock 2117 | 13 | 7,229,264 | 51 | 50 |
| Non-Convertible Unsecured Loan Stock 2022 | 75 | 1,339,365 | 437,344 | 437,343 |
| Non-Convertible Unsecured Loan Stock 2023 | 75 | 868,000 | 161,959 | 161,958 |
| Non-Convertible Unsecured Loan Stock 2024 | 70 | 546,000 | 58,216 | 58,215 |
| Non-Convertible Unsecured Loan Stock 2025 | 75 | 123,000 | 7,494 | 7,494 |
| Non-Convertible Unsecured Loan Stock 2034 | 75 | 154,299 | 61 | 61 |
| Non-Convertible Unsecured Loan Stock 2035 | 75 | 799,000 | 181 | 180 |
| Non-Convertible Unsecured Loan Stock 2036 | 75 | 709,141 | 92 | 91 |
| Non-Convertible Unsecured Loan Stock 2037 | 75 | 461,069 | 34 | 34 |
| Non-Convertible Unsecured Loan Stock 2038 | 75 | 1,278,074 | 54 | 53 |
| Non-Convertible Unsecured Loan Stock 2039 | 75 | 841,099 | 20 | 20 |

## 16. Financial liabilities (cont.)

| Loan Stock | Effective Interest Rate % | Loan Stock £ | Amortised cost at 31 December 2020 £ | Aggregate Interest £ |
|---|---|---|---|---|
| Non-Convertible Unsecured Loan Stock 2040 | 75 | 718,922 | 10 | 9 |
| Non-Convertible Unsecured Loan Stock 2041 | 75 | 123,525 | 1 | 1 |
| Non-Convertible Unsecured Loan Stock 2042 | 75 | 482,438 | 2 | 2 |
| Non-Convertible Unsecured Loan Stock 2043 | 75 | 595,438 | 2 | 1 |
| Non-Convertible Unsecured Loan Stock 2044 | 75 | 716,826 | 0 | 0 |
| Non-Convertible Unsecured Loan Stock 2045 | 75 | 30,668 | 0 | 0 |
| | | 62,313,737 | 665,580 | 665,569 |

The face value of loan stock issued by the company is as follows:

| | 2020 £ | 2019 £ |
|---|---|---|
| Convertible unsecured loan stock | 45,297,609 | 45,297,609 |
| Non-convertible unsecured loan stock | 17,016,128 | 16,985,460 |
| | 62,313,737 | 62,283,069 |
| Non-convertible unsecured loan stock | | |
| Issued to The City of Edinburgh Council and CEC Holding Ltd | 4,675,316 | 4,675,316 |
| Due to be issued to The City of Edinburgh Council and CEC Holdings Ltd | 12,340,812 | 12,310,144 |
| | 17,016,128 | 16,985,460 |

The convertible unsecured loan stock, which is all held by CEC Holdings Ltd, bears no interest and is repayable on 31 March 2117 at par. CEC Holdings Ltd have the right to convert loan stock into fully paid preferred ordinary shares at the rate of one preferred ordinary share per £1 nominal of loan stock.

A further £8,629,629 of non-convertible unsecured loan stock 2117 (31 December 2019: £8,598,961) has been issued or is due to be issued to the City of Edinburgh Council and is repayable at par.

CEC Holdings Ltd hold £8,386,499 (31 December 2019: £8,386,499) of the remaining issued or due to be issued non-convertible unsecured loan stock. This non-convertible unsecured loan stock bears no interest and is repayable within 25 years of issue.

## 17. Deferred revenue and capital grants

| | 2020 £ | 2019 £ |
|---|---|---|
| Deferred revenue | 2,205,801 | 2,588,922 |
| Capital grants | 1,304,853 | 1,520,876 |
| | 3,510,654 | 4,109,798 |

## 17. Deferred revenue and capital grants (cont.)

Deferred revenue relates to the advance deposits received in respect of events which are due to take place after the year end.

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| At 1 January | 2,588,922 | 2,369,926 |
| Deferred during the year | 1,810,110 | 2,162,965 |
| Released to the income statement | (2,193,231) | (1,943,969) |
| At 31 December | 2,205,801 | 2,588,922 |

| Deferred revenue is analysed as follows: | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Current obligations | 1,606,225 | 2,193,232 |
| Non-current obligations | 599,576 | 395,690 |
| | 2,205,801 | 2,588,922 |

Capital grants have been received in respect of building construction and roadworks as follows:

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| At 1 January | 1,520,876 | 1,802,687 |
| Receivable during the year | - | - |
| Released to the income statement | (216,023) | (281,811) |
| At 31 December | 1,304,853 | 1,520,876 |

Capital grants are analysed as follows:

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| Current obligations | 91,470 | 216,024 |
| Non-current obligations | 1,213,383 | 1,304,852 |
| | 1,304,853 | 1,520,876 |

**18. Share capital**

| | 2020 No. | 2019 No. | 2020 £ | 2019 £ |
|---|---|---|---|---|
| Allotted, called up and fully paid: | | | | |
| Preferred Ordinary shares | 40 | 40 | 40 | 40 |
| Ordinary shares | 2 | 2 | 2 | 2 |
| RBL Ordinary shares | 10 | 10 | 10 | 10 |
| Preference shares | 10 | 10 | 10 | 10 |
| Special share | 1 | 1 | 1 | 1 |
| | | | 63 | 63 |

The 10 preference shares, 2 ordinary shares and 40 preferred ordinary shares were all issued to The City of Edinburgh Council and subsequently gifted to CEC Holdings Ltd (wholly owned subsidiary of the Council) in 1996. The special share was issued to Scottish Enterprise Edinburgh and Lothian Ltd on 18 December 1996. The City of Edinburgh Council is the ultimate holding organisation of the Company.

The special share has a nominal value of £1. The share can only be transferred to a body nominated by Scottish Enterprise Edinburgh and Lothian Ltd and approved by the City of Edinburgh Council. The special shareholder is entitled to receive notice of general meetings, and to attend and speak at such meetings but has no other rights. Specifically, the special shareholder has no right to vote at such a meeting. The special shareholder is however entitled to receive a copy of each resolution passed at a general meeting, to receive any resolution proposed as a written resolution and each circular sent by the Company to holders of any class of shares in the Company.

The special shareholder ranks after all other members of the Company in respect of distribution of capital on the winding up of the Company. The special share confers no right to participate in the profits of the Company.

The Articles of Association entitle the holder of the special share to appoint one person as a Director of the Company. This right is effected by a notice in writing either being lodged at the Company's registered office or delivered to a meeting of the directors.

The preference shares carry no voting rights, but have the right to a fixed cumulative preferential dividend at the rate of 6% (net of associated tax credit) per annum, on the amount paid up, to be paid annually on 31 December each year.

The RBL ordinary shares, which were issued on 29 November 1995, carry no voting rights and are entitled to a dividend of £0.01 for every full amount of £100 worth of assets paid. This is payable after payment of the fixed dividend to holders of the preference shares.

The ordinary and preferred ordinary shares carry one vote per share and participate in profits available for dividend pro rata.

In the event of a capital distribution the shares rank in the following order: £1 for each Preference Share; £1 for each Preferred Ordinary Share; £1 for each Ordinary Share; £1 for each RBL Ordinary Share; £1 for each Special Share. Thereafter pro rata.

**19. Other reserves**

Other reserves arise from the fair valuing of loan stock where the difference between the fair value and face value of the loan has been recognised as a capital contribution where the loan has been issued at below market rate from a parent company.

| | £ |
|---|---|
| At 1 January 2020 | 62,283,069 |
| Net movement on recognition of loans | 30,668 |
| At 31 December 2020 | 62,313,737 |

## 20. Pension commitments

The Company operates a defined contribution scheme for its employees. The assets of this scheme are held separately from those of the Company in an independently administered fund.

The total amount paid to the scheme during the year totals £135,486 (31 December 2019: £133,630).

The unpaid contributions outstanding at the year end, included in other creditors, amount to £nil (31 December 2019: £26,828).

## 21. Related party transactions

The transactions that have been entered into with related parties, which have a significant influence over the Company, for the financial year, are as follows:

| | Net funding received £ |
|---|---|
| The City of Edinburgh Council | |
| 2020 | 1,794,704 |
| 2019 | - |
| CEC Holdings Limited | |
| 2020 | - |
| 2019 | - |

Loans received from or made to related parties, which have a significant influence over the Company, are as follows:

| | Owed by related parties £ | Owed to related parties £ |
|---|---|---|
| The City of Edinburgh Council | | |
| 2020 | 30,668 | 8,629,629 |
| 2019 | 1,794,704 | 8,598,961 |
| CEC Holdings Limited | | |
| 2020 | - | 53,684,108 |
| 2019 | - | 53,684,108 |

The Company's immediate parent undertaking is CEC Holdings Limited. It has included the Company in its group financial statements. The ultimate parent undertaking is The City of Edinburgh Council. Copies of the accounts of both companies are available from the Head of Finance, The City of Edinburgh Council, Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG.

## 22. Financial instruments and risk management

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

| | 2020 £ | 2019 £ |
|---|---|---|
| Financial assets measured at amortised cost: | | |
| Loans and receivables: | | |
| Trade and other receivables | 810,302 | 3,254,225 |
| Cash and cash equivalents | 6,738,494 | 5,655,883 |
| | 7,548,796 | 8,910,108 |

| | 2020 £ | 2019 £ |
|---|---|---|
| Financial liabilities | | |
| Financial liabilities measured at amortised cost: | | |
| Trade and other payables | 1,418,956 | 1,682,853 |
| Loan stock | 665,580 | 380,364 |
| Right of use assets | 1,002,885 | 1,063,268 |
| | 3,087,421 | 3,126,485 |

**Capital management and risk management objectives**

The company aims to manage its overall capital structure to ensure it continues to operate as a going concern. The company's capital structure represents the equity attributable to the shareholders of the company together with cash equivalents.

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

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

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income. The company monitors this risk but it is very unlikely to affect the company's overall liquidity. The company's debt is primarily non-interest bearing.

**Credit risk**

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

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

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

**22. Financial instruments and risk management (cont.)**

- Only banks and institutions with an acceptable credit rating are utilised;
- All customers are rated for credit worthiness, where practical, taking into account their size, market position and financial standing;

Over 85% of the company's gross profits are derived from room hire fees which are paid in advance and from catering commission which is paid by the catering concessionaire.

**Liquidity risk**

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

- Preparing forward looking cash flow analysis; and
- Managing cash generated by its operations and retaining surplus cash in readily accessible bank deposit accounts.

**Fair values**

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

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

T: +44 (0) 131 473 3500
F: +44 (0)131 473 3535
azets.co.uk

**Private & Confidential**
The Board of Directors
Edinburgh International Conference Centre Limited
The Exchange
150 Morrison Street
Edinburgh
EH3 8EB

11 May 2021
Our ref: NB/SWI/EICCLT01

Dear Sirs

**Edinburgh International Conference Centre Limited**
**Audit findings for the year ended 31 December 2020**

This Audit Findings letter highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs (UK)), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

This letter has been provided on the basis that it is for the information of the Board and management of Edinburgh International Conference Centre Limited only and that it will not be distributed to others, quoted or referred to, in whole or in part, without our prior written consent.

## 1 Audit status and audit opinion

We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.

Our audit work is substantially complete, subject to the outstanding matters detailed below:

- Receipt of signed management letter of representation
- Receipt of signed financial statements

We do not propose any modifications to our audit opinion which is unqualified. Other than as described in the emphasis of matter paragraph of our audit report, we confirm that our audit testing did not identify any material issues affecting the company's ability to continue as a going concern. The letter of comfort provided received from City of Edinburgh Council (the Council) confirms that the Council will continue to provide financial support to EICC Limited, directly or via CEC holdings until June 2022. We are therefore satisfied with the disclosures in the financial statements.

## 2 Significant findings

### Findings related to significant risks

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

| Risk | Results and conclusions |
|---|---|
| **Fraud in revenue recognition**<br>Under ISA (UK) 240 there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the company could adopt accounting policies or recognise sales in such a way as to lead to a material misstatement in the reported revenue position. | • We have reviewed the systems and controls underpinning debtors and sales, performed sample tests over sales completeness, and carried out analytical review procedures.<br>• Sales-cut off testing was also completed by sample testing invoices directly before and after the year end to ensure they were accounted for in the correct period.<br>• We are satisfied over the completeness of revenue and no issues arose as a result of our work that we consider should be brought to your attention. |
| **Management override of controls**<br>Under ISA (UK) 240 there is a presumed risk that management and directors have the ability to process transactions or make adjustments to financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements. | • We have tested journal entries both throughout the year, and around the year end to ensure journals are in line with our expectations and standard accounting adjustments. We have also reviewed nominal analysis and performed analytical review to ensure there are no unusual abnormalities throughout the financial statements.<br>• Our testing performed did not identify instances of management override in the financial records in the period. No issues arose to be drawn to the attention of management. |
| **Going concern including consideration of the impact of the Covid-19 pandemic** | • We concur with management's assessment that it is appropriate to continue to adopt the going concern basis and appropriate disclosure relating to the material uncertainties are included in note 2 to the financial statements and the Report of the Directors and Strategic report. Our audit report refers to the material uncertainty although our opinion is not modified in respect of this matter. |

There were no changes to our audit plan previously communicated to you.

## 3 Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

We have reviewed the current and future financial position of the company and liquidity position from the information provided by management, specifically in respect of the current COVID-19 pandemic and the potential disruption to the business due to a prolonged period of lockdown. In conjunction with the letter of support provided by City of Edinburgh Council, we are satisfied that the financial statements are prepared on a going concern basis.

## 4 Accounting policies, presentation and disclosures

The accounting policies used in preparing the financial statements are unchanged from the prior year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by the entity.

Overall we found the disclosed accounting policies, and the overall disclosures and presentation to be appropriate.

## 5 Other communication requirements

**Fraud or suspected fraud**

We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit.

Our work as auditor is not intended to identify any instances of fraud of a non- material nature and should not be relied upon for this purpose. In the event that the members wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

**Non-compliance with laws and regulations**

As part of our standard audit testing, we have reviewed the laws and regulations impacting the business. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations stopping the business from continuing as a going concern or that would necessitate a provision or contingent liability.

There are also many other laws and regulations relating to health and safety as well as human resources generally and industry specific requirements. We are not aware of any significant incidences of non- compliance.

**Related parties**

We are not aware of any related party transactions which have not been disclosed.

## 6 Misstatements

We are required to inform you of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. We have not identified any misstatements during the course of the audit.

## 7 Internal controls

The purpose of an audit is to express an opinion on the financial statements. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. However, this work was not for the purpose of expressing an opinion on the effectiveness of internal controls.

We are required to report to you in writing, significant deficiencies in internal controls that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

The scope of our work is not designed to be an extensive review of all internal controls. Areas identified are reported in Appendix II below. The item in Appendix II has been carried over from the previous year.

## 8 Independence

In accordance with our profession's ethical guidance and further to our planning letter to you dated 25 March 2021, confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standards. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

A summary of our services provided and related fees is attached at Appendix I.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit.

If we can be of any further assistance, please contact Nick Bennett.

Yours faithfully

Nick Bennett

Nick Bennett
**Senior Statutory Auditor**
**Nick.bennett@azets.co.uk**

**Appendix I**
**Provision of audit and non-audit services**

| Details of services provided | Current year £ | Prior year £ |
|---|---|---|
| Audit of company | 9,785 | 10,500 |
| **Total audit services** | **9,785** | **10,500** |
| Corporation tax compliance services | 1,780 | 1,730 |
| **Total non-audit services** | **1,780** | **1,730** |
| | | |
| **Total fees for services provided** | **11,565** | **12,230** |

**Appendix II**

**Internal controls**

Control points arising from our current year work and our recommendations are summarised below. The recommendations are categorised into three risk ratings as shown in the key.

Key: Significant deficiency in internal control, Other deficiency in internal control, Other observations from the audit

| Area | Observation | Implication | Recommendation | Management response |
|---|---|---|---|---|
| **Governance arrangements** | EICC is governed by a Board of Directors and the Board is responsible for the overall strategic direction and fulfilment of the legislative duties of the organisation. We have noted that the scale of operations of EICC has been expanding in recent years but the governance structure has remained the same with the Board supported by the senior leadership team. | There is a risk that the Board is not adequately supported by appropriate governance structure and there is insufficient capacity within the current governance structure for appropriate scrutiny and challenge.<br><br>We noted that EICC will look to make potential changes once the Company's corporate structure has been revised. | We recommend EICC reviews the current governance structure and considers whether supporting committees (e.g. audit committee) would offer benefits to the Board. | The Company is currently involved with a major development project regarding the operation of a hotel and hotel school. A business case for the project was approved by the Council in March 2020 and it is expected that the formal sign off this year will lead to significant changes in the Company's corporate and governance structure. The EICC Board do not believe that it is appropriate to look at these matters on a piecemeal basis and they will therefore be examined in detail and the necessary changes made in due course, when the Board believes that the time is right to do so. |

# Housing, Homelessness and Fair Work Committee

**10.00am, Thursday, 4 November 2021**

## The EDI Group – Annual Update

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

### 1. Recommendations

1.1 It is recommended that Committee:

1.1.1 Notes the report; and

1.1.2 Refers the report to the Governance, Risk and Best Value Committee.

**Paul Lawrence**

Executive Director of Place

Contact: David Cooper, Commercial Development and Investment Senior Manager

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

# Report

## The EDI Group – Annual Update

### 2. Executive Summary

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

### 3. Background

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

### 4. Main report

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

4.2 The EDI Board, comprising three elected members, continues to meet quarterly. A scheme of delegation has been agreed which enables minor and routine decisions to be taken by Council officers.

4.3 The updated timeline in terms of projects transferring into the Council and estimated corporate closure dates is set out in Appendix 1. Appendix 2 provides an update on each project.

4.4 The audited consolidated financial statements for The EDI Group Limited for the year ending 31 December 2020 were, at the time of writing, scheduled to be considered by the EDI Board on 4 November 2021. The overall financial performance was a net loss of £3.195m (compared to a net profit of £2,039m in the year ending 31 December 2019 – restated from the originally reported net profit of £1,962m to correct a misstatement relating to an over accrual in EDI Market Street Limited) and retained earnings of negative £2.5m (compared to positive £2.4m in in the year ending 31 December 2019). The Group had a cash balance of £6.1m as of 31 December 2020.

4.5 The main influencing factor in the net loss and negative retained earnings for the year ending 31 December 2020 was the provision for the write-off of the Work in Progress (WIP) held by EDI Fountainbridge Limited. Following the appointment of the development partner for the site by the Council, a decision was taken to make a provision for the full WIP value of £2.898m to be written off. The Group also declared dividends of £1.75m to CEC Holdings. The sales expected in 2021 will be profitable and cash forecasts show positive balances throughout 2021. It is not envisaged that dividends will be paid in 2021 to allow retained earnings to recover.

4.6 The independent auditor opined that the statements gave a true view of the state of the company and were properly prepared in line with International Financial Reporting Standards and the requirements of the Companies Act 2006. The directors' report and consolidated financial statements (including the independent auditor's report) are attached as Appendix 3.

## 5. Next Steps

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

## 6. Financial impact

6.1 The projected special dividend to the Council from closing EDI is currently forecast at £8.073m. This is a reduction on the original forecast figure of £8.5m, reflecting the loss sustained by EDI on the Market Street hotel development coupled with write-downs on property valuations associated with COVID-19, but is an improvement upon the projected figure of £7.525m reported on 5 November 2020, reflecting a higher-than-forecast receipt from the sale of land at New Brunstane.

## 7. Stakeholder/Community Impact

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

## 8. Background reading/external references

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

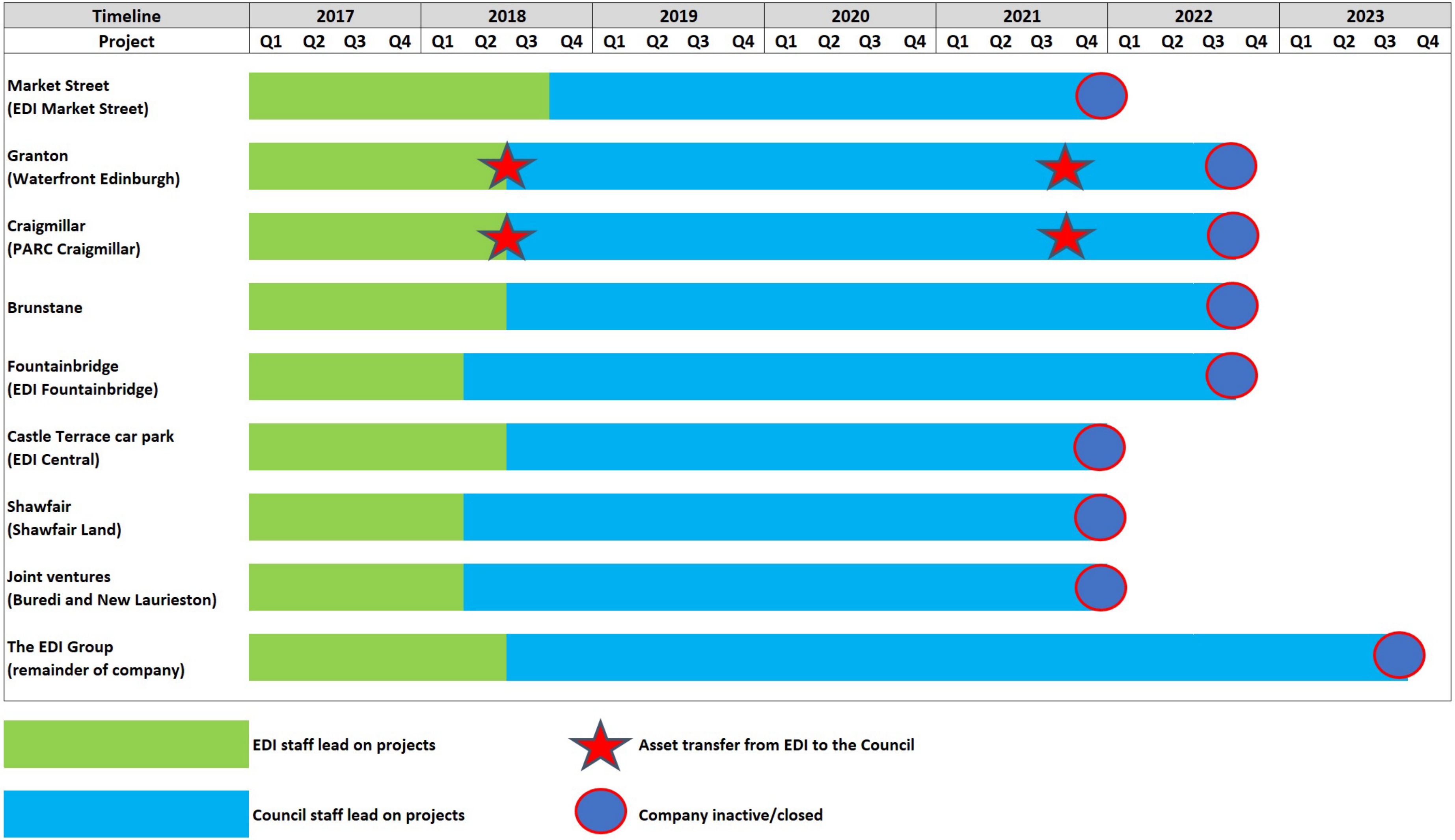
## 9. Appendices

9.1 Appendix 1 – Updated project timeline.

9.2 Appendix 2 – Project updates.

9.3 Appendix 3 – The EDI Group Limited: Directors' report and consolidated financial statements for the year ended 31 December 2020.

# Appendix 1 – Update project timeline



**Appendix 2 – Project updates**

Please note RAG Status is in relation to performance against programme.

| | |
|---|---|
| **Market Street (EDI Market Street Limited)** | |
| **Description**<br>Subsidiary company of EDI set up to take forward a hotel development on Market Street. | |
| **Position as of August 2021**<br>The Market Street hotel achieved practical completion in November 2018, nine months behind the originally envisaged completion date. Council officers acting on behalf of EDI have now settled financial claims with the purchaser and the contractor. An application to strike-off the company will be made in late-2021/early-2022. | |
| **RAG status** | Amber |
| **Granton (Waterfront Edinburgh Limited)** | |
| **Description**<br>Land and buildings at Granton along with shares in a joint venture holding land in Granton. | |
| **Position as of September 2021**<br>The land and buildings wholly owned by Waterfront Edinburgh have been transferred to the Council and now form part of the wider Granton Waterfront regeneration project led by the Housing and Regeneration service. The two Waterfront Edinburgh Ltd (WEL) subsidiary companies are in the process of being transferred up to The EDI Group to allow closure of WEL. Work is underway to assess the usability of historic tax losses within the company. The projected company closure date remains 2022, subject to transactions being completed by the end of 2021 to enable final accounts to be submitted. | |
| **RAG status** | Green |
| **Craigmillar (PARC Craigmillar Limited, PARC Craigmillar Developments Limited)** | |
| **Description**<br>Land and buildings at Craigmillar. | |
| **Position as of September 2021**<br>PARC Craigmillar holds three assets: the White House, the South Park at Greendykes, and Greendykes plots K and L. Negotiations around a private sale of plots K and L have not progressed satisfactorily and so it is now proposed that the plots will be transferred to the Council's Housing Revenue Account. It is anticipated that these three assets will transfer to the Council by the end of 2021. Work is also underway to novate legal agreements to which PARC Craigmillar is a party to the Council. The projected company closure date remains 2022, subject to transactions being completed by the end of 2021 to enable final accounts to be submitted. | |
| **RAG status** | Amber |
| **Brunstane (The EDI Group Limited)** | |
| **Description**<br>Housing development site with planning permission in place on land owned by EDI and option agreement in place with adjoining land owner. The Council also has an entitlement for profit share in relation to access rights. | |
| **Position as of September 2021**<br>The sale of the west field at New Brunstane concluded Missives in mid-2021. The sale price was slightly higher than forecast. The remaining land at New Brunstane (the east field) is planned to be marketed in late-2021/early-2022. A sale should conclude in 2022, allowing EDI to be closed thereafter. | |
| **RAG status** | Amber |

| Fountainbridge (EDI Fountainbridge Limited) | |
|---|---|
| **Description**<br>EDI Fountainbridge was established to take forward the redevelopment of a brownfield development site owned by the Council. | |
| **Position as of September 2021**<br>The Council has now appointed Cruden Homes as the pre-development partner for the redevelopment of the site. It has now been determined that the work in progress held by EDI Fountainbridge is not of value to the Council and so it will require to be written off. An application to strike-off the company will be made in late-2021/early-2022. | |
| **RAG status** | Amber |
| **Castle Terrace car park (EDI Central Limited)** | |
| **Description**<br>EDI Central is entitled to payments from NCP as settlement following a court case regarding a lease arrangement at the Castle Terrace car park. | |
| **Position as of August 2021**<br>All payments due to EDI Central have been received and paid up to The EDI Group. An application to strike-off the company will be made in late-2021/early-2022. | |
| **RAG status** | Green |
| **Shawfair (Shawfair Land Limited)** | |
| **Description**<br>Shawfair Land formerly held a security over land at the South East Wedge. | |
| **Position as of September 2021**<br>Shawfair Land has released the security in return for a cash payment. An application to strike-off the company will be made in late-2021/early-2022. | |
| **RAG status** | Green |
| **Joint ventures (Buredi Limited, New Laurieston (Glasgow) Limited)** | |
| **Description**<br>Inactive joint venture companies that previously carried out private housing developments. | |
| **Position as of September 2021**<br>Agreement has been reached with joint venture partners to close the two companies. The Buredi joint venture has been wound-up. The winding-up of the New Laurieston (Glasgow) joint venture, which is being taken forward by The Miller Group, is now expected to be completed during 2021. | |
| **RAG status** | Green |
| **The EDI Group Limited (remainder of company)** | |
| **Description**<br>The parent company of all subsidiaries. | |
| **Position as of September 2021**<br>Other than New Brunstane, no projects sit directly within the parent company. The Council will oversee the repayment of loans and capital up to 2021 as PARC Craigmillar and EDI Central receive payments and pay these up to the parent company. The projected company closure date is now expected to be 2023 as some transactions will not completed until 2022. | |
| **RAG status** | Amber |

# Financial Statements

## 31 December 2020

EDIGROUP

**THE EDI GROUP LIMITED**

**Directors' report and consolidated financial statements**

**For the year ended 31 December 2020**

---

**Contents** | **Page**

# THE EDI GROUP LIMITED

## Company information

## For the year ended 31 December 2020

| | | |
|---|---|---|
| **Board of directors** | K Campbell<br>L Cameron<br>I Whyte | |
| **Company registration** | *Registered office:* | Waverley Court<br>4 East Market<br>Street<br>Edinburgh<br>EH8 8BG |
| | *Registered number:* | SC110956 |
| **Bankers** | The Royal Bank of Scotland plc<br>Bank of Scotland plc | |
| **Auditor** | Azets Audit Services<br>Statutory Auditor<br>Exchange Place 3<br>Semple Street<br>Edinburgh<br>EH3 8BL | |

The Directors present their strategic report and audited financial statements for 2020 financial year.

**Principal activities, business review and future developments**

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

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

The company has now ceased development activities with the majority of the land and buildings transferred to the Council in May 2018 and the remaining land at Greendykes and Brunstane subject to sale negotiations. There has been, and will continue to be, a minimal level of development and property related activity for the remainder of the company's lifespan. Non-property assets will be realised in accordance with their contractual terms and external liabilities and obligations will be settled in full. Financial projections for the closure process show that the group will have sufficient funds to meet all external liabilities and obligations and to repay share capital in full. The intention is that each company will become dormant with a timespan covering 2 to 7 years.

**Current development activity:**

The Market Street hotel construction reached practical completion in November 2018 and negotiations on financial claims completed in 2020. The transfer of assets from PARC Craigmillar to the City of Edinburgh Council has been completed other than plots K and L, which are subject to live sale negotations. The sale of land at Brunstane is expected to complete in 2021.

**Our performance**

The financial performance of the group in 2020 was a net loss of £3.2m compared to a profit of £2.04m in 2019. Retained earnings reduced to negative £2.5m from (positive) £2.4m. The major factor influencing the year's results has been the write off of the Work In Progress in Fountainbridge following the appointment of a new development partner. However the longer-term position remains in line with transition strategy assumptions.

The group had a cash balance of £6.1m (2019: £5.3m). The sales expected in 2021 will be profitable and no dividends expected in 2021 to allow the retained earnings to recover from the write off.

**Risks and environment**

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

This report was approved by the board on __________ 2021 and signed on its behalf by:

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

The directors present their annual report and audited financial statements for the year ended 31 December 2020.

**Principal activities and business review**

Details of principal activities, market circumstances and risk and performance indicator are included in the Strategic Report. The directors recommend payment of a dividend at the year-end of £1,750,000 (2019: £1,046,788 ).

**Directors**

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

K Campbell
L Cameron
I Whyte

**Political and charitable contributions**

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

**Going concern**

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

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

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

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

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

**Responsibilities of the directors**

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

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

**Responsibilities of the directors (continued)**

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

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

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

**Disclosure of information to auditor**

In so far as the directors are aware:

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

**Auditor**

Azets Audit Services are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on ____________ 2021 and signed on its behalf by:

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

## Opinion

We have audited the financial statements of The EDI Group Limited for the year ended 31 December 2020 which comprise consolidated and parent company statement of profit or loss and other comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Emphasis of matter – Basis of preparation

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

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Use of our report**

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

**Nick Bennett, Senior Statutory Auditor**
**For and on behalf of Azets Audit Services**
**Statutory Auditor**
**Exchange Place 3**
**Semple Street**
**Edinburgh**
**EH3 8BL**

**Date: _____________2021**

## Consolidated and Parent Statement of Profit or Loss and Other Comprehensive Income

**For the year ended 31 December 2020**

| | | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | | | Restated | | |
| | Note | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| **Continuing Operations** | | | | | |
| Revenue | 3 | 174 | 5,020 | - | - |
| Cost of sales | | (2) | (2,550) | - | - |
| Gross profit | | 172 | 2,470 | - | - |
| Administrative expenses | | (406) | (666) | (316) | (358) |
| Work in progress written off | | (2,898) | (733) | - | - |
| **Profit/(loss) from operations** | 4 | (3,132) | 1,071 | (316) | (358) |
| Loss on disposal | | - | (1) | - | - |
| Finance income | 6 | 28 | 44 | 5 | 1,772 |
| Finance costs | 7 | (95) | (156) | (93) | (156) |
| Other income | 5 | 5 | 1,499 | - | - |
| Movement in fair value of investment property | 10 | - | 28 | - | |
| Impairment charge on investments | | - | - | - | (176) |
| **Profit/(loss) before income tax expense** | | (3,194) | 2,485 | (404) | 1,082 |
| Income tax (charge)/credit | 8 | (1) | (446) | - | 96 |
| **Profit/ (loss) for the year from continuing operations** | | (3,195) | 2,039 | (404) | 1,178 |
| **Net profit/(loss) for the year** | | (3,195) | 2,039 | (404) | 1,178 |
| Attributable to: | | | | | |
| Equity holders of the parent | | (3,195) | 2,039 | (404) | 1,178 |

There are no other items of comprehensive income or expense in the current year or prior year and therefore no Statement of Comprehensive Income is shown.

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position

### As at 31 December 2020

| | Note | Consolidated Group 2020 £'000 | Restated 2019 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment property | 10 | 248 | 248 |
| Investments in joint ventures and associates | 11 | 267 | 269 |
| **Total non-current assets** | | 515 | 517 |
| **Current assets** | | | |
| Cash and cash equivalents | 17 | 6,052 | 5,326 |
| Trade and other receivables | 13 | 2,837 | 5,219 |
| Inventories | 12 | 9,321 | 9,244 |
| **Total current assets** | | 18,210 | 19,789 |
| **TOTAL ASSETS** | | 18,725 | 20,306 |
| **Equity and Liabilities** | | | |
| **Equity attributable to equity holders of the parent** | | | |
| Contributed equity | 18 | 8,500 | 8,500 |
| Retained earnings | | (2,511) | 2,434 |
| **Total equity** | | 5,989 | 10,934 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 3,931 | 3,465 |
| Other financial liabilities | 15 | 4,799 | 4,799 |
| Provisions | 16 | 4,006 | 1,108 |
| **Total current liabilities** | | 12,736 | 9,372 |
| **Total liabilities** | | 12,736 | 9,372 |
| **TOTAL EQUITY AND LIABILITIES** | | 18,725 | 20,306 |

The financial statements were approved by the board of directors and authorised for issue on __________2021 and are signed on its behalf by:

Lezley Marion Cameron, Director

K Campbell, Director

**Company number: SC110956**

The accompanying notes form part of these financial statements.

## Company Statement of Financial Position

### As at 31 December 2020

| | Note | Parent Entity 2020 £'000 | 2019 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments in subsidiaries, joint ventures and associates | 11 | 7,415 | 7,416 |
| **Total non-current assets** | | 7,415 | 7,416 |
| **Current assets** | | | |
| Cash and cash equivalents | 17 | 563 | 1,874 |
| Trade and other receivables | 13 | 3,067 | 3,391 |
| Inventories | 12 | 4,213 | 4,139 |
| **Total current assets** | | 7,843 | 9,404 |
| **TOTAL ASSETS** | | 15,258 | 16,820 |
| **Equity and Liabilities** | | | |
| **Equity attributable to equity holders of the parent** | | | |
| Contributed equity | 18 | 8,500 | 8,500 |
| Retained earnings | | 550 | 2,704 |
| Capital contribution reserve | | 30 | 30 |
| **Total equity** | | 9,080 | 11,234 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 3,938 | 3,346 |
| Other financial liabilities | 15 | 2,240 | 2,240 |
| **Total current liabilities** | | 6,178 | 5,586 |
| **Total liabilities** | | 6,178 | 5,586 |
| **TOTAL EQUITY AND LIABILITIES** | | 15,258 | 16,820 |

The financial statements were approved by the board of directors and authorised for issue on __________2021 and are signed on its behalf by:

Lezley Marion Cameron, Director

K Campbell, Director

**Company number: SC110956**

The accompanying notes form part of these financial statements.

## Consolidated and Company Statement of Changes in Equity

### As at 31 December 2020

**Group**

| | | Capital contribution reserve £'000 | Contributed equity £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Balance at 1 January 2019** | | - | 8,500 | 1,442 | 9,942 |
| Profit from continuing operations | | - | - | 1,962 | 1,962 |
| Dividends declared | | - | - | (1,047) | (1,047) |
| **Balance at 31 December 2019 as originally presented** | | - | 8,500 | 2,357 | 10,857 |
| Prior year restatement | 22 | - | - | 77 | 77 |
| **Restated balance as at 31 December 2019** | | - | 8,500 | 2,434 | 10,934 |
| **Restated balance at 1 January 2020** | | - | 8,500 | 2,434 | 10,934 |
| Loss from continuing operations | | - | - | (3,195) | (3,195) |
| Dividends declared | | - | - | (1,750) | (1,750) |
| **Balance at 31 December 2020** | | - | 8,500 | (2,511) | 5,989 |

**Company**

| | Capital contribution reserve £'000 | Contributed equity £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 1 January 2019** | 30 | 8,500 | 2,573 | 11,103 |
| Profit from continuing operations | - | - | 1,178 | 1,178 |
| Dividends declared | - | - | (1,047) | (1,047) |
| **Balance at 31 December 2019** | 30 | 8,500 | 2,704 | 11,234 |
| **Balance at 1 January 2020** | 30 | 8,500 | 2,704 | 11,234 |
| Profit from continuing operations | - | - | (404) | (404) |
| Dividends declared | - | - | (1,750) | (1,750) |
| **Balance at 31 December 2020** | 30 | 8,500 | 550 | 9,080 |

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



The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows

## For the year ended 31 December 2020

| | Note | 2020 £'000 | Restated 2019 £'000 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **Total comprehensive profit/(loss) for year** | | (3,195) | 2,039 |
| *Adjustments for:* | | | |
| Taxation charge/(credit) | | 1 | 446 |
| Interest received | | (28) | (44) |
| Interest paid | | 95 | 156 |
| Loss on disposal of available for sale assets | | - | 1 |
| Net revaluations of non-current assets | | - | (28) |
| (Increase)/decrease in inventories | | (77) | 351 |
| (Increase)/decrease in receivables | | 2,382 | (52) |
| Increase/(decrease) in payables | | 3,364 | 902 |
| Taxation paid | | (1) | (446) |
| **Net cash flows from operating activities** | | 2,541 | 3,325 |
| **Cash flow from investing activities** | | | |
| Proceeds from sale of available for sale assets | | 2 | (1) |
| Interest received | | 28 | 44 |
| **Net cash flows from investing activities** | | 30 | 43 |
| **Cash flow from financing activities** | | | |
| Dividends paid | | (1,750) | (1,047) |
| Increase/(decrease) in loan stock borrowings | | - | 828 |
| Interest paid | | (95) | (156) |
| **Net cash flows used in financing activities** | | (1,845) | (375) |
| Net increase in cash and cash equivalents | | 726 | 2,993 |
| Cash and cash equivalents at beginning of year | | 5,326 | 2,333 |
| **Cash and cash equivalents at end of year** | 17 | 6,052 | 5,326 |

The accompanying notes form part of these financial statements

## 1. Presentation of financial statements

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

**New accounting standards adopted during the year**

**Adoption of new and revised standards**

The following standards and interpretations are mandatory for the first time for the year ended 31 December 2020 but are either not applicable or have no material impact on the Group's financial statements; IFRS 3, Amendments to IFRS 3 – definition of a business, IAS 1 and IAS 8, Amendments to IAS 1 and IAS 8 on the definition of material and Conceptual Framework, Revised Conceptual Framework for Financial Reporting.

The Group has adopted, where applicable, the following new and amended IFRSs as of 1 January 2020:

- IFRS 3, Amendments to IFRS 3 – definition of a business
- IAS 1 and IAS 8, Amendments to IAS 1 and IAS 8 on the definition of material
- Conceptual Framework for Financial Reporting (Revised)
- IBOR Reform and its Effects on Financial Reporting – Phase 1
- IFRS 16, Amendment – Covid-19 Related Rent Concessions

Other new standards, amendments to standards and interpretations that are mandatory for the first time in 2020 are considered to have no significant or material effect on the Group's financial statements.

**Guidance in issue but not in force**

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 31 December 2020, and with potential effect.

| **International Accounting Standards and Interpretations** | **Effective for periods beginning on or after** |
|---|---|
| IBOR Reform and its Effects on Financial Reporting – Phase 2 | 1 January 2021 |
| Annual Improvements to IFRS: 2018 – 2020 Cycle | 1 January 2022 |
| Conceptual Framework for Financial Reporting (Amendments to IFRS 3) | 1 January 2022 |
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract) | 1 January 2022 |
| IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use) | 1 January 2022 |
| IFRS 17 Insurance Contracts | 1 January 2023 |
| IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current) | 1 January 2023 |

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

## 2. Statement of significant accounting policies

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

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

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

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

### a. Basis of consolidation

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

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

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

### b. Going concern

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

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

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

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

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

### c. Investments in associates and joint ventures

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

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

### d. Income tax

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

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

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

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

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

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

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

### e. Property, plant and equipment

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

***Plant and equipment***

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

***Depreciation***

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

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

All fixed assets were therefore fully depreciated in the year.

***Derecognition and disposal***

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

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

### f. Acquisition of assets

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

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

### g. Inventories

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

### h. Borrowing costs

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

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

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

### i. Impairment

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

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

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

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

### j. Financial instruments

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

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

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

***Trade and other receivables***

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

***Cash and cash equivalents***

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

***Trade and other payables***

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

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

### k. Investment property

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

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

### l. Investments

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

### m. Revenue

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

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

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

### n. Critical accounting estimates and judgements

In applying the accounting policies, the Directors may at times, be required to make critical accounting judgements and estimates about the carrying amount of assets and liabilities. These estimates and assumptions, when made, are based on historical experience and other factors that the Directors consider are relevant.

**Key estimates:**

i. *Investment property valuation* – the Directors assess the valuation of the investment property at each reporting date by evaluating conditions specific to the Group that may lead to a revaluation of the asset.

*ii.* *Provisions* – provisions are based on estimated costs provided by external professionals. The Directors review provisions regularly to assess how reasonable and accurate they are.

### o. Provisions

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

Further details of the provisions recognised in the year can be found at note 16.

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

### p. Value added tax

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

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

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

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

### q. Grants receivable

Grants are accounted for by the company when receivable.

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

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

## 3. Revenue

An analysis of revenue is as follows:

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Property sales | 174 | 5,020 | - | - |
| | 174 | 5,020 | - | - |

## 4. Profit from operations

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| **After charging** | | | | |
| Auditor's remuneration: | | | | |
| Audit | 42 | 42 | 12 | 12 |
| Non-Audit | 7 | 9 | 2 | 4 |

## 5. Other income

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Overage receipt | - | 1,000 | - | - |
| Compensation for option renunciation | - | 493 | - | - |
| Rental income | 5 | 6 | - | - |
| | 5 | 1,499 | - | - |

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

## 6. Finance income

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Other interest received | 28 | 44 | 5 | 1,772 |
| | 28 | 44 | 5 | 1,772 |

## 7. Finance costs

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| On secured loan stock held by the City of Edinburgh Council | 95 | 156 | 93 | 156 |
| | 95 | 156 | 93 | 156 |

## 8. Income tax expense

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Current tax: | | |
| - Adjustments in respect of prior periods | - | (87) |
| - Tax adjustments, reliefs and transfer | 1 | - |
| - Current tax on income for the period | - | 533 |
| Current tax credit for year attributable to the company and its subsidiaries | 1 | 446 |
| Total deferred tax | - | - |
| | 1 | 446 |
| The tax (credit)/charge is allocated in the financial statements as follows: | | |
| Profit and loss account | 1 | 446 |
| Statement of comprehensive income | - | - |

Domestic income tax is calculated at 19% (2019: 19.00%) of the estimated assessable profit for the year.

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

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Loss/(profit) on ordinary activities before taxation | 3,194 | (2,408) |
| Tax on (loss)/profit at the effective rate of corporation tax of 19% (2019 – 19%) | (604) | 458 |
| Effects of: | | |
| Expenses that are not taxable for tax purposes | - | - |
| Non-taxable income | - | (5) |
| Utilisation of tax losses | - | - |
| Deferred tax asset not recognised | 525 | 5 |
| Fixed asset differences | - | - |
| Other timing differences | - | - |
| Accounting adjustments and transfers | - | - |
| Adjustments in respect of prior periods | - | 1 |
| Remeasurement of deferred tax for changes in tax rate | (1) | - |
| Adjust deferred tax to average rate | (1) | (13) |
| Group relief surrendered | 131 | (177) |
| Group relief claimed | (49) | 177 |
| Current tax credit for year attributable to the company and its subsidiaries | 1 | 446 |

## 9. Property, plant and equipment

| | Furniture and equipment £'000 | Computer equipment £'000 | Leasehold equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Group and company** | | | | |
| *Cost or valuation* | | | | |
| At beginning of year | 58 | 82 | 64 | 204 |
| At end of year | 58 | 82 | 64 | 204 |
| *Depreciation* | | | | |
| At beginning of year | 58 | 82 | 64 | 204 |
| At end of year | 58 | 82 | 64 | 204 |
| *Net book value* | | | | |
| At 31 December 2020 | - | - | - | - |
| At 31 December 2019 | - | - | - | - |

## 10. Investment property

| | Investment property £'000 |
|---|---|
| **Group** | |
| *Valuation* | |
| At 1 January 2020 | 248 |
| Increase/(decrease) in fair value | - |
| At 31 December 2020 | 248 |
| Net book value | |
| At 31 December 2020 | 248 |
| At 31 December 2019 | 248 |

An investment property owned by the company was valued at £247,934 at 31 December 2020 by an internal Chartered Surveyor on the basis of open market value for existing use. The valuation was carried out in accordance with the Practice Statement in RICS Appraisal and Valuation Manual. The related rental income recognised in the Statement of Profit or Loss and Other Comprehensive Income was £nil (2019: £nil) along with direct operating expenses of £nil (2019: £nil).

The Scottish Ministers hold a standard security on a development property in respect of any amounts due to them by the company. The carrying value of this at the year-end is £nil (2019: £nil).

Under the fair value hierarchy in IFRS 13 – Fair Value Measurement, investment property is deemed a level 2. Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

## 11. Fixed asset investments

### Group

| | Joint Ventures & Associated Undertakings 2020 £'000 | Joint Ventures & Associated Undertakings 2019 £'000 |
|---|---|---|
| *Post-acquisition reserves* | | |
| At 1 January and 31 December 2020 | 267 | 269 |
| *Net book value* | | |
| Loans to and share of net assets in joint ventures and associated undertakings | 267 | 269 |

### Company

| | Subsidiary undertakings £'000 |
|---|---|
| *Cost* | |
| At 1 January 2020 | 7,416 |
| Decrease in provision | (1) |
| At 31 December 2020 | 7,415 |
| *Net book value* | |
| At 31 December 2020 | 7,415 |
| At 31 December 2019 | 7,416 |

### 11. Fixed asset investments (continued)

The directors assessed the recoverability of the investments in subsidiary undertakings and considered an impairment charge of £nil (2019: £176,000) was appropriate to write down the value of the investments in subsidiary undertakings.

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

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

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

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

## 12. Inventories

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Development properties and associated costs | 9,321 | 9,244 | 4,213 | 4,139 |

## 13. Trade and other receivables

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| **Current** | 2020 £'000 | 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Trade receivables | 79 | 85 | - | - |
| Amounts owed by group & associated undertakings | 112 | 522 | 2,982 | 3,299 |
| Other debtors | 1,263 | 1,960 | 7 | - |
| Prepayments and accrued income | 78 | 89 | 78 | 89 |
| VAT recoverable | - | 3 | - | 3 |
| | 1,532 | 2,659 | 3,067 | 3,391 |
| **Non-current** | | | | |
| Other debtors | 1,305 | 2,560 | - | - |
| | 2,837 | 5,219 | 3,067 | 3,391 |

## 14. Trade and other payables

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 £'000 | Restated 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Trade and other payables | 109 | 206 | 4 | 1 |
| Amounts due to group & associated undertakings | 1,777 | 1,759 | 1,918 | 1,990 |
| Accruals and deferred income | 2,045 | 1,500 | 2,016 | 1,355 |
| | 3,931 | 3,465 | 3,938 | 3,346 |

## 15. Convertible unsecured loan stock

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

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

| | **Consolidated Group** | | **Parent Entity** | |
|---|---|---|---|---|
| | **2020 £'000** | **2019 £'000** | **2020 £'000** | **2019 £'000** |
| Unsecured loan stock- non-interest bearing | 2,559 | 2,559 | - | - |
| Unsecured convertible loan stock 2020 | 2,240 | 2,240 | 2,240 | 2,240 |
| | 4,799 | 4,799 | 2,240 | 2,240 |

## 16. Provisions

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| *Infrastructure expenditure* | | | | |
| Balance brought forward | 1,108 | 464 | - | - |
| Increase in provision for the year | - | 644 | - | - |
| Decrease in provision for the year | - | - | - | - |
| | 1,108 | 1,108 | - | - |
| *Overspend on Market Street Project* | | | | |
| Balance brought forward | - | 825 | - | - |
| Decrease in provision for the year | - | (825) | - | - |
| | - | - | - | - |
| *Work in progress* | | | | |
| Balance brought forward | - | - | - | - |
| Increase in provision for the year | 2,898 | - | - | - |
| Decrease in provision for the year | - | - | - | - |
| | 2,898 | - | - | - |
| | 4,006 | 1,108 | - | - |

Provisions for infrastructure expenditure required additional works to be provided for due to land sold in the prior year.

Provisions for overspend on Market Street Projects recognised in 2018 related to potential cost overruns on the project which were unlikely to be recoverable. As final negotiations were reached in the prior year, the total provision was released against the cost of sales in the prior year.

Provisions for work in progress relates to the potential write off to work in progress as the value is unlikely to be recoverable.

## 17. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2020.

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 6,052 | 5,326 | 563 | 1,874 |

## 18. Contributed equity

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| *Allotted, called up and fully paid* | | | | |
| Ordinary shares of £1 each | 8,500 | 8,500 | 8,500 | 8,500 |

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

**19. Related party transactions**

The key management personnel of the company are considered to be the directors. No director receives remuneration (2019: nil). During the year group companies carried out the following transactions with related parties:

| Related Party | Relationship | Group Company | Nature of Transaction | Value of transactions during year £ | Amount owed from/(to) at year end £ |
|---|---|---|---|---|---|
| City of Edinburgh Council | Ultimate holding organization | The EDI Group Ltd | Loan stock | - | (2,240,000) |
| | | | Interest on loan | (93,201) | (108,864) |
| City of Edinburgh Council | Ultimate holding organisation | EDI Central Ltd | Rent and loan account | 420,000 | - |
| City of Edinburgh Council | Ultimate holding organisation | Parc Craigmillar Ltd | Loan for infrastructure works | - | (1,219,764) |
| City of Edinburgh Council | Ultimate holding organisation | Parc Craigmillar Ltd | Loan stock | - | (2,558,899) |
| CEC Holdings Limited | Company whose ultimate controlling party is the City of Edinburgh Council | Parc Craigmillar Ltd | Group tax relief payments | (5,037) | (5,037) |
| LPFI Limited | Company whose ultimate controlling party is the City of Edinburgh Council | EDI Fountainbridge Limited | Group tax relief payments | 4,288 | 4,288 |

## 20. Ultimate parent undertaking

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

## 21. Financial Risk Management

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

| | Consolidated group | | Parent entity | |
|---|---|---|---|---|
| | 2020 £'000 | Restated 2019 £'000 | 2020 £'000 | 2019 £'000 |
| Financial assets | | | | |
| Financial assets measured at amortised cost | 8,699 | 9,931 | 563 | 1,874 |

| | 2020 £ | Restated 2019 £ | 2020 £ | 2019 £ |
|---|---|---|---|---|
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | 8,061 | 7,613 | 4,260 | 3,596 |

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

Financial liabilities measured at amortised cost comprise trade payables, accruals, provisions, other payables (excluding VAT payable balances, tax payables and deferred income).

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

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

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

## 21. Financial Risk Management (continued)

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

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

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

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

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

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

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

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

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

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

## 22. Prior Year Restatement

The consolidated prior year figures have been restated to correct a misstatement relating to an over accrual in EDI Market Street Limited, a subsidiary company. As a result, the consolidated financial statements for the year ended 31 December 2019 have been restated to reduce Trade and other payables and Cost of Sales by £77,066. This has resulted in the profit increasing by £77,066 and closing reserves as at 31 December 2019.

## 23. Post Balance Sheet Events

Agreement has been reached to sell Greendykes plots K and L with the price currently under negotiation. The transaction is expected to conclude in October 2021.

Agreement has also been reached to sell land at New Brunstane, with the missives signed in summer 2021.

The Board agreed in March 2021 to seek a meeting to secure agreement from all shareholders in Caledonia Waterfront (Harbour Road) Limited to transfer Waterfront Edinburgh Limited's interest in it to EDI.

The group carries out annual revaluations that ensures of all property, including investment property.  All valuations were carried out internally, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

In 2020, the asset valuations contained a Material Valuation Uncertainty clause in line with RICS guidance. The RICS has set up a Material Valuation Uncertainty Leaders Forum (UK) in response to the COVID-19 Pandemic. On 9 September 2020, the forum recommended a general “lifting” of material valuation uncertainty excluding assets valued with reference to trading potential. This recommendation was reaffirmed on 3 November 2020 and 5 January 2021.

In line with the RICS recommendations, no material valuation uncertainty declaration is made for the asset valuations this year.

This page is intentionally left blank

# Housing, Homelessness and Fair Work Committee

**10.00am, Thursday, 4 November 2021**

## Uber: UK Supreme Court Decision – Response to Motion and Establishment of a Gig Economy Task Force

| | |
|---|---|
| **Executive/routine** | |
| **Wards** | |
| **Council Commitments** | |

## 1. Recommendations

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

1.1.1 Note the contents of this report;

1.1.2 Note the actions of the Fair Work Action Plan report that was presented to Committee on 2 September 2021;

1.1.3 Agree the establishment of a Gig Economy Task Force; and

1.1.4 Discharge the motion from the Council meeting of 11 March 2021.

**Paul Lawrence**

Executive Director of Place

Contact: Ciaran McDonald, Senior Policy and Insight Officer

E-mail: ciaran.mcdonald@edinburgh.gov.uk | Tel: 0131 529 3984

# Report

## Uber: UK Supreme Court Decision – Response to Motion and Establishment of a Gig Economy Task Force

### 2. Executive Summary

2.1 This report responds to a motion proposed by Councillor Watt at Full Council on 11 March 2021 regarding the UK Supreme Court's decision on the employment status of drivers using the gig economy app, Uber, in a legal case, which is known as *Uber BV and others v Aslam and others*.

2.2 The report sets out background to the case, the judges' unanimous decision on it, and reviews what this means for the gig economy and (i) other sectors and employers, (ii) Edinburgh and its wider economy, and (iii) the City of Edinburgh Council.

2.3 In line with the Fair Work Action Plan approved by the Housing, Homelessness and Fair Work Committee on 2 September 2021, this report also proposes the establishment of a short-life Gig Economy Task Force that will seek to understand the real experiences of, and to explore actions that could improve working conditions, rights and quality of employment for, workers in the gig economy. The findings of this work will be reported Committee in Spring 2022.

### 3. Background

3.1 In 2016, a group of 25 Uber drivers including former drivers and co-founders of the App Drivers and Couriers Union, Yaseen Aslam and James Farrar, took Uber to an employment tribunal, arguing they worked for a Dutch incorporated subsidiary of the company, Uber BV.

3.2 Uber said its drivers were self-employed and it therefore was not responsible for paying any minimum wage nor holiday pay. However, the Employment Appeal Tribunal dismissed Uber's appeal in 2018 and the case progressed to the UK Supreme Court for judgement.

3.3 On 19 February 2021, the Supreme Court handed down a landmark judgment which confirmed that Uber drivers are workers and not independent contractors in a case, which is known as *Uber BV and others v Aslam and others*.

3.4 Following this decision, a motion by Councillor Watt was accepted by the City of Edinburgh Council on 11 March 2021. The motion proposed that the Council: *welcomes the recent Supreme Court Decision confirming that Uber drivers are workers and should be paid the minimum wage and receive holiday pay. Notes the potential impact of this decision for workers in sectors within the Capital. Requests a report within three cycles to the Housing, Homelessness and Fair Work Committee to further explore and update members on any impacts of the Court's decision in relation to fair work.*

## 4. Main report

**The UK Supreme Court's decision on Uber**

4.1 In UK law, there are three main categories of employment status: "employees", "workers" and "self-employed". The statutory rights that are accorded to each category vary as, essentially, "employees" receive the greatest level of protection while the "self-employed" largely do not benefit from employment protection rights. Within these two extremes are "workers", who are entitled to some employment rights including:

4.1.1 National minimum wage;

4.1.2 The right to holiday pay and rest breaks;

4.1.3 Discrimination protection;

4.1.4 Protection from detriment in whistleblowing and, from 31 May 2021, in health and safety cases; and

4.1.5 Pension auto-enrolment.

4.2 The *Uber BV and others v Aslam and others* case sets a precedent for how tribunals will decide future cases regarding employment status, particularly around how businesses engage individuals that could be interpreted as "workers".

4.3 In this judgment, the Supreme Court confirmed that Uber drivers are not "self-employed" but are "workers" for the purpose of the Employment Rights Act 1996, the Working Time Regulations 1998 (SI 1998/1833) and the National Minimum Wage Act 1998. The Court also considered the related question of what time counts, if drivers are "workers", as working time for the purpose of the relevant rights.

4.4 The judges' decision focused on the purpose of UK legislation which protects workers and noted that the drivers were in a position of subordination to Uber, such that:

4.4.1 Uber set the fare which meant that they dictated how much drivers could earn;

4.4.2 Uber set the contract terms and drivers had no say in them;

4.4.3 Request for rides is constrained by Uber who can penalise drivers if they reject too many rides; and

4.4.4 Uber monitors a driver's service through the star rating and has the capacity to terminate the relationship if, after repeated warnings, the rating does not improve.

4.5 The Supreme Court also backed the drivers' claims in the Employment Tribunal that set out that working for Uber was not limited (as Uber argued) to periods when they were actually driving passengers to their destinations but included any period when the driver was logged into the Uber app within the territory in which the driver was licensed to operate and was ready and willing to accept trips.

4.6 It is important to note that the Supreme Court decision on Uber applies to English law only and that Uber operates as two separate companies in England and Scotland with differing licencing laws applying within the respective jurisdictions. However, despite the decision not being directly tested at the highest courts in Scotland it is considered likely to be persuasive should a similar case be brought to court here.

4.7 Following the Supreme Court decision, Uber have published a recognition agreement with the trade union GMB, to work with drivers to ensure they receive the pay and conditions that were being called for in the *Uber BV and others v Aslam and others* decision. This agreement does cover drivers in Scotland and includes guaranteeing the national minimum wage, holiday and sick pay, and providing trade union representation.

**Implications for other sectors, employers, and customers**

4.8 In its appeal, Uber claimed that if they were to lose the case, then HM Revenue and Customs (HMRC) would re-classify the business as a transport provider and the company would be liable to pay 20% VAT on fares. HMRC and Uber are still in dispute around this issue, with some estimates suggesting that the company could be forced to pay £1 billion in taxes plus interest. A cost, which Uber argue will be passed on to passengers using the service in the future.

4.9 Overall, it is likely that businesses operating in other parts of the gig economy will be reassessing how they engage with individuals and whether or not similar claims to the Uber case will be made by contractors. It is not clear, however, that the Supreme Court decision will lead to significant changes in other companies or operators, with any decisions resting on the specific circumstances and factors relating to each case.

4.10 One example, for instance, includes a group of drivers and riders for the gig economy food delivery company, Deliveroo, who sought to change their status from "self-employed" to "workers" at the Court of Appeal in June 2021. Unlike the *Uber BV and others v Aslam and others* decision, the Court found in Deliveroo's favour as a material factor in this case was that the couriers did not have an obligation to provide services personally.

**Implications for Edinburgh and its wider economy**

4.11 In consultation with the Institute for Employment Studies, the Department for Business, Energy and Industrial Strategy has developed a working definition of the gig economy as:
*"The gig economy involves the exchange of labour for money between individuals or companies via digital platforms that actively facilitate matching between providers and customers, on a short-term and payment by task basis."*

4.12 Also sometimes called the collaborative economy, it has become synonymous with a very small number of online platforms, however this hides the very long tail of activity on less well-publicised platforms.

4.13 Employment in the gig economy can cover a range of skills levels, for example web and software designers (higher skilled); construction workers (medium skilled); and delivery/taxi drivers and personal services (lower skilled).

4.14 The availability and flexibility of working in the gig economy mean that some people will access it as their main source of pay while others will use it to 'top up' their income.

4.15 Anecdotal evidence across the UK suggests that the impact of the Covid-19 pandemic may have pushed more people into pursuing work in the gig economy to maintain or boost their household incomes. Availability of such work has been boosted by consumer demand for home delivery services during coronavirus related restrictions.

4.16 There are very few available data sources which provide robust data on the size and scope of the gig economy across the UK, and little available data on the nature of the sector in Edinburgh. One study estimated that 2.8 million people worked in the gig economy across the UK pre-pandemic, representing 4.4% of the total population. On a simple pro-rata basis, this would imply an estimated 22,900 gig economy workers in Edinburgh in the period prior to pandemic.

4.17 Within this study, evidence suggested Uber as the most commonly used UK platform, with 18% of gig economy workers having used the platform at least once. As such, the data suggests the potential wide implication of the supreme court decision for a large share of gig economy workers. The data further shows, however, that 41% of gig economy workers used platforms other than Uber, while 42% did not make use of any online platforms to find work.

4.18 These findings suggest that more work is needed to understand the scale and scope of the gig economy in Edinburgh, and the wider implications of events such as the supreme court decision. In particular, the review of evidence conducted to date suggests a need for further work to understand the number of Edinburgh workers dependent on the gig economy, work and pay conditions of gig economy workers in the city, and the experiences of such workers.

### Implications for the City of Edinburgh Council

4.19 The Council as a licensing authority licenses Uber's Scottish operation, Uber Scot Ltd, as a booking office under the Civic Government (Scotland) Act 1982 in the same way it licenses all other booking offices in Edinburgh. The principal purpose of the licensing system is to prevent crime and disorder and to protect public safety. The legislation does not allow licensing authorities to regulate any other aspect of the licence holder's business nor does the Council have any powers which would allow it to regulate employment matters. The Council through its Regulatory Committee has adopted a view that the legislation in relation to licensing of booking offices does not reflect how that industry current operates and that the Scottish Government should bring forward a review of the legislation and consult on proposals to update the legislation to ensure it is fit for purpose.

4.20 Council officers have engaged with Uber and obtained confirmation that the recognition agreement mentioned in 4.7 will apply to all Uber companies across the UK, including the entity operating in Scotland. Officers will continue to liaise with Uber to support the implementation of the agreement in Scotland and to encourage further uptake of Fair Work principles.

4.21 With regards to wider impact for the Council as an employer, the Council engages with workers by a variety of means in the delivery of a range of services. This includes employees, casual workers, supply staff, tertiary (term-time) workers, self-employed contractors and IR35 workers (who have tax and National Insurance deducted at source but are otherwise treated as self-employed). The type of engagement used depends directly on the needs of the Council in relation to the work to be carried out. The Council ensures that it operates the engagements of all workers in accordance with strict legal requirements.

4.22 For self-employed and IR35 workers, the Council complies with its obligations to determine the employment status of the worker with the assistance of the HMRC online assessment tool which, upon completion, identifies the workers as either employed for tax purposes or not. This assessment will underpin how the workers are treated, which contractual documentation is issued to them and what employment / engagement rights will attach to their assignment.

4.23 For all staff who are engaged on a casual or supply basis (and who would fall into the category of "workers" like the Uber drivers were held to be by the Supreme Court), the Council already ensures that they are afforded all of the appropriate rights in accordance with their worker status – this means that the Council already provides the benefits that the Uber drivers were seeking to be held to be eligible for, including:

4.23.1 The fact that there is no obligation on the worker to accept an engagement offered and no obligation on the Council to offer work. This offers both parties a degree of flexibility and does not create a mutuality of obligation.

4.23.2 In accordance with the Council's commitment to provide Fair Work, each worker will receive, as a minimum, at least the Local Authority Living Wage rate.

4.23.3 Each worker will receive an enhancement to their hourly rate at the end of each assignment to ensure that they are adequately remunerated in respect of all holiday pay to which they are entitled under the Working Time Regulations 1998.

4.23.4 All workers will be eligible for Statutory Sick Pay if they satisfy the normal conditions.

4.23.5 All workers will have the right to choose to participate in the appropriate Local Government or Teachers' Pension Scheme by opting in. Full details of the scheme(s) are given at the commencement of the engagement.

4.24 The Council strives to ensure that each category of worker that it engages are afforded the correct rights, in accordance with their employment status. As such, it is not anticipated that the decision handed down by the Supreme Court in respect of Uber will have a direct or immediate impact on the Council.

## 5. Next Steps

5.1 As outlined in the Fair Work Action Plan that was presented to the Housing, Homelessness and Fair Work Committee on 2 September 2021, the Council will establish a short-term Gig Economy Task Force to make recommendations to the Scottish and UK Governments about how best to support workers in this sector.

5.2 This short-term Task Force will meet between November 2021 and February 2022 to seek to understand the real experiences of gig workers in sessions covering: (i) Rights and Representation, (ii) Pay, Hours, Terms and Conditions, (iii) Working Conditions and Environment, and (iv) Recommendations.

5.3 Membership of the group will include the Conveners and Vice Conveners of the Housing, Homelessness and Fair Work, the Regulatory, and Transport and Environment Committees with officers providing input from Business Growth and Inclusion, Regulatory Services, and Policy and Insight. External invitations to the group will be extended to gig workers with lived experience of this form of work in Edinburgh along with academics at the University of Edinburgh who are leaders in this research field, trade union representatives and policymakers from the Scottish Government.

5.4 Officers will continue to monitor the gig economy in Edinburgh and report back to Committee, as agreed in the Fair Work Action Plan.

## 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 the Housing, Homelessness and Fair Work Committee.

## 7. Stakeholder/Community Impact

7.1 Details of stakeholder and community engagement in delivery of a renewed Fair Work Action Plan are outlined in the main report section that was presented to the Housing, Homelessness and Fair Work Committee on 2 September 2021. Any changes will be considered as part of future reports to the Committee.

7.2 Potential regulatory implications of the UK Supreme Court's decision will apply to tax, National Insurance and pensions; however, these are already regulated by legislation.

7.3 Any potential regulatory implications of the UK Supreme Court's decision are set out in the main report.

## 8. Background reading/external references

8.1 Fair Work Action Plan and Living Wage Edinburgh

8.2 UK Supreme Court Judgment: *Uber BV and others v Aslam and others*

## 9. Appendices

9.1 Gig Economy Task Force – Outline

## Appendix 9.1: Gig Economy Task Force – Outline

### Background

- From Fair Work Action Plan –
  "Establish a short-term Gig Economy Forum to explore actions that could improve working conditions, rights and quality of employment for workers in this sector and make recommendations to the Scottish and UK Governments."

- From Living Wage Action Plan –
  "Establish a short-term Gig Economy Forum to understand the real experiences of, and to explore actions that could improve working conditions, rights and quality of employment for workers in the gig economy."

### Definition

In consultation with the Institute for Employment Studies, the Department for Business, Energy and Industrial Strategy has developed a working definition –

> *"The gig economy involves the exchange of labour for money between individuals or companies via digital platforms that actively facilitate matching between providers and customers, on a short-term and payment by task basis."*[1]

### Membership

| Name | Organisation | Position |
|---|---|---|
| Cllr Kate Campbell | City of Edinburgh Council | Convener of Housing, Homelessness & Fair Work Committee |
| Cllr Mandy Watt | City of Edinburgh Council | Vice Convener of Housing, Homelessness & Fair Work Committee |
| Cllr Catherine Fullerton | City of Edinburgh Council | Convener of Regulatory Committee |
| Cllr Denis Dixon | City of Edinburgh Council | Vice Convener of Regulatory Committee |
| Cllr Lesley Macinnes | City of Edinburgh Council | Convener of Transport and Environment Committee |
| Cllr Karen Doran | City of Edinburgh Council | Vice Convener of Transport and Environment Committee |
| Andrew Mitchell | City of Edinburgh Council | Regulatory Services Manager |
| Elin Williamson | City of Edinburgh Council | Business Growth and Inclusion Senior Manager |
| Workers in Edinburgh with lived experience of working in the gig economy. | | |
| Representative(s) from the Workers' Observatory – a collaboration of gig workers and researchers, supported by the Scottish Trades Union Congress and the University of Edinburgh. | | |
| Representative(s) from STUC / Trades Union. | | |

---

1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687553/The_characteristics_of_those_in_the_gig_economy.pdf

| |
|---|
| A civil servant from the Scottish Government's Fair Work, Employability and Skills Directorate. |

* Secretariat support from City Strategies team, City of Edinburgh Council

## Remit and Purpose

Establish a formal short-life task force of the above membership and hold four sessions. The group will seek to understand the real experiences of, and to explore actions that could improve working conditions, rights and quality of employment for workers in the gig economy. The findings of this work will be reported Committee in Spring 2022.

| Session (suggested dates) | Theme |
|---|---|
| 1 (November) | **Rights and Representation**<br>• What currently isn't working / what are the problems gig economy workers face?<br>• What are the solutions?<br>• What change needs to happen to make those solutions possible?<br>• Who can make those changes happen? |
| 2 (December) | **Pay, Hours, Terms and Conditions**<br>• What currently isn't working / what are the problems gig economy workers face?<br>• What are the solutions?<br>• What change needs to happen to make those solutions possible?<br>• Who can make those changes happen? |
| 3 (January) | **Working Conditions and Environment**<br>• What currently isn't working / what are the problems gig economy workers face?<br>• What are the solutions?<br>• What change needs to happen to make those solutions possible?<br>• Who can make those changes happen? |
| 4 (February) | **Recommendations**<br>• What solutions / changes are required to address the sessions' themes?<br>• Recommendations for local, Scottish and UK Governments<br>• Recommendations for any other bodies – public agencies / private sector |

# Housing, Homelessness and Fair Work Committee

## 10.00am, Thursday, 4 November 2021

# Strategic Housing Investment Plan (SHIP) 2022-27

| | |
|---|---|
| **Executive/routine** | **Executive** |
| **Wards** | **All** |
| **Council Commitments** | 1 |

## 1. Recommendations

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

1.1.1 Approves the Strategic Housing Investment Plan (SHIP) 2022-27 for submission to the Scottish Government;

1.1.2 Notes this is the largest SHIP ever presented to Committee, with a potential 11,188 affordable homes that could be approved for site start and 10,124 that could complete over the next five years;

1.1.3 Notes the short term impact of the pandemic on approvals and completions both locally and nationally; and

1.1.4 Notes the key challenges to delivering affordable housing at scale are construction industry capacity, construction materials availability and costs, availability of grant funding and the control of sites for development.

**Paul Lawrence**

Executive Director of Place

Contact: Elaine Scott, Housing Services Manager

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

# Report

## Strategic Housing Investment Plan (SHIP) 2022-27

### 2. Executive Summary

2.1 In 2017 the Council made a commitment to deliver a programme to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027. By the end of the 2021/22 financial year, it is anticipated that 7,500 homes will have been approved for site start and 5,790 affordable homes completed. In September 2021, there were over 2,100 affordable homes under construction on 34 sites across the city (see Appendix 1 for details).

2.2 On 23 March 2020, the UK went into national lockdown in response to the Covid-19 pandemic. The pandemic continues to impact on development and construction of affordable housing across Scotland. The Scottish Government's Housing statistics quarterly update: September 2021 shows that, up to June 2021, affordable housing approvals are down 36% when compared to the same time last year. Affordable housing completions are down 5% on the last year, but when compared to 2019, there is a reduction of over 15%. The Scottish Government has stated that they expect affordable homes delivery to continue to be slower post pandemic and have proposed to use 2021/22 to complete its remaining target from the last parliamentary period of 50,000 affordable homes. It is anticipated that the Council will experience a similar delay and approve 10,000 affordable homes in 2023.

2.3 The Strategic Housing Investment Plan (SHIP) sets out a pipeline of 11,188 affordable homes that could be approved for site start and 10,124 potential completions over the next five years through a mix of grant funding, Registered Social Landlords (RSLs) own finance, finance raised by private developers, institutional investment, developer contributions and Housing Revenue Account (HRA) funding.

2.4 Almost 7,400 homes could be delivered through the grant funded Affordable Housing Supply Programme (AHSP), with almost 70% of those being social rent, but this would require a significant uplift in Scottish Government grant funding (as indicated in their five-year resource planning assumptions). In the event that grant funding is not available on the scale required, it will be necessary to accelerate delivery of affordable homes through other mechanisms as set out in Section 5 of the SHIP.

2.5 The key challenges to delivering affordable housing at scale are construction industry capacity, construction materials availability and costs, availability of grant funding and the control of sites for development.

## 3. Background

3.1 On 24 August 2017, the Council agreed the Programme for the Capital - The City of Edinburgh Council Business Plan 2017-22, including a commitment to deliver a programme to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027.

3.2 Local authorities are required to submit an annual SHIP to the Scottish Government. The purpose of the SHIP is to:

3.2.1 Set out investment priorities for affordable housing;

3.2.2 Demonstrate how these will be delivered;

3.2.3 Identify the resources required to deliver these priorities; and

3.2.4 Enable the involvement of key partners.

3.3 On 14 January 2021, Committee agreed the SHIP 2021-26. A programme of over 10,000 homes was noted, although additional finance of around £150 million was required to deliver this programme. In spite of the impact of Covid-19, over 1,200 affordable homes were approved and over 1,000 completed in 2020/21.

3.4 Each year, following submission to the Scottish Government, the SHIP is used by the Council to set the Affordable Housing Supply Programme (AHSP), which is the Scottish Government's grant funding programme for new affordable homes.

## 4. Main report

4.1 The SHIP sets out the Council's strategy for delivering new affordable homes. Since 2009, the Council has delivered affordable homes through partnership working with RSLs, the Council's housing companies (Edinburgh Living) and private developers using a variety of funding mechanisms; including Scottish Government grant funding and Council loans and guarantees for mid rent housing. The full SHIP submission is attached at Appendix 3.

4.2 The housing market context in which we seek to deliver affordable housing is set out in Section 2 of the report, alongside the role that delivery of new affordable housing can play in supporting a green, sustainable recovery.

4.3 The Covid-19 pandemic has impacted on build programmes nationally as, in Scotland, construction work was halted between April and July 2020. Additional health and safety measures (such as physical distancing) remained in place until 9 August 2021. Current guidance seeks to minimise workforce transmission of Covid-19 which is having an impact on overall delivery timescales.

4.4 Post-pandemic worldwide construction projects have recommenced resulting in a surge in materials demand and prices in addition to the impacts as a result of Brexit. The Construction Leadership Council announced in May 2021 in their Construction Product Availability Statement that "The Office for National Statistics projects a rise of 7-8% in material prices, with increases for certain materials, such as timber, expected to more than double during the course of the year". This is impacting on investor and developer confidence in ability to deliver viable projects.

4.5 The Scottish Government's "Housing statistics quarterly update: September 2021" sets out in June 2021, affordable housing approvals are down 36% when compared to the same time last year. Affordable housing completions are down 5% on the last year, but when compared to 2019, there is a reduction of over 15%.

4.6 The "Report on the work of the 2021 Affordable Housing Investment Benchmarks Working Group" was published by Scottish Government in September 2021. It states "The delivery of affordable homes was hit significantly by the pandemic, initially by the lock down, and then through slower, safer working practices in 2020-21. The Scottish Government therefore expects output to continue to be slower over 2021/22 than at the start of the previous 50,000 affordable homes' programme, and therefore proposes to use 2021/22 to complete its previous 50,000 target".

4.7 Council officers anticipate that 1,200 new affordable homes will be approved for site start in Edinburgh this financial year (2021/22) and, based on current delivery programmes, an additional 1,218 affordable homes are expected to be completed. That would mean 7,500 new affordable homes would be approved by 31 March 2022 and 5,790 completed. There are 25 projects (1,456 approvals) that have been delayed, primarily as a result of the pandemic. Over 75% (19) of these projects have just slipped into the subsequent year. It is expected that over 10,000 affordable homes will be approved by mid way through 2023, only six months later than the original target.

4.8 The programme to deliver 20,000 homes by December 2027 is on track. The SHIP is reviewed annually and will be increased to meet the 20,000 targets, as confidence in the development pipeline grows. In addition to this, Edinburgh's proposed Local Development Plan (LDP) - City Plan 2030 - was reported to Planning Committee in September 2021. It proposes an increase in the Affordable Housing Policy contribution from 25% to 35%, which could increase the number of affordable homes approved on private sector led sites in the latter years of the SHIP. Table 1 below sets out affordable housing approvals and completions since 2017/18; years six - 10 assume a 25% affordable contribution through the Affordable Housing Policy (AHP):

**Table 1: Affordable Housing Delivery**

| Financial Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **17/18** | **18/19** | **19/20** | **20/21** | **21/22** | **22/23** | **23/24** | **24/25** | **25/26** | **26/27** | |
| Approvals | 1,475 | 1,626 | 1,914 | 1,285 | 1,200 | 2,057 | 1,817 | 2,804 | 2,636 | 1,874 | **18,688** |
| Completions | 966 | 1,152 | 1,367 | 1,087 | 1,218 | 1,276 | 1,864 | 2,289 | 2,027 | 2,668 | **15,914** |

4.9 The Scottish Government published "Affordable Housing: Resource Planning Assumptions (RPAs) to Councils 2021-2022 to 2025-2026" in July 2021, which gives local authorities a grant commitment for affordable housing for the five year period. The total RPAs for the 32 Scottish local authorities was just under £3.221 billion. Edinburgh's RPAs are £233.8 million, 7.3% of the funding committed. The RPA's provided by Scottish Government give Edinburgh an average of £46.8 million per year. These are a minimum grant commitment, and as such could be subject to an increase. Due to the strong pipeline, over the last five years Edinburgh has levered in over £36 million in additional grant funding from national underspends.

4.10 Section 4 of the SHIP sets out a pipeline of 11,188 affordable homes which could be approved for site start and 10,124 anticipated completions between 2022 and 2027. An estimated 7,399 social and mid rent homes could be delivered through the AHSP. Including existing financial commitments, this would require £329.6 million in grant funding over the SHIP period, or £65.9 million per year on average, based on current benchmarks (£19.2 million above current RPAs), or a 29% required annual increase. The total AHSP programme in Edinburgh has a value of £1.269 billion.

4.11 The "Report on the work of the 2021 Affordable Housing Investment Benchmarks Working Group" was published on 10 September 2021 and acknowledges that "unit costs had risen significantly over time and it was recognised that the benchmarks therefore needed to be increased". The benchmarks inform the amount of grant funding that can be approved for an affordable housing development. Increased benchmark grant levels for affordable housing have been recommended in the report (summarised in Appendix 2) and are needed to support delivery of the programme. The benchmarks proposed for ministerial approval would provide increased grant funding for both RSL and Council social rented homes and introduce a grant to support Councils to deliver mid rent homes. This could support delivery of the Edinburgh Living mid rent pipeline.

4.12 The proposed new benchmarks would increase the overall AHSP grant requirement to £558.6 million over the SHIP period, or £111.7 million per year on average (£64.9 million above current RPAs) or a 58% required annual increase. Affordable housing developers in Edinburgh have a strong track record in delivering affordable housing on or below benchmark levels. The Council will continue to work with RSL partners to stretch available grant funding as far as possible to maximise the number of social rented homes that can be delivered with available grant funding.

4.13 The SHIP 22-27 also includes 3,789 affordable home approvals that will be delivered through innovative funding schemes that require little or no grant. This includes Edinburgh Living, and private sector led Build to Rent (BTR). In the event that grant funding levels remain static or decrease over the SHIP period, it will be necessary to increase the proportion of homes delivered through other mechanisms to sustain overall delivery.

4.14 Section 5 of the SHIP set out the means and key challenges to delivering affordable housing at scale, including construction industry capacity, construction materials availability and costs, availability of grant funding and the control of sites for development. Land remains one of the key risks to the delivery of 20,000 affordable homes. The RSL programme is almost entirely dependent upon private developers bringing forward sites for development through the AHP. A separate report to this Committee, 'Land Strategy Update and Invitation to Market', provides an update on the progress of the land strategy for Council-led housing developments and sets out a rationale for seeking to supplement the current pipeline with private sector opportunities to be progressed through a market engagement exercise.

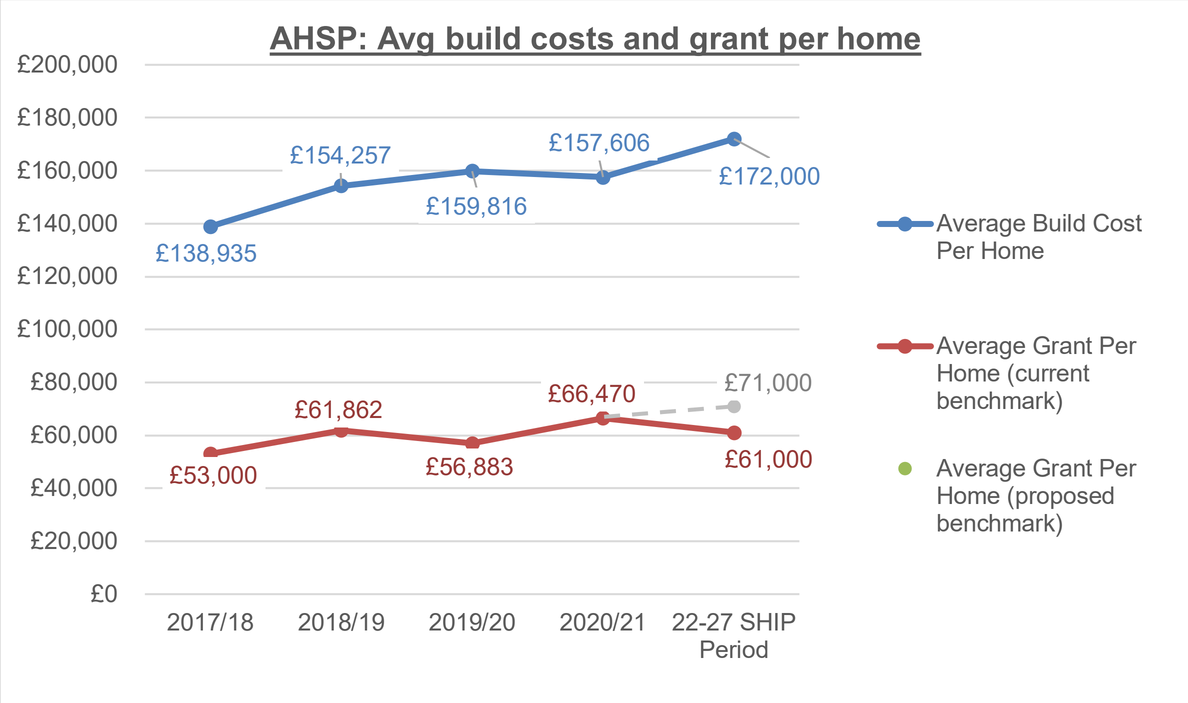
## 5. Next Steps

5.1 Following Committee approval, the SHIP 2022-2027 will be submitted to Scottish Government.

## 6. Financial Impact

6.1 Average estimated development costs for the 2022-27 AHSP programme are £172,000 per unit (a 4% increase since last year's SHIP). These are working estimates of costs and are likely to be subject to change when development construction works are tendered. This year's SHIP requires £51.8 million more of investment than last year's SHIP but is projected to deliver more homes over a five-year period.

6.2 The average build costs since the beginning of the Council's 20,000 affordable homes commitment are set out in the graph below. The average grant amount is also set out below and accounts for between 35-40% of the total cost. Over the SHIP period the average grant funding requirement per home is £61,000 based on current benchmarks or £71,000 based on the newly proposed benchmarks. It is important to note that most grant funded affordable housing costs do not include land value, as land is transferred to RSLs at nil cost through the AHP.




6.3 There are various sources of funding to support the affordable housing programme. The delivery of the 7,399 new homes identified through the AHSP will cost £1.269 billion in total, of which £939.4 million is RSL and Council own funding; a mixture of up-front capital (i.e. reserves and bond finance), and private finance (borrowing repaid by rental income).

6.4 The Council's affordable house building is principally funded through HRA borrowing. The HRA Budget Strategy 2021 approved by the Council on 18 February 2021 includes a draft five-year investment programme of over £1.2 billion for building new homes and improving existing homes and estates. The Updated HRA Capital Programme was presented to Housing, Homeless and Fair Work Committee on 3 June 2021, which includes £814 million to support the Council's new build programme (including the upfront capital costs for Edinburgh Living's mid-market and affordable market homes, which will be repaid to the HRA upon completions) over the five year period.

6.5 Over 550 affordable private sector BTR homes have been approved with no grant requirement. A further 108 are expected to be considered by the end of this financial year. The same number of social rented homes would require over £47 million of grant subsidy.

## 7. Stakeholder/Community Impact

7.1 All developing RSLs have been involved in producing the SHIP and will be prominent in delivering the housing projects contained within.

7.2 Local Authorities working across the Edinburgh and South East Scotland City Region all produce SHIPs which outline the collaborative measures being undertaken to accelerate new housing delivery. This includes working together to identify and to unlock sites suitable for affordable housing development to address the housing crisis facing the region.

## 8. Background reading/external references

8.1 ESES City Region Deal Heads of Terms Agreement – July 2018

8.2 Delivering Land for Affordable Housing March 2018

8.3 Strategic Housing Investment Plan 2021-26, 14 January 2021

8.4 Affordable Housing Policy Update May 2021

8.5 Strategic Housing Investment Plan: Guidance Note, June 2021

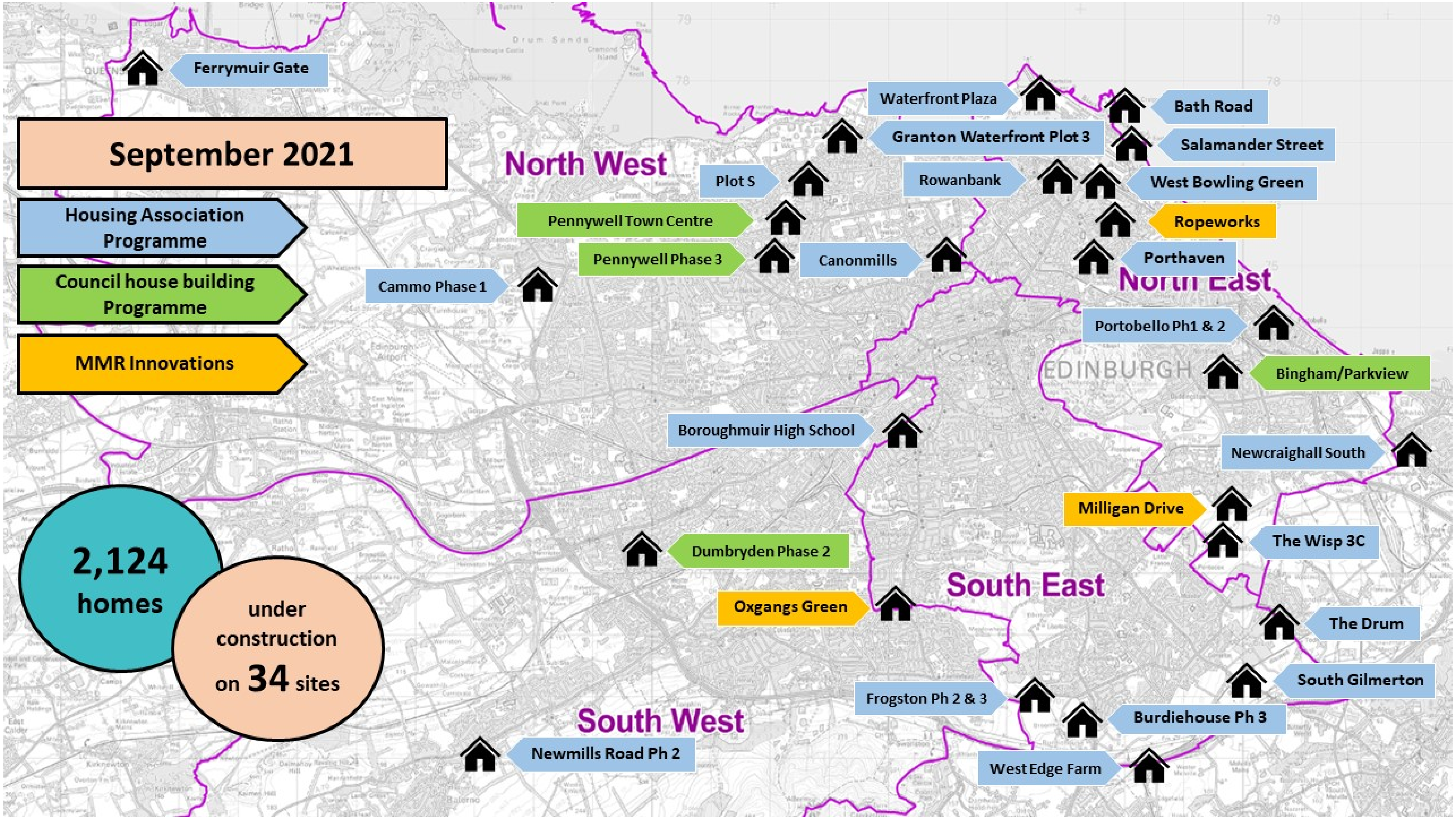
## 9. Appendices

9.1 Appendix 1 – Affordable homes under construction.

9.2 Appendix 2 – Changes in Affordable Housing Suppply Programme Benchmarks.

9.3 Appendix 3 – Strategic Housing Investment Plan 2022/23– 2026/27.

## Appendix 1 – Affordable homes under construction



## Appendix 2 - Changes in AHSP grant benchmarks

A review of Affordable Housing Investment Benchmarks was undertaken between March - June 2021. The review was carried out by a cross-sector working group of officials and was jointly chaired by the Scottish Government and COSLA. The findings were published on 10 September 2021.

| Tenure | City and urban (3 person equivalent) | |
|---|---|---|
| | Current | Proposed |
| **RSL social rent** | **£70,000** | **£78,000** |
| **Council social rent** | **£57,000** | **£71,500** |
| **RSL mid-market rent** | **£44,000** | **£53,500** |
| **Council mid-market rent** | **N/A** | **£49,000** |

In addition to the increased baseline asusmptions set out above, Scottish Government are also proposing that additional grant funding could be applied to each home based on additional quality measures, rising by the following:

| Additional Measure | Grant (3 person equivalent) |
|---|---|
| **Delivering homes to Section 7, Silver Level, of the 2019 Building Regulations in respect of Energy for Space Heating (i.e. full Bronze Level plus Aspect 2 of Silver Level).** | **£2,000** |
| **Provision of balconies within flatted developments where private or communal outdoor space cannot otherwise be accommodated.** | **£4,000** |
| **Provision of space for home working or study.** | **£3,500** |
| **Digitally-enabled – when a tenant gets the keys to their home this would mean that they are able to arrange for an internet connection to '*go live*'** | **£300** |
| **Infrastructure for electric vehicle charge point connectors** | **£500** |
| **Automatic fire suppression systems** | **£3,000** |
| **Heating systems which produce zero direct emissions at the point of use** | **£4,000** |

# Strategic Housing Investment Plan 2022/23 – 2026/27

# Index

## 1. Summary

1.1 The Strategic Housing Investment Plan (SHIP) sets out the approach by the City of Edinburgh Council and our Registered Social Landlord (RSLs) partners to investing in affordable housing in the city over a five-year period.

1.2 This SHIP is the largest programme ever set out by the City of Edinburgh Council. It outlines a programme which would see 11,188 affordable homes approved for site start and 10,124 homes complete over the next five years. Of these, there are around 7,400 homes which requires around £330m of grant funding through the Scottish Government's Affordable Housing Supply Programme (AHSP). The remaining homes are being delivered through innovative funding schemes which either do not require grant or do so at significantly reduced levels.

## 2. Strategic Context

2.1 Edinburgh is a growing city and one of the most highly pressured housing markets in the country. The latest Housing Need and Demand Assessment (HNDA2) states there is demand for between 38,000 and 46,000 new homes in Edinburgh over ten years; over 60% of these homes need to be affordable.

2.2 Significant demographic changes are expected which further impact on housing needs. It is anticipated that the number of older people who require intensive levels of support will increase by 60% by 2032. More people will be living with long-term conditions, disabilities and complex needs. The number of people living with dementia is also projected to increase by almost 62% over the same period (Joint Strategic Needs Assessment 2015).

2.3 These factors impact households in a variety of ways, for those on low incomes, the shortage of affordable accommodation is a contributing factor towards homelessness in the city. This effects not only Edinburgh but also neighbouring local authorities as rising inequality and cost of living impacts on households in other parts of the region.

2.4 The Scottish Federation of Housing Associations, The Chartered Institute of Housing and Shelter Scotland recently commissioned research to look at Scotland's affordable housing need over the next five years[1]. The report highlights that building affordable housing should be a key part of Scotland's recovery out of the recession caused by the pandemic. The research also found that nearly 60% of the total annual affordable homes requirement for Scotland is needed in the Capital region (Edinburgh, Lothians, Fife and Borders), which is three times the need of the West Central area.

2.5 Social rented homes account for only 14% of the housing stock in Edinburgh, compared to the Scottish average of 23%. There is a high demand for social

[1] Affordable Housing Need in Scotland Post-2021 (March 2020, revised May 2020) – SFHA, CIH Scotland, Shelter Scotland

rented housing with an average of around 200 households bidding for every social rented home that becomes available for let in 2020/21.

2.6 Edinburgh lets more social homes than any other local authority to homeless households (77% of Council homes and 50% of RSL Partner homes). There are on average 3,130 additional households every year to whom the Council has a statutory duty to provide settled accommodation, compared to an annual average of approximately 2,500 available social lets. This demonstrates the need for a continued focus on both prevention and increasing access to settled accommodation. The Council is working with RSL partners to make mid market rent more accessible for people in work, presenting as homeless. These measures include tailored housing option advice and improved information around the availability of mid rent homes, including homes in development.

2.7 The average advertised monthly private rent in Edinburgh was over £1,100 in the second quarter of 2021, compared to a national average and the next highest city, Glasgow, average of £880. The average house price is 6.8 times the average gross annual earnings in the city, making it the least affordable city in Scotland to buy a home.

2.8 The average mid market rent (MMR) for a two-bedroom home in the city is around £630 a month, almost half the average private rent. The tenure of MMR is aimed at people who cannot afford home ownership but would not usually be eligible for social housing. The introduction of mid market since 2010 has aided the Council in driving more value for every pound of Scottish Government grant provided. Homes receiving help from Scottish Government either through grant or rental guarantees have their rents restricted to the mid-point of market rent levels for the property sizes in the relevant Broad Rental Market Area (BRMA). This guarantees the long term affordability for tenants.

2.9 Affordable build to Rent (BTR) or Intermediate rent, is capped at BRMA 30% percentile (the lowest priced third of the rental market in an area), provides homes for those people who are in housing need, who cannot afford to access accommodation through the regular functioning of the housing market and earn below average household income. Build to Rent can deliver rented accommodation at pace and scale and is not dependent on house sales or grant funding.

2.10 It is estimated that there has been a loss of around 10% of private rented homes to short term lets (STL) in recent years. The rapid growth in STLs is creating further pressure on supply, rent levels and house prices in some areas. The Short Term Let Control Area report states that there was a substantial rise in the number of entire properties and rooms registered with Airbnb between 2016 and 2019. In 2019, 31% of all Airbnb listings in Scotland were in the city of Edinburgh. While the pandemic has seen the number of Airbnb registrations in Edinburgh decline between March 2020 and April 2021, it is not known what the longer term impact is likely to be. With the high demand for UK staycations and

Edinburgh being a popular destination for visitors, the pressure for STLs has the potential to continue.

2.11 The Council is currently carrying out a consultation on designating the entire Council area as a STL Control Area. This aims to help manage high concentrations of secondary letting; restrict or prevent short-term lets in places or types of building where it is not appropriate; and ensure that homes are used to best effect in their areas.

2.12 In August 2018, the South East Scotland City Region Deal was signed. This includes a range of measures to support the delivery of new homes, including support for local authorities on a risk sharing basis to deliver infrastructure for strategic housing sites. Consent was also granted to Edinburgh to on-lend up to £248m and an additional one-off £16m capital grant to enable the Council to establish a new partnership to deliver 1,500 homes for mid market and market rent.

2.13 On 1 March 2019, the South East Scotland City Region Deal Joint Committee approved the establishment of a Regional Housing Board. On 3 September 2019 the City Region Deal Joint Committee approved an ambitious regional housing work programme, that aims to accelerate the delivery of affordable housing, enable the development of seven major strategic housing sites and drive efficiencies across the public sector estate.

2.14 On 3 September 2021, Joint Committee approved the Regional Prosperity Framework which sets out an ambitious 20 year blueprint for the regional economy. Housing is an integral part of the Framework to support inclusive growth and transition to a net zero economy.

2.15 On average, over the last five years Edinburgh has delivered homes requiring grant at least 8% below benchmark on average across the whole programme. Most social rented housing in the city is delivered alongside other tenures. This creates opportunities for cross subsidy, as well as, supporting development of sustainable, mixed tenure communities.

2.16 The Scottish Government published "Affordable Housing: Resource Planning Assumptions to Councils 2021-2022 to 2025-2026" in July 2021. The total Resource Planning Assumptions (RPAs) for the 32 Scottish local authorities was just under £3.221 billion. Edinburgh's RPAs are £233.8 million, 7.3% of the funding committed. Due to the strong pipeline, over the last five years Edinburgh has levered in over £36m in additional grant funding from national underspends.

2.17 Post-pandemic worldwide construction projects have recommenced resulting in a surge in materials demand and prices, in addition to, the impacts as a result of Brexit. The Construction Leadership Council announced in May 2021 in their Construction Product Availability Statement that *"The Office for National Statistics projects a rise of 7-8% in material prices, with increases for certain materials, such as timber, expected to more than double during the course of the year".*

2.18 The “Report on the work of the 2021 Affordable Housing Investment Benchmarks Working Group” was published on 10 September 2021 and acknowledges that “unit costs had risen significantly over time and it was recognised that the benchmarks therefore needed to be increased”. The benchmarks proposed for ministerial approval would provide increased grant funding for both RSL and Council social rented homes and introduce a grant to support Councils to deliver mid rent homes. This could support delivery of the Edinburgh Living mid rent pipeline.

## 3. Current delivery

3.1 Each year, following submission to the Scottish Government, the SHIP is used by the Council to set the AHSP which is the Scottish Government’s grant funding programme for new affordable homes.

3.2 The Covid-19 pandemic has impacted on build programmes nationally as, in Scotland, construction work was halted between April and July 2020. Additional health and safety measures (such as physical distancing) remained in place until 9 August 2021. Current guidance seeks to minimise workforce transmission of Covid-19 which is having an impact on overall delivery timescales.

3.3 The Scottish Government’s “Housing statistics quarterly update: September 2021” sets out in June 2021, affordable housing approvals are down 36% when compared to the same time last year. Affordable housing completions are down 5% on the last year, but when compared to 2019, there is a reduction of over 15%.

3.4 The “Report on the work of the 2021 Affordable Housing Investment Benchmarks Working Group” was published by Scottish Government in September 2021. It states “The delivery of affordable homes was hit significantly by the pandemic, initially by the lock down, and then through slower, safer working practices in 2020-21. The Scottish Government therefore expects output to continue to be slower over 2021-22 than at the start of the previous 50,000 affordable homes’ programme, and therefore proposes to use 2021-22 to complete its previous 50,000 target”.

3.5 It is anticipated that 1,200 new affordable homes will be approved for site start this financial year (2021/22) and based on current delivery programmes an additional 1,218 affordable homes are expected to be completed. That would mean 7,500 new affordable homes would be approved by 31 March 2022 and 5,790 completed. There are 25 projects (1,456 approvals) that have been delayed, primarily as a result of the pandemic. Over 75% (19) of these projects have just slipped into the subsequent year. It is expected that over 10,000 affordable homes will be approved mid way through 2023, only six months later than the original target. There are currently over 2,100 homes currently under construction on 34 sites across the city.

3.6 The programme to deliver 20,000 homes by December 2027 is on track. The SHIP is reviewed annually and will be increased to meet the 20,000 targets, as confidence in the development pipeline grows. In addition to this, Edinburgh's latest Local Development Plan (LDP) City Plan 2030 was considered at Planning Committee in September 2021. The plan is now in a period of public representation before being submitted to Government. If approved, there would be an increase in the Affordable Housing Policy contribution from 25% to 35%, which could increase the number of affordable homes approved on private sector led sites in the latter years of the SHIP. Table 1 below sets out affordable housing approvals and completions to date and estimates until 2026/27:

**Table 1: Approvals and Completions**

| Financial Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | |
| Approvals | 1,475 | 1,626 | 1,914 | 1,285 | 1,200 | 2,057 | 1,817 | 2,804 | 2,636 | 1,874 | **18,688** |
| Completions | 966 | 1,152 | 1,367 | 1,087 | 1,218 | 1,276 | 1,864 | 2,289 | 2,027 | 2,668 | **15,914** |

3.7 This strong performance is due to work with housing delivery partners that has taken place over several years to acquire sites, develop new investment models and deliver cost efficiencies. An extensive pipeline programme underpins the annual programme enabling sites to be brought forward. Due to the strength of the pipeline programme, the Council has secured an additional £36.3m in grant funding over the last four years from national underspends. Officers will continue to maximise opportunities to secure additional funding.

## 4. Key Outputs of the SHIP

4.1 The core purpose of the SHIP is to set out strategic investment priorities for affordable housing over a five-year period. The SHIP provides the basis for the development of agreed Strategic Local Programme Agreements (SLPA) between local authorities and the Scottish Government. The SLPAs set out the programme of housing projects that will be funded over the next three years. This is reviewed and updated annually to ensure delivery remains on track.

4.2 Each year, following submission to the Scottish Government, the SHIP is used by the Council to draft SLPAs in partnership with all local delivery partners and for final agreement with the Scottish Government. These individual programmes will combine to form the grant funded AHSP for the city.

4.3 Projects selected for inclusion to the SHIP align with the Council's Local Development Plan and support the delivery of key strategic priorities of the Council; including the Rapid Rehousing Transition Plan and the Edinburgh Integration Joint Board (EIJB) Strategic Plan for 2019-22. RSLs are requested to submit proposals for the SHIP each year; projects are selected and prioritised within the SHIP based on deliverability, value for money, housing need and strategic fit.

4.4 During each year, SHIP projects may change and can be brought forward or deferred depending upon changing circumstances as part of an ongoing process of communication between the Council and delivery partners.

**Key Outputs**

4.5 The SHIP 2022-2027 has identified a pipeline of 11,188 affordable homes that could be approved for site start and 10,124 potential completions. The SHIP is reviewed annually and will be increased to meet the 20,000 targets, as confidence in the development pipeline grows. The approvals are split into two categories:

4.5.1 7,399 homes delivered through AHSP; and

4.5.2 3,789 homes delivered through innovative funding mechanisms, requiring little or no grant funding.

4.6 The 7,399 homes that have been identified to be approved through the AHSP require grant of £329.6m over the SHIP period, or £65.954m per year on average, based on current benchmarks. With proposed new benchmarks overall grant required estimated to rise to £558.6m over period, or £111.7m per year on average.

4.7 The majority of the AHSP approvals are for social rent, with most of the remaining homes being for mid-market rent. This is broadly in line with the Scottish Government's 70% social rent target. Guidance is being sought from Scottish Government officials on arrangements for securing grant funding for mid rent housing. The SHIP includes provision for grant funding for Edinburgh Living MMR LLP.

4.8 The table below provides a summary of the projected outputs and funding requirements of the AHSP projects identified in the SHIP. The five-year Resource Planning Assumptions published in July 2021 are set out below. Table 2 identifies a shortfall of £102m in grant funding based on current benchmarks over five years. This rises to a shortfall of £330m if the proposed new benchmarks are applied.

**Table 2: Summary – AHSP**

| YEAR | HOMES APPROVED | HOMES STARTED | HOMES COMPLETED | GRANT REQUIREMENT at Current benchmark (£M) | SG RESOURCE PLANNING ASSUMPTIONS (£M) |
|---|---|---|---|---|---|
| **2022/23** | 1,559 | 1,177 | 718 | 58.820 | 45.182 |
| **2023/24** | 1,088 | 1,310 | 1,296 | 55.093 | 45.053 |
| **2024/25** | 1,950 | 1,492 | 1,757 | 79.804 | 45.211 |
| **2025/26** | 1,782 | 1,628 | 1,011 | 60.932 | 45.96 |
| **2026/27** | 1,020 | 1,363 | 1,905 | 75.034 | 45.96* |
| **TOTAL** | **7,399** | **6,970** | **6,687** | **329.683** | **227.366** |

**RPAs only known to 2025/26; This assumes grant funding remains static in 2026/27*

4.9 The remaining 3,789 homes will be delivered through innovative funding schemes that require little or no grant. This includes the Private Sector led BTR, LAR Housing Trust and The Scottish Government' MMR Invitation. A more comprehensive breakdown of innovative funding mechanisms is set out in 5.5 below.

4.10 A total of 124 sites are included in the SHIP. Over a quarter of the sites identified in the SHIP are being delivered by the Council's own house building programme. Most of the sites taken forward by RSL partners are in the control of the private sector as they are being delivered through the AHP.

## 5. Means of Delivery

**Funding Delivery of 20,000 Homes**

5.1 The Scottish Government announced long term resource planning assumptions in July 2021. Edinburgh's Resource Planning Assumptions (RPAs) are £233.8 million (7.3% of the total funding committed). Due to the strong pipeline, over the last five years Edinburgh has levered in over £36m in additional grant funding from national underspends.

5.2 Edinburgh's carry forward commitment is around £88m, a similar level of carry forward as in previous years and is based on a high number of approvals over the past few years. Project approvals require grant payments to be provided in stages over two or three years.

5.3 It is, therefore, essential to continue the work initiated through City Region Deal, to secure an uplift in grant funding and greater certainty in future years. The region has a five-year affordable housing pipeline of 14,000 affordable homes, which with the right investment could be accelerated. It is also essential to continue work on delivering affordable mid rent and below market rent housing without grant funding. An Investment Subgroup has been established under the auspices of the Regional Housing Board. This group; which includes Scottish Government and Scottish Futures Trust, will consider options for securing additional investment to support the regional affordable housing pipeline.

**Innovative funding mechanisms**

5.4 Affordable MMR housing for people on low to moderate incomes is being developed on several sites across the city. In some instances, this is supported through the grant funding programme. The introduction of MMR housing since 2010 has aided the Council in driving more value for money of grant funding.

5.5 The Council works with partners to identify opportunities for innovation to deliver affordable housing without using funding provided through the AHSP. Further detail on each of these innovative projects is provided below:

5.5.1 **Housing Delivery Partnership (Edinburgh Living)** – A unique collaboration between the Council, Scottish Futures Trust (SFT) and Scottish Government has led to the Council establishing two new LLPs. Edinburgh Living will deliver around 1,500 homes for mid-market and market rent, meeting housing needs of key workers and those on low to middle incomes who cannot access home ownership and are not a priority for social rent. Edinburgh Living has a strong pipeline of planned housing acquisitions from the Council's housebuilding programme and by July 2021 had purchased 315 new homes for MMR. The "Report on the work of the 2021 Affordable Housing Investment Benchmarks Working Group" published on 10 September 2021 included an option for Council's and their subsidiaries to claim grant funding for Mid Market Rent homes. Council officers are also exploring options for Edinburgh Living to acquire or lease homes from the private sector; creating potential for partnerships with institutional investors.

5.5.2 **Scottish Government Mid-Market Rent Invitation (MMR Invitation)** – Council officers have been working in partnership with landowners, developers and Scottish Government to support the delivery of mid-rent homes on private sector sites through the Scottish Government MMR invitation. Places for People (PfP) have been successful in securing £47.5m in loan funding through the scheme and lever in additional private finance. The project is expected to deliver around 500 new affordbale homes across four sites. One site already completed (136 affordable homes on Seacole Square) and the remaining sites are all due to complete by the end of 2022.

5.5.3 **Local Affordable Rented (LAR) Housing Trust** – LAR is a Scottish Charity set up in 2015 to provide long-term, MMR housing in Scotland. LAR launched with a £55m loan from the Scottish Government and has initial plans to build around 1,000 MMR homes across Scotland. Almost 700 homes have now been completed to date. Two developments have been completed in Edinburgh on Gorgie Road (87 MMR homes). A further six units have also been also completed for lease by the Council in Niddrie working with the Health and Social Care Partnership. In March 2021, 89 homes in the National Housing Trust Telford North LLP were purchased by LAR following Finance and Resources committee approval in October 2020. Under the terms of the sale tenants wishing to become owners will be given enhanced timescales to maximise their ability to purchase and those tenants who are unable to purchase will be able to remain in their MMR homes, with rent increases capped at CPI.

5.5.4 **Build to Rent (BTR)** - On 20 January 2020 Housing, Homelessness and Fair Work Committee received the report 'Support for Build To Rent'. The report highlighted that BTR developments can accelerate housing development, regeneration and placemaking. BTR can bring institutional investment to the city and can deliver 25% affordable housing without the need for grant subsidy. Committee agreed the approach to securing affordable housing within these developments.

5.5.5 Seven planning applications which include over 660 affordable BTR homes have been approved. In total more than 3,000 private sector led

BTR homes have had planning consent or will be considered by the end of the financial year. These include 253 homes at Freer Street, Fountainbridge, 338 homes at Skyliner in Leith, 476 homes at Springside in Fountainbridge, 1,180 homes at Edinburgh Park, 318 BTR homes at New Town Quarter, Dundas Street, and 464 homes at Bonnington Road Lane. Affordable BTR homes will be targeted at people on moderate incomes, with rents being set at 30% of BRMA, secured by Section 75 Agreement as affordable housing for a minimum of 25 years. The same number of social rented homes would require over £47 million of grant subsidy.

**Maximising land supply**

5.6 The scale and ambition of achieving the 20,000 homes should not be underestimated. In order to reach the 20,000 homes target a wider strategic partnership approach needs to be adopted that looks at a range of issues. One of the key risks to the delivery of 20,000 affordable is failure to secure suitable land for development.

Affordable Housing Policy (AHP)

5.7 The AHP is a planning policy which ensures that 25% of homes on all housing sites with 12 homes or more, are required to be affordable. This is an important delivery mechanism and contributes 62% of AHSP sites in Edinburgh funded through the SHIP. The Council's own house building programme uses land secured either from its own assets or by acquisition on the open market. For RSLs, the AHP is vital to ensuring land supply, with around 80% of their programme being delivered on AHP land. Onsite provision of affordable housing is the highest priority for the AHP. Since January 2013, affordable housing has been provided in nine out of ten planning applications for sites with at least 20 homes.

5.8 The AHP will also deliver a number of homes for low cost ownership, which will be negotiated on a site by site basis. These are a lower priority tenure for Edinburgh, as the greatest housing need is for affordable rented homes. Low cost home ownership is negotiated on a site by site basis as part of the planning process and is a relatively small proportion (3%) of the total affordable housing proposed within the SHIP.

5.9 Edinburgh's latest LDP, City Plan 2030, was approved for the statutory period of representation by Planning Committee in September 2021. A suite of options were presented, including the option to increase the percentage of new affordable housing required from new developments from 25% to 35%. The plan has been published for a period of public representation and, should there be unresolved representations, the plan would be submitted to Scottish Government for examination thereafter.

5.10 The AHP can go some way to securing land for affordable homes. However, the timing of sites coming forward for development is dependent upon individual private developer assessment of demand and ultimately the price that households will be willing and able to pay to purchase a home. There is, therefore, a need for affordable housing developers to secure greater control over sites. Delivery of brownfield land will require intervention from the Council and the public sector working in partnership with landowners and developers.

5.11 A separate report to this Committee, “Land Strategy Update and Invitation to Market”, provides an update on the progress of the land strategy for Council-led housing developments and sets out a rationale for seeking to supplement the current pipeline with private sector opportunities to be progressed through a market engagement exercise.

5.12 Work is underway on greater collaboration at a national, regional and sub-regional levels through the City Region Deal. The Place Based Opportunities Board (PBOB) chaired by Council’s Chief Executive has provided a forum for partners to come together to develop a more joined up and place-based approach to creating and disposing of assets.

5.13 The Council is progressing with the strategic acquisition of land at the Liberton hospital site from NHS Lothian and its partners. Opportunities for Further public sector land acquisitions and/or partnerships and collaboration with the NHS and other public sector partners will continue to be explored.Affordable housing will be delivered through the Affordable Housing Planning policy on former public sector owned sites where direct acquisition or partnerships are not possible. .

5.14 Investment through the HRA and the AHSP can act as a real catalyst for change. Using the resourcing model for Granton, with a dedicated cross Council team working together to deliver, coordinated regeneration at scale, officers are exploring similar approaches across West and South East Edinburgh to focus on existing as well as new homes. To create and improve new places, continue to drive forward brownfield regeneration and meet the demand for new affordable homes, acquiring land through partnership and joint working with public and private sector partners is essential.

5.15 An outline business case for the Granton Waterfront regeneration programme was presented to the Policy and Sustainability Committee on 5 October seeking approval to proceed to the next stage of development and produce a final business case for the first phase of regeneration - ‘Heart of Granton’. This stage of business case development will run from October 2021 to June 2023 and will include a pre-development period on appointment of a development partner with key activities on the critical path to include developing business cases for a low carbon heat network and securing funding to address a funding shortfall.

5.16 The current cost plan and financial model assumes a minimum of 35% of the homes within the overall Granton Waterfront development will be affordable and delivered through Council and RSL partners. As further business case development takes place, the aim will be to maximise this as much as possible.

5.17 In parallel with the final business case, early action projects within Granton Waterfront will continue to progress with the aim of accelerating affordable housing provision. Three housing developments will deliver around 661 Council led net zero carbon homes over the next five years, of which around 455 (69%) will be affordable. Homes will be delivered alongside commercial and creative workspace and high-quality public realm and active travel infrastructure. In addition to the Council led homes, RSL partners have recently completed or have under development around 864 homes on Granton Harbour and Waterfront Avenue. Over 700 of these homes are for affordable rent.

**Construction Industry Capacity**

5.18 There are several factors impacting upon construction industry capacity and in turn the ability to deliver affordable homes at the pace and scale required over the next five to ten years, these include challenges with supply chain and increasing costs of building materials and skills shortages and market uncertainties as a result of Brexit uncertainties and the overall impact of the pandemic.

5.19 The Construction Leadership Council announced in May 2021 in their Construction Product Availability Statement that "The Office for National Statistics projects a rise of 7-8% in material prices, with increases for certain materials, such as timber, expected to more than double during the course of the year". This is impacting on investor and developer confidence in ability to deliver viable projects.

5.20 Actions to address the strategic challenge set out above have been identified through the ESESCR. The £5.8m City Region Deal funded, HCI Skills Gateway, project takes an integrated regional approach to work with schools, colleges, universities and employers to enable disadvantaged groups to enter into the sector. This includes new short courses, upskilling and new programmes to meet skills and jobs needs.

5.21 Housing construction skills remain a priority area for the Scottish Government, who plan to develop and agree an accord between Government and the construction industry. Supporting a focus on skills the Programme for Government also outlines a commitment to dedicate £100m over the next five years to a Green Jobs Fund. Invested alongside businesses and organisations to support new and increased opportunities for green job creation. A £60m Youth Guarantee is also committed so that every young person aged between 16 and 24 will be guaranteed an opportunity at University or college, an apprentice programme or employment including work experience.

5.22 Combined with current skills shortages, the climate emergency and rising development costs it is becoming increasingly clear that innovation is required to develop alternative approaches to finance and build new, sustainable homes. The scale and pipeline of housing development across the region presents a unique opportunity for innovation.

5.23 The Council is working alongside a number of partner organisations (Scottish Government, SFT, Construction Scotland Innovation Centre, Edinburgh Napier University, and Offsite Solutions Scotland) on a proposal which will develop net zero carbon housing through greater use of offsite construction. This Edinburgh Homes Demonstrator (EHD) project will test a new housing delivery model, specifically a method of design, construction and delivery that is based on off-site construction and disrupts the traditional linear delivery model of housing design and construction. The ambition is that the model will deliver a blueprint for UK wide public sector procurement of affordable housing.

5.24 The Scottish Government also plans to develop guidance this year to help support greater use of offsite construction for new social housing. This has the potential to speed up delivery of affordable homes, reduce waste and achieve the quality of construction needed to support zero emissions homes, and it offers opportunities to improve productivity and attract a more diverse workforce.

5.25 The Programme for Government 2021-22 sets out an overall investment in decarbonising heat worth more than £1.8 billion over the next parliament to make homes greener and easier to heat. This will help to drive skills and innovation in the construction sector with the focus on low and zero carbon technologies to replace traditional heating sources such as gas. Scottish Government has committed to decarbonising one million homes by 2030.

## 6. Specialist Housing, Including Wheelchair Accessible Homes

**Delivery of Specialist Housing in the Affordable Sector**

6.1 The Edinburgh Integration Joint Board (EIJB) Strategic Plan for 2019-22 was approved by the EIJB on 20 August 2019. The Housing Contribution Statement which supports the Strategic Plan highlights the importance of housing in relation to health and well-being and provides clear commitments to support health and social care priorities. A new EIJB Strategic Plan for 2022-25 is currently being prepared, to be finalised by March 2022. Housing partners are working with Health and Social Care partners to develop the housing contribution statement to support the Plan.

6.2 The Council and its RSL partners remain committed to ensuring that 4,500 of the 20,000 new affordable homes planned for the city over the next ten years will support health and social care priorities. Key sites, such as Liberton Hospital (due to be sold to the Council), provide opportunities for housing and health and social care to develop innovative solutions to meet specific needs. The Health and Social Care Partnership's Transformation Programme includes a workstream on housing. The Housing Service has commissioned a study on accessible housing which will feed into this workstream and the Joint Strategic Needs Assessment being developed by the Health and Social Care Partnership. The study is due to complete by the end of the year and has been informed by partners, stakeholders and telephone and online surveys to provide a greater understanding of the need for accessible and adapted homes across the city now and in the future.

6.3 Around 11% of the homes to be approved in the SHIP are specifically designed for specialist housing, including amenity, supported and fully wheelchair accessible homes. Housing and Health and Social Care partners will continue to work together to ensure the homes are meeting identified need across the city, integrating with services at a local level, and the results of the Accessible Housing Study will help to inform future provision.

6.4 The findings of the Accessible Housing Study can also feed into the Scottish Government review of the Housing for Varying Needs standard. The majority of new build properties funded through the AHSP are designed to meet the Housing for Varying Needs Standard (HFVN) which was published in 1998 and sets out good practice on the design of housing to achieve flexibility and suitability for people of all abilities. For example, ensuring ground floor properties have step free access, wider doors, accessible height switches and electrical sockets and reinforced joists for future hoist installation.

6.5 Many properties delivered through the AHSP are therefore accessible for people of limited mobility, meaning particular needs housing requirements can often be met through allocation of a standard general need's property.

6.6 In August 2019 Scottish Government issued revised guidance for the SHIP. The guidance requires local authorities to set targets across all tenures for the delivery of wheelchair accessible homes and to report annually on progress. The City of Edinburgh Council was one of the first local authorities to have a Wheelchair Accessible Homes target; with 10% of all social rented homes being wheelchair accessible. The Edinburgh Design Planning Guidance includes Lifetime Homes as the standard sought for older peoples and particular needs housing within the city. The Accessible Study will be used to inform targets for delivery of wheelchair accessible housing.

**Adaptations**

6.7 In addition to building new homes to meet changing and varying needs, the SHIP includes grant funding for RSLs to carry out adaptations to homes. This enables people to remain in their own homes and live independently. Adaptations will continue to be a strategic housing investment priority. Each year a budget in excess of £700,000 supports in the region of 300 adaptations within RSL homes. Adaptations to Council homes are funded from the Housing Revenue Account.

## 7. Carbon Emissions and Energy Efficiency

7.1 On the 14 May 2019, the Corporate Policy and Strategy Committee approved the Council's Sustainability Approach, which included Edinburgh working towards a net zero carbon target by 2030, with a hard target of 2037. On 20 January 2020, the Housing, Homelessness and Fair Work Committee approved the Housing Sustainability approach, which outlined the future approach to reducing emissions across existing homes and the new build housing programme. A further update on progress was provided to the Housing, Homelessness and Fair Work Committee on 5 November 2020 and on 3 June 2021.

7.2 The Council's declaration of a Climate Emergency has placed sustainability and climate change at the centre of strategic and policy discussions. Energy efficiency standards are already in place for new affordable housing in Scotland. All new developments are required to meet minimum Building Regulations, which contain stringent targets for meeting certain energy efficiency standards. The Council's own house building programme is leading by example in terms of sustainable development. A design brief has been produced that will ensure all new build homes are designed to achieve net zero carbon. The net zero carbon design brief has been in place since November 2020 and follows a fabric first approach, allowing the design and construction to be tailored to meet the requirements of the site and to select the most appropriate low carbon heating solution.

7.3 Council and RSL house building partners are working to sustainability principles which promote local material sourcing, recycling, insulation standards, and renewable energy. The environmental impact of individual projects is currently assessed through the planning process.

## 8. Rapid Rehousing Transition Plan (RRTP)

8.1 The second iteration of the RRTP was agreed by the Housing, Homelessness & Fair Work Committee on 18 September 2020 and submitted to Scottish Government. The annual update on progress was subsequently agreed at Committee on 3 June 2021.

8.2 The RRTP is aligned around four key objectives, focusing on both prevention and increasing accommodation options (both temporary and settled):

8.2.1 preventing homelessness in the first place;

8.2.2 where temporary accommodation is required this will meet the needs of the household;

8.2.3 supporting people to access settled accommodation as quickly as possible; and

8.2.4 reducing the number of people sleeping rough.

8.3 Renting from a private landlord is the only available housing option for many people but rents in Edinburgh are high. In response to a rise in the number of households presenting as homeless from the Private Rented Sector (PRS) the Council established a PRS Team to support households at risk of homelessness from the sector and support homeless households to access PRS tenancies. To reduce the pressure on the housing market, as well as providing housing for households on low to moderate incomes, a commitment to increase affordable housing supply is key in addressing these challenges.

8.4 Social housing providers play a key role in both preventing homelessness and delivering more social rented homes. People are much less likely to become homeless again if they move into social housing rather than private rented housing. This has resulted in the provision of social rented accommodation becoming a key priority of the SHIP.

8.5 MMR also plays an important role as a housing option for working homeless households; with just over 20% of homeless households being in employment. The PRS team continue to support homeless households to access MMR properties. Going forward the team are looking at working with families in overcrowded accommodation and are ready to begin a pilot working with these families to move into suitable accommodation via the PRS /MMR. Work is underway to improve the information available on MMR to customers seeking to access this type of housing. The Council webpages set out eligibility criteria, an MMR factsheet and links to other landlords who provide MMR homes. Work is ongoing to set up a dedicated MMR portal in partnership with other providers.

8.6 Officers will continue to engage with stakeholders and service users to develop the RRTP. Annual updates on progress will be provided to both Committee and Scottish Government.

## 9. Child Poverty

9.1 In August 2019, Education, Children and Families Committee approved the Local Child Poverty Action Report. The report noted that when asked by the Edinburgh Poverty Commission about the things that cost too much in the city, people on low incomes cited the cost of housing as a primary issue.

9.2 The Scottish Government's Tackling Child Poverty Delivery Plan for 2018-22 sets out policies and proposals to help make progress towards their targets on reducing child poverty by 2030. Actions, with partners, across a range of housing policies include working with the social housing sector to agree the best ways to keep rents affordable and ensuring that future affordable housing supply decisions support their objective to achieve a real and sustained impact on child poverty.

9.3 The Edinburgh Poverty Commission published its final report, '*A Just Capital: Actions to End Poverty in Edinburgh'*, in September 2020. The Commission estimates that almost 78,000 people in Edinburgh are living in relative poverty, representing some 15% of the population and as many as 1 in 5 children. The Commission's report highlights that the majority of people living in poverty in Edinburgh are of working age, in employment, living in rental accommodation, with the highest rates experienced by families with children. Almost one in three of the city's households in poverty are only there due to high housing costs, compared with one in eight households in poverty across Scotland.

9.4 One of the main conclusions from the Poverty Commission's work is that there is no solution to poverty in Edinburgh without resolving the city's housing and homelessness crisis. The Commission is calling on the Scottish Government, as an urgent priority, to ensure the city has the right funding and support to meet its social housing expansion needs. The SHIP sets out the grant funding needed to deliver social rented housing at scale in Edinburgh.

9.5 The first annual review of progress towards meeting Edinburgh Poverty Commission calls to action covers the period from October 2020 to the end of September 2021 and includes the ongoing response to the Covid-19 pandemic, which has been significant in informing current and future actions.

9.6 In line with recommendations made by the Poverty Commission and with statutory guidance, the report incorporates actions underway in Edinburgh to meet Scottish Government child poverty targets for 2030.

9.7 Within each of the seven calls for action made by the Edinburgh Poverty Commission, the report highlights specific actions tailored to improving outcomes for families, children and young people. These include:

9.7.1 Action to improve employment outcomes for young people and school leavers through Young Person's Guarantee Team, Modern Apprenticeships, and employability support for parents

9.7.2 Action to improve income security and reduce living costs, through family focused advice and services such as Maximise, as well as provision of key supports for families such as free school meal payments and school uniform grants.

9.7.3 Action to improve support for children and families in temporary accommodation

9.7.4 Action to improve education outcomes and prospects, through the Edinburgh Learns for Life programme, Youth work partnerships and establishment of the learning communities' approach, and

9.7.5 Action to improve wellbeing for families experiencing poverty, through family focused programmes such as Discover!

## 10. Gypsy Travellers sites

10.1 The Council currently owns and manages one site in Edinburgh, known as the North Cairntow Travellers Site on the south east side of the city. The site was created in 1984 and consists of 20 pitches serviced by 10 semi-detached utility block. A community facility was installed in 2016. This was achieved in partnership with the NHS and other voluntary providers.

10.2 The Housing Service has been working with the residents of the North Cairntow Travelling Peoples Site to improve the site since 2017. This has taken the form of a comprehensive programme of community engagement to co-design site improvements in partnership with the community, addressing fuel poverty, mainstreaming equalities and harnessing lived experience of tenants, culminating in an improved understanding of the needs of the community.

10.3 The final design of the redevelopment of the site was agreed with residents last year. A contractor for the re-development was appointed following the approval by Finance and Resources Committee on 4 March 2021. The total contract value is estimated to be over £3.8m, which forms part of the Housing Revenue Account Capital Investment Programme. The redevelopment has received £90,660 of Scottish Government funding as part of the joint action plan 'Improving the lives of Gypsy/Travellers: 2019-2021' by the Scottish Government and Convention of Scottish Local Authorities (COSLA).

10.4 Relevant planning permission and building warrants are now in place, with the redevelopment expected to commence in March 2021 for a period of up to 18 months in order to align the timescale of manufacturing and delivery of the chalets.

## 11. Consultation and engagement

11.1 There is a strong partnership approach to delivering new build affordable housing in the city. This is evidenced by the joint and ambitious commitment to develop a programme to deliver 20,000 homes by December 2027. To ensure delivery of this pipeline of projects the SHIP is kept under constant review through continuous discussion with partners at regular meetings, working groups and forums.

11.2 Regular meetings are held with RSL development directors and chief executives to ensure the efficient and effective delivery of the programme and alignment of strategic objectives.

11.3 The Edinburgh Affordable Housing Partnership has a health and social care subgroup and the Chair of this subgroup is the housing representative on the Strategic Planning Group.

## 12. Integrated impact Assessment

12.1 The Integrated Impact Assessment (IIA) concludes that the SHIP should have a positive impact on tackling inequality through investment in new affordable homes for people on low to medium incomes.

12.2 The SHIP contributes to the public sector equality duty and advances equality of opportunity. It will increase access to affordable housing and well-designed, safer and cleaner communities. It will contribute to improved health by increasing the supply of good quality homes, reducing fuel poverty and providing homes which are physically accessible.

## 13. Conclusion

13.1 There is a significant shortfall of affordable housing in Edinburgh and that is why the Council and RSLs are working in partnership to significantly increase the number of new affordable homes in the city.

13.2 It is anticipated that 1,200 new affordable homes will be approved for site start this financial year (2021/22) and based on current delivery programmes an additional 1,218 affordable homes are expected to be completed. That would mean 7,500 new affordable homes would be approved by 31 March 2022 and 5,790 completed. There are 25 projects (1,456 approvals) that have been delayed, primarily as a result of the pandemic. Over 75% (19) of these projects have just slipped into the subsequent year. It is expected that over 10,000 affordable homes will be approved mid way through 2023, only six months later than the original target. There are currently over 2,100 homes under construction on 34 sites across the city.

13.3 The SHIP 2022-2027 has identified a pipeline of 11,118 affordable homes that could be approved for site start and 10,124 potential completions. Nearly 70% of the grant funded Affordable Housing Supply Programme (AHSP) is for social rent, with the remainder being for mid-market rent and low-cost home ownership.

13.4 The programme to deliver 20,000 homes by December 2027 is on track. The SHIP is reviewed annually and will be increased to meet the 20,000 target, as confidence in the development pipeline grows.

13.5 The Edinburgh housing market has remained resilient throughout the pandemic, however the full impact of lockdown and the continuation of restrictions, combined with Brexit, on the wider economy and the job market is not fully known. Those on low incomes will continue to be the greatest affected and therefore affordable housing needs to play a key role in a green and sustainable recovery.

Agenda Item 7.6

# Housing, Homelessness and Fair Work Committee

## 10.00am, Thursday, 4 November 2021

# Land Strategy Update and Private Sector Engagement

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

## 1. Recommendations

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

1.1.1 Agrees that the Council invite interest from developers, investors and landowners to bring forward opportunities for the Council to accelerate the provision of affordable housing;

1.1.2 Notes that suitable opportunities will be progressed in line with Contract Standing Orders and will be subject to the approval of Council (or the appropriate Committee) in the usual way, prior to any contracts being entered into;

1.1.3 Notes the high-level parameters which will inform the assessment of opportunities; and

1.1.4 Agrees to receive an update on this market engagement process through the Business Bulletin in six months.

**Paul Lawrence**

Executive Director of Place

Elaine E Scott: Housing Services Manager

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

# Report

## Land Strategy Update and Private Sector Engagement

### 2. Executive Summary

2.1 This report provides an update on the progress of the land strategy for Council-led housing developments and sets out a rationale for seeking to supplement the current pipeline with private sector opportunities to be progressed through a market engagement exercise.

2.2 Committee is asked to agree to invite interest from developers, investors and landowners to bring forward sites or homes for acquisition by the Council or Edinburgh Living for affordable rent. Proposals will need to align with Council commitments, strategies and risk appetite. Committee is asked to note the high-level parameters which will inform the assessment of opportunities for both purchase or lease of homes. Land opportunities will be reviewed for capacity and progressed based on an assessment of market value. Approval from Finance and Resources Committee will be sought in the usual way prior to entering into contracts.

### 3. Background

3.1 In 2017 the Council made a commitment to deliver a programme to build at least 10,000 affordable homes over the next five years, with a plan to build 20,000 by 2027. The programme for delivering new supply affordable homes is set out in the Strategic Housing Investment Plan (SHIP). A separate report to this Committee seeks approval of the SHIP for submission to Scottish Government and provides an update on delivery of the 20,000 affordable homes commitment.

3.2 In 2018, working with Scottish Futures Trust (SFT) and the Scottish Government through the Edinburgh and South East Scotland City Region Deal ("City Deal"), the Council agreed to establish Edinburgh Living to own and manage homes for mid-market and market rent. As of September 2021, Edinburgh Living had 323 homes in management; all of which were developed through the Council's affordable housebuilding programme. Edinburgh Living aims to operate at scale with Council and Scottish Government approvals in place to support delivery of 1,500 homes.

3.3 On 14 January 2021 Committee received a report on the Land Strategy to Support Delivery of Affordable Housing and Brownfield Regeneration and noted the need for new investment models and partnerships with the private sector to accelerate delivery due to risks around insufficient sites in control of affordable developers. It has also been noted that in order to operate at scale and deliver all 1,500 homes Edinburgh Living would need to engage with the private sector.

## 4. Main report

4.1 The Council is aiming to deliver 10,000 of the 20,000 affordable homes commitment in partnership with Edinburgh Living. Since 2017, the Council has completed nearly 900 homes (480 for social rent and 411 for mid-market rent) and a further 460 homes were under construction at the beginning of September 2021. There are also around 1,500 homes in design, development and procurement.

4.2 In addition to those homes that are complete and underway, there is a significant pipeline of future sites that has the capacity to deliver up to 4,000 homes. The majority of these do however have risks to their delivery. These include uncertainties regarding ongoing operational uses, planning status and constraints, need for further land assembly and sites in third party ownership.

4.3 A place-based approach is being taken across the development of all Council sites with an aim to deliver a mix of uses addressing city-wide need alongside local priorities. An example of this is the Powderhall site where 100 homes are being delivered for affordable rent alongside housing for sale, a nursery and cultural uses. The commitment to place-based regeneration and desire to deliver mixed, sustainable communities coupled with limited grant funding to support delivery of social rented homes impacts on the number of affordable homes delivered from a single development site.

4.4 An update on progress with engaging with public and private sector landowners is provided below. However, given the risks to delivery set out above, a more proactive and comprehensive approach to securing land to deliver homes needs to be considered. This report sets out the proposal to engage with the private sector, focussing on land that is not currently in Council control and recognising that delivering within the context of strong sustainability aspirations, increasing costs and ensuring a place-based approach, means that innovative delivery models also need to be considered. It is also important to recognise that approaches from the private sector will inevitably occur out with a structured engagement process so the Council will seek to build flexibility into our process to address this as well as to repeat this call for interest in the coming years.

4.5 The Council works with and seeks to complement affordable housing delivery by its housing association partners. Should this report be approved, early discussions will be held to ensure that this engagement approach does not undermine the strong delivery and existing relationships that are already in place.

**Progress with Public Sector Land**

4.6 On 4 March 2021, Finance and Resources Committee approved the purchase of Liberton Hospital. Since then due diligence has been completed and the parties are now working to complete the transaction this financial year.

4.7 Public sector land is expected to become available for development at the Royal Victoria Hospital, Astley Ainslie and Redford Barracks with capacity for over 1,000 homes identified in the current Local Development and/or City Plan. Affordable Housing will be included on these sites and will contribute to the overall 20,000 homes target to be delivered by the Councils and Registered Social Landlords (RSLs).

4.8 Council officers will continue to engage with public sector partners to support the development of Place Briefs and masterplans and to explore opportunities for the Council to acquire sites or to enter into partnerships that would enable affordable housing to be delivered as part of mixed tenure developments.

**Private Sector Land**

4.9 The SHIP contains 124 sites that could be developed over the next five years to deliver around 11,188 affordable homes. Almost half of the sites are in the control of the private sector with the RSL programme almost entirely dependent upon delivery through the Affordable Housing Policy (AHP). Affordable housing developers, including both the Council and RSLs, have no influence over the speed at which private developers bring forward sites for Planning Consent and are also unable to compete on open market opportunities which generally receive much higher bids from volume housebuilders. As an example, the Council has not successfully bid for a site being marketed for sale since 2017, when it acquired the Forthquarter site from National Grid. However, the Council will continue to pursue the purchase of land directly as a route to delivery of homes where possible.

4.10 Over the normal course of business, officers have been engaging informally with private developers and landowners to support the development of masterplans and accelerate development of affordable housing. Over the course of this engagement, it has become clear that some landowners are interested in taking a long-term return from land assets rather than outright sale, creating an opportunity for lease-based models to deliver housing.

**Lease Based Opportunities**

4.11 A typical leasing arrangement might involve the Council leasing homes on completion from an investor/landowner on land that they own. It is likely that the financial viability of a lease arrangement will improve with a longer lease term. During this time, the Council would pay the investor/landowner a lease price and sub-let mid-market rent and market rent homes to Edinburgh Living who would collect a monthly rent from tenants. The rent collected would be used to cover the cost of managing and maintaining the homes over the term of the lease as well as the Council's responsibility to pay the lease price to the landlord. The lease price would increase annually on the same terms as the annual rents paid by tenants.

The homes and land would revert to Council ownership at the end of the lease in line with Scots property law.

4.12 Scottish Government grant funding cannot typically be used to lease affordable homes and rent levels impact on the viability of financial models which means that it will not be possible to deliver homes for social rent through lease- based models. Working with the SFT, engagement with the Scottish Government has commenced to understand what level of support could be made available to Councils for innovative models, including financial support to de-risk projects and enable homes to be let at lower than 100% of Local Housing Allowance (LHA).

4.13 In order to explore these delivery models further, in 2021 officers appointed a consultant via the Council's Commercial and Residential Property Advisory framework to conduct a soft market testing exercise directly with investors. There was a strong response from the major annuity funds that were approached with each submitting a high-level proposal confirming there is appetite for investor led partnerships with the Council.

4.14 The Council has also received a number of direct approaches from parties proposing alternative delivery routes which include long lease proposals and offers of assistance to source suitable homes and land. Without an appropriate route to assess these offers in a fair and transparent process, it has not been possible to proceed with individual opportunities to date.

**Proposed Market Engagement**

4.15 Officers have explored a number of potential delivery models which could supplement the current pipeline on Council owned land and accelerate and enhance the pipeline which is reliant on private sector land. These are summarised below. Each of these will require a different approach in terms of procurement and contractual arrangements. The process will commence with a "call for interest" to the market through the issue of a Prior Information Notice (PIN). This will seek interest from private sector parties for land, completed homes and investment models. The approaches will then be progressed through one of the following routes:

4.15.1 Purchase of sites or buildings for conversion for direct development by the Council, subject to financial viability;

4.15.2 Purchase of completed homes on sites through partnership arrangements on AHP land where no RSL partner is currently engaged;

4.15.3 Purchase of homes not associated with AHP land, which could deliver additional affordable homes for mid-market and homes for market rent; and

4.15.4 Engagement with institutional investors and other delivery partners to deliver more innovative models, including lease-based structures and partnership agreements, which could deliver homes across a number of tenures on land held in private ownership.

4.16 A set of high-level parameters which will inform the basis for assessment of opportunities at the appropriate time and provide more context to the market on Council aspirations is set out in Appendix 1.

4.17 The parameters recognise that opportunities to purchase will be at different stages in the development and consents process. The market engagement will support the Council's ambitions to deliver highly energy efficient and sustainable homes. Homes currently under construction will be delivered to current Building Regulations which require all new homes to be built to a high standard of sustainability with most completed homes achieving EPC B/Silver standard. However, it is expected that additional investment would be required to bring homes up to net zero carbon in the future and this would need to be considered.

4.18 Consultation on the Government's approach to net-zero carbon and its practical application through the Building Regulations is underway. Private sector approach to sustainability and the impact of changing regulations will be assessed as part of the engagement process, dependant on the stage of delivery.

4.19 As set out in 4.11, through direct approaches, existing relationships and soft market testing, officers are aware that the market is interested in working with the Council across the four routes set out above. However, as with any engagement or procurement exercise, there is a risk that no or limited proposals that meet the required standards are submitted. There is also a risk that the Council's timescales and governance processes will not align with private sector expectations. However, creating a structured approach to engaging with the market will allow the Council to assess proposals in an open and transparent way and to ensure best value is obtained.

4.20 Committee is asked to agree to invite interest from the market noting that detailed parameters will be issued to the market, should the recommendations in this report be approved.

## 5. Next Steps

5.1 Should the recommendations be approved, a Prior Information Notice (PIN) will be issued in November 2021, setting out that the Council is seeking to engage with the market to deliver homes through routes set out above and detailing the parameters that we can work within for lease based opportunities, purchase of land/buildings and purchase of completed homes.

5.2 The high level parameters set out in Appendix 1 will be developed into relevant assessment criteria.

5.3 Once received, proposals will be assessed for suitability against the relevant parameters. This assessment will also ensure compliance with the relevant regulatory framework, including the public sector procurement regulations.

5.4 It might be that suitable proposals are not within the scope of the public sector procurement regulations and can instead be progressed as more traditional property transactions. This approach is more likely where developers, investors and landowners can submit proposals which are financially viable, strongly align with the key parameters and are at a suitably advanced stage in the development process.

5.5 All resulting procurement exercises, property transactions and business cases will be reported to the Finance and Resources Committee. A further update will be provided to this Committee via the Business Bulletin within six months.

## 6. Financial impact

6.1 The report recommends that the Council invite interest from developers, investors and landowners to bring forward opportunities for the Council to accelerate the provision of affordable housing, via the publication of a PIN. The cost of this process is estimated to be £10-£25k, dependent on procurement route, and can be contained within existing Place revenue budgets.

6.2 Should the Council proceed with any of proposals submitted through the PIN, this will be subject to detailed business cases and approval by the appropriate Council committee, in accordance with Contract Standing Orders. It is envisaged that purchases of private sector sites and homes will be in line with existing Housing Revenue Account and Edinburgh Living business plans. Leasing options and other funding models will be assessed to ensure they are affordable and take account of all costs relating to future requirements for net zero carbon, proposed changes to Building Regulations and the Council's policies. An assessment of financial risks will also be undertaken and set out clearly in each business case.

## 7. Stakeholder/Community Impact

7.1 Informal engagement with the private sector through the normal course of business, direct approaches and soft market testing have helped to inform the detail in this report.

7.2 Should the recommendations in this report be approved, there is potential for positive impacts on communities through increased access to efficient new-build affordable housing, regeneration and support to the local economy.

## 8. Background reading/external references

8.1 Strategic Housing Investment Plan (SHIP) 2021-2026 (January 2021)

8.2 Land Strategy to Support Delivery of Affordable Housing and Brownfield Regeneration (January 2021)

# 9. Appendices

9.1 Appendix 1 – High-level Parameters.

**Appendix 1**

## PROPOSED PARAMETERS FOR INVITING INTEREST FROM PRIVATE SECTOR TO DELIVER AFFORDABLE HOUSING FOR PURCHASE OR LEASE BY THE COUNCIL

The Invitation to Market is open to landowners, investors and developers and recognises that opportunities will be at different stages in the design, development and construction process.

| PARAMETER CATEGORIES | DETAIL |
|---|---|
| **KEY REQUIREMENTS AND OUTCOMES** | Generally<br>• Provides access to land or homes that are not in Council ownership<br>• Presents a viable business model and meets a five-case business case for approval by the Finance and Resources Committee<br>• Preference is for a mix of 1, 2 and 3 bed flats and houses (with limited 3 bed flats)<br>• Proposals of between 50 and 250 homes per development is preferable but proposals will be assessed on their own merit and higher numbers will be acceptable on developments where there is a clear business case for this approach<br>• Provides opportunity for rapid delivery in areas of the City where there is high demand for affordable tenures<br><br>Where leasing structures are proposed<br>• Lease terms should be appropriate with respect to risk level, rent affordability and financial viability<br>• Full details of partners within the funding structure and discussions with funders will be required directly in addition to transparency of funding structure<br>• Sufficient financial headroom, over and above expected operating costs and built in risk for void and rent loss, will be required to allow for (i) adverse economic conditions, (ii) making buildings more sustainable in line with future technology and regulations and (iii) lifecycle replacement of key capital components (e.g. roofs, windows, kitchens, bathrooms)<br>• Homes that are leased to the Council must transfer into Council ownership at the end of any lease term (asset reversion) |
| **QUALITY AND SUSTAINABILITY** | • Focussing on the Council's ambitions in delivering highly efficient new homes, developments should be designed to high standard of sustainability (minimum silver standard, EPC - B) with a preference for new zero carbon homes<br>• Where homes are already completed or nearing completion a high standard of sustainability will be expected with additional headroom to allow funding for net zero carbon<br>• Suitable on-site quality assurance and input into acceptance of practical completion and making good defects in line with the defect rectification period<br>• NHBC/warranties should be made available<br>• Delivery of social value benefits from the construction are to be evidenced, including adoption of fair work practices, use of local SMEs within the supply chain and delivery of local community benefits<br>• Method for benchmarking heating costs to tenants to be demonstrated for proposals featuring communal systems, to ensure long term affordability to tenants<br>• Proposals will be assessed against a quality standard to ensure that designs align with the Council's expectations |
| **AFFORDABILITY** | • Mid Market rents to be set at or below 85% - 100% of Local Housing Allowance dependent on location, typology and availability of grant<br>• Rent increases will be capped at CPI<br>• Market rents to be assessed based on scale, typology, location and relative affordability |
| **MAINTENANCE RESPONSIBILITIES** | • All maintenance responsibilities and any shared maintenance apportionments to be set out clearly in the Heads of Terms and costed as part of business case<br>• Maintenance responsibility for shared heating and hot water plant to be capped<br>• Where homes are being leased, the cost of maintenance to be benchmarked in relation to similar properties |

This page is intentionally left blank

# Housing, Homelessness and Fair Work Committee

**10.00am, Thursday, 4 November 2021**

## The City of Edinburgh Council's Annual Assurance Statement on Housing Services

| | |
|---|---|
| **Executive/Routine** | Executive |
| **Wards** | All |
| **Council Commitments** | |

## 1. Recommendations

1.1 Housing, Homelessness and Fair Work Committee is asked to approve the City of Edinburgh Council's Annual Assurance Statement on housing services and Assurance Statement Summary of Compliance for formal submission to the Scottish Housing Regulator (SHR).

**Paul Lawrence**

Executive Director of Place

Contact: Elaine Scott, Housing Services Manager

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

# Report

## The City of Edinburgh Council's Annual Assurance Statement on Housing Services

### 2. Executive Summary

2.1 The Scottish Housing Regulator (SHR) requires all social landlords to prepare and publish an Annual Assurance Statement (AAS) and Assurance Statement Summary of Compliance to confirm to their tenants and the SHR that they are meeting the requirements of the Regulatory Framework. The deadline for submission is 31 October each year.

2.2 The AAS confirms where the Council meets the required standards and outcomes. It also provides information on areas of improvement and management actions being taken to ensure compliance. The draft AAS for the City of Edinburgh Council is attached in Appendix 1 for Committee approval. Once approved, the AAS will be published on the SHR website.

### 3. Background

3.1 The Housing (Scotland) Act 2010 sets out the requirement for a social housing charter and the statutory objectives, functions, duties and powers of the SHR.

3.2 The Scottish Social Housing Charter describes the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. The SHR is the regulatory body whose statutory objective is to safeguard and promote the interests of current and future tenants, people who are homeless, factored owners and Gypsy/Travellers.

3.3 All Scottish social landlords are required to report performance to the SHR through the Annual Return on the Charter (ARC) that must be submitted by the end of May each year.

3.4 Landlords provide information across core housing service performance indicators, contextual data sets and performance against Energy Efficiency Standard for Social Housing (EESSH) delivery indicators. Performance data is based on the 12-month period, up to the 31 March of the year of submission.

3.5 The SHR monitors, assesses ARC returns, reports and intervenes (as appropriate) on social landlords' performance of housing activities. Individual

Engagement Plans are normally published for each landlord which focus on areas for improvement. Due to the Covid-19 pandemic, the SHR did not issue engagement plans for the period 2020/21.

3.6 The current regulatory framework came into force in April 2019 and requires all Scottish social landlords to submit an AAS confirming that they comply with the relevant requirements of Chapter Three of the Regulatory Framework.

3.7 The AAS must reflect individual landlord's operating context. The SHR published advisory guidance in August 2020 to assist landlords to adapt their approach to the AAS to reflect the impact of the Covid-19 pandemic and this remains in place for the 2021 AAS.

3.8 As the Covid-19 pandemic continues to impact on social landlords and the services they provide to tenants the SHR issued additional guidance to advise landlords that this year's AAS should identify any non-compliance with regulatory requirements directly due to Covid-19 as distinguished from non-compliance for any other reasons.

3.9 The Council maintains regular dialogue with the SHR on areas of challenge and improvement to ensure services are delivered in accordance with legislation, regulatory standards and best practice guidance.

## 4. Main report

4.1 Alongside meeting Charter requirements and reporting on performance indicators to the SHR and tenants, social landlords are required to prepare and publish an AAS to confirm to their tenants and the SHR that they are meeting regulatory requirements.

4.2 These requirements are part of the overall regulatory oversight that the SHR has of social landlords; the documents must be made available to tenants and other service users and are published on the SHR website.

4.3 As the governing body for Housing Services, the Housing, Homelessness and Fair Work Committee is required to approve the City of Edinburgh Council Assurance Statement and an Assurance Statement Summary of Compliance (Appendix 1) for submission to the SHR.

4.4 Essential housing services have been maintained for tenants during the Covid-19 pandemic. The lockdown measures have however impacted on some areas of service that had to be revised or, in some cases, suspended for a short time to ensure the safety of tenants, other citizens and Council employees.

4.5 Where services continued to be delivered, or were reinstated following a period of time, safe working practices were put in place. In revising processes for safe working, the Council has followed Scottish Government (SG) and Public Health Scotland guidance and account was also taken of relevant regulatory and best practice guidance.

4.6 In response to the Covid-19 pandemic, the SHR made temporary changes to its regulatory framework in 2020. The annual engagement plan process was suspended for a year and a monthly summary performance return introduced covering key areas of housing service more likely to be impacted by the Covid-19 pandemic.

4.7 This included rent collection, homeless lets and temporary accommodation services. Since the start of 2021/22 the SHR Covid-19 performance information has been changed to a quarterly return and the areas of landlord services being monitored have been broadened to include information on rent loss due to homes being empty/re-let, direct housing payments (Universal Credit, Housing Benefit and Discretionary Housing Payments) and letting times.

4.8 The SHR scrutiny on performance for ARC returns for 2019/20 was less comprehensive than would normally be the case due to a shift in focus to monitoring how landlords had responded and adapted during the Covid-19 pandemic. This included requests for updates on the number of properties with outstanding annual gas safety checks and regular updates on the homeless response.

4.9 The SHR has now published the 2021/22 engagement plan for the City of Edinburgh Council and the SHR's engagement with the Council will continue to focus on services for people who are homeless or at risk of becoming homeless.

4.10 The most recent City of Edinburgh Council Best Value Assurance Report, prepared by the Accounts Commission and published in November 2020, noted examples of the Council understanding where improvements are required and taking action to address areas of lower performance through service improvement plans as in waste, roads and housing services. The improvement plan for housing was noted as being recent but data suggested that there were initial signs of improvement.

4.11 Updates on the Housing Service Improvement Plan (HSIP), Repairs Improvement Plan, Gas Service Improvement Plan and the Rapid Rehousing Transition Plan (RRTP) were considered by Committee in June 2021.

4.12 The SHR recognises that the Covid-19 pandemic significantly impacted services provided in 2020 and will continue to do so during 2021. The SHR will continue to monitor performance impacts through the quarterly Covid-19 return, assess impacts and report on how local authorities are managing.

4.13 Regular dialogue will be maintained with the Council on the areas covered in the engagement plan and on the HSIP workstreams as services continue to adapt and move forward from the challenges of the Covid-19 pandemic.

**Performance 2020/21**

4.14 The annual ARC performance return to the SHR and has been completed each year since 2013/14. The SHR uses the ARC to compare landlord performance in meeting Scottish Social Housing Charter outcomes.

4.15 Significant changes were made to the Charter in 2018, including the introduction of the AAS followed by the introduction of new and revised performance indicators in 2019/20.

4.16 Comparing performance with 2019/20, the following areas of Council service have been impacted most significantly due to the Covid-19 pandemic and the implementation of safe working. The SHR has instructed landlords to identify these areas as part of their AAS.

4.16.1 The average length of time taken to complete emergency repairs increased from 5.0 to 10.3 hours: Since the first lockdown in March 2020, the repairs service revised processes for safe working and focussed service delivery on critical and essential repairs to help support vulnerable tenants. The average time to complete repairs has increased due to the additional time of around 15 minutes (on average) to complete jobs while enduring safe working. In addition, different jobs are included in calculating this indicator during the Covid-19 pandemic;

4.16.2 The percentage of anti-social behaviour cases reported as resolved dropped from 89% to 75.7%: In line with SG lockdown measures the Family and Household Support Service switched to a home working model in March 2020. Other restrictions constrained the usual approaches used to investigate anti-social behaviour and where applicable to take formal action due to courts not operating during periods of lockdown. Complaints received by the service from residents dissatisfied with a perceived lack of action on their cases increased three-fold between December 2020 and March 2021;

4.16.3 The average time to complete applications for adaptations increased from 167 to 389 days: The adaptions service was impacted by the difficulties in accessing people's homes safely to carry out the required works during the Covid-19 pandemic. Occupational Therapy assessments for properties were only undertaken for urgent and critical cases. Safe access to homes where households are often more vulnerable to assess, and complete adaptation work is increasing with the easing of lockdown measures. A revised approach to tendering is also being put in place to upscale capacity to progress frequently required adaptation types including wet floor showers and ramps;

4.16.4 Percentage of court actions initiated which resulted in eviction dropped from 15% to zero: In line with the overall focus on the safety and wellbeing of tenants during the pandemic and SG guidelines, there were no evictions during 2020/21;

4.16.5 Rent collected as a percentage of total rent due reduced from 99.6% to 96.8% and gross rent arrears as a percentage of rent due increased from 8.6% to 11.1%: The financial impact of the pandemic on households and restrictions on formal debt recovery measures impacted on rent collection. The rent collection service was maintained throughout lockdown to provide reassurance, advice and assistance to tenants and to maintain income collection to the Housing Revenue Account. The overall approach has continued to be to support tenants to remain in their homes; and

4.16.6 The average length of time taken to re-let properties in the last year increased from 29 to 64 days: Advertising of homes was suspended from the start of lockdown to the end of June 2020 while the Council and partner landlords revised processes to allow safe viewing, tenancy sign-up and essential gas/electrical safety checks to enable households to move into new homes. Safe working practices have meant longer timescales to complete repairs and re-let empty homes. Contractor capacity and adherence to safe working guidelines have also impacted where major/structural works or investment in improvements were underway or required to bring homes up to a lettable standard.

4.17 Notwithstanding the above challenges brought about by the Covid-19 pandemic, staff have worked throughout, on the frontline and homeworking, with a strong emphasis on tenant health and safety, maintaining core services and proactively contacting tenants to provide support and reassurance.

**Gas servicing**

4.18 Covid-19 significantly impacted gas servicing in Edinburgh with no access to homes where people were shielding and lockdown restrictions in place until March 2021. A Gas Service Improvement Plan to build on and improve the Council's approach to gas safety was presented to the Governance, Risk and Best Value Committee on 23 March 2021 and subsequently referred to the Housing, Homelessness and Fair Work Committee on 3 June 2021. Good progress has been made, as previously reported, which is summarised and updated below:

4.18.1 CORGI have reviewed Housing Property's policy, procedures and processes in relation to all aspects of gas;

4.18.2 The Covid-19 risk plan has been reviewed and gas forced entry has been safely reintroduced. The percentage of 'in date' gas services completed and scheduled by mid-August is over 98%;

4.18.3 CORGI training on the most up to date Gas Safety (Installation and Use) Regulation has been delivered to all gas engineers and team leaders;

4.18.4 Team leaders have also enrolled on an 18-month training programme, facilitated by CORGI, on level 4 Gas Safety Management in Social Housing;

4.18.5 A suite of specific gas meetings has been set up and embedded as business as usual, including e.g. team meetings and toolbox talks; and

4.18.6 An initial assessment has been completed by CORGI and a plan is in place for Housing Property to become CORGI Gas accredited.

### Repairs

4.19 Improvements to the repairs service is a key workstream in the agreed HSIP. A number of actions have been identified and work is being taken to implement these but monitoring and analysis of service performance is ongoing to ensure the effectiveness of changes being implemented can be measured and data can be used to inform work with tenants on other areas of service for improvement.. With the focus on critical and emergency repairs during the Covid-19 pandemic, the Council has not been fully compliant in meeting usual repair standards during 2020/21.

4.20 Key improvements are being introduced to simplify and streamline the service as well as improve communication with tenants. Training and support are also being provided to staff to ensure that revised processes and IT systems are fully embedded. These are at various stages of development and implementation and include:

4.20.1 The roll out of digital improvement projects to address constraints identified in current IT systems;

4.20.2 An improved process for undertaking repairs satisfaction surveys to increase the measurement of tenant satisfaction indicators to support identification of issues, performance trend monitoring and to assess the effectiveness of improvement actions;

4.20.3 A revised process for managing issues of dampness, mould and condensation, focusing on enhanced tenant communication throughout the process;

4.20.4 Introducing a complaints resolution team, to seek to resolve complaints at an initial stage, and a process for in-depth analysis of a sample of escalated complaints to gain a full understanding of what went wrong in these cases to inform recommendations for improvement;

4.20.5 Text messaging to provide updates for tenants on repairs appointments and arrival times for operatives; and

4.20.6 A Remote Assist Platform to enable tenants to receive basic guidance (where appropriate) from an operative via video call.

### Homelessness

4.21 The Council's Homelessness Service continue to be an area of scrutiny for the SHR. The current engagement plan advises that the SHR will continue to monitor information on homelessness in the Council's Covid-19 quarterly returns, in particular the impact on outcomes for people who are threatened with or experiencing homelessness, and how the Council is working with its housing association partners to provide accommodation.

4.22 The engagement plan notes that, in 2019/20, the Council did not offer temporary accommodation to people assessed as homeless in all cases when it had a statutory duty to do so and the Council's reported figure for breaches of the Unsuitable Accommodation Order was around 375 occasions.

4.23 In 2020/21 the Council did not offer temporary accommodation to homeless people in all cases when it had a statutory duty to do so and the Council breached the Unsuitable Accommodation Order on 16 occasions, a significant decrease from 2019/20.

4.24 New legislation in Scotland will extend the Unsuitable Accommodation Order to all homeless households, meaning that anyone staying in accommodation deemed as 'unsuitable' for more than seven days will constitute a breach of the Order. In Edinburgh this will mean that shared houses and bed and breakfast accommodation will be deemed unsuitable.

4.25 The Extension of the Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2004 came into force on 1 October 2021. It is estimated that there were over 1,000 households in Unsuitable Accommodation on commencement.

4.26 The SG requires all local authorities to have a RRTP. The second iteration of the Council's plan was agreed at Committee on [18 September 2020] and submitted to the SG, with the annual update on actions agreed by Committee on [3 June 2021] and subsequently submitted to the SG.

4.27 The RRTP is set around four strategic objectives, including a plan to transform temporary accommodation stock. This sets out how the Council will meet the requirements of the Unsuitable Accommodation Order over a five-year period, noting the challenges this presents in Edinburgh particularly if the Covid-19 pandemic continues, with rising numbers of households in temporary accommodation. This includes increasing the supply of suitable temporary accommodation including Private Sector Leasing flats, Home Share and Community Hosting.

4.28 The plan also sets out actions relating to preventing homeless, supporting people to access settled accommodation as quickly as possible and reducing the number of people sleeping rough in the city.

4.29 The number of households accessing temporary accommodation has increased during the period. This has included accommodating a significant number of people who may have No Recourse to Public Funds or who would be ineligible for service, in response to public health requirements.

4.30 Due to the significant demand for social housing in Edinburgh the average time to get a home in Edinburgh with silver homeless priority awarded under the statutory reasonable preference categories for allocations is around 435 days.

4.31 The Council is continuing to work closely with the SHR to review and develop services to tackle homelessness and rough sleeping in the city and ensure robust governance, risk and assurance across the service as a whole.

**Protected characteristics**

4.32 The Assurance Statement guidance requires all landlords to collect data relating to the protected characteristics of existing tenants, new tenants, people on waiting lists, governing body members and staff, people who apply to the Council as homeless and those who live on the Gypsy/Traveller site.

4.33 It will be important to balance people's right to privacy with the information that they are willing to share. Landlords were initially expected to meet this duty from 2020/21 onwards. At that time the SHR had anticipated that the guidance on equalities data collection would have been available to landlords by now; however, the impact of the Covid-19 pandemic slowed the production of that guidance.

4.34 The guide for social landlords was published at the end of August 2021. The guide is advisory, and social landlords have flexibility regarding how they establish and develop their equality data collection methods to ensure they reflect organisational needs, local context and to consider how equalities data can be used to support landlords in their work to comply with equalities and human rights requirements.

4.35 On 20 April 2021, the Policy and Sustainability Committee agreed an Equality and Diversity Framework – 2021-25, which includes a new set of equality outcomes and mainstreaming actions across key areas of the Council's work.

4.36 The Framework was developed in partnership with NHS Lothian, Midlothian Council, West Lothian Council, Midlothian Health and Social Care Partnership and the East Lothian Integration Joint Board. It reflects a shared commitment to prioritising and addressing inequality while recognising that residents often rely on support from across the range of services. The Framework is a commitment to improving equality, inclusion and diversity across Edinburgh.

**Housing Service Improvement Plan**

4.37 The Council continues to progress actions set out in the HSIP, which was introduced in 2019 to increase customer satisfaction, improve operating performance and reduce costs. The HSIP is particularly focused on developing more responsive and accessible services for tenants, with housing teams working within an operating model that is flexible and fit for the future.

4.38 The HSIP is driving improvements across a number of workstreams, centred around digital improvements, enhancements to customer communication, service resilience and efficiencies.

4.39 The programme faced some delays in 2020/21 due to Covid-19 and some key programme resources were temporarily re-aligned to prioritise urgent resilience work and maintain essential frontline service delivery, resulting in planned programme activities and recruitment being suspended for a five-month period.

4.40 Since Autumn 2020, there has been an increased focus and assignment of resources across the HSIP workstreams. The HSIP aims to further enhance tenant and staff engagement, recognising that ongoing dialogue is key to ensure tenants and staff are involved in shaping improvements. This has included setting up a new online tenant group to focus on service improvement.

## 5. Next Steps

5.1 If agreed by Committee, the City of Edinburgh Council Assurance Statement and an Assurance Statement Summary of Compliance (Appendix 1) will be formally submitted to the SHR for publication.

## 6. Financial impact

6.1 There are no adverse financial impacts arising from this report. Work on assurance will assist with ensuring best value for tenants and other service users.

## 7. Stakeholder/Community Impact

7.1 There are no adverse stakeholder/community impact implications arising from this report.

7.2 The ongoing partnership with ETF has assisted with assuring performance throughout the Covid-19 pandemic.

## 8. Background reading/external references

8.1 Scottish Housing Regulator- Regulatory Framework.

8.2 Scottish Housing Regulator- Annual Assurance Statement Guidance.

8.3 Annual Assurance Statements: advice for landlords on temporary changes to our regulatory approach in response to Covid-19 | Scottish Housing Regulator.

## 9. Appendices

9.1. Appendix 1 - City of Edinburgh Council Assurance Statement 2021 and Assurance Statement Assessment Summary.

**APPENDIX 1**

**City of Edinburgh Council Assurance Statement**

**31 October 2021**

The City of Edinburgh Council confirms to its tenants and the Scottish Housing Regulator that it complies with the duties, obligations and responsibilities placed on landlords by legislation and through statutory guidance. The Council is working towards consistently delivering the outcomes set out in the Scottish Social Housing Charter for tenants, people who are homeless and others service users.

The exceptions to this duty during the past year have been:

**Gas Servicing**

The Covid-19 pandemic significantly impacted gas servicing in Edinburgh with no access to people shielding and lockdown restrictions in place until March 2021. A Gas Service Improvement Plan to build on and improve the Council's approach to gas safety was presented to the Governance, Risk and Best Value Committee on 23 March 2021 and referred to the Housing, Homelessness and Fair Work Committee on 3 June 2021.

Work continues on this programme to ensure that gas servicing compliance is fully implemented within the previously agreed timescales.

**Repairs**

Repairs is a key workstream in the Council's Housing Service Improvement Plan and progress is being made on a range of initiatives to improve the service.

With the focus, during the pandemic, on critical and emergency repairs, the Council has not been compliant in meeting all repair standards during 2020/21. As Covid-19 restrictions have eased, and the Council's repair service is being phased back into full service, some tenants and tenant representative groups have repeated concerns over the standard of service being received.

Senior officer scrutiny is in place for monitoring and analysis of service performance, to ensure implementation of service improvements, and to ensure that effective training is in place to support staff through the changes.

As the governing body for Housing Services, the Council's Housing, Homelessness and Fair Work Committee will continue to scrutinise performance and implementation of improvements in the repairs service through regular reporting on the Housing Service Improvement Plan.

**Homelessness**

Providing suitable accommodation for homeless people continues to be a challenge in Edinburgh and the Council has breached the Unsuitable Accommodation Order on 16 occasions in 2020/21. Services for people who are homeless is the focus of the SHR's engagement with the Council and a range of areas for improvement including; actions to increase the stock of suitable temporary accommodation; the expansion of a multi-disciplinary early intervention approach; the development and adaptation of pathways for vulnerable households and at key transition points; and, improvements in access to information on how to access services for people at risk of homelessness are being taken forward to prevent homelessness and reduce the number of people requiring temporary accommodation. Regular updates will be provided to the SHR.

Signed ______________________________________________________________

Date of signing ________________________________________________________

Councillor Kate Campbell, Convenor of the Housing, Homelessness and Fair Work Committee

# Scottish Housing Regulator (SHR) – Annual Assurance Statement (AAS) Assessment of Compliance

## Requirements for All Local Authorities

| SHR Requirements | Status | Evidence | Action |
|---|---|---|---|
| Covid-19 – quarterly landlord performance return. | | These have been completed as required. | Continue to submit the performance returns to the SHR as required. |
| Prepare an Annual Assurance Statement (AAS) in accordance with published guidance, submit it to the SHR between April and the end of October each year, and make it available to tenants and other service users. | | The Council submits an Annual Return on the Charter (ARC) that sets out performance in delivering the standards and outcomes in the Scottish Social Housing Charter.<br><br>There is ongoing regular dialogue with the SHR on areas for improvement and the plans in place to address these. | The AAS was submitted to the SHR in draft, pending approval by Committee on 4 November 2021. The Statement was signed off and submitted to the SHR on time in previous years. The autumn edition of the Council tenant newsletter advises tenants how to access the AAS. |
| Notify the SHR during the year of any material changes to the assurance in our Assurance Statement. | | There have been no material changes. | Pre Covid pandemic, the Council met the SHR quarterly. Regular dialogue is maintained and Covid performance returns are now provided to the SHR as required. |
| Have assurance and evidence that we are meeting all our legal obligations associated with housing and homelessness services, equality and human rights, and tenant and resident safety. | | Services are delivered in accordance with legislation, regulatory standards and taking account of best practice guidance:<br><br>• Performance against the Scottish Social Housing Charter Indicators informs areas for service improvement and updates on performance. In addition regular dialogue is maintained with the SHR. This will include areas where performance has been impacted by Covid-19 such as | Improving performance is a key element of workstreams being taken forward under the HSIP.<br><br>Updates on the HSIP will continue to be provided to Committee on a 6-monthly basis.<br><br>Plans are in place and work ongoing on providing appropriate accommodation for homeless families |



EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

| | | | |
|---|---|---|---|
| | | elements of the repairs service, adaptations, resolution of anti-social behaviour and rent collection.<br>• Internal Audit reviews are carried out across areas of Council practice/governance that will include aspects of the housing service and on service specific responsibilities such as Homelessness Services. Audits are reported to Governance Risk and Best Value Committee and Improvement Plans implemented/actions monitored.<br>• The Council does not currently comply with its duty to offer temporary or emergency accommodation for people experiencing homelessness, due to the continued reliance on the use of unsuitable accommodation.<br>• The housing service itself carries out annual reviews on key housing and homeless policies. Assurance is reported to Committee.<br>• Benchmarking of services via Housemark, the Scottish Rent Forum, and Scotland's Housing Network. Audit Scotland's Best Value Assessment report (Nov 20) noted improvement actions for housing under the HSIP.<br>• Strategy and policy reports are approved by relevant committees in accordance with the Council's Governance Framework.<br>• An Equality, Diversity and Rights Framework 2021-25 was agreed by the Policy and Sustainability Committee on 20 April 2021; Integrated Impact Assessments (IIAs) are required for projects and policy changes.<br>• Partnership working in Localities model with Police Scotland, including participation in Multi-Agency Risk Assessment Conferences.<br>• A pilot Mixed Tenure Improvement Service (MTIS) has been set up as part of the wider mixed tenure investment strategy to improve tenant satisfaction with the condition of their homes and support owners carry out essential | (through the Rapid Rehousing Transition Plan, informed by the Homelessness Taskforce. Regular reports are provided to Committee). Most recently on 3 June 2021.<br><br>Regular engagement with Scottish Government is taking place on actions being taken by the Council to ensure compliance with the duty to offer temporary or emergency accommodation including increasing the stock of Private Sector Leasing flats, Home Share, and the continued development of Rapid Access Accommodation. |

| | | | |
|---|---|---|---|
| | | repairs to their block. A shared repairs app has been developed and publicised to assist private residents in wholly owned blocks to manage communal repairs. | |
| Notify the SHR of any tenant and resident safety matters which have been reported to or are being investigated by the Health and Safety Executive, or reports from regulatory or statutory authorities, or insurance providers, relating to safety concerns. | | No health and safety matters have been reported to the Health and Safety Executive in the last 12 months. | |
| Make our Engagement Plan easily available and accessible to our tenants and service users, including online. | | Due to the Covid pandemic, the SHR did not produce engagement plans in 2020. The 2021/22 Engagement Plan for the Council is available online. | The autumn edition of the tenants' newsletter will be used to notify tenants how to access the Engagement Plan. Information will also be available on the Council website.<br>Information will also be included in the information pack for households accessing homeless services. |
| Register all requirements for providing data to the SHR with the ICO's as a purpose for which they are acquiring data under the Data Protection Act 2018. | | By law, data controllers must pay a fee to register with the UK Information Commissioner who is the data protection regulator within the UK. The City of Edinburgh Council data controller registration number is Z5545409. | |
| Submit an Annual Return on the Charter to the SHR each year in accordance with the SHR published guidance. | | The ARC has been completed and returned to the SHR each year since 2013/14. The last ARC return was submitted on 31 May 2021 and will be published in due course by the SHR on their website. | Improvements in data collection on repairs through the introduction of Total Mobile is helping to support service improvement and inform future service planning. The Covid-19 pandemic has impacted on progress. |
| Involve tenants, and where relevant, other service users, in the preparation and scrutiny of | | The Covid-19 pandemic has meant a shift to online engagement with tenants. Edinburgh Tenants' Federation (ETF) has been assisting tenants to access the resources and support required to get online and the Council has | The latest Tenant Participation Strategy was approved by the City of Edinburgh Council on 20 January 2020 and an updated Tenant Scrutiny |

| | | | |
|---|---|---|---|
| performance information. We must:<br>• agree our approach with tenants<br>• ensure that it is effective and meaningful – that the chosen approach gives tenants a real and demonstrable say in the assessment of performance<br>• publicise the approach to tenants<br>• ensure that it can be verified and be able to show that the agreed approach to involving tenants has happened<br>• involve other service users in an appropriate way, having asked and had regard to their needs and wishes. | | provided four Kindle Fires via community benefits to date with discussions ongoing to access more. All sheltered housing community rooms are being provided with digital equipment for use when Covid-19 restrictions allow.<br><br>Annual funding provided to ETF and the Neighbourhood Alliance (NA) to support tenant participation and engagement<br><br>A new grants programme is in place with a maximum limit of £10,000 per application. The new programme will fund groups (that include Council tenants) for digital inclusion projects; health and wellbeing activities; running costs for tenant groups, and initiatives which help local communities tackle the negative effects of the Covid-19 pandemic. No applications were made for funding in 2020/21 but since restrictions have eased, five applications have been received.<br><br>Utilita community benefits have funded chairs for the Fidra Court Community Café in North West locality; trees in the South West; digital equipment for 13 sheltered housing schemes, and equipment for a Residents' Housing Association in the North East. The introduction of defibrillators outside sheltered housing complexes is being explored. https://theedinburghreporter.co.uk/2021/03/utilita-grants-for-community-projects/<br><br>A tenant working group provides tenant input into the annual HRA Budget Consultation.<br><br>Consultation to update the Tenant Scrutiny Framework with ETF is underway. This is a root and branch overhaul of scrutiny and participation processes that is being independently supported through the Tenant Information Service.<br><br>An online tenant group has been set up to contribute to the Housing Service Improvement Plan.<br><br>A programme of research with tenants and other service users is in place to ensure customer insight, this includes an annual tenant survey and regular targeted focus groups. The | Framework is being developed in conjunction with ETF. A root and branch review of the Council's approach is underway.<br><br>A new and wider grants programme has been implemented, which now includes funding opportunities for health and digital activity.<br><br>Ongoing discussion with tenants and other service users to ensure that their views inform the development of housing services. |

| | | | |
|---|---|---|---|
| | | pandemic has limited this work during the past year, although progress has been made in adapting to online/ telephone formats.<br><br>Tenants receiving the stair cleaning service were consulted on the approach to a new contract and additional deep cleaning has been included in the specification as a result of their feedback.<br><br>Consultation is carried out with owners in multi-storey blocks on a regular basis and particularly where major investment work is required. Regular meetings held, and newsletters provided as required.<br><br>Good progress has been made throughout the pandemic keeping in touch with residents of the Gypsy Traveller site to progress site redevelopment: planning application/building warrant process, procurement and award of contract, with an agreed site start date of 18 April 2022. Project group meetings with residents have resumed via Microsoft Teams. | |
| Report our performance in achieving or progressing towards the Charter outcomes and standards to our tenants and other service users (no later than 31 October each year). We must agree the format of performance reporting with tenants, ensuring that it is accessible for tenants and other service users, with plain and jargon free language. | | An annual performance report is provided to tenants. The report is made available online along with the SHR Landlord Report, Assurance Statement and Engagement Plan.<br><br>The Tenants' Courier provides information on performance in the autumn of each year. The Courier is posted to all tenants and available online. Following a recent consultation, the majority of respondents wanted to continue to receive written performance reports. | |
| When reporting our performance to tenants and other service users we must:<br><br>• provide them with an assessment of performance in delivering each of the Charter | | The annual performance report is normally included in the autumn edition of the Tenants' Courier newsletter, which is posted to all tenants and made available online. With last year's reporting deadline extended to the end of December 2020, tenants were notified where they would be able to find the report online or how to get a hard copy. In December | The autumn edition of the Tenants' Courier will include performance information, improvement actions and consultation on how tenants want performance to be reported to them in |

| | | | |
|---|---|---|---|
| outcomes and standards which are relevant to the Council<br>• include relevant comparisons – these should include comparisons with previous years, with other landlords and with national performance<br>• set out how and when we intend to address areas for improvement<br>• give tenants and other service users a way to feed back their views on the style and form of the reporting. | | 2020 a report on performance for tenants was published on the Council's website. | future. The Courier is posted to all tenants and available online. |
| Make the SHR report on our performance easily available to our tenants, including online. | | The report for 2019/20 report is currently online. The 2020/21 report will be made available online once it has been published. | The Tenants' Courier, delivered to every Council home and available online, will include information on how to access the Performance Report, the Landlord Engagement Plan and the Assurance Statement. The 2020/21 SHR report will also be made available online. |
| Have effective arrangements and a policy for whistleblowing by staff and elected members, which it makes easily available and which we promote. | | The Council is committed to ensuring that any allegations or concerns, past or present, are investigated thoroughly and as quickly as possible. On 15 October 2020, councillors agreed to commission an independent inquiry into the Council's whistleblowing culture. This is being carried out by law firm Pinsent Masons and overseen by an independent chair, Susanne Tanner QC. The inquiry will assist the Council to determine whether a positive whistleblowing culture currently exists within the Council and, if not, why not. Recommendations will also be made on improvements. The Council's whistleblowing policy is available online. | Continue to include in the annual mandatory policy refresh for all staff. |
| Make information on reporting significant performance failures, | | Information was included in the autumn edition of the Tenants' Courier (issued in October 2020), which was | A direct link to the website to report significant performance failures has |

| | | | |
|---|---|---|---|
| including the SHR leaflet, available to its tenants. | | delivered to every Council home and will be repeated in a 2021 edition. The Courier is also published and advertised online. | been provided to tenants along with an extract of the leaflet with tenants advised on ways to access further information. |
| Provide tenants and other service users with the information they need to exercise their right to complain and seek redress and respond to tenants within the timescales outlined in our service standards, in accordance with guidance from the Scottish Public Services Ombudsman (SPSO). | | The Council's complaint procedure was updated in April 2021 to reflect the revised model complaint handling procedure issued by the SPSO, and updated e-learning training is available for staff. The revised procedure is similar in content to the Council's previous complaints procedure, with elements previously considered as best practice becoming mandatory.<br><br>Performance on responding to complaints on time continues to improve but the process to update the IT system when the complaint has been responded to is an area for further improvement.<br><br>An end-to-end review of the tenancy sign up process is underway, a project which had been scheduled for 2020 but was delayed due to the Covid-19 pandemic. This project will review the documentation and information to be provided as part of the sign-up process to focus on essential information, timing for providing this and looking at alternative formats. Information for tenants will also be uploaded online for digital access. | Revised guidance is being provided for staff on requirements for recording/updating complaints on the IT system.<br><br>Ensure complaint information is provided for all new tenants via tenancy start up packs. |
| Ensure we have effective arrangements to learn from complaints and from other tenant and service user feedback, in accordance with SPSO guidance. | | Complaints performance data is used to inform service improvement, e.g. the Stair Cleaning Board reviews complaints quarterly to inform discussions and Housing Property hold workshops with tenants who have made a recent repair complaint to help with assessing improvements required.<br><br>Biannual Updates are provided to committee on the Housing Service Improvement Programme. | A sample of escalated complaints relating to repairs were identified and subject to in-depth analysis to identify lessons learned and recommendations for improvement. These will feed into existing plans for service improvement.<br><br>A complaints resolution team has been set up to seek to resolve repairs complaints at initial stage, and to track |

| | | | |
|---|---|---|---|
| | | | complaints that require further escalation. |
| Have assurance and evidence that we consider equality and human rights issues properly when making all of our decisions, in the design and review of internal and external policies, and in day-to-day service delivery. | | The Council has an agreed Equality and Diversity Framework – 2021-25, which includes new equality outcomes and mainstreaming actions across key areas of the Council's work.. The Framework is a commitment to improving equality, inclusion and diversity across Edinburgh.<br><br>The Council uses Integrated Impact Assessments (IIA) to meet the requirements of the Equality Act 2010, human and children's rights conventions, Fairer Scotland Duty 2018 and the Climate Change (Scotland) Act 2009. 4.13. The IIA process incorporates equality, rights, economic and carbon impact assessments as an integral part of its decision-making process enables the Council to identify and address any unintended consequences of its decisions.<br><br>The Council participates in an IIA quality assurance group with our partner agencies (NHS Lothian, other Lothian local authorities and Health and Social Care Partnerships) to ensure that the IIA process remains fit for purpose and is effectively used and supported. | Participate in the IIA quality assurance group with partner agencies.<br><br>Reviewing the process as required Provide joint IIA training for staff with partner agencies.<br><br>Provide support for Equality, Diversity and Rights Advisors across service areas.<br><br>Carry out a cumulative IIA on budget proposals each year, to inform the decision of the full Council.<br><br>Use findings from the process to inform plans and strategies. |
| To comply with these duties, we must collect data relating to each of the protected characteristics of our existing tenants, new tenants, people on waiting lists, governing body members and staff. We must also collect data on protected characteristics for people who apply to us as homeless and those who live on our Gypsy/Traveller site. | | • Information on all the protected characteristics is not asked for in all cases (for example applicants are asked about age, ethnicity and gender of involved parties only). Annually information on the ethnicity of EdIndex applicants is shared with the Edinburgh Partnership Board. In contrast additional data is collected on those who are homeless, but not Council tenants.<br>• Information sharing Protocols are in place for sharing sensitive data (EdIndex, SAVOLO).<br>• GDPR/DPIA is considered for projects. A Council Data Privacy Statement is in place. Use of Mandates for individual cases where required. | The practice guidance from the SHR is awaited before making planned changes to systems/practices to support data collection. The Council will review requirements in line with data protection regulations to ensure a consistent approach to collection, that is both reasonable and relevant.<br><br>This area is identified for further review and follow on action as required once the scheduled guidance from the SHR on the requirement to collect data on all the protected characteristics is |

| | | | |
|---|---|---|---|
| | | • An Equality, Diversity and Rights Framework 201/21 was agreed by Corporate Policy and Strategy Committee in February 2019; Integrated Impact Assessments (IIAs) are required for projects and policy changes. | provided. The guidance has been delayed due to Covid pandemic.<br><br>The Council is reviewing the practice guidance on equalities data collection from the SHR that was published at the end of August 2021 to ensure a consistent approach to collection on all the protected characteristics, that is both reasonable and relevant. Any necessary updates to systems and data collection practices will be progressed |

This page is intentionally left blank

# Housing, Homelessness and Fair Work Committee

**10.00am, Thursday, 4 November 2021**

## Empty Homes Update

| | |
|---|---|
| **Executive/routine** | **Routine** |
| **Wards** | **All** |
| **Council Commitments** | |

## 1. Recommendations

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

1.1.1 Notes the contents of this report, which has been produced in response to a motion approved by Committee on 14 January 2021; and

1.1.2 Agrees that a business case for the Empty Homes Officer (EHO) post to continue, funded from income generated (as set out in 4.13 and 4.14), will be prepared for consideration as part of the 2022/23 budget setting process.

**Paul Lawrence**

Executive Director of Place

Contact: Andrew Mitchell, Regulatory Services Manager

E-mail: andrew.mitchell@edinburgh.gov.uk Tel: 0131 469 5822

# Report

## Empty Homes Update

### 2. Executive Summary

2.1 On 14 January 2021, the Housing, Homelessness and Fair Work Committee approved a motion to receive a report setting out the potential to mainstream funding for the role of the Empty Homes Officer (EHO), to embed the work of the EHO within the wider Homelessness and Council Tax teams to support Council objectives on ending homelessness, and to provide details on the processes which are in place for following up debt recovery on properties which are empty.

2.2 This report addresses the motion by outlining the role of the EHO and the benefits of mainstreaming funding for the role. It also sets out the management and working practices of the EHO with the Homelessness and Council Tax teams in order to support wider Council objectives on ending homelessness.

### 3. Background

3.1 An EHO post was introduced on a pilot basis in 2019, for up to two years, jointly funded by the Council and the Scottish Empty Homes Partnership.

3.2 On 14 January 2021, the Housing, Homelessness and Fair Work Committee considered an Empty Homes update which outlined the work of the EHO and the progress made during the initial 18 month of the pilot period.

3.3 Committee approved the following motion:

3.3.1 To note the annual update on private sector empty homes, which focused on the work being undertaken by the Council's Empty Homes Officer (EHO), and to thank the EHO for their dedicated work on bringing empty homes back into use over the past year;

3.3.2 To note that funding for the EHO post from the Scottish Empty Homes Partnership was only for 2 years, and there was therefore a need for the council to build a case for the mainstreaming of the funding for the post;

3.3.3 To note that EHO posts usually generated significant cost savings for local authorities through, for example, debt recovery; to note this was alluded to in section 4.2 of the report but that a detailed analysis of cost savings was not made explicit in the report;

3.3.4 To note that section 5 of the report referred to potential proactive work with council tax and homelessness service colleagues in order to increase the effectiveness of the EHO and support wider council priorities on homelessness, but that no specific proposals were included;

3.3.5 To therefore agree to receive a further report within three cycles setting out the potential to mainstream funding for the EHO post and to greater embed the work of the EHO within the wider homelessness and council tax teams in order to support wider council objectives on ending homelessness; and

3.3.6 To agree that details would be provided on the process for following up on debt recovery as at para 4.2 of the report.

3.4 The purpose of this report is to address the above motion.

## 4. Main report

**Role of the Empty Homes Officer (EHO)**

4.1 The chronic shortage of housing supply in Scotland has contributed to rising house prices and rents, as well as contributing to increasing numbers of people being homeless or at risk of homelessness.

4.2 Bringing empty homes into use can make a significant contribution to increasing housing supply, which in turn helps to ease inflationary pressures that can artificially increase the price of housing. It is also a more cost-effective and environmentally friendly way of meeting demand for housing, compared to building new thereby supporting the Council's commitment to becoming a net zero city by 2030 due to the resultant lower carbon footprint.

4.3 The EHO is currently based within Regulatory Services as part of the Private Rented Sector Enforcement team. Details of the role are set out in Appendix 1 and summarised below: Their role is to:

4.3.1 Facilitate the transition of empty homes back into use as efficiently as possible, while still promoting other rental solutions to further the homelessness aims of the Council;

4.3.2 Identify unregistered landlords and owners of any properties which have been identified as empty homes. This joint working results in reduced unregistered landlords and provides tenants with the protection they deserve. This work also generates income from registration fees and late application fees from landlords who have failed to renew; and

4.3.3 Inform and support other teams (Council Tax, Edinburgh Shared Repairs, Environmental Health) with enquiries about Empty Homes. While the EHO is able to focus on empty homes cases, they have developed close working links with the Homelessness and Council tax teams and provide support to both teams as appropriate.

4.4 To facilitate the transition of empty homes back into use, a key responsibility of the EHO is to take a proactive, interventionist approach where empty homes are identified in Edinburgh. This means identifying owners, trying to make contact and providing advice and guidance to owners interested in bringing properties back in to use. More detail is provided at Appendix 1.

**Progress to date**

4.5 The EHO frequently deals with properties which present a range of issues, such as local environmental issues and antisocial behaviour.

4.6 Since 2016, a total of 524 reports have been received by the Council from neighbours and other agencies. Of these 304 have been completed and 220 are active investigations. A breakdown of these reports is provided in Appendix 1.

4.7 Leaving a home empty results in loss of revenue for the Council (through unpaid Council Tax and Council Tax debt). The EHO has worked closely with the Council Tax and Debt Recovery teams to identify funds owed by the owners of empty homes.

4.8 Since the EHO was appointed in October 2019, they have identified £1.568m of unpaid Council Tax and Council Tax debt arising from empty homes (the Council's Debt Recovery rate for Council Tax over the last two financial years was 97.05% for 2019/20, and 95.67% for 2020/21).

4.9 In addition, the EHO has worked closely with external organisations such as LinkPSL (who operate the Council's Private Sector Leasing scheme) to provide support to private landlords who are interested in bringing empty homes back into use, by arranging for LinkPSL to manage the empty property for an agreed period. The Council then places tenants into these properties, based on housing priorities.

4.10 In addition, Link Housing manage Link2Let empty homes loans scheme on behalf of the Council. While the Link2Let scheme is more onerous on property owners, discussions are on-going to find ways to make this option more attractive.

4.11 Further details on progress to date is included in Appendix 1.

**Mainstreaming EHO post**

4.12 The cost of permanently mainstreaming the EHO role would be £52,084 per annum, comprising an appropriate graded salary and associated on-costs.

4.13 It is proposed that the income identified by the EHO, and subsequently recovered, is used to offset the cost of appointing an EHO on a permanent basis. Some of the income recovered could also be invested into other services supporting the Council's outcomes and Housing Strategy.

**Moving Forward**

4.14 There is also a total of 1,717 properties which are currently recorded by the Council as having been empty for more than one year, while not listed for sale or let and not being used as a second home. If the role of the EHO is mainstreamed as proposed, it is intended that they would intervene in these cases where possible and assist the owners to enable them to be brought back in to use.

## 5. Next Steps

5.1 Committee is asked to consider whether a business case should be submitted, as part of the Council's budget setting process for 2022/23, to mainstream the role of the EHO, utilising income generated as a direct result of the EHO's work.

## 6. Financial impact

6.1 The EHO post was approved as a pilot for up to two years, jointly funded by the Council and the Scottish Empty Homes Partnership.

6.2 A business case to mainstream the post would have to be approved by the Finance and Resources Committee and thereafter full Council as part of the 2022/23 budget setting process.

## 7. Stakeholder/Community Impact

7.1 Empty homes are more prone to anti-social behaviour than an occupied home as they can be entered more easily either by squatters or people looking to use the property for anti-social purposes or to commit anti-social acts. As a result, areas with concentrations of empty homes can trap local authorities and other public agencies into a spiral of reactive spend.

7.2 Bringing long-term empty homes back into use can have a positive impact on communities by improving neighbourhood amenity and reducing the risk of vandalism or anti-social behaviour.

7.3 The EHO continues to work closely with colleagues in debt recovery (on empty homes and bringing in additional income through proactively identifying long-term empty homes where the 100% Council Tax premium can be applied), and with Edinburgh Shared Repairs Service (helping to find owners and engage with them on shared repairs cases).

7.4 EHO advice and intervention has resulted in positive feedback from empty homeowners.

## 8. Background reading/external references

8.1 Empty Homes Update – January 2021.

## 9. Appendices

9.1 Appendix 1 – Empty Homes Officer: Progress Update.

APPENDIX 1 – Empty Homes Officer Progress Update

## Role of the Empty Homes Officer

The key role of the Empty Homes Officer (EHO) includes:

- To develop and implement a more proactive approach to empty homes;
- Provide general advice and information to empty homeowners (and others) in response to requests;
- Assist Empty Homeowners to bring their properties back in to use;
- Develop criteria for prioritising properties and maintain a list of priority properties to allow targeted work to engage, encourage and negotiate with empty homeowners to help bring the empty home back into use;
- Develop action plans, targets and objectives set in relation to empty homes;
- Work together closely with the Revenues and Applications teams to make best use of Council Tax data to inform proactive work relating to empty homes (for example, contacting owners when their home is due to have the 100% Council Tax surcharge applied to provide information on options for bringing the home back into use);
- Work more closely with colleagues in the Revenues and Applications team who deal specifically with debt recovery, working with them on empty homes cases which have high levels of Council Tax arrears;
- Liaise with other Council teams such as Environmental Health, Shared repairs and PRS Enforcement in respect to properties that are empty and there is a need to identify landlords to have shared repairs carried out;
- Assist with developing and implementing proactive enforcement policies and procedures in respect of empty homes; and
- Identify and pursue potential sources of funding to support empty homes work.

## Empty Homes Reports Received

The table below provides a summary of the Empty Homes Reports received since 2016, providing a breakdown of those still under active investigation and those which have been completed.

| Year | Empty Homes Report received | Active Investigations | Investigations Completed |
|---|---|---|---|
| 2016 | 21 | 8 | 24 |
| 2017 | 70 | 13 | 58 |
| 2018 | 58 | 16 | 42 |

| | | | |
|---|---|---|---|
| 2019 | 84 | 35 | 53 |
| 2020 | 140 | 77 | 63 |
| 2021 | 151 | 71 | 64 |
| Total | 524 | 220 | 304 |

**Income Generation/Council Tax Debt identified**

The following table provides details of the income and Council Tax debts which have been identified by the EHO to date since they were appointed in October 2019. This income could be used to fund the post of a permanent EHO, whilst still being able to contribute to other Council services which support the Council's Housing Strategy.

| | |
|---|---|
| Council Tax debt identified by EHO | £600,000 |
| Council tax arrears – Information identified by EHO | £350,000 |
| Ongoing investigation net value (more information required before these can be passed on to Council Tax Teams) | £250,000 |
| Deceased/ inactive cases which have been identified by the EHO | £250,000 |
| 100% Premiums added to Council Tax systems by EHO to date | £68,000 |
| 100% Premiums to be added (est. Value) | £50,000 |
| **Total Value identified for recovery** | **£1,568,000** |

**Engagement with other organisations**

**Council Tax/Debt Recovery procedure initiatives and proactive working**

The EHO has built up strong relationships with the Council Tax teams and they have worked together to optimise the processing of information, advice and procedures for Council Tax issues identified through empty homes work.

As a result of joint working, the EHO has been able to identify details of owners of long-term empty homes who have failed to pay their Council Tax. These owners would have otherwise not been identified, and the debt would have remained unrecoverable.

EHO analysis of the total number of properties recorded as empty has identified a number of anomalies, which the Council Tax team has then been able to address.

The EHO also has access to tracing and estate assistance through “heir hunters” and can undertake tracing not available to debt recovery agents.

In some cases, debt recovery arrangements have not been possible in empty homes where recovery staff and Sheriff Officers have been unable to identify a liable party or if the liable party is deceased. With the resources available to the EHO, debt recovery action has been possible in some of these which would not otherwise have been previously possible.

**LinkPSL and Empty Homes**

LinkPSL operate the Council’s Private Sector Leasing (PSL) scheme, which guarantees payment of rent to private landlords whose properties are managed by them for an agreed period. The Council then places tenants within these properties based on housing priorities, which in turn supports the wider aim to address homelessness. The EHO has been able to identify owners of empty homes, and direct them to the LinkPSL scheme as a supported route to bring their homes back into use.

Link Housing also manage the Link2 Let empty homes loans scheme, on behalf of the Council. This is funded by the Scottish Government and provides interest free loans to owners of long-term empty properties to bring them up to a lettable standard. In practice, take up of the scheme has been low as the empty homeowner needs to successfully apply, and be responsible for, the loan repayment from income that would subsequently be generated from the property’s rent or sale. Experience is that many empty homes owners, who are already struggling to manage the empty home, are unwilling or unable to manage this additional financial responsibility and risk.

The EHO is pursuing new and innovative ways to work with LinkPSL using the PSL scheme and the Link2 Let empty homes loans as mechanisms to bring empty homes back into use. Proposals are being discussed regarding the possibility of Link2 Let loans being repaid directly from rent using the LinkPSL scheme. This would provide a direct route to bring an empty home up to a lettable standard, and then into the LinkPSL scheme for letting with minimal risk to the homeowner. This option would likely be attractive as an additional managed and supported route for empty homes owners, who may otherwise struggle to bring an empty home back into use.

The possibility of LinkPSL purchasing suitable empty homes is also being explored, with suitable properties and empty homes owners identified and discussions ongoing to progress this option.

**Examples of Interventions by the EHO**

In cases where the property owner has died, the Council Tax system generates a report that the property is empty. Often arrears exist in the name of the estate, but the estate has either not been completed or the Executor has not communicated with the Council, and so the arrears remain outstanding. The EHO has been able to identify examples and refer these to the Council Tax teams for investigation and debt recovery. As a result, cases amounting to over £250,000 of Council Tax debt have been identified so far. The EHO will continue to scrutinise these records as a basis for the continued proactive targeting of these empty properties for analysis and investigation, aiming to generate income through estates being settled and bringing these empty homes back into use.

The EHO has been able to provide details of the owners of long-term empty homes who have failed to pay their Council tax to the Debt Recovery team. In one case, this has resulted in a £16,000 payment being received by the Council from the owner of a property which has been empty for a number of years. The owner of this property is now looking at options for bring the property back in to use.

In another two of the long-term empty home cases, the Council is pursuing debts of £40,000 and £28,000 based on the information provided by the EHO. In both these cases, the owners are refusing to cooperate with the EHO in their attempts to bring these properties back in to use. These cases are being monitored for any further available action to bring these properties back into use.

The EHO is working closely with Council Tax/Transactions teams and has provided data on a number of long-term empty properties where the 100% council tax premium has not been applied. As a result of the information provided by the EHO, the Council has been able to reclaim debts of £42,000 from the owners of four empty properties. In all four cases, the EHO has provided advice and guidance to the owners on how to bring these properties back in to use.

This page is intentionally left blank

# Housing, Homelessness and Fair Work Committee

**10.00am, Thursday, 4 November 2021**

## Housing Revenue Account (HRA) Capital Programme – update on projects

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

### 1. Recommendations

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

1.1.1 Update on the HRA Capital Programme; including key housing investment priorities in localities; and

1.1.2 The contribution that HRA investment makes to the delivery of Council commitments on affordable housing and net zero carbon by 2030.

**Paul Lawrence**

Executive Director of Place

Contact: Elaine Scott, Housing Services Manager

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

# Report

## Housing Revenue Account (HRA) Capital Programme – update on projects

### 2. Executive Summary

2.1 On 3 June Committee approved the 2021/22 HRA Capital Programme and noted the 2022/23 planned programme and five-year investment programme. Committee also agreed an Addendum by the Coalition calling for a report within two committee cycles on key housing investment projects in localities.

2.2 This report provides an update on the delivery of the HRA Capital Programme; including work that has been commissioned to support the move to whole house retrofit. Appendix 1 of the report contains an update on housing investment projects in localities. The work programme set out in this report forms part of the HRA Budget Strategy and supports delivery of Council commitments on affordable housing and net zero carbon.

### 3. Background

3.1 On 18 February 2021, Council approved a one-year revenue budget, an outline £1.2bn five-year programme and £2.8bn ten-year capital investment programme to deliver Council commitments on affordable housing and net zero carbon by 2030, and to create places where people want to live that keep them safe, secure, healthy and connected through a holistic area-based approach.

3.2 The Council also agreed to accelerate £1.860m investment to improve internal common stairwells and to increase resources for the Mixed Tenure Improvement Strategy (MTIS).

3.3 On 18 March 2021, Housing, Homelessness and Fair Work Committee approved the planned HRA Capital Programme for investment of £87.386m in 2021/22.

3.4 On 3 June 2021, Housing, Homelessness and Fair Work Committee received a further report, which set out a detailed HRA Capital Programme of £103.987m for 2021/22 and £203.069m for 2022/23, as well as a revised five-year capital programme that takes into account of the slippage from 2020/21, the phasing of additional capital investment agreed in the budget and the impact of Covid-19. It also agreed to receive a report in two cycles on the projects outlined in the key priorities in Appendix 3.

3.5 This should include, for large scale projects such as external fabric improvements, status updates on community engagement and consultation, design work, the scope of works and indicative time frames for work to begin.

## 4. Main report

4.1 Tenants' views on investment plan, services and associated rent levels are sought every year as part of the budget consultation. Briefings with elected members were carried out in January 2021 on the HRA Budget Strategy 2021-2031 and key investment priorities.

4.2 Further sessions were held in April 2021 with ward Councillors on the planned investment in 2021/22 and 2022/23. This has helped to shape the current capital investment plan and the key investment priorities going forward. Updates on these key investment priorities can be found in Appendix 1 of this report.

4.3 Investment in existing homes has previously been prioritised due to lifecycle replacement, health and safety, and statutory compliance. Over the next two years, the programme will move to a holistic area-based approach that will combine whole house retrofit with wider estate regeneration. This transition will need to be informed by accurate stock information and understanding of the whole house retrofit (WHR) measures that are best suited to the existing Council homes.

4.4 The future area-based approach will also be informed by repairs trends, such as recurring repair issues in particular property types or a concentration of issues relating to dampness, mould or condensation in particular parts of the city. Work is ongoing to introduce a new Asset Management ICT System which will support this analysis.

4.5 The Housing Sustainability Update report provided details on the stock condition survey and design principle commission which are the key elements of the two-year transition period.

4.6 To date 1,352 properties have had stock condition surveys completed, but due to the resource intensity of this work, the remaining building types will be progressed externally via the new Professional Services Framework. This commission is now in place and is scheduled to go live later in 2021.

4.7 The commission for high rise stock condition surveys has been finalised and is being progressed via the Professional Services Framework. The main findings from both of these commissions will be overlaid with the design principles work.

4.8 Phase one of the Design Principles commission is now underway with all 48 archetypes expected to be surveyed by March 2022. About half of these archetypes have been surveyed by accessing void properties but there may be a need to access tenanted properties for the remainder. There are six common archetypes that make up around 50% of the whole council estate.

4.9 Following these surveys each archetype will be assessed against a range of retrofit standards in terms of cost and technical interventions required to meet these standards. The scope for Phase 2 and 3 of the Design Principles commission will also now be progressed covering performance specification, detailed design and pilot projects. The programme for carry out stock condition surveys will be informed by this work and the results fed in in real time to enable the identification of around 6 pilot projects to further inform longer term investment planning. The pilot projects will be focused on the most common archetypes with the first pilot projects expected to be on site later next financial year.

4.10 Investment inside tenants' homes remains a priority in order to improve the energy efficiency of Council homes and ensure compliance with the Scottish Housing Quality Standard.

4.11 The pandemic has resulted in the programme only becoming fully operational in September this year, after the mainland of Scotland moved to Level 0. It has taken time to remobilise the workforce for paused contracts, as well as, to tender new contracts for internal work, and there still remains additional health and safety measures on site to minimise workforce transmission. Access to tenants' homes to progress internal upgrades remains a challenge.

4.12 Kitchen, bathroom and heating upgrades both resumed at the beginning of September and will be accelerated as much as possible to make up some of the delay built up since March 2020 (250 homes are expected to benefit from new kitchens and bathrooms and 350 homes from new heating systems this financial year).

4.13 The smoke detectors and fire alarm upgrade programme also started on site in September.

4.14 The door entry upgrade programme continues. Owners in 300 minority-owned stairs will be engaged in 2021/22 with work to progress subject to owners' agreement. There has been slippage in the lift service programme but it is expected to meet its original timescales (12 lifts in six multi-storey blocks).

4.15 Work continues on site for new windows and doors (280 homes expected to complete by the end of the financial year).

4.16 Adaptation work started to recover as restrictions eased and has seen a surge in demand. It is estimated that it will take 18 months to clear the backlog built up during the pandemic. New 'call-off contracts' have been put in place to help prevent any unnecessary delays.

4.17 Fabric and communal work have been less affected by Covid-19, though time on site is still elongated due to the impact of the pandemic on the workforce and the need to implement safe working practices.

4.18 The HEEPS:ABS has continued and regained momentum. In total 553 private homes and 204 Council properties in mixed tenure stairs will be targeted for a range of measures including external, internal and cavity wall insulation and solar PV.

4.19 The HEEPS:ABS 2021-22 programme is also now being procured and sign up will commence shortly. Approximately 464 private homes and 464 Council homes in mixed tenure settings will be targeted for a range of measures including external, internal and cavity wall insulation and solar PV.

4.20 Essential fire upgrade works for Citadel and Persevere multi storey blocks have now been completed with consultation underway with owners to progress the follow-on internal stair painting.

4.21 Whilst works programmes have re-commenced, the pandemic, labour and materials shortages continue to have a significant impact on delivery of the programme as does securing owner consent for works in mixed tenure blocks.

## 5. Next Steps

5.1 Briefing sessions on investment priorities going forward will be carried out with elected members in the next two months, before the HRA Budget Strategy 2022-2032 going to this Committee in January 2022.

## 6. Financial impact

6.1 The HRA is funded from tenants' rents, fees and service charges for services provided to tenants and assets held on the HRA account. The HRA is self-contained and has no direct impact on the Council's General Fund budget.

6.2 The HRA Capital Investment Programme is funded through a combination of specific capital grant from the Scottish Government, developers and third-party contributions, capital receipts and borrowing.

6.3 The investment priorities set out in Appendix 1 are funded from the £1,220.341m five-year HRA capital investment programme for 2021/22 to 2025/26, which was approved at full Council on 18 February 2021.

6.4 The programme includes the £19.968m gross slippage from 2020/21 and the acceleration of investment on internal stairwell refurbishment and MTIS programme through the additional resources, which was also approved at the 18 February meeting.

## 7. Stakeholder/Community Impact

7.1 Each year the views of tenants are sought on the HRA budget strategy, investment plan, services and associated rent levels. Consultation on the 2022/23 budget is currently underway and will run until the beginning of December 2021.

7.2 The consultation has been designed and developed with the help of the Housing Service Improvement Plan tenant working group (formerly the Rent Matters Working Group). It is being promoted in a range of ways, including individual letters posted to every tenant; an online consultation; social media; communications to Registered Tenant Organisations; email footers for Council officers; and through word of mouth.

7.3 Briefings with elected members were carried out in January 2021 on the HRA Budget Strategy 2021-2031 and key investment priorities. Further sessions were held in April 2021 with ward Councillors on the planned investment in 2021/22 and 2022/23, which has helped inform the emerging priorities for the next annual budget cycle and a detailed five-year capital programme.

7.4 There is a regular programme of tenant engagement and customer insight. This includes regular satisfaction surveys, focus groups, tenant panels, tenant led service inspections and scrutiny, resident and community meetings. The annual Tenants' Survey is carried out by an independent third party, procured by the Council. The Council provides a random sample of tenants contact details, weighted by locality.

## 8. Background reading/external references

8.1 HRA Budget Strategy 2021-31, City of Edinburgh Council, 18 February 2021.

8.2 Housing Revenue Account (HRA) Capital Programme 2021/22, Housing, Homelessness and Fair Work Committee, 18 March 2021.

8.3 Updated Housing Revenue Account (HRA) Capital Programme, Housing, Homelessness and Fair Work Committee, 3 June 2021.

## 9. Appendices

9.1 Appendix 1 – Investment Priorities update by Locality.

## Appendix 1 – Investment Priorities Update by Locality

| North West - Key priorities going forward: | | | |
|---|---|---|---|
| **Area** | **Work Requirement** | **Status** | **Update & Timescale** |
| **May and Gunnet Court** | Internal and external fabric improvements. | On site | Started on-site in September 2021; expected duration of 52 weeks. |
| **Birnies and Fidra Court** | Re-roofing and stack lanes replacement. | On site | Started on site in September 2021 at Fidra Court; expected duration of 20 weeks (in Feb 2022); then followed by Birnies Court.<br>Tendering of fire door strengthening and balcony insulation work by late 2021, with work starting on site in early 2022. |
| **Oxcars and Inchmickery Court** | Internal and external fabric improvements. | Brief development/ consultant engagement | Currently engaging with consultant on design.<br>Consultation with residents to commence in early 2022. |
| **Northview Court** | Entrances and foyers upgrades. Weather protection for balconies and new privacy gates. | Scoping | Invitation to tender sent out in mid-October; work expected to start in early 2022. |
| **Inchcolm and Inchgarvie Court** | Entrances, plastering and decorating, refurbish security gates and protection for roof access. | Pre-tender | No contractor expressed interest to previous invitation to tender. Re-tender process is underway. |
| **Muirhouse Park** | Bin store upgrades, door entry and external fabric improvements to a number of identified blocks. | Engagement with locality | Meeting to be held with locality to scope work requirement; expected to start work in 2022/23. |
| **Muirhouse Drive** | Windowsill upgrades and external fabric improvements to a number of identified blocks. | Engagement with locality | Scoping and design work to be agreed; work expected to start in 2022/23. |
| **Ferry Road Drive** | New fencing and external fabric improvements as part of Stronger North Phase 2. | Contract awarded | Work to be commenced on site in late 2021. |
| **Newhaven** | Fabric repairs to two Category C listed properties at Pier Place and Wester Close. | Scoping | Invitation to tender to be issued in late 2021, with work expected to start in early 2022. |

| | | | |
|---|---|---|---|
| **Royston/ Wardieburn** | Render repairs to a number of identified blocks. Installation of new roof, communal satellite TV, and if required, door entry system and follow-on stair painting. Block consolidation is being progressed to help accelerate the investment. | Scoping | Invitation to tender to be issued in late 2021, and work to start in Wardieburn in early 2022, followed by Royston in 2022/23. |

| **North East - Key priorities going forward:** | | | |
|---|---|---|---|
| **Area** | **Work Requirement** | **Status** | **Update & Timescale** |
| **Piershill Square and Lochend Road South** | Externals and door entry systems. | Scoping/ design development | Work is expected to start in September 2022. |
| **Magdalene Gardens/ Drive / Avenue** | Externals, deck access and stairwells in Magdalene Gardens and Magdalene Drive, with Magdalene Avenue involved in shared drying green improvement work. | Resident engagement | Resident engagement commenced with works expected to start in February 2022. .<br>Engagement with residents on drying green/courtyard improvement works to be carried out in Spring 2022. |
| **North Cairntow** | Re-development of the gypsy traveller site. | Contract awarded | Enabling work is underway and project is expected to start on site in April 2022 when the purpose-built chalets are delivered. |
| **Bingham Way** | Fire damage repairs. Externals, stairwells and open spaces upgrade. Installation of new heating, floors, windows and decorating. Upgrading to meet EESSH2. | On site | Fire damage repair work completed in October 2021. All tenants have been decanted for the duration of the works. Upgrades to achieve EESSH2 are in design development. |
| **Duddingston Row and Niddrie Mains Road** | Externals, stairwells and open spaces. | Scoping | Scoping and engagement with the locality to agree specification. Procurement is expected to start in early 2022. |
| **Niddrie House** | External fabric repairs and common stair improvements for 18 blocks in the area, including a repainting programme of both external and common internal areas. | Scoping | Design team meeting held in August 2021 and tender document prepared in September 2021. Projected start date is February 2022. |

| South East - Key priorities going forward: | | | |
|---|---|---|---|
| **Area** | **Work Requirement** | **Status** | **Update & Timescale** |
| **Southhouse Grove** | External improvement. Option appraisal is being carried out for two mixed tenure blocks. | Scoping | Engagement with residents commenced in October. |
| **Moredun Multis** | Internal (upgrade to foyers), windows, refurbishment and Automatic Opening Vents (AOV). | Tender under assessment for AOV work | Tenders for AOV work received in September 2021; work is expected to start on site in late 2021 after contract awarded.<br>Improvement work to foyer is in design development, followed by engagement with residents as part of the Tenement Management Scheme (TMS) process.<br>Review of the performance of existing windows ongoing, including air testing. Windows to be replaced over the next two years along with the over-cladding of the buildings. |
| **Prestonfield** | Internals (stairs and door entry), externals, painting and harling involving a maximum of 61 blocks of flats and individual properties. The Council is a minority owner in more than half of the blocks. Majority agreement would be required to proceed with the works. | Brief development | Currently scheduled for late 2022/23 and awaiting lessons learned from the Mixed Tenure Improvement Service (MTIS) pilot. |
| **Balmwell Terrace** | External roof improvements to sheltered housing cottages. | Brief development | Early intervention to replace windows and doors to be carried out by end of 2021, followed by invitation to tender for the fabric improvement work. |
| **Dumbiedykes** | Refurbishment to minority owned blocks with external wall insulation and Neighbourhood Environment Programme (NEP) external stairwell upgrades. This is Phase 6 of the improvement work carried out in Dumbiedykes, similar improvement work has been completed in fully owned and majority owned blocks. As Council is in minority ownership of all the blocks involved in this phase, owners' buy-in will be key to the delivery. | Tender under assessment | Tender is being assessed (September) and consultation with owners in the blocks has commenced.<br>Majority ownership sign up would be required for contract award. |

| South West - Key priorities going forward: | | | |
|---|---|---|---|
| **Area** | **Work Requirement** | **Status** | **Update & Timescale** |
| **Murrayburn, Dumbryden, and Hailesland (low rise)** | This forms part of the MTIS pilot - externals, internals (door entry and stairwells), and estates (bins, garden areas, pests control). For Phase 1 to 4, it involves a total of 54 blocks where the Council has full or majority ownership, 16 blocks where the Council has 50-50 or minority ownership and 30 individual houses. | Phase 1 – contract awarded and pre-start construction activities<br>Phase 2 to 4 – survey reports, estimates, votes issued to owners; tender process to be commenced | Phase 1 to 4 are expected to start on site in 2021/22 and Phase 5 to 10 from 2022/23 onwards. |
| **Westfield Court** | Options to repair / replace internal stacks are currently being explored, a full building survey is underway. The Council is in minority ownership in the block. | Scoping | Options appraisal underway, this will be informed by the work on stock condition and design principles. |
| **Oxgangs House** | Externals (building and security, windows) and estates management (rubbish, fencing and bin stores). | Pre-tender | Options appraisal underway, this will be informed by the work on stock condition and design principles. |
| **Calders low rise** | Externals (landings and timber weatherboarding screens), internals (stairs and door entry), and estates management (security, bins and community areas). Roofs and thermal insulation. Flooring replacements at Calder View. | Brief development with locality | Meeting/ site visit held with the locality in September 2021. Design development work to be linked with new build programme as part of the early action project of the wider area Masterplan. |

# Housing, Homelessness and Fair Work Committee

**10.00am, Thursday, 4 November 2021**

## Housing Service Response following a Fire Incident

| | |
|---|---|
| **Executive/Routine** | Routine |
| **Wards** | All |
| **Council Commitments** | |

## 1. Recommendations

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

1.1.1 Note the information provided on the response and processes in place if a fire or other major incident occurs in or near Council homes; and

1.1.2 Agrees to discharge the adjusted motion agreed at Policy and Sustainability Committee on 10 June 2021 to prepare a report for Housing, Homelessness and Fair Work Committee detailing the Council's current post-fire procedure should a fair occur on or near Council run accommodation and to suggest any updates to the procedure.

**Paul Lawrence**

Executive Director of Place

Elaine Scott, Housing Services Manager

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



EDINBVRGH THE CITY OF EDINBURGH COUNCIL

# Report

## Housing Service Response following a Fire Incident

### 2. Executive Summary

2.1 This report provides information on the follow on response provided by the housing service in the event of a fire or major incident and seeks agreement to discharge the action from Policy and Sustainability Committee on 10 June 2021 to prepare a report for Housing, Homelessness and Fair Work Committee detailing the Council's current post-fire procedure should a fire occur on or near Council accommodation and to suggest any updates to the procedure.

2.2 The Council's response to an incident such as a fire is determined by the extent and scale of the incident and the instructions from the relevant emergency services who have overall control of the scene during incidents. Follow on processes and actions by officers take account of the nature of the incident and the support needed by tenants and other affected residents based on their individual household circumstances.

2.3 The housing service works closely with the Scottish Fire and Rescue Service (SFRS) on an ongoing basis to ensure tenants are safe in their homes and that they have access to fire safety advice and support.

### 3. Background

3.1 The revised Council Fire Safety Policy 2021-24, approved by Policy and Sustainability Committee 10 June 2021, affirmed the position of The City of Edinburgh Council with regards to regulatory compliance with Scottish Fire Law and Guidance.

3.2 Two significant domestic fire guides were introduced by the Scottish Government to supplement existing fire legislation and the Housing (Scotland) Act to further promote fire safety in the community.

3.3 The revised Council Fire Safety Policy incorporates the new fire safety standards that cover the Council's responsibilities as a landlord, owner and manager of domestic property of all types.

3.4 The Scottish Housing Regulator requires landlords to assure themselves that they are complying with all relevant duties around the safety of tenants' homes. Fire safety is an important element of the regulatory requirement and the housing service and the SFRS work together to make sure that tenants and residents are safe in their homes.

3.5 This joint working covers the technical aspects of fire safety regulations for buildings, the response to any local issues that increase the risk of fire and communications to reinforce individual responsibilities for fire safety.

## 4. Main report

**Notification, Site Control and Access**

4.1 The housing service response to incidents such as a fire is determined by the nature of any incident, the scale, location and whether it occurs during or out with normal working hours.

4.2 Notification of a fire can come through various routes depending on the scale and timing of when an incident occurs. The Council will normally be alerted to an incident if the SFRS attends the site.

4.3 In the event of small fires, when emergency services may not attend the scene, officers may only be alerted to an incident when a tenant reports a repair.

4.4 The Incident Commander from the relevant emergency service, such as the SFRS or Police Scotland, attending any incident always controls the scene including any decisions taken regarding the safety of residents.

4.5 Decisions on when officers can access the scene of an incident are taken by the Incident Commander and the emergency services will also determine the scale of any support required from the Council.

4.6 The SFRS or Police Scotland, depending on the nature of the incident, will assess the situation and determine if it should be managed as a major incident.

4.7 In the event of an escalation, the Council's Resilience Team is contacted and are involved in coordinating any response with the emergency services in line with the Council's Emergency Plans. This includes the opening of Council buildings to provide a safe space/emergency rest centres where these may be required.

4.8 During working hours, fires are reported to Housing Property to check if any repairs are required and to the locality team for follow on actions relating to the affected households.

4.9 If an incident occurs out of hours, staff from Housing Property attend on site where required and liaise with the Council's central out of hours service to assist any households who may need immediate assistance or overnight accommodation. Any staff attending out of hours incidents can escalate the response to the Resilience Team for additional support if required.

### Housing Service Response

4.10 The housing service response, and the subsequent actions taken, is determined by the incident and the number and needs of the households affected. When and how actions can be taken on site will be determined by the lead emergency service in control of the incident scene. Officers are only be able to access sites/buildings when the emergency services are satisfied the site is safe.

4.11 The Council response is led by a team leader or an operations manager to provide clear direction and determine any requirement to mobilise staff. A response checklist is in place to help ensure a consistency in response across localities. The follow-on actions cover the following areas as applicable:

4.11.1 A survey takes place as soon as practically possible if the building appeared to be unsafe. A structural survey is requested if there is potential damage to load bearing timbers (such as floor joists, roof truss or wooden beams) or extensive damage to the structure/fabric or roof of the building. Any fire that causes significant damage to an area in the property would result in a survey taking place to identify what remedial works would be required as part of the refurbishment works;

4.11.2 Affected households are offered advice, information and support in relation to temporary accommodation and practical assistance where this may be required;

4.11.3 If the repairs are likely to take some time to complete or the household is vulnerable, officers work with tenants to find and move them into alternative decant accommodation where required;

4.11.4 Advice and assistance are provided around practical issues such as access to homes where safe to do so to collect essential personal items, accessing emergency financial assistance, replacement household items and help with information for insurance claims;

4.11.5 Follow on contact is attempted with other residents in any blocks that may not have been directly impacted to provide reassurance and to check if they need any assistance;

4.11.6 Any owners affected are provided with advice on access to emergency accommodation if they are impacted by a major incident if this is not covered in their insurance or is required short term;

4.11.7 Clearance of any debris, cleaning and repainting of stairs/common areas is arranged where required; and

4.11.8 Where relevant, referrals may be made to provide support for tenants if they have been identified as potentially vulnerable.

4.12 Final debrief sessions are held after every significant fire incident to ensure that all necessary actions have been fully completed and to agree any further actions required. These ensure processes take account of learning from officer and tenants' experiences.

4.13 Once it is safe to do so, homes are assessed after a fire incident and categorised as requiring small, medium or large repairs.

4.14 Where there is minimal damage and it is safe for the tenant to remain in their home, work orders for small repairs are raised. Where the damage from a fire requires medium or large repairs, the tenant will be decanted into alternative accommodation.

4.15 Repairs are carried out following the processes in place for works to empty homes. All homes are inspected on completion of repairs before the tenant can return to their tenancy.

4.16 Officers liaise with SFRS/Police Scotland as relevant in relation to any investigations on circumstances surrounding incidents, wilful fire raising and any follow-on action that may be required.

**Prevention and Communications**

4.17 A fire safety leaflet and information on how to request a free SFRS Fire Safety visit is provided to all new tenants in the new tenant information pack. Articles on health and safety matters including fire safety are regularly included in the Tenant Courier newsletter issued to all tenants.

4.18 The SFRS carry out annual/regular inspections of all 44 of the Council's multi-storey blocks along with Housing Property and housing operations managers. Daily block inspections are carried out where a concierge service is provided to ensure stairwells are kept clear of waste and flammable materials and any essential repairs are carried out quickly.

4.19 In blocks where there is no concierge service, on site issues would be reported by the cleaning services in place and urgent clearance arranged. Fire safety equipment is checked and maintained as part of a planned programme of maintenance. Specific information from SFRS on what to do in the event of a fire in a multi-storey block is provided to residents in this type of accommodation.

4.20 In the event of an incident, communications are prioritised to make sure that those affected have all the information and support that they require. This includes engagement through door knocking by officers, concierge support in multi-storey blocks, letters or phone calls to make sure that tenants are reassured and have access to any advice and practical support as per the checklist actions set out in paragraph 4.6.

4.21 Communications on incidents are managed through the service to relevant stakeholders. All media enquiries would be managed through the Council's Communications Team.

4.22 Local elected members are also notified of any major incidents as soon as practicable so that they can help direct tenants/residents to where they can get advice and assistance. Updates on the regular inspections to the blocks, including any actions arising, can also be shared with elected members through local newsletters (these can also be made available to residents).

4.23 Officers will continue to build on the strong relationships with the SFRS and other emergency services to make sure that process are appropriate to maintain the safety of tenants and residents. This includes working closely with emergency services to alert them to anything which may impact on decision making in the event of fire, such as lifts being out of commission due to upgrades.

## 5. Next Steps

5.1 The Council will continue to work closely with the SFRS on communications, regular inspections of blocks and in responding to local issues to ensure tenant and residents' safety and wellbeing.

5.2 An article on the importance of fire safety and actions tenants can take to help protect themselves and neighbours will be included in the autumn 2021 edition of the Tenants Courier and in other regular communications with tenants. This will include advice about preventing fire hazards such as making sure belongings do not block communal spaces and access areas.

5.3 Additional fire safety training will be delivered to all housing officers before the end of 2021. This will include an opportunity for officers to share their experience of being involved with incidents and the follow up support provided to tenants/residents. Information from the training will be used to update the current checklist and to identify any other additional information or assistance that may be useful for officers and/or the households affected.

5.4 An additional action will be added to the checklist for a mandatory final debrief session to be carried out following any significant fire incident to record any lessons learned, feedback from staff involved and to best practice. This information is essential to ensure the service response is adapted as required to best protect and support tenants.

## 6. Financial impact

6.1 There are no new financial impacts arising as a result of this report.

## 7. Stakeholder/Community Impact

7.1 The Council will continue to engage with the SFRS and other emergency services on best practice and any actions that need to be taken to ensure that tenants and residents are safe in their homes.

7.2 Tenants views are considered on regular communications including those covering fire safety advice to make sure these are clear and provide the information tenants need. Tenant representative views are working with the Edinburgh Tenants Federations and other tenant groups will continue to reinforce this work.

## 8. Background reading/external references

8.1 None.

## 9. Appendices

9.1 None.

This page is intentionally left blank

# Housing, Homelessness and Fair Work Committee

## 10.00am, Thursday, 4 November 2021

# Young Person's Guarantee Small Grants Allocations

| | |
|---|---|
| **Executive/routine** | Routine |
| **Wards** | All |
| **Council Commitments** | 7 and 31 |

## 1. Recommendations

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

1.1.1 Note the process undertaken to promote, assess and award grants for short term projects under the Young Person's Guarantee;

1.1.2 Agree to delegate authority to the Executive Director of Place to award extensions to grants until 31 March 2022 if they are meeting targets, there is continued demand and the providers have capacity to deliver more;

1.1.3 Agree to welcome further grant applications for delivery between January and March 2022, with authority to approve applications of up to £20,000 delegated to the Executive Director of Place and applications in excess of £20,000 to the Executive Director of Place in conjunction with the Convener and Vice Convener of Housing, Homelessness and Fair Work Committee;

1.1.4 Agree to delegate authority to the Executive Director of Place in conjunction with the Convener and Vice Convener of Housing, Homelessness and Fair Work Committee to award extensions to grants of up to 12 months from 1 April 2022 if recommended by the Local Employability Partnership and they are meeting targets, there is continued demand and the providers have capacity to deliver more, if further funding is made available from Scottish Government; and

1.1.5 Note that an update will be provided to Committee in January 2022.

**Paul Lawrence**

Executive Director of Place

Contact: Elin Williamson, Business Growth and Inclusion Senior Manager

E-mail: elin.williamson@edinburgh.gov.uk | Tel: 0131 469 2801

# Report

## Young Person's Guarantee Small Grants Allocations

### 2. Executive Summary

2.1 This report provides an update on outcome of the recent applications received in response to a call for delivery of Young Person's Guarantee (YPG) activities from October 2021 – March 2022.

2.2 The report also makes recommendations to permit extensions to approved grants and to reopen the application process for projects to be delivered between January and March 2022.

### 3. Background

3.1 Edinburgh received a funding award of £2.9m from Scottish Government for delivery of activity under the YPG ambition during 2021/2022.

3.2 Scottish Government assigned eligibility criteria and a high level 'wish list' of activities that could be delivered under this funding. Commitment to utilising third sector partners to deliver activity was high on this agenda.

3.3 In a report to the Housing, Homelessness and Fair Work Committee of 2 September 2021, the recommendation to use a small grants process to allocate funds to local providers, was approved.

3.4 In the same meeting, it was agreed to delegate authority to the Executive Director of Place to, in conjunction with the Convener and Vice Convener of Housing, Homelessness and Fair Work to approve applications in order to allow delivery to commence in October 2021.

### 4. Main report

4.1 Following Committee approval, an open funding opportunity was posted on the Joined Up For Jobs noticeboard. A separate invitation was also issued to all current third party grants, Network of Support and Training (NEST), providers to apply for funding to add capacity or additional activity to their existing provision.

4.2 Due to the very short timescales, a two-stage process was developed:

4.2.1 All providers were requested to provide a summary proposal for spend and activity, with an initial panel of Council, Capital City Partnership (CCP), YPG team and NHS Lothian officers reviewing the applications; and

4.2.2 Where there is no existing grant funding in place, applicants were advised that, if taken forward by the reviewing panel, a second submission containing detail on financial situation of the provider and further background would be required. For providers where existing grant funding is in place, there was no need for further submissions as the due diligence has already been carried out and any additional funds can be aligned to current agreements.

4.3 A briefing and summary of applications was prepared for the Convenor and Vice Convenor of Housing, Homelessness and Fair Work and a meeting was held on 28 September 2021 to provide further information on the recommendations.

4.4 Of the nine applications received from existing NEST providers, the panel recommended four to progress to funding. The panel found that the remaining five did not evidence how the application met the criteria, still had capacity within current funding awards or it was not clear that they would be able to deliver against targets in the specified timescale.

4.5 The average ask of funding for these awards was £22,134.

4.6 After appraisal of the 19 applications received from other providers, the panel recommended 10 for progression, and nine to be rejected due to standard of application, duplication of service, lack of information and/or relevance to priorities.

4.7 The average ask of funding for these grants was £27,835.

4.8 Additional detail has been requested from the 10 and has now followed the same application process as any new grants would do – including company information to carry out due diligence checks.

4.9 A list of all applications granted an award is in Appendix 1.

4.10 Delivery has now commenced and will continue until 31 March 2022. As there is still funding available, it is recommended to monitor the progress and, if there is further demand for any of the projects and capacity to deliver more, that authority is delegated to the Executive Director of Place to grant further funding in proportion to the initial award granted.

4.11 Due to the short time scales, some providers did not have time to submit an application this time and so it is also recommended to open up for a further round of grant applications, to cover delivery in January – March 2022. The specification to providers would remain the same, but with a specific additional point around training and the need to link to labour market opportunities.

4.12 For this process and due to time scales, it is recommended that authority to grant awards up to £20,000 is delegated to the Executive Director of Place. For any awards in excess of £20,000, the Convener and Vice Convener would require to be consulted.

4.13 There has been indications that YPG funding will be available in 2022/23 but Scottish Government is yet to confirm the amount. It is therefore recommended that, once funding levels are confirmed, an assessment of the projects is performed and where projects have met outcome targets and there is evidence of further demand, extension to the grants can be permitted for up to a further 12 months.

4.14 Officers will provide an update on progress of the grants to Committee in January.

## 5. Financial impact

5.1 There is no financial impact to the Council as the grants are fully funded through YPG funding obtained from Scottish Government.

## 6. Stakeholder/Community Impact

6.1 The specification was developed in partnership with those who were involved in the scoring process and was in direct response to information gathered relating to the effects of the Covid-19 pandemic on young people in Edinburgh.

6.2 The impact on this client group will be positive as the projects will enable them to enhance their employability and develop new skills to help them to secure or progress in employment.

6.3 Partnership working has been at the heart of the development of this process, and Edinburgh's Local Employability Partnership Board has been involved in the process throughout.

## 7. Background reading/external references

7.1 Report to HHFW on 2 September 2021: Young Person's Guarantee Delivery

7.2 Report to HHFW on 14 January 2021: Scottish Government Funding for Employability Support

7.3 Young Person's Guarantee website: https://youngpersonsguarantee.scot/

## 8. Appendices

8.1 Appendix 1 – Applications approved.

**APPENDIX 1 – Applications approved**

**NEST Grant providers:**

| Provider: | Project Name: |
|---|---|
| Cyrenians | “Key to Potential – Key to College” |
| Citadel | “Futureheads” |
| Impact Arts | “Impact Arts (Projects) Ltd” |
| Access to Industry | “EdinMe Project” |

**New providers:**

| Provider: | Project Name: |
|---|---|
| Street League | “Connected” |
| RUTS | “Inspire” |
| Young Enterprise Scotland | “Bridge 2 Business – Edinburgh” |
| Move On | “Move On Employability Pathway” |
| ENABLE Scotland | “Breaking Barriers (Edinburgh Napier University” |
| Access to Industry | “Access Mechanics” |
| Cyrenians | “Getting Together” |
| Articulture Cultural Trust | “Creative Potentials” |
| Adoption UK Scotland | |
| Barnardos | “Drive2Work” |

This page is intentionally left blank

# Housing, Homelessness and Fair Work Committee

**10.00am, Thursday, 4 November 2021**

## Place Directorate - Revenue Monitoring - 2021/22 month four position

| | |
|---|---|
| **Executive/routine** | Routine |
| **Wards** | All |
| **Council Commitments** | |

## 1. Recommendations

1.1 It is recommended that the Committee notes:

1.1.1 That the Housing Revenue Account (HRA) is forecasting a contribution of £9.400m to the Strategic Investment Fund from revenue generated in year as part of the capital investment programme funding strategy;

1.1.2 The Place General Fund (GF) ‘business as usual’ revenue budget forecast is projecting £1.592m overspend (excluding Covid-19 impact) at month four. Services within the remit of the Committee are forecasting an overspend of £0.300m; and

1.1.3 The Place GF Covid-19 impact is projected to cost £12.570m at month four. Services within the remit of the Committee are forecasting a cost of 0.550m which is in line with provision made within the approved budget.

**Paul Lawrence**

Executive Director of Place

Contact: Susan Hamilton, Principal Accountant

E-mail: susan.hamilton@edinburgh.gov.uk | Tel: 0131 469 3718

# Report

## Place Directorate - Revenue Monitoring - 2021/22 month four position

### 2. Executive Summary

2.1 This report sets out the month four revenue monitoring position for the 2021/22 HRA and Place Directorate GF for services within the scope of this Committee.

2.2 The month four forecast for the HRA in 2021/22 is a balanced position after providing £9.400m from revenue for the planned capital investment programme in forthcoming years to support investment priorities. This is £0.541m less than the budget of £9.941m. It is expected that this shortfall can be met from reductions in forecasts for costs such as debt servicing charges, however more work will be required before this can be formally confirmed to Committee in a future report.

2.3 The month four GF 'business as usual' revenue forecast for Place Directorate in this financial year is an overspend of £1.592m. The GF forecast overspend of £0.300m for services within the remit of this Committee is representative of pressures identified within Business Growth and Inclusion.

2.4 The GF Covid-19 impact for services within the remit of this Committee is forecast to be a net cost of £0.550m. This forms part of the overall Place forecast of £12.570m in respect of the cost of the COVID-19 impact and is in line with the provision provided for within the Council's 2021/22 approved budget. This represents the part year impact on GF Housing related services from ensuring adherence with public health guidance to protect staff, tenants and customers; including reduced income generated by Housing Property Services resulting from changes to working practices and increased costs of operating the stair cleaning service.

### 3. Background

3.1 The HRA is a ring-fenced statutory account. The HRA is funded from rents for Council housing and related assets and is used to fund the provision of Council housing in line with tenants' priorities. The annual approved HRA budget is derived from the longer-term strategy approved by Council.

## 4. Main report

**Housing Revenue Account (HRA) – 2021/2022 month four forecast**

4.1 The approved HRA budget for 2020/21 is derived from the longer-term strategy, approved by Council. It comprises a budgeted revenue income of £102.699m and costs of £92.758m. This enables a planned contribution of £9.941m to the Strategic Housing Investment Fund in accordance with the finance strategy for the capital investment programme. The month four forecasted income and expenditure as set out in Appendix 1, shows a reduced contribution of £9.400m.

**HRA Month four forecast – variance and risk analysis**

4.2 The summary variances and risks in respect of HRA income, costs and revenue contribution to Strategic Housing Investment Fund are as follows:

4.2.1 **Income** – The income forecast at month four is £102.213m which is £0.486m less than budget. Overall collection of rental income remains positive with 97.4% of income collected at the end of Month 4. Sufficient contingency has been built into the HRA to account for an increase in rent arrears due to the transition of tenants into Universal Credit (UC) and increases in tenants seeking assistance during the Covid-19 pandemic. Safe working and the practical challenges of repairing and re-letting available homes during the Covid-19 pandemic has increased re-let times and therefore void rent loss. Safe working remains in place but processes continue to be adapted to reduce turnaround times as lockdown has eased.

4.2.2 **Costs** – Overall there are no specific areas of expenditure which are raising budget management concerns at this juncture. Overall, the core cost envelope (before contribution to reserves) is almost balanced to the allocated budget. There are however some pieces of work, including employee costs and repairs and maintenance costs, to be undertaken by Officers as part of the half year review to give further confidence to the Committee refined year end projections;

4.2.3 An exercise is required to be completed to extract the COVID-19 specific costs from the individual categories of spend in the core cost envelope. This will be undertaken as part of the half year review exercise and reported and maintained thereafter, including reporting to CoSLA in their returns which gather the costs of the Covid-19 impact on GFs and HRAs. In 2020/2021 the costs included are: measures to ensure safe working for colleagues and tenants including the retrofitting of vehicles with washing facilities; IT costs to accelerate rollout of Total Mobile to support safe remote working during lockdown; and training, other equipment and materials required to ensure safe working for the continued operations of Housing Property. Additionally, housing management spend on Concierge overtime to cover shifts due to staff shielding, Personal Protective Equipment (PPE), office refurbishment to operate safely as Council Resilience Centres, additional cleaning and communication materials (e.g. newsletters, posters and other signage).

4.2.4 Debt servicing costs are currently forecast to come in on budget, however material savings were delivered in this area in 2020/21 due to a combination of reduced borrowing and effective treasury management practices. It is expected that the 2021/22 debt servicing costs will be less than budgeted but further work is required to confirm this.

4.3 Risks, including the impact of Universal Credit and economic conditions on rental income, the impact on repairs and maintenance services as public health guidance is relaxed and extraordinary COVID-19 related costs will be closely monitored and reported as appropriate moving forward. This is also true of potential opportunities in respect of reducing debt charges.

4.4 It should be noted than when considering a slightly wider context than a single financial year, the provisional out-turn for financial year 2020/21 reported a contribution to the Strategic Housing Investment Programme which was £0.505m more than the budgeted figure.

**General Fund – 2021/22 month four forecast – ‘business as usual’**

4.5 The 2021/22 GF forecast for ‘business as usual’ services within the remit of this Committee is a £0.300m overspend. This in the main represents a cost pressure in the Business Growth and Inclusion service. The service and wider Place Senior Management Team (SMT) are currently working to bring this identified pressure back within the appropriate financial envelope.

**2021/22 Budget – Approved Budget Savings**

4.6 There are no new approved savings to be delivered by services within the remit of this Committee as part of the 2021/22 budget motion.

**2021/23 Budget – Approved Service Investment**

4.7 As part of the decisions made by Council on 27 May 2021, Elected Members approved service investments totalling £12.8m in respect of Place Directorate services in 2021/22. Of this, £0.425m budget investment was allocated to services within the remit of the Committee: £0.175m was allocated on a one-off basis to be spent in year on Edinburgh Guarantee for All; as was £0.250m for work to be undertaken on the regulation of short term lets. The forecast assumes these budgets will be fully utilised.

4.8 Investment relating to financial year 2022/23 was also approved including £0.525m for services within the remit of this Committee: £0.400m for Disability Employment Services; and £0.125m as year two of funding in respect of regulation of short term lets.

**General Fund – 2021/22 month four forecast – Covid-19 impact**

4.9 The 2021/22 GF month four COVID-19 cost has been estimated at £0.550m and is representative of a part year impact on income generation by Housing Property Services in line with public health guidance. This forecast is circa 26% of the actual income loss in 2020/21 and is in line with provision approved within the Council budget.

4.10 The above 2021/22 month four forecast for the HRA and Place GF form part of the overall 'balanced budget' positions set out at Finance and Resources Committee on 7 October 2021.

## 5. Next Steps

5.1 The Place Directorate is committed to delivering mitigating management action to address identified budget pressures wherever possible. Progress will be reported to Committee at agreed frequencies. Work is regularly undertaken to identify and mitigate financial risks as part of a rolling process of budget management.

5.2 Risks to 2021/22 budget management strategy will be periodically reassessed based on post COVID-19 service resumption plans and other strategies within the operating context of this Committee. The outcome of this review will be reported as part of the routine 2021/22 financial reporting.

## 6. Financial impact

6.1 The Council's Financial Regulations set out Executive Directors' responsibilities in respect of financial management, including regular consideration of their service budgets. The Executive Director of Place regularly reviews the directorate budget position alongside the identification and implementation of management actions to mitigate budget pressures.

## 7. Stakeholder/Community Impact

7.1 Consultation was undertaken as part of the HRA and GF budget setting processes.

7.2 Successful delivery of the HRA budget will support investments to improve the energy efficiency of Council Homes.

## 8. Background reading/external references

8.1 Revenue Monitoring Update – 2020/21 Provisional Out-turn and 2021/22 Month three update - Housing, Homelessness and Fair Work Committee 2 September 2021

## 9. Appendices

9.1 Appendix 1 – Place Directorate – HRA Revenue Projection; 2021/22 – month four position.

**Appendix 1 – Place Directorate - HRA Revenue Projection: 2021/22 – Month Four Position**

| | 2021/22 Budget £m | 2021/22 Forecast £m | 2021/22 Forecast Variance £m |
|---|---|---|---|
| **Net Income** | **102.699** | **102.213** | **0.486** |
| | | | |
| Expenditure | | | |
| Housing Management | 34.100 | 34.391 | **0.303** |
| Repairs and Maintenance | 18.286 | 18.286 | **0.000** |
| Environmental Maintenance | 2.753 | 2.506 | **(0.247)** |
| Covid-19 Specific Costs* | 0.000 | 0.000 | **0.000** |
| Debt Servicing | 37.649 | 37.649 | **0.000** |
| | | | |
| Contribution to Strategic Housing Investment Fund | 9.941 | 9.400 | **(0.541)** |
| **Total Expenditure** | **102.699** | **102.213** | **(0.486)** |

Notes:

The Strategic Housing Investment Fund is made up of the Repairs and Renewals Reserve and the Council Tax Discount Fund. It is an element of the funding strategy for the capital investment programme.

*Denotes additional costs attributable to ways of working which are compliant with public health guidance. This figure will form part of a submission made to the Convention of Scottish Local Authorities.

# Housing, Homelessness and Fair Work Committee

**10am, Thursday, 4 November 2021**

## Homelessness and Housing Support - Revenue Monitoring 2021/22 – month four position

| | |
|---|---|
| **Executive/routine** | **Routine** |
| **Wards** | **All** |
| **Council Commitments** | |

## 1. Recommendations

1.1 Housing, Homelessness and Fair Work Committee are asked to:

1.1.1 Note a net residual budget pressure of £1.2m for the Homelessness and Housing Support service at month four;

1.1.2 Note that there is a risk that this pressure may increase further if bed nights continue to increase at the rate seen during April to July;

1.1.3 Note the potential recurring aspects of this in-year pressure.

**Paul Lawrence**

**Executive Director of Place**

Contact: Douglas Pirie, Principal Accountant

E-mail: douglas.pirie@edinburgh.gov.uk | Tel: 0131 529 7227

# Report

## Homelessness and Housing Support - Revenue Monitoring 2021/22 - month four position

### 2. Executive Summary

2.1 The report sets out the 2021/22 projected month four revenue monitoring position for the Homelessness and Housing Support service, based on analysis of actual expenditure and income to the end of July 2021, and expenditure and income projections for the remainder of the financial year.

2.2 The projected net residual pressure is £1.2m.

2.3 The Interim Service Director for Housing, Family Support and Fair Work is fully committed to making all efforts to identify management action to reduce the budget pressures, while ~~addressing~~ recognising the impact of the Coronavirus (COVID-19) pandemic.

### 3. Background

3.1 The Homelessness and Housing Support service is in the process of transferring to the Housing, Family Support and Fair Work service area within the Place directorate.

3.2 The 2020/21 net budget for Homelessness and Housing Support was £30.7m, prior to the in-year provision of COVID-19 related additional funding of £8.8m. This has increased to £43.9m in 2021/22 to take account of the full year impact of the increased use of temporary accommodation during the COVID-19 pandemic.

3.3 This report sets out the projected position for the Homelessness and Housing Support revenue budget for 2021/22.

### 4. Main report

**2021/22 - month 4 forecast**

4.1 To acknowledge the ongoing financial impact of the growth seen in 2020/21, the Council approved additional funding of £12m for 2021/22 for the Homelessness and Housing Support service. In addition, a further £0.4m was approved to increase preventative services to be used in conjunction with £0.563m of additional COVID-19 related Rapid Re-housing Transition Plan (RRTP) funding provided by the Scottish Government.

4.2 The households in temporary accommodation increased from 3,570 at March 2020 to 4,431 at March 2021. There has been a continued increase as at July 2021, albeit significantly lower than seen during 2020/21, to 4,521 households. The financial impact of this growth has been partly mitigated through the renegotiation of B&B rates.

4.3 Based on expenditure for the April to July period, and assuming the same level of provision and unit costs for the remainder of the year, there is a forecast residual pressure of £1.2m. Should the numbers in temporary accommodation continue to increase at the rate seen during April – July, this is estimated to increase by £1m to a pressure of £2.2m for the full financial year 2021/22. The full year impact of these increases would be a further £2.3m in 2022/23.

4.4 On 1 October 2021, the Council took on responsibility for Housing First and the forecast for 2021/22 takes account of this. The cost in 2021/22 is estimated to be £0.38m rising to £0.9m in 2022/23.

4.5 To operate within the approved budget for 2021/22 there is a requirement to reduce current costs, which can be achieved through a reduction in households in temporary accommodation, reduced unit costs, changes in the mix of temporary accommodation or a combination of all factors.

4.6 The financial impact for the remainder of 2021/22 and future years will depend on a number of factors such as: the number of homeless presentations as restrictions are relaxed, how quickly allocations to permanent accommodation can be made, the implementation of new legislation relating to the removal of local connection, Scottish Government requirements regarding support for clients with 'no recourse to public funds', unit costs for temporary accommodation and the rate at which changing the mix of temporary accommodation towards more efficient and suitable accommodation can be achieved and the impact of new preventative services.

4.7 The financial planning assumptions for 2022/23 currently assume the additional funding of £12m provided in 2021/22 will reduce to £10m. This planning assumption will be at risk should the numbers in temporary accommodation continue to increase and/or do not reduce by the levels required. Should the rate of growth continue for the remainder of this year, the service would be starting 2022/23 with a forecast pressure of £7.0m in this area. This will be kept under review and reported to Finance and Resources Committee on 9 December 2021 and factored into the 2022/23 budget planning process as required.

## 5. Next Steps

5.1 Work is ongoing to identify mitigating measures and to change the current mix of temporary accommodation, reducing the reliance on expensive and unsuitable accommodation.

5.2 The service is also engaging with the Scottish Government through COSLA in relation to the ongoing cost and support arrangements for clients with 'no recourse to public funds'. This is a significant pressure and is a direct impact of complying with Public Health restrictions during the pandemic.

5.3 The service is actively implementing preventative services to support households and avoid the need for them to enter temporary accommodation. Action is also being taken to target households currently in temporary accommodation to ensure all options are being considered in assisting them, where appropriate, to achieve a settled tenancy. The impact of these services will be actively monitored and reported to the Corporate Leadership Team on a regular basis.

5.4 Officers will continue to seek to identify appropriate properties for use as Home Share as instructed by members and will work with partners and landlords in the city to increase the amount of suitable temporary accommodation available.

## 6. Financial impact

6.1 The report highlights that additional funding of £12m was approved for 2021/22 to address the ongoing impacts of COVID-19 and at month four there is a residual forecast pressure of £1.2m.

6.2 This position is subject to active monitoring, management of risks and identification of further mitigation.

## 7. Stakeholder / Community Impact

7.1 A detailed report summarising the response to the Council's engagement on budget priorities for 2021/22 and beyond was considered by the Finance and Resources Committee on 2 February 2021 and referred on to Council as part of the 2021/22 budget-setting meeting.

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

## 8. Background reading / external references

8.1 None

## 9. Appendices

9.1 None

# Housing, Homelessness and Fair Work Committee

**10am, Thursday, 4 November 2021**

## Internal Audit: Overdue Findings and Key Performance Indicators as at 11 August 2021 – 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 Housing, Homelessness and Fair Work Committee for information.

**Stephen S. Moir**
Executive Director of Corporate Services

Contact: Emily Traynor, Assistant Committee Officer
Legal and Assurance Division, Corporate Services
E-mail: emily.traynror@edinburgh.gov.uk

# Referral Report

## Internal Audit: Overdue Findings and Key Performance Indicators as at 11 August 2021 – referral from the Governance, Risk and Best Value Committee

### 2. Terms of Referral

2.1 On 21 September 2021, the Governance, Risk and Best Value Committee considered a report on the outcome of the Internal Audit: Overdue Findings and Key Performance Indicators as at 11 August 2021.

2.2 The Governance, Risk and Best Value Committee agreed:

2.2.1 To note the status of the overdue Internal Audit (IA) findings as at 11 August 2021;

2.2.2 To approve that a further three-month extension date is applied to all open IA findings, recognising the ongoing impacts of Covid-19 and other priorities and challenges currently faced by the Council;

2.2.3 To note management commitment to implementation of the governance and assurance model and ensuring appropriate ongoing focus on closure of all high rated findings, and all findings that are more than one year overdue; and,

2.2.4 To refer the report to the relevant Council executive committees and the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership position.

### 3. Background Reading/ External References

3.1 Minute of the Governance, Risk and Best Value Committee – 21 September 2021

### 4. Appendices

Appendix 1 – report by the Head of Audit and Risk / Chief Internal Auditor

# Governance, Risk and Best Value Committee

## 10:00am, Tuesday, 21 September 2021

# Internal Audit: Overdue Findings and Key Performance Indicators as at 11 August 2021

| | |
|---|---|
| **Item number** | |
| **Executive/routine** | **Executive** |
| **Wards** | |
| **Council Commitments** | |

## 1. Recommendations

1.1 It is recommended that the Committee:

1.1.1 notes the status of the overdue Internal Audit (IA) findings as at 11 August 2021;

1.1.2 approves the recommendation that a further six-month extension date is applied to all open IA findings, recognising the ongoing impacts of Covid-19 and other priorities and challenges currently faced by the Council;

1.1.3 notes management commitment to implementation of the governance and assurance model and ensuring appropriate ongoing focus on closure of all high rated findings, and all findings that are more than one year overdue; and,

1.1.4 refers this paper to the relevant Council Executive committees and the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership position.

**Lesley Newdall**

Head of Audit and Risk / Chief Internal Auditor

Legal and Assurance Division, Corporate Services Directorate

E-mail: lesley.newdall@edinburgh.gov.uk | Tel: 0131 469 3216



EDINBVRGH THE CITY OF EDINBURGH COUNCIL

# Report

# Internal Audit: Overdue Findings and Key Performance Indicators as at 11 August 2021

## 2. Executive Summary

**Progress with Closure of Open and overdue Internal Audit findings**

2.1 The overall progress status for closure of overdue IA findings remains amber (stable with limited change).

2.2 This is supported by closure of an increased number of IA findings and management actions in the current period, with 24 findings (3 open and 21 overdue) and 95 management actions closed following review by IA in comparison to 18 findings (5 open and 13 overdue) and 68 management actions closed in the previous quarter (10 February to 27 April 2021).

2.3 This is further supported by a decreasing trend in the proportion of open IA findings that are overdue (KPI 3 in Appendix 1); improvement in the proportion of findings between three and six months overdue (KPI 9); and a decrease in the proportion of overdue management actions (KPI 14).

2.4 This progress is offset by a decrease in the proportion of findings and management actions submitted to IA by management for review and closure (KPIs 4 and 15); an increasing trend in findings less that are less than three months and more than six months overdue; and an increase in the number of management actions where the latest implementation date has been missed.

2.5 This confirms that ongoing focus is required on closure of findings that are more than one year overdue, and ensuring that open findings and supporting management actions do not miss their agreed implementation dates.

2.6 Further detail on the monthly trends in open and overdue findings is included at Appendix 1.

**Current position as at 11 August 2021**

2.7 A total of 96 open IA findings remain to be addressed across the Council as at 11 August 2021. This excludes open and overdue Internal Audit findings for the Edinburgh Integration Joint Board and the Lothian Pension Fund.

2.8 Of the 96 currently open IA findings:

2.8.1 a total of 45 (47%) are open, but not yet overdue;

2.8.2 51 (53%) are currently reported as overdue as they have missed the final agreed implementation dates. This reflects an increase of 4% in comparison to the April 2021 position (63%).

2.8.3 78% of the overdue findings are more than six months overdue, reflecting an increase of 8% in comparison to April 2021 (70%) with 25% aged between six months and one year and 53% more than one year overdue.

2.8.4 evidence in relation to 3 of the 51 overdue findings is currently being reviewed by IA to confirm that it is sufficient to support closure; and,

2.8.5 48 overdue findings still require to be addressed.

2.9 The number of overdue management actions associated with open and overdue findings where completion dates have been revised more than once since July 2018 is 48, reflecting a decrease of 16 when compared to the April 2021 position. This excludes the four-month date extension that was applied to reflect the impact of Covid-19.

**Proposed Solutions**

2.10 Whilst a four month extension date was applied to all open IA findings and supporting management actions reflecting the initial impacts of Covid-19, management has subsequently confirmed that this was not sufficient to fully reflect the ongoing impacts of the pandemic.

2.11 It is therefore proposed that a further six month extension is applied to all open IA findings and actions, reflecting the ongoing impacts of the Covid-19 and current Council priorities and challenges as services resume; new ways of working are defined and implemented; and senior leadership review outcomes are implemented.

2.12 The impact of the six-month extension is that completion dates for all 45 open findings that are not currently overdue will be extended by six months, and the eleven findings that are currently less than six months overdue will revert to open with completion dates extended by six months.

2.13 In the interim, management has committed to ensuring appropriate ongoing focus on closure of all high rated findings, and all findings that are more than six months overdue.

2.14 This approach should also provide sufficient time for effective implementation of the new governance and assurance model that was discussed at the August Committee in response to the 2020/21 IA annual opinion.

**Key Performance Indicators**

2.15 The IA key performance indicator (KPI) dashboard was not applied during the 2020/21 plan year as the Council continued to focus on its Covid-19 resilience response.

2.16 As advised in the June 2021 Committee paper, ongoing monitoring of IA key performance indicators (KPIs) supported by monthly reporting to the Corporate Leadership Team (CLT) and quarterly reporting has been reinstated to support delivery of the 2021/22 IA annual plan.

2.17 Reintroduction of ongoing monitoring of KPIs should also address the Committee request to ensure that audits are carried out in line with the timescales set out in the agreed audit plan.

2.18 Reintroduction of KPIs has confirmed that action is required to ensure that services are aware of the KPIs that apply to the audit process and engage proactively with IA to ensure that any potential impacts that could cause delays are identified and effectively managed.

## 3. Background

**Overdue IA Findings and Management Actions**

3.1 Overdue findings arising from IA reports are reported monthly to the Corporate Leadership Team (CLT) and quarterly to the GRBV Committee.

3.2 This report specifically excludes open and overdue findings that relate to the Edinburgh Integration Joint Board (EIJB) and the Lothian Pension Fund (LPF). These are reported separately to the EIJB Audit and Assurance Committee and the Pensions Audit Sub-Committee respectively.

3.3 Findings raised by IA in audit reports typically include more than one agreed management action to address the risks identified. IA methodology requires all agreed management actions to be closed in order to close the finding.

3.4 The IA definition of an overdue finding is any finding where all agreed management actions have not been evidenced as implemented by management and validated as closed by IA by the date agreed by management and IA and recorded in relevant IA reports.

3.5 The IA definition of an overdue management action is any agreed management action supporting an open IA finding that is either open or overdue, where the individual action has not been evidenced as implemented by management and validated as closed by IA by the agreed date.

3.6 Where management considers that actions are complete and sufficient evidence is available to support IA review and confirm closure, the action is marked as 'implemented' by management on the IA follow-up system. When IA has reviewed the evidence provided, the management action will either be 'closed' or will remain open and returned to the relevant owner with supporting rationale provided to explain what further evidence is required to enable closure.

3.7 A 'started' status recorded by management confirms that the agreed management action remains open and that implementation progress ongoing.

3.8 A ‘pending’ status recorded by management confirms that the agreed management action remains open with no implementation progress evident to date.

**IA Key Performance Indicators**

3.9 An operational dashboard has been designed to track progress against the key performance indicators included in the IA Journey Map and Key Performance Indicators (KPI) document that was designed to monitor progress of both management and Internal Audit with delivery of the Internal Audit annual plan.

3.10 A motion and addendum agreed at Committee in August 2021 requested that audits should be carried out in line with the timescales set out in the agreed audit plan.

## 4. Main report

4.1 As at 11 August 2021, there are a total of 96 open IA findings across the Council with 51 findings (53%) now overdue.

4.2 The movement in open and overdue IA findings during the period 27 April (reported to GRBV in June 2021) to 11 August 2021 is as follows:

| Analysis of changes between 27/04/2021 and 11/08/2021 | | | | |
|---|---|---|---|---|
| | **Position at 27/04/21** | **Added** | **Closed** | **Position at 11/08/21** |
| **Open** | 100 | 20 | 24 | 96 |
| **Overdue** | 63 | 9 | 21 | 51 |

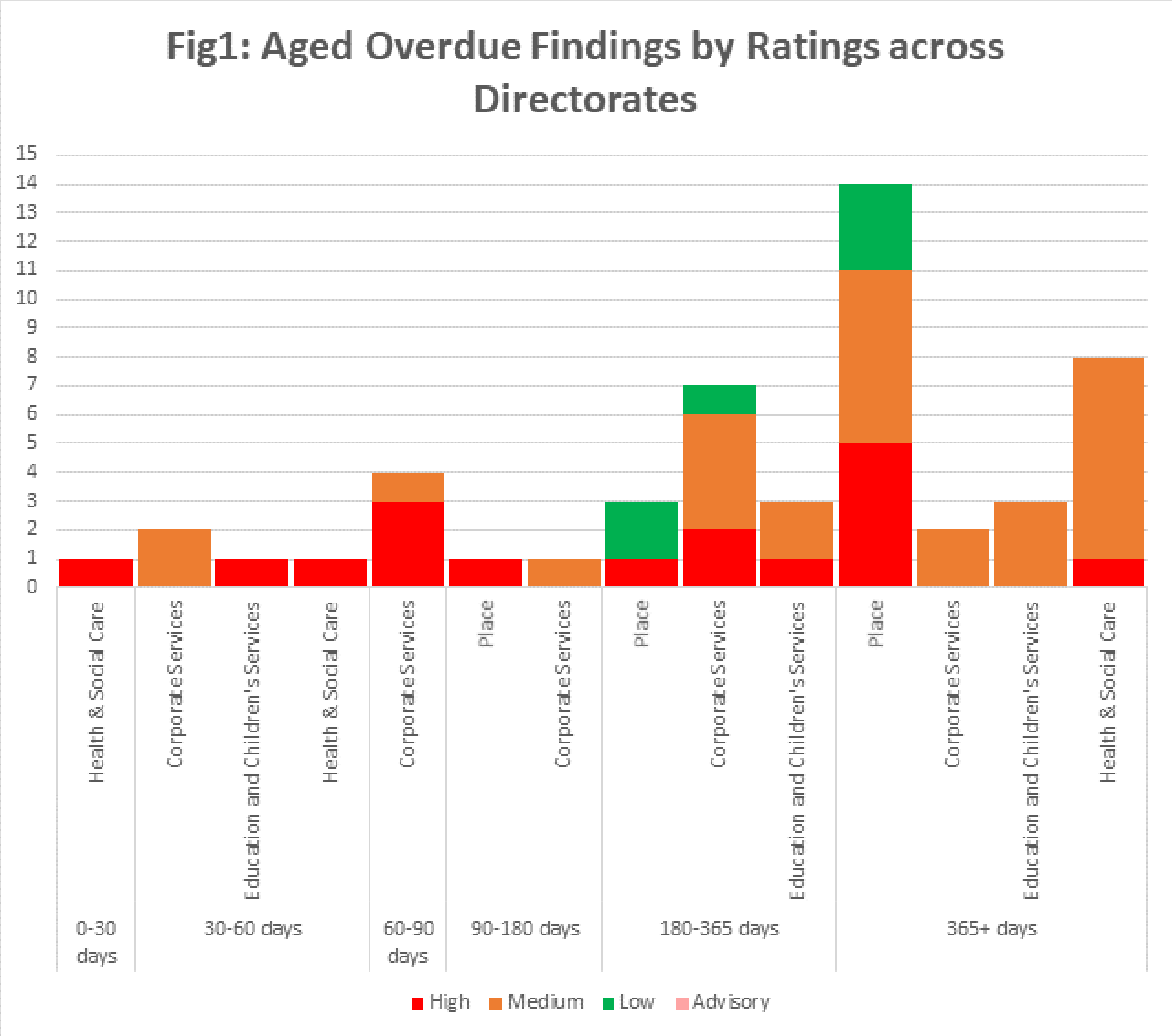
**Overdue Findings**

4.3 The 51 overdue findings comprise 17 High; 28 Medium; and 6 Low rated findings.

4.4 However, IA is currently reviewing evidence to support closure of 3 of these findings (1 High and 2 Medium), leaving a balance of 48 overdue findings (16 High; 26 Medium; and 6 Low) still to be addressed.

**Overdue findings ageing analysis**

4.5 Figure 1 illustrates the ageing profile of all 51 overdue findings by rating across directorates as at 11 August 2021:




4.6 This analysis of the ageing of the 51 overdue findings outlined below highlights that Directorates made good progress in the last quarter with resolving findings overdue between three and six months, as the proportion of those findings has significantly decreased. However, this is offset by an increase in the proportion of findings overdue for less than three months; overdue between six months and one year; and findings overdue for more than one year.

- 9 (18%) are less than 3 months (90 days) overdue, in comparison to 10% as at April 2021;
- 2 (4%) are between 3 and 6 months (90 and 180 days) overdue, in comparison to 20% as at April 2021;
- 13 (25%) are between 6 months and one year (180 and 365 days) overdue, in comparison to 19% as at April 2021; and,
- 27 (53%) are more than one year overdue, in comparison to 51% as at April 2021.

**Management Actions Closed Based on Management's Risk Acceptance**

4.7 During the period 27 April 2021 to 11 August 2021 eight management actions have been closed on the basis that management has retrospectively accepted either the full or residual elements of the risks highlighted by IA in original audit reports. These are:

4.7.1 Corporate Services - Communications - Controls over access to Social Media Accounts (Medium) - Management has explored the feasibility of allocating unique user ID and profiles to operate social media accounts and discounted it as it was cost prohibitive. Management has therefore accepted the risks associated with the use of generic shared user IDs, making it difficult to trace any potentially adverse social media content or activity to a particular employee.

4.7.2 Health and Social Care - Emergency Prioritisation & Complaints (Medium) - Management has accepted the residual risk of potential manual errors when recording response times. The process is semi-automated via the Jontek application which records the time of the call and the responder's call from the citizen's home and is supported by paper-based records completed by responders.

4.7.3 Corporate Services - Customer and Digital Services - Digital Services Change Initiation (Medium) - Management has accepted the risks associated with not implementing bespoke service levels for complex change requests, as this is not possible within the terms of the CGI partnership agreement.

4.7.4 Corporate Services - Customer and Digital Services - CGI Partnership Management and Governance (Medium) - Management has accepted the risks associated with the limited change and security key performance indicators included in the CGI partnership agreement as it is not possible to change these under the terms of the existing contract.

4.7.5 Corporate Services - Customer and Digital Services - Council oversight of CGI subcontract management (Medium) - Management has accepted the residual risk that sub-contractors providing critical high value services for the Council are not identified and reclassified by CGI; that no formal supplier management arrangements are applied by CGI across these sub-contractors; and that poor supplier performance in relation to critical services is not proactively managed. A quarterly report will be sourced from CGI detailing any changes to sub-contractor services that will inform any category change required to key sub-contractors.

4.7.6 Corporate Services - Customer and Digital Services - Ongoing Dacoll supplier management (Low) - Management has accepted this risk until April 2023 which is when the next discussion regarding a contract extension is due. Additionally, there are no guarantees that Dacoll (a key sub-contractor responsible for the Council's local area networks and end user infrastructure) supplier performance arrangements will be enhanced as part of these discussions. Current supplier performance issues with Dacoll have been escalated by Digital Services to CGI.

4.7.7 Corporate Services - Customer and Digital Services - Out of Support Technology and Public Sector Network Accreditation: Public Services Network governance arrangements (Low) - Management has accepted the residual risk associated with this finding that security risks (that could potentially impact both PSN and Cyber Essentials plus accreditation) identified, recorded, and managed by CGI on behalf of the Council are not currently flowing through into the Council's risk management process. Digital Services has confirmed that this will be addressed in future through the Council's Cyber and Information Security Steering Group risk register. The risk has been closed on the basis the residual risk is low; is within appetite; and that PSN and Cyber Essentials plus accreditation has been received, although this will need to be addressed in future to support implementation of the refreshed operational risk management framework.

4.7.8 Place - Waste and Cleansing Services - Performance Management Framework (Low) - Management has accepted the residual risk of not providing a clear link to the Scottish Government's Code of Practice on Litter and Refuse guidance on all customer street cleansing communications. The link has been made available via the Council's website; however management has advised that no direct street cleansing communications issued to customers.

**Agreed Management Actions Analysis**

4.8 The 96 open IA findings are supported by a total of 233 agreed management actions. Of these, 130 (56%) are overdue as the completion timeframe agreed with management when the report was finalised has not been achieved. This reflects a 3% decrease from the April 2021 position (59%).

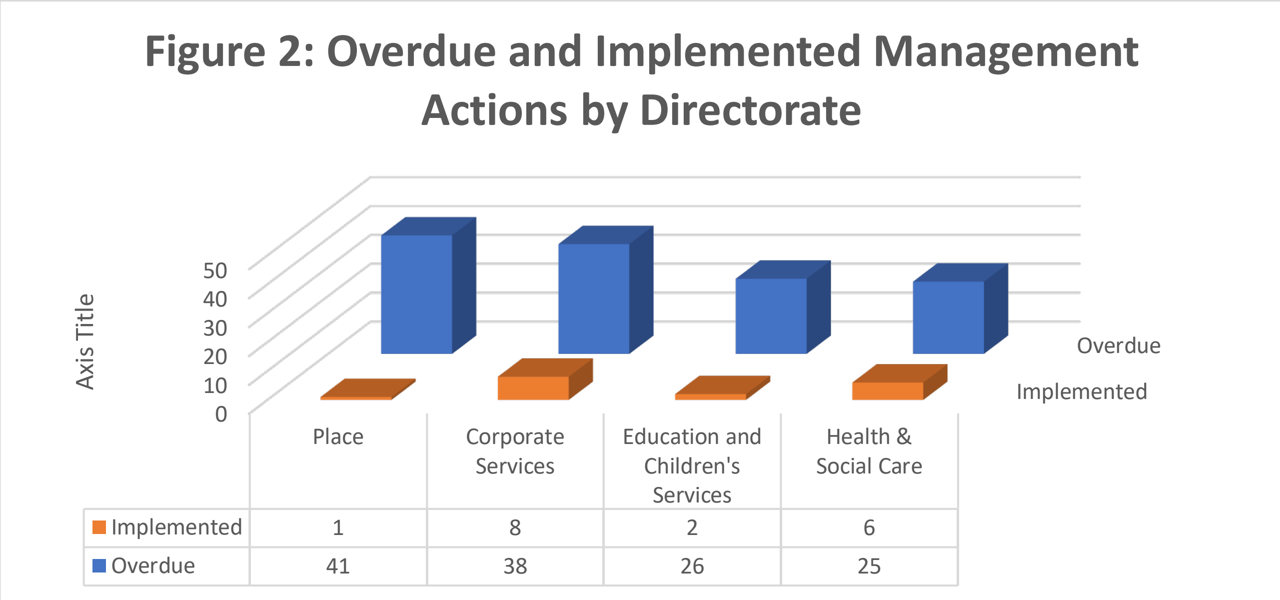
4.9 Of the 130 overdue management actions, 17 have a status of 'implemented' and are currently with IA for review to confirm whether they can be closed, leaving a balance of 113 to be addressed.

4.10 Appendix 2 provides an analysis of the 130 overdue management actions highlighting:

- their current status as at 11 August 2021 with:
  - 17 implemented actions where management believe the action has been completed and it is now with IA for validation;
  - 108 started where the action is open, and implementation is ongoing; and
  - 5 pending where the action is open with no implementation progress evident to date.
- 70 instances (54%) where the latest implementation date has been missed; and

- 48 instances (37%) where the implementation date has been revised more than once.

4.11 Figure 2 illustrates the allocation of the 130 overdue management actions across Directorates, and the 17 that have been passed to IA for review to confirm whether they can be closed.

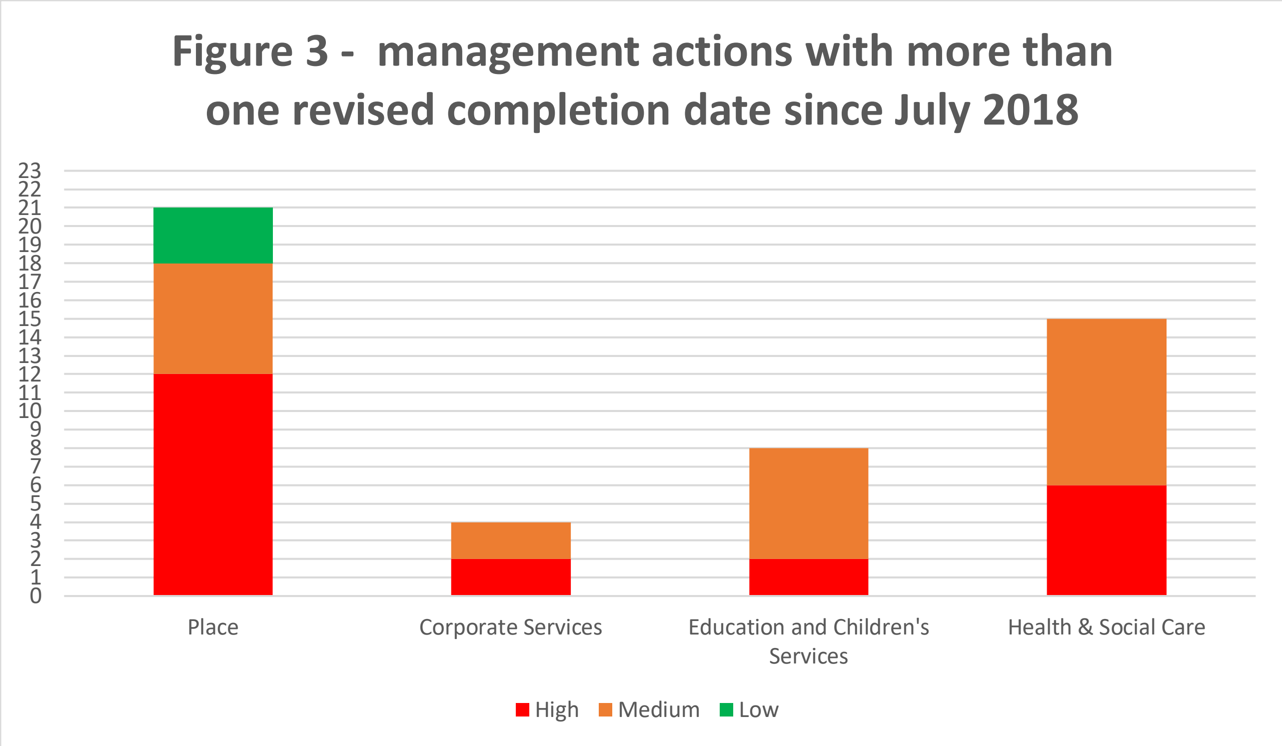



**Revised Implementation Dates**

4.12 Figure 3 illustrates that there are currently 48 open management actions (including those that are overdue) across directorates where completion dates have been revised between one and five times since July 2018. This number excludes the automatic extension applied by IA to reflect the impact of Covid-19.

4.13 This reflects a decrease of 16 in comparison to the position reported in April 2021(64).

4.14 Of these 48 management actions, 22 are associated with High rated findings; 23 Medium; and 3 Low, with the majority of date revisions in the Place Directorate.




**Key Performance Themes Identified from the IA Dashboard**

4.15 The IA key performance indicator dashboard was not applied during the 2020/21 plan year as the Council continued to focus on its Covid-19 resilience response.

4.16 The dashboard has now been reinstated for 2021/22 as advised in the June report presented to Committee, to support smooth delivery of the 2021/22 IA annual plan and prevent delayed completion of audits and finalisation of reports shortly before finalisation of the IA annual opinion.

4.17 Reintroduction of the KPIs supported by monthly reporting to the Corporate Leadership Team and quarterly to the Committee will highlight any significant delays that could potentially impact on delivery of the annual plan, and is aligned with the requirements of both the motion and addendum agreed at Committee in August 2021 requesting that audits will be carried out in line with the timescales set out in the agreed audit plan.

4.18 For the 10 audits currently in progress across the Council where a terms of reference has been issued the dashboard at Appendix 3 highlights that:

4.18.1 8 service responses have been received within agreed KPI timeframes;

4.18.2 Executive Director responses are generally within agreed timeframes;

4.18.3 Agreement on the Digital and Smart City terms of reference with Digital Services involved extensive engagement and was impacted by annual leave;

4.18.4 Service responses on the terms of reference for the Fraud and Serious Organised Crime audit have not yet been received from all services included in the scope of the review;

4.18.5 Finalisation of the report and workshop with management for the Planning and Performance Framework review was significantly impacted by the timing of annual leave; and,

4.18.6 The Elections in the Covid-19 environment audit was completed effectively with management and IA working closely to provide assurance in advance of the May 2021 Scottish parliament elections.

## 5. Next Steps

5.1 IA will continue to monitor the open and overdues findings position and delivery against key performance indicators, providing monthly updates to the CLT and quarterly updates to the Governance, Risk and Best Value Committee.

## 6. Financial impact

6.1 There are no direct financial impacts arising from this report, although failure to close findings and address the associated risks in a timely manner may have some inherent financial impact.

## 7. Stakeholder/Community Impact

7.1 If agreed management actions supporting closure of Internal Audit findings are not implemented, the Council will be exposed to the service delivery risks set out in the relevant Internal Audit reports. Internal Audit findings are raised as a result of control gaps or deficiencies identified during reviews therefore overdue items inherently impact upon effective risk management, compliance and governance.

## 8. Background reading/external references

8.1 Internal Audit: Overdue Findings and Key Performance Indicators at 27 April 2021 – Paper 8.2

8.2 First Line Governance and Assurance Model – Paper 8.3

8.3 Internal Audit Journey Map and Key Performance Indicators - Paper 7.6 Appendix 3

## 9. Appendices

9.1 Appendix 1 – Monthly Trend Analysis of IA Overdue Findings and Management Actions

9.2 Appendix 2 – Internal Audit Overdue Management Actions as at 11 August 2021

9.3 Appendix 3 – Internal Audit Key Performance Indicators as at 11 August 2021

This page is intentionally left blank