

Notice of meeting and agenda

Finance and Resources Committee

10.00am, Thursday 8 September 2022

Dean of Guild Court Room - City Chambers

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

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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

Contacts

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1. Order of business

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

2. Declaration of interests

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

3. Deputations

- 3.1 If any.

4. Minutes

- | | | |
|-----|--|---------|
| 4.1 | Minute of the Finance and Resources Committee of 16 June 2022 - submitted for approval as a correct record | 9 - 16 |
| 4.2 | Minute of the Finance and Resources Committee of 14 July 2022 - submitted for approval as a correct record | 17 - 20 |

5. Forward Planning

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6. Business Bulletin

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Interim Executive Director of Corporate Services

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7.7	Revenue Budget 2022/27 - Progress Update – Report by the Interim Executive Director of Corporate Services	169 - 180
7.8	Potential financial flexibilities to address pay-related pressures – Report by the Interim Executive Director of Corporate Services	181 - 188
7.9	Resource provision for Medium-Term Financial Plan – Report by the Interim Executive Director of Corporate Services	189 - 192
7.10	Enterprise Resource Planning (ERP) Funding – Report by the Interim Executive Director of Corporate Services	193 - 200
7.11	Sustainable Procurement Strategy Annual Report - 2022 – Report by the Interim Executive Director of Corporate Services	201 - 254
7.12	Award of Engineering Inspection Services – Report by the Interim Executive Director of Corporate Services	255 - 260
7.13	Update on the implementation of the Construction Charter – Report by the Interim Executive Director of Corporate Services	261 - 268
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by the Executive Director of Place

7.15	Lauriston Castle: Operational and Governance Arrangements – Report by the Executive Director of Place	281 - 284
7.16	Millerhill Energy from Waste Plant Heat Offtake Unit – Report by the Executive Director of Place	285 - 290
7.17	Macmillan Hub – update on funding position – Report by the Executive Director of Place	291 - 296
7.18	Education and Children’s Services Waiver Extension – Report by the Executive Director of Education and Children's Services	297 - 304
7.19	Health and Social Care Contract Extension Report – Report by the Chief Officer, Edinburgh Health and Social Care Partnership	305 - 312
7.20	Award of Contract: EADP – Counselling and Psychological Therapies Services – Report by the Chief Officer, Edinburgh Health and Social Care Partnership	313 - 318
7.21	Appointments to Joint Consultative Group – Report by the Interim Executive Director of Corporate Services	319 - 322

8. Routine Decisions

8.1	Contract Awards and Procurement Programme (Period 1 January to 30 June 2022) – Report by the Interim Executive Director of Corporate Services	323 - 352
8.2	Workforce Dashboard with Wellbeing and Absence Deep dive – Report by the Interim Executive Director of Corporate Services	353 - 374
8.3	Ravelston Pavilion and Surrounding Parkland – Community Asset Transfer – Report by the Executive Director of Place	375 - 382
8.4	Land at Millerhill, Edinburgh – Proposed Disposal – Report by the Executive Director of Place	383 - 388

8.5	Land at Rannoch Terrace, Clermiston, Edinburgh – Proposed Disposal – Report by the Executive Director of Place	389 - 392
8.6	Depot Rationalisation Programme – Bankhead Depot Refurbishment Award of Contract – Report by the Executive Director of Place	393 - 400
8.7	Unit 4/5 Clocktower, South Gyle Industrial Estate, Edinburgh – Proposed Lease Extension – Report by the Executive Director of Place	401 - 404
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8.9	18-19 West Harbour Road, Edinburgh – Proposed Lease Extension – Report by the Executive Director of Place	411 - 414
8.10	Deed of Servitude for access at Water of Leith Walkway Waulkmill Loan – Report by the Executive Director of Place	415 - 418
8.11	Block 1 Unit 4 Pennywell Town Centre, Edinburgh – Proposed New Lease – Report by the Executive Director of Place	419 - 422
8.12	Appointment of Professional Services, George Street and the First New Town – from RIBA Stage 4 (Technical Design) – Report by the Executive Director of Place	423 - 428
8.13	Housing Service Asbestos Framework – Report by the Executive Director of Place	429 - 436
8.14	Community Alarm System and Sheltered Housing Alarm Repair, Maintenance and Installation Contract Extension – Report by the Executive Director of Place	437 - 440

9. Motions

9.1 None.

10. Resolution to Consider in Private

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

11. Private Reports

11.1 Currie High School – Report by the Executive Director of Place 441 - 448

11.2 Award of Contracts for Roseburn to Union Canal Active Travel Route and Greenspace Improvements Project Construction – Report by the Executive Director of Place 449 - 456

Nick Smith

Service Director, Legal and Assurance

Committee Members

Councillor Mandy Watt (Convener), Councillor Graeme Bruce, Councillor Phil Doggart, Councillor Joan Griffiths, Councillor Euan Hyslop, Councillor Lesley Macinnes, Councillor Alys Mumford, Councillor Vicky Nicolson, Councillor Neil Ross, Councillor Alex Staniforth and Councillor Lewis Younie

Information about the Finance and Resources Committee

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

This meeting of the Finance and Resources Committee is being held in the City Chambers, High Street, Edinburgh and virtually by Microsoft Teams.

Further information

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

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

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Minutes

Finance and Resources Committee

10.00am, Thursday 16 June 2022

Present

Councillor Watt (Convener), Councillor Biagi, Councillor Bruce, Councillor Doggart, Councillor Griffiths, Councillor Hyslop, Councillor Mumford, Councillor Nicolson, Councillor Neil Ross, Councillor Staniforth and Councillor Younie.

1. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 3 March 2022 as a correct record.

2. Work Programme

The Finance and Resources Committee Work Programme for June 2022 was presented.

Decision

To note the Work Programme.

(Reference – Work Programme of 16 June 2022, submitted.)

3. Rolling Actions Log

Details were provided of the outstanding actions arising from decisions taken by the Finance and Resources Committee.

Decision

- 1) To note the Service Director - Sustainable Development would provide an update and expected timescale for the work to commence as noted in Item 3 ([Work Programme](#)).
- 2) To note that expected completion dates would be added to Items 2 (Workforce Dashboard) and 4 (Granton Waterfront Phase 1 – Pre- Development Services).
- 3) To otherwise note the Rolling Actions Log.

(Reference – Rolling Actions Log of 16 June 2022, submitted.)

4. Business Bulletin

The Finance and Resources Committee Business Bulletin for June 2022 was presented.

Decision

- 1) To note the Service Director - Finance & Procurement would provide an update on the timescale for the work being done under the G Boyd Anderson Trust.
- 2) To otherwise note the Business Bulletin.

(Reference – Business Bulletin of 16 June 2022, submitted.)

5. Revenue Budget 2022/27 Framework: progress update

The report provided updates on the overall budget position for 2022/23, including the provisional outturn for 2021/22, and set out the main implications for the Council's medium-term financial planning framework of the publication of the Scottish Government's Resource Spending Review on 31 May.

Decision

- 1) To note the report, in particular, the urgent need to identify savings options to address significant projected funding gaps from 2023/24.
- 2) To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

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

6. Demolition of the Former Castlebrae High School, Craigmillar

The report sought approval from the Committee to note the decision taken to award the contract for demolition of the building, under a waiver of CSOs to Dem Master Demolition, at a value of up to £750,000, via the urgency procedure under 4.1 of the Committee Terms of Reference and Delegated Functions.

Decision

To note the contract awarded to Dem Master Demolition, via a waiver of Contract Standing Orders, for the demolition of the former Castlebrae High School, undertaken as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions by the Executive Director of Place, in consultation with the Chief Executive.

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

7. Roads and Transport Infrastructure Construction Framework – Award under Delegated Authority

The report sought approval to delegate authority to the Executive Director of Place to award a multi-lot framework agreement to the most economically advantageous organisations to deliver a programme of capital works to support the Council in delivering its roads and infrastructure construction, maintenance and repair programmes.

Decision

- 1) To delegate authority to the Executive Director of Place to award the framework to the most economically advantageous organisations identified following a competitive tendering process.
- 2) To note that the framework value was estimated to be between £80 - £102m over four years.
- 3) To note the contract values were reflective of historical spend on these services over the previous four financial years, and that the scope of works may fluctuate subject to budget allocation and funding approvals.
- 4) To note that these awards would be reported to Finance and Resources Committee under the half yearly procurement report for Awards of Contract.

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

8. Homelessness Services – Use of Temporary Accommodation

The report sought approval, through a waiver of the Council's Contract Standing Orders, to extend 39 current contracts for the provision of temporary accommodation for the period 1 July 2022 to 31 March 2023, totalling £14,374,427 on a spot purchase arrangement. 2 contracts were no longer required (the affected contracts were noted in Appendix 1 to the report).

Decision

- 1) To approve, through a waiver of the Council's Contract Standing Orders , extending 39 contracts for the provision of temporary accommodation. This arrangement covered the period 1 July 2022 to 31 March 2023, up to a cost of £14,374,427 using a spot purchase arrangement as detailed in Appendix 1 to the report.
- 2) To note that the values requested per provider were indicative only and were dependent on accommodation requirements, therefore Committee was asked to grant delegated authority to the Executive Director of Place to adjust (within the agreed budget) the values between the named providers as necessary depending on need, type and appropriateness of properties available from those providers.

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

9. Award of Contracts for Winter Festivals

The report sought approval to award two contracts, to commence on 11 July 2022 for a period of three years with two optional 12 month extensions for the delivery of Edinburgh's Christmas to Angels Event Experience Limited at a total estimated rental income value to the Council of £5,473,500 and to Edinburgh's Hogmanay to Unique Events Limited at a total value of £4,062,280.

Motion

- 1) To approve the award of contracts for Winter Festivals which were provided through two Lots:

- 1.1) Edinburgh's Christmas (Lot 1) to Angels Event Experience Limited at a total estimated rental income value to the Council of £5,473,500.
 - 1.2) Edinburgh's Hogmanay (Lot 2) to Unique Events Limited at a total value of £4,062,280.
- 2) To approve the commencement of two contracts on 11 July 2022 for an initial period of three years with two optional 12 month extensions undertaken at the sole discretion of the City of Edinburgh Council.
 - Moved by Councillor Watt, seconded by Councillor Griffiths

Amendment

- 1) To approve the award of contracts for Winter Festivals which were provided through two Lots:
 - 1.1) Edinburgh's Christmas (Lot 1) to Angels Event Experience Limited at a total estimated rental income value to the Council of £5,473,500.
 - 1.2) Edinburgh's Hogmanay (Lot 2) to Unique Events Limited at a total value of £4,062,280.
- 2) To approve the commencement of two contracts on 11 July 2022 for an initial period of three years with two optional 12 month extensions undertaken at the sole discretion of the City of Edinburgh Council.
- 3) To agree the Events Team would notify members of the Culture and Communities Committee when any approvals, as referred to in paragraph 5.4 of the report, were granted and provide regular briefings on ongoing delivery of the contracts to relevant spokespeople designated by each political group.
 - Moved by Councillor Biagi, seconded by Councillor Nicolson

In accordance with Standing Order 22.12, the amendment was accepted as an addendum to the motion.

Decision

To approve the following adjusted motion by Councillor Watt:

- 1) To approve the award of contracts for Winter Festivals which were provided through two Lots:
 - 1.1) Edinburgh's Christmas (Lot 1) to Angels Event Experience Limited at a total estimated rental income value to the Council of £5,473,500.
 - 1.2) Edinburgh's Hogmanay (Lot 2) to Unique Events Limited at a total value of £4,062,280.
- 2) To approve the commencement of two contracts on 11 July 2022 for an initial period of three years with two optional 12 month extensions undertaken at the sole discretion of the City of Edinburgh Council.
- 3) To agree the Events Team would notify members of the Culture and Communities Committee when any approvals, as referred to in paragraph 5.4 of

the report, were granted and provide regular briefings on ongoing delivery of the contracts to relevant spokespeople designated by each political group.

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

10. Health and Social Care Contract Extension Report

The report set out the current Edinburgh Health and Social Care Partnership (EHSCP) commissioning activity and how this impacted contractual arrangements, including the requirement to waive the requirement of Contract Standing Orders to allow contracts to be extended at the expiry of the current contract duration.

Decision

- 1) To approve the extension of the Health and Social Care contracts outlined in paragraph 4.1 of the report.
- 2) To approve the award of a contract to Care and Repair Edinburgh as a Direct Award for the care and repair provision for a period of 12 months.
- 3) To note the four block contracts for the provision of Interim Care care home beds.

(Reference – report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)

11. Award of Overnight Responder Service

The report sought approval to award the Overnight Responder Service contract to Blackwood Homes and Care to commence in September 2022 for a period of three years with the option to extend at twelve month intervals up to a total of 36 months, undertaken at the sole discretion of the Council with a total estimated value of £5,170,745.

Decision

- 1) To approve the contract for Overnight Responder Services to Blackwood Homes and Care.
- 2) To approve the commencement of the contract on 1 September 2022 for an initial period of 3 years with the option to extend for a further 3 years.
- 3) To note the estimated value of the contract was £5,170,745.

(Reference – report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)

12. Lease of Drumbrae Care Home, 24A Ardshiel Avenue, Edinburgh

As part the conclusions of the bed-based review for the city, the Edinburgh Integration Joint Board approved that NHS Lothian should proceed to decommission existing services at Drumbrae Care Home and instead provide Hospital Based Complex Clinical Care services from the property. To facilitate this, approval was sought to lease the property to NHS Lothian on the terms and conditions detailed in the report.

Decision

To approve the lease of 24A Ardshiel Avenue, previously Drumbrae Care Home, to NHS Lothian for the provision of Hospital Based Complex Clinical Care services on the terms and conditions detailed in the report.

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

13. Westfield House, Kirk Loan, Edinburgh – Proposed Short Term Lease

Corstorphine Community Centre submitted a Community Asset Transfer (CAT) request for the former Council office building at Westfield House. The report sought approval to grant a monthly lease of Westfield House, on the terms and conditions outlined in the report, until the sale of the asset could be completed via the CAT process.

Decision

To approve a monthly lease of Westfield House to Corstorphine Community Centre on the terms outlined in the report and on other terms and conditions agreed by the Executive Director of Place.

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

13. Embedding Gender Budget Analysis – Motion by Councillor Mumford

The following motion by Councillor Mumford was submitted in terms of Standing Order 16:

“Committee:

1. Notes that gender budgeting is an internationally recognised tool to expose the gendered impact of public spending and ensures consideration of spending decisions through this lens;
2. Recognises that the First Minister’s National Advisory Council on Women and Girls recommended that local authorities integrate intersectional gender budget analysis into their budget setting procedures;
3. Recognises that the Council’s response to the Scottish Government’s consultation on the Scottish Specific elements of the Public Sector Equality Duty responded to this recommendation stating that “gender budget analysis would be a positive step forward and perfectly feasible at the present time”, while disagreeing with the need for a statutory duty;
4. Notes that the Scottish Women’s Budget Group’s project ‘Gender Budgeting from Theory to Action’ aims to support greater use of gender budgeting tools in local decision making in Scotland to reduce inequalities;
5. Therefore requests a report to this committee within 2 cycles into measures that the Council can take to introduce, embed or improve intersectional gender budgeting including but not limited to:
 - a. A strategy for resource allocation to achieve equality;

- b. Greater intersectional data gathering;
 - c. An equalities budget statement alongside all submitted budget motions;
 - d. Strengthening IIAs for spending decisions and ensuring greater opportunities for scrutiny by elected members and the public;
 - e. Investing in gender competence of officers and elected members;
 - f. Mechanisms and structures to improve gender budgeting such as working groups, taskforces and champions;
6. And further requests that officers engage with the Scottish Women's Budget Group within the next cycle to explore the possibility of Edinburgh Council undertaking a pilot gender budget analysis project with them."

Motion

To approve the motion by Councillor Mumford.

- moved by Councillor Mumford, seconded by Councillor Staniforth

Amendment

To take no action on the motion.

- moved by Councillor Watt, seconded by Councillor Griffiths

Voting

The voting was as follows:

For the motion	-	5 votes
For the amendment	-	6 votes

(For the motion: Councillors Biagi, Hyslop, Mumford, Nicolson and Staniforth.

For the amendment: Councillors Bruce, Doggart, Griffiths, Neil Ross, Watt and Younie.)

Decision

To take no action on the motion.

In accordance with Standing Order 31.1, the decision was referred to Council for approval.

Declaration of Interests

Councillor Mumford made a transparency statement in respect of the above item as a previous voluntary member of the Scottish Women's Budget Group.

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Minutes

Finance and Resources Committee

10.00am, Thursday 14 July 2022

Present

Councillor Watt (Convener), Councillor Arthur (substituting for Councillor Griffiths), Councillor Biagi, Councillor Campbell (substituting for Councillor Hyslop), Councillor Doggart, Councillor Macinnes (substituting for Councillor Nicolson), Councillor Mumford, Councillor Neil Ross, Councillor Staniforth, Councillor Whyte (substituting for Councillor Bruce) and Councillor Younie.

1. Cost of Living Crisis: cost implications of motion approved by Council, 30 June

In response to a motion by Councillor Biagi in relation to the current cost of living crisis, details were provided of the cost implications of measures which could be taken including potential further payments to households with children in receipt of free school meals, top up to the school clothing grant and cancellation of school meal related debt.

Motion

- 1) To note the estimated cost implications of the approved motion by Councillor Biagi.
 - 2) To note, in view of wider pressures and commitments affecting 2022/23 and subsequent years of the budget framework, the officer recommendation that no further discretionary expenditure be incurred at this time.
 - 3) To redouble efforts to highlight to the Scottish Government, through COSLA, the significant and increasing inflationary impacts of the current Cost of Living Crisis upon both the Council and the communities it serves.
- moved by Councillor Doggart, seconded by Councillor Whyte

Amendment 1

- 1) To note that the estimated cost implications of the approved motion by Councillor Biagi exceeds the amount available by circa £341,000.
- 2) To note that the uptake of free school meals could be higher than forecast due to the current economic circumstances and to the Ukrainian families arriving in Edinburgh.
- 3) To agree to use the £1,212,000 set out in the report to Council on 30th June 2022 to:
 - 3.1) clear the school meal related debt of £64,000;
 - 3.2) create a provision of £128,000 for school meal hardship in the coming school year;

- 3.3) make the £100 payments for the 8,832 children whose families currently qualify; and
 - 3.4) use the remaining £136,800 (subject to audit) for making £100 payments to the families of children who are newly registered as eligible at the start of the August school term.
- 4) To note that the Council Leader has called a special meeting of key members of the Edinburgh Partnership to consider the above proposal and for their input to be noted in a report when Council considers the decision of the Finance and Resources Committee in relation to reserve spending.
- moved by Councillor Watt, seconded by Councillor Arthur

Amendment 2

- 1) To note the estimated cost implications of the approved motion by Councillor Biagi.
 - 2) To agree to use the available level of funding from the unallocated element of the 2021/22 underspend to:
 - 2.1) clear all school meal related debt;
 - 2.2) to make an additional payment of £100 for every child within a low-income household, identified with reference to the free school meals qualification.
 - 2.3) subject to working with the Edinburgh Partnership to develop a strategy which could more comprehensively support a broader range of citizens to fully access recurring welfare payments they are entitled to and appropriate measures that might provide relief from the cost of living crisis, such as food vouchers, as this would benefit more individuals.
 - 2.4) request a report from the Edinburgh Partnership with an outline of appropriate proposals for the full council in August.
 - 3) To note, in view of wider pressures and commitments affecting 2022/23 and subsequent years of the budget framework, the officer recommendation that no further discretionary expenditure be incurred at this time.
 - 4) To request that the Council Leader writes to both the Scottish and UK Governments to:
 - 4.1) urge them to increase recurring welfare payments to those in need, who are most directly affected by the cost of living crisis; and also
 - 4.2) intensify efforts to increase the uptake of welfare benefits, as many people are missing out on payments to which they are entitled.
 - 5) To agree to redouble efforts to highlight to the Scottish Government, through COSLA, the significant and increasing inflationary impacts of the current Cost of Living Crisis upon both the Council and the communities it serves.
- moved by Councillor Neil Ross, seconded by Councillor Younie

In terms of Standing Order 22.12, Councillor Watt accepted paragraph 4 of Amendment 2 as an addendum to Amendment 1.

Voting

For the motion	-	2 votes
For amendment 1	-	7 votes
For amendment 2	-	2 votes

(For the motion – Councillors Doggart and Whyte.

For Amendment 1 – Councillors Arthur, Biagi, Campbell, Macinnes, Mumford, Staniforth and Watt.

For Amendment 2 – Councillors Neil Ross and Younie.)

Decision

To approve Amendment 1 by Councillor Watt, as adjusted, as follows:

- 1) To note that the estimated cost implications of the approved motion by Councillor Biagi exceeds the amount available by circa £341,000.
- 2) To note that the uptake of free school meals could be higher than forecast due to the current economic circumstances and to the Ukrainian families arriving in Edinburgh.
- 3) To agree to use the £1,212,000 set out in the report to Council on 30th June 2022 to:
 - 3.1) clear the school meal related debt of £64,000;
 - 3.2) create a provision of £128,000 for school meal hardship in the coming school year;
 - 3.3) make the £100 payments for the 8,832 children whose families currently qualify; and
 - 3.4) use the remaining £136,800 (subject to audit) for making £100 payments to the families of children who are newly registered as eligible at the start of the August school term.
- 4) To note that the Council Leader has called a special meeting of key members of the Edinburgh Partnership to consider the above proposal and for their input to be noted in a report when Council considers the decision of the Finance and Resources Committee in relation to reserve spending.
- 5) To request that the Council Leader writes to both the Scottish and UK Governments to:
 - 5.1) urge them to increase recurring welfare payments to those in need, who are most directly affected by the cost of living crisis; and also
 - 5.2) intensify efforts to increase the uptake of welfare benefits, as many people are missing out on payments to which they are entitled.

(References – Act of Council No. 22 of 30 June 2022; report by the Interim Executive Director of Corporate Services, submitted.)

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Work Programme

Finance and Resources Committee

8 September 2022

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
1	Workforce Dashboard	Quarterly Report		Interim Executive Director of Corporate Services Lead Officer: Katy Miller katy.miller@edinburgh.gov.uk	November 2022
2	Council Commercial Property Portfolio – Update Report	Committee agreed to receive regular updates, where required, on 29 October 2020		Executive Director of Place Lead Officer: Graeme McGartland 0131 529 5956 graeme.mcgartland@edinburgh.gov.uk	April 2023
3	Revenue Monitoring – Council-wide	Quarterly Report		Interim Executive Director of Corporate Services Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2023

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
4	Revenue Budget Risks and Reserves Report	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2023
5	Capital Monitoring – Council-wide	Quarterly Report		Interim Executive Director of Corporate Services Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2023
6	Corporate Services Directorate - Revenue Budget Monitoring	Quarterly Report		Interim Executive Director of Corporate Services Lead Officer: Iain Shaw 0131 469 3117 iain.shaw@edinburgh.gov.uk	January 2023
7	Chief Executive – Revenue Budget Monitoring	Quarterly Report		Chief Executive Lead Officer: Iain Shaw 0131 469 3117 iain.shaw@edinburgh.gov.uk	January 2023
8	Miscellaneous Debts Write Off – 6 monthly operational update (B	Six Monthly Report		Interim Executive Director of Corporate Services Lead Officer: Nicola Harvey	November 2022

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
	Agenda)			0131 469 5016 nicola.harvey@edinburgh.gov.uk	
9	Contract Award and Procurement Programme	Six Monthly Report		Interim Executive Director of Corporate Services Lead Officer: Iain Strachan 0131 529 4930 iain.strachan@edinburgh.gov.uk	November 2022
10	Revenue Budget 2022/27 – Progress Update	Annual Update Report, incorporating impacts of provisional Local Government Finance Settlement		Interim Executive Director of Corporate Services Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2023
11	Housing Revenue Account Budget Strategy	Annual Report		Executive Director of Place Lead Officer: Elaine Scott 0131 529 2277 elaine.scott@edinburgh.gov.uk	January 2023
12	Capital Budget Strategy 2020/30	Annual Update Report, incorporating impacts of provisional Local		Interim Executive Director of Corporate Services Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	January 2023

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
		Government Finance Settlement			
13	Annual Fraud Prevention and Detection	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Nicola Harvey 0131 469 5016 nicola.harvey@edinburgh.gov.uk	November 2022
14	City of Edinburgh Council – 2021/22 Annual Audit Report to the Council and the Controller of Audit – referral by the Governance, Risk and Best Value Committee	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	October 2022
15	The City of Edinburgh Council Charitable Trusts – report to those charged with governance on the 2021/22 audit	Annual Report		Interim Executive Director of Corporate Services Lead Officer: John Aghodeaka 0131 469 5348 john.aghodeaka@edinburgh.gov.uk	October 2022

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
16	2021/22 Common Good Annual Performance Report	Annual Report		Interim Executive Director of Corporate Services Lead Officer: John Aghodeaka 0131 469 5348 john.aghodeaka@edinburgh.gov.uk	October 2022
17	Annual Treasury Management Strategy 2021/22	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Innes Edwards 0131 469 6291 innes.edwards@edinburgh.gov.uk	September 2023
18	Treasury Management Mid-Term Report 2021/22	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Innes Edwards 0131 469 6291 innes.edwards@edinburgh.gov.uk	June 2023
19	Asset Management Works Programme	Annual Report The report is normally presented at the financial year end to update Committee on the outcome of the 12-month		Executive Director of Place Lead Officer: Peter Watton 0131 529 5962 peter.watton@edinburgh.gov.uk	June 2023

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
		programme.			
20	Health and Safety Performance	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Nick Smith 0131 529 4377 nick.smith@edinburgh.gov.uk	April 2023
21	Workforce Control Annual Report	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Katy Miller 0131 469 5522 katy.miller@edinburgh.gov.uk	September 2023
22	Commercial and Procurement Annual Report	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Iain Strachan 0131 529 4930 iain.strachan@edinburgh.gov.uk	September 2023
23	Appointments to Working Groups	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Rachel Gentleman 0131 529 4107 rachel.gentleman@edinburgh.gov.uk	TBC (to be confirmed after revised political management arrangements are agreed)

Item	Key decisions	Frequency	Wards affected	Director and Lead Officer	Expected Date
24	Depot Strategy – Phase 2	Requests further reports as progress is made		Executive Director of Place Lead Officers: Gareth Barwell / Peter Watton 0131 529 5962 / 0131 529 5962 gareth.barwell@edinburgh.gov.uk / peter.watton@edinburgh.gov.uk	TBC
25	Consultants Costs Annual Report	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	November 2022
26	Finance and Procurement Annual Policies Assurance	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Hugh Dunn 0131 469 3150 hugh.dunn@edinburgh.gov.uk	November 2022
27	Construction Charter Annual Update	Annual Report		Interim Executive Director of Corporate Services Lead Officer: Iain Strachan 0131 529 4930 iain.strachan@edinburgh.gov.uk	September 2023

Finance and Resources Committee Upcoming Reports

Appendix 1

Report Title	Directorate	Lead Officer
October 2022 (special meeting)		
City of Edinburgh Council – 2021/22 Annual Audit Report to the Council and the Controller of Audit	Corporate Services	Hugh Dunn
The City of Edinburgh Council Charitable Trusts – report to those charged with governance on the 2021/22	Corporate Services	Hugh Dunn
2021/22 Common Good Annual Performance Report	Corporate Services	Hugh Dunn
November 2022		
H&S Strategy and Plan 2022-2027	Corporate Services	Chris Lawson
Consultants Costs	Corporate Services	Hugh Dunn
Finance and Procurement Annual Policies Assurance	Corporate Services	Hugh Dunn
Miscellaneous Debts Write Off	Corporate Services	Nicola Harvey / Neil Jamieson
Annual Fraud Prevention and Detection	Corporate Services	Nicola Harvey / Neil Jamieson

Workforce Dashboard	Corporate Services	Katy Miller
Contract Award and Procurement Programme	Corporate Services	Iain Strachan
Appointment of Construction Phase, Granton Gas Holder	Place	Sat Patel/Michelle Fraser
Asset Management Works Programme- 2021/2022 Update	Place	Alan Chim

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Rolling Actions Log

Finance and Resources Committee

8 September 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	12.08.21	Lauriston Castle Trust (private report)	<p>1) To agree to implement Option 2 in the report subject to a further report being submitted to full Council which addressed:</p> <ul style="list-style-type: none"> the appointment of only Councillor Trustees at the moment appropriate support being made available to purchase indemnity insurance for Councillor 	Executive Director of Corporate Services	Autumn 2022		<p><u>Update September 2022</u> A report is being drafted on the proposed way forward and will be submitted to a future Committee meeting prior to submission to Council.</p> <p><u>Update February 2022</u> Work is ongoing on a report to F&R along with a briefing note and a further member briefing session once further consideration to the issues has been completed.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			trustees and providing legal and administrative support for at least 6 months <ul style="list-style-type: none"> a route map setting out a proposed way forward for the Trust. 				
			2) To agree that the Executive Director of Corporate Services examine the arrangements for the other trusts of which the Council was sole trustee with reference to the arrangements agreed for Lauriston Castle Trust.	Executive Director of Corporate Services	Autumn 2022		<u>Update September 2022</u> A report is being drafted on the proposed way forward and will be submitted to a future Committee meeting prior to submission to Council.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
2	07.10.21	Workforce Dashboard	To agree to provide a joint report by the Interim Director of Education and Children's Services and the Service Director – Human Resources to be submitted to a future committee following a review of fixed term contracts for teaching staff.	Interim Director of Education and Children's Services Service Director – Human Resources	In progress – completion date TBC		
3	09.12.21	Work Programme	To request a written update on Councillor Corbett's motion to Council from May 2021 on Bridges and Investment in Craiglockhart and Colinton Dells.	Executive Director of Place			<p><u>Update September 2022</u> An agreement in principle has been reached with the Councils Bridges and Structures team and Mott MacDonald have been instructed to finalise procurement specifications.</p> <p><u>Update March 2022</u> Briefing circulated February 2022; Committee in March 2022 agreed action to remain</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							open until clarity on when work would commence.
4	03.03.22	Granton Waterfront Phase 1 – Pre-Development Services – Delegated Authority Award of Contract	To note a briefing would be provided to each Group’s spokes people outlining the outcome of the procurement process following its completion.	Executive Director of Place			Recommended for closure A briefing paper was circulated to each Group’s Housing Spokesperson and the Convener of Finance and Resources Committee on 31 May 2022 outlining the outcome of the procurement process. A briefing session took place with the F&R Convener on 2 June 2022. A further update was provided on 27 June prior to announcing the successful bidder in the public domain.
5	16.06.22	Rolling Actions Log	1) To note the Service Director - Sustainable Development would provide an update and expected timescale for the work to commence as noted in Item 3	Executive Director of Place			See update in item 3.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			(RAL item on bridges).				
			2) To note that expected completion dates would be added to Items 2 (workforce dashboard) and 4 (Granton Waterfront).	Interim Executive Director of Corporate Services			Item 4 is recommended for closure. Item 2 will be updated when an expected completion date is confirmed.
6	16.06.22	Business Bulletin	To note the Service Director - Finance & Procurement would provide an update on the timescale for the work being done under the G Boyd Anderson Trust.	Interim Executive Director of Corporate Services			Recommended for closure Information circulated to members 27 June 2022.
7	16.06.22	Revenue Budget 2022/27 - Progress Update	1) To note that the Service Director - Finance & Procurement would provide a briefing on	Interim Executive Director of Corporate Services			Recommended for closure Information circulated to members 27 June 2022.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			the Lothian Buses dividend.				
			2) To note that the Interim Executive Director of Corporate Services would circulate the Budget template to all members.	Interim Executive Director of Corporate Services			Recommended for closure Template circulated to members 16 June 2022.
8	16.06.22	Homelessness Services – Use of Temporary Accommodation	To note that the Interim Homelessness & Housing Support Senior Manager would include information on the number of households in temporary accommodation by category in future reports.	Executive Director of Place	December 2022		<u>Update September 2022</u> Report scheduled for Committee in December.
9	16.06.22	Award of Overnight Responder Service	To agree to circulate the slide with information on Blackwood Homes and	Chief Officer of Edinburgh Health and Social Care Partnership			Recommended for closure Information circulated to members 21 June 2022.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Care client usage to members.				
10	14.07.22	Cost of Living Crisis: Cost implications of motion approved by Council, 30 June	1) To note that the Council Leader has called a special meeting of key members of the Edinburgh Partnership to consider the above proposal and for their input to be noted in a report when Council considers the decision of the Finance and Resources Committee in relation to reserve spending.	Interim Executive Director of Corporate Services	August 2022		Recommended for closure Report considered by Council in August 2022.
			2) To request that the Council Leader writes to both the	Council Leader			<u>Update September 2022</u> A draft letter is in progress.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>Scottish and UK Governments to:</p> <p>2.1) urge them to increase recurring welfare payments to those in need, who are most directly affected by the cost of living crisis; and also</p> <p>2.2) intensify efforts to increase the uptake of welfare benefits, as many people are missing out on payments to which they are entitled.</p>				


Business Bulletin

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Dean of Guild Court Room, City Chambers, High Street, Edinburgh

Finance and Resources Committee

Convener:	Members:	Contact:
<p>Convener Councillor Mandy Watt</p> 	<p>Councillor Marco Biagi Councillor Graeme Bruce Councillor Phil Doggart Councillor Joan Griffiths Councillor Euan Hyslop Councillor Alys Mumford Councillor Vicky Nicolson Councillor Neil Ross Councillor Alex Staniforth Councillor Lewis Younie</p>	<p>Rachel Gentleman Committee Services 0131 529 4107 Emily Traynor Committee Services</p>

Recent News	Background	Contact
<p>Community Asset Transfers – Annual Report</p> <p>Under Section 95 of the Community Empowerment (Scotland) Act 2015, the Council must publish an annual return by 30 June, specifying certain Community Asset Transfer (CAT) activity and the steps taken to promote CAT with community bodies from 1 April 2021 to 31 March 2022. The report has been published on the Council website.</p> <p>The report only includes requests that have been considered by a Stage 2 panel (sustainable business case). In addition to the requests formally reported, we also dealt with the following during the reporting period:</p> <ul style="list-style-type: none"> • 24 initial enquiries – most requests requiring research and informal meetings with potential applicants; • 3 Stage 1 panels – convened to assess expressions of interest and to allow successful requests to proceed towards Stage 2; and • 12 live cases are currently being considered, with the majority preparing their sustainable business cases for a Stage 2 panel submission. <p>In addition to working with applicants throughout the application process, we continue to provide support and guidance to community groups, council officials and elected members.</p>		<p>Lesley Turner, Operational Estate Manager</p>

Forthcoming activities:

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Revenue Monitoring 2021/22 – outturn report

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
- 1.1.1 note that the provisional outturn position for 2021/22 shows an overall underspend of £3.878m and that this sum has been set aside in reserves, with £2.628m previously approved as a contribution towards balancing 2022/23's budget and the remaining available sum now earmarked to support the Council's response to the cost of living crisis;
 - 1.1.2 note the contributions to and from the General Fund in 2021/22 as detailed in the report;
 - 1.1.3 note that the Housing Revenue Account was balanced after making a contribution of £8.653m towards in-year and future capital investment;
 - 1.1.4 note the intention to submit the audited annual accounts and annual auditor's report initially to the Governance, Risk and Best Value Committee and thereafter to the Finance and Resources Committee in October 2022, for approval; and
 - 1.1.5 refer this report to the Governance, Risk and Best Value Committee as part of its workplan.

Richard Carr

Interim Executive Director of Corporate Services

Contact: Hugh Dunn, Service Director: Finance and Procurement,
Finance and Procurement Division, Corporate Services Directorate

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Revenue Monitoring 2021/22 – outturn report

2. Executive Summary

- 2.1 The report sets out the provisional 2021/22 revenue outturn position for the Council based on the unaudited annual accounts. This position indicates an overall in-year underspend of £3.878m, with £2.628m of this sum previously approved in setting a balanced budget for 2022/23 and the remaining available sum now earmarked to provide targeted one-off cost of living crisis support to affected households within the city.

3. Background

- 3.1 The Council's statement of accounts for 2021/22 was passed to the external auditor by the statutory deadline of 30 June. This report sets out the provisional outturn position for the revenue budget as detailed therein.
- 3.2 The Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2022 amend the date by which local authorities must approve the audited 2021/22 annual accounts from 30 September to 30 November 2022. It is anticipated at this stage that the audited accounts will be considered initially by the Governance, Risk and Best Value Committee (and subsequently presented to the Finance and Resources Committee for approval) in October 2022.
- 3.3 The unaudited annual accounts required to be published on the Council's website by no later than 30 June 2022 and thereafter made available for public inspection for a period of 15 working days. These requirements were met, with the inspection period running from Friday 1 July to Thursday 21 July 2022 inclusive. As permitted by relevant regulations, this year's inspection process was again undertaken largely by electronic means.
- 3.4 Correspondence was received from one individual during this period, resulting in the lodging of one objection, the outcome of which will be reported at the conclusion of the audit process.

4. Main report

Overall position

- 4.1 The unaudited outturn position for 2021/22 shows an overall underspend of £3.878m, equating to 0.34% of the Council's total net expenditure. Table 1 below summarises the outturn, with further details provided in Appendix 1. Members should note, however, that £0.037m of this total relates to unrealised IFRS 9-related gains and is thus not available to fund additional investment in services.

Table 1 – Summarised Unaudited Outturn Statement, 2021/22

	Revised Budget	Outturn	Outturn variance (favourable)/ unfavourable
	£000	£000	£000
Directorate-specific budgets	1,035,425	1,030,377	(5,048)
Non-directorate specific budgets	128,228	115,294	(12,934)
Transfers to / (from) reserves	(10,245)	6,130	16,375
Sources of funding	(1,153,408)	(1,155,679)	(2,271)
In-year (surplus) / deficit		(3,878)	(3,878)

- 4.2 As approved by Council on 24 February 2022, £2.628m of the available sum of £3.841m was assumed as a one-off funding contribution in setting the 2022/23 revenue budget. Subject to confirmation of the outturn as part of the audit process, members then agreed on 25 August to allocate the remaining unallocated sum to support targeted one-off payments as part of the Council's wider response to the cost of living crisis.
- 4.3 The revenue monitoring update considered by the Finance and Resources Committee on 3 February 2022 pointed to a projected overall underspend of £2.628m and, as such, the outturn represents a further improvement of £1.250m from the position forecast as of that time.
- 4.4 In addition, the provisional outturn position reflects an underspend of £13.5m against the £39m set aside in 2021/22 to address the in-year income and expenditure impacts of the pandemic. This lower requirement was offset by a corresponding reduction in sums drawn down from reserves for this purpose, however and, as such, does not affect the net outturn noted in the table above.

Directorate variances

- 4.5 As noted in Table 1, the Council's main Directorates showed an overall underspend of £5.048m (0.49%) during the year. Commentaries on the main factors comprising these variances are included in Appendix 2. Additional detail will be reported as appropriate to relevant Executive Committees.
- 4.6 Members should note that these variances relate to core activities and approved member investment, with full provision incorporated within revised Directorate budgets for COVID-related impacts.

Impact of COVID-19

- 4.7 While the financial effects of the pandemic lessened somewhat relative to the previous year, these impacts continued to be significant in 2021/22. The net cost to the Council during the year, including exposure through its Arm's-Length External Organisations (ALEOs), was some £25.5m, the composition of which is shown in Appendix 3.
- 4.8 The largest single contributors were a reduction in parking income, net of enforcement costs, of £6.8m, the loss of the Lothian Buses dividend of £6m, additional homelessness expenditure of £5.2m and further support for Edinburgh Leisure of £5m. Given the approved budget framework provision of £39m, the reduced required level of in-year drawdown (due, in the main, to reduced parking and commercial rental income losses and savings in rates and utilities costs) provides an additional contingency against the on-going expenditure and income impacts of the pandemic.

Edinburgh Integration Joint Board (EIJB)

- 4.9 The EIJB is reporting a provisional overall surplus of £3.2m on delegated services for the year. This sum is stated after the application of £42.3m to meet the additional in-year costs of COVID-19, with the main categories of associated expenditure being sustainability payments made to support providers during the pandemic; purchase of additional capacity; additional staffing; reimbursement of independent contractors; increased prescribing costs; and slippage in the delivery of the savings and recovery programme. As in 2021/22, these related costs were met in full by the Scottish Government via the mobilisation planning process.

Other non-service areas

4.10 Given the extent of projected pressures within, in particular, Homelessness Services, projected savings in non-service budgets had been identified during the year as part of ensuring overall financial balance while, where possible, also identifying potential sums to contribute towards addressing the 2022/23 revenue budget gap. The main elements of these favourable variances were as follows:

(i) **Loans charge expenditure (£8.665m underspend)**

The saving in this area resulted primarily from the enforced deferral of significant levels of planned capital expenditure in both 2020/21 and 2021/22, continuing low interest rates and proactive treasury management activity in addressing the Council's overall funding requirements.

(ii) **Other non-service specific costs (£4.093m underspend)**

The in-year underspend comprised a combination of a number of inflationary provisions not required in full, a reduction in total required bad debt provision in light of analysis of actual payment levels and savings relative to budget in staff release costs.

(iii) **Council Tax (£2.271m of additional income)**

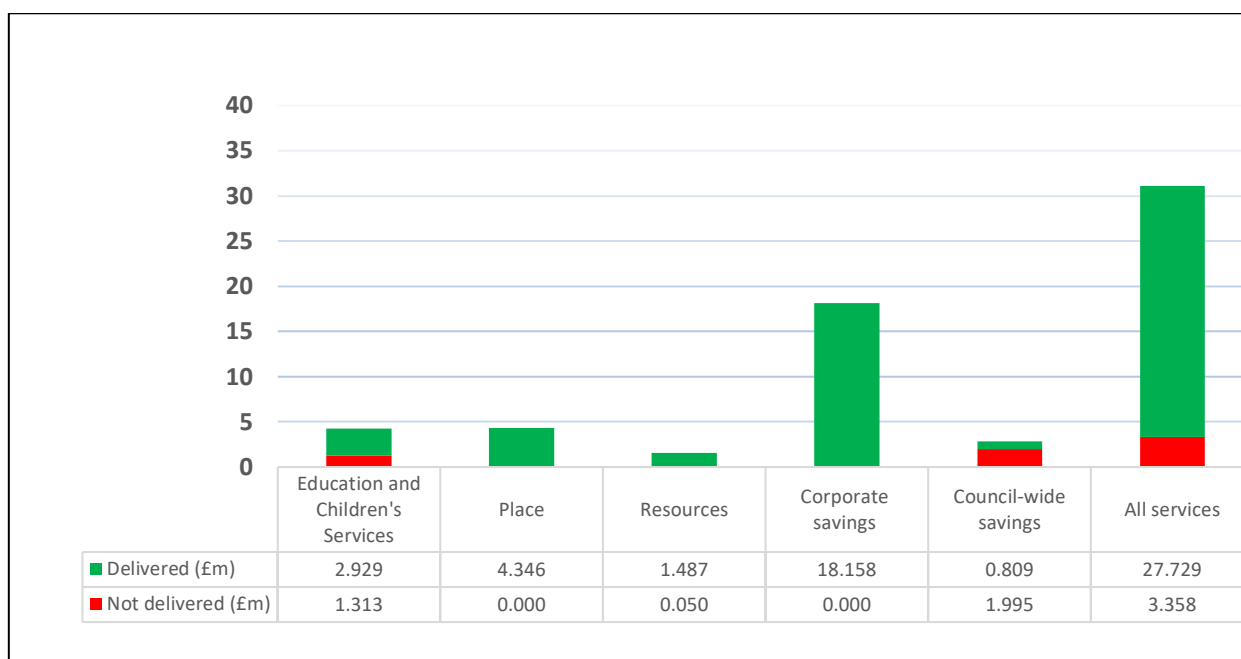
Changes in the size and profile of the Council Tax base, in-year collection rates and the level of consequent required bad debt provision resulted in additional income relative to budgeted assumptions.

4.11 Taken alongside savings in Directorates, these sums allowed the net drawdown from reserves in respect of COVID-related pressures and member-approved investment to be reduced by a further £16.3m beyond the £13.5m noted in Paragraph 4.4.

Approved savings delivery

4.12 In total, the approved budget assumed the delivery of some £31.1m of directorate-specific and corporate savings, as well as the in-year management of risks and pressures. As shown in Exhibit 1 below, the final outturn position for 2021/22 indicates that 89% of approved savings by value were delivered. This continues the improving trend apparent in recent years, although it should be recognised that the majority of approved savings for 2021/22 were in corporate areas where delivery has historically been significantly stronger than within, or across, services.

Exhibit 1 – Delivery of approved budget savings, 2021/22



4.13 The principal areas of non-delivery were:

- (i) a £1.995m shortfall against the assumed level of savings generated from the programme of **senior leadership restructuring and efficiency-driven staff release**; and
- (ii) £1.3m of **service-specific savings within Education and Children's Services**, an element of which was linked to delayed implementation of planned staffing reviews as a result of the pandemic.

4.14 In setting the 2022/23 revenue budget, full provision was made on a recurring basis for the impact on the budget framework of the reduced level of savings delivered through staff release noted above.

Member-approved investment

4.15 In setting the Council's budget for 2021/22 on 18 February 2021, members approved £14.2m of additional service investment. Following the receipt of significant additional revenue funding late in 2020/21 and after taking account of estimated COVID-related financial impacts over the next two financial years,

members then allocated a further £21m of investment to address budget pressures, anticipated shortfalls in savings delivery and other member priorities in 2021/22.

- 4.16 Progress in the application of this funding and the associated outcomes achieved is included as Appendix 4.

Spend to Save Fund

- 4.17 As part of the 2018/19 and 2019/20 revenue outturn reports, members of the Committee considered a short summary of progress in taking forward projects supported through the Spend to Save Fund. As was the case in 2020/21, however, due to continuing necessary prioritisation of other activity, no new projects were approved during the year. Contributions of £0.297m received in respect of previously-supported projects increased the year-end fund balance to £3.267m.

Housing Revenue Account (HRA)

- 4.18 The approved HRA budget for 2021/22 was derived from the longer-term strategy approved by Council in February 2020. The budget assumed revenue income of £102.699m and costs of £92.758m, enabling a planned contribution of £9.941m to the Strategic Housing Investment Fund (SHIF) in accordance with the finance strategy for the capital investment programme.
- 4.19 The unaudited outturn shows a slightly-reduced contribution of £8.653m to the SHIF. The £1.288m variance can be attributed in the main to a slight reduction in income and increased repairs and maintenance costs arising from growth in non-urgent repairs undertaken following the relaxation of public health measures.

Reserves

- 4.20 As of 31 March 2022, the General Fund reserves had increased to £257.205m, a movement of £36.172m from the preceding year. This sum reflects the net in-year application of COVID-related funds of £14.518m, offset by increases in sums set aside for specific investments of £31.680m and various, primarily statutory, other funds (including the Council Tax Discount Fund, Devolved School Management Fund and the Council's General Fund) of £19.010m.
- 4.21 The unallocated General Fund stood at £28.981m as of 31 March 2022, an increase of £3.956m relative to the balance the previous year. This increase primarily reflects the planned in-year transfer of £2.743m to the Fund and the unallocated element of the 2021/22 underspend (although the latter sum has subsequently been earmarked to support the Council's response to the cost of living crisis).
- 4.22 The remaining balance of £228.224m is earmarked for specific purposes, these being:
- (i) **Balances set aside to manage financial risks and for specific investment which are likely to arise in the medium-term future**, including maintenance of an insurance fund, dilapidations and workforce transformation. The Council holds £170.980m against these future risks,

including £71.178m of COVID-related funding to be applied against expenditure and income losses in future years, recognising the on-going financial impacts of the pandemic;

- (ii) **Balances set aside from income received in advance**, including the Council Tax Discount Fund (used to support the supply of new housing) and City Strategic Investment Fund. The Council holds £45.791m of such income, including £15.159m of service-specific COVID-related funding carried forward to be offset against relevant expenditure in 2022/23;
- (iii) **Balances set aside to support investment in specific projects**, such as Spend to Save, which will deliver savings in future years. The Council holds £4.207m for such projects; and
- (iv) **Balances held under the Devolved School Management Scheme and unallocated Pupil Equity Funding**. The Council holds £7.246m of these funds.

4.23 Further details of these earmarked balances are shown in Appendix 5.

Common Good

4.24 The unaudited Common Good Fund position for 2021/22 indicates an overall deficit of £0.012m. A more detailed commentary on the outturn and related current financial and other issues will be included within the Common Good Annual Performance Report, anticipated to be considered by the Committee in November.

5. Next Steps

5.1 The Unaudited Accounts are currently the subject of consideration by the Council's external auditor. The Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2022 amend the date by which local authorities must approve the audited 2021/22 annual accounts from 30 September to 30 November 2022. It is anticipated at this stage that the audited accounts will be considered initially by the Governance, Risk and Best Value Committee and subsequently presented to the Finance and Resources Committee for approval in October 2022.

6. Financial impact

6.1 The report identifies a provisional surplus for the year of £3.878m. Members should note, however, that £0.037m of this total relates to unrealised IFRS 9-related gains and is thus not available to fund additional investment in services.

6.2 This net surplus has been set aside in reserves. As approved by Council on 24 February 2022, £2.628m of this remaining sum was applied in setting the Council's budget for 2022/23. The remaining balance, subject to the outcome of the audit process, was earmarked by Council on 25 August 2022 to support the Council's response to the cost of living crisis.

7. Stakeholder/Community Impact

- 7.1 There is no direct relevance of the report's contents, although the Council's wider approach to community engagement and empowerment will be specifically considered as part of both the wider scope aspects of this year's external audit process and progress in implementing the recommendations contained within the Council's Best Value Assurance Report (BVAR).

8. Background reading/external references

- 8.1 [Cost of Living Support – response to a motion from Councillor Biagi](#), The City of Edinburgh Council, 25 August 2022
- 8.2 [Unaudited Annual Accounts 2021/22](#), The City of Edinburgh Council, 30 June 2022
- 8.3 [Revenue Budget Framework 2022/27 – progress update](#), Finance and Resources Committee, 3 February 2022
- 8.4 [Revenue Budget Monitoring 2021/22 – month six position](#), Finance and Resources Committee, 9 December 2021
- 8.5 [Revenue Monitoring 2021/22 – Month Three Position](#), Finance and Resources Committee, 12 August 2021
- 8.6 [Revenue Budget Framework 2021/26 Update – referral from the Finance and Resources Committee](#), The City of Edinburgh Council, 27 May 2021
- 8.7 [Coalition Budget Motion](#), The City of Edinburgh Council, 18 February 2021

9. Appendices

- 9.1 Appendix 1 - Unaudited Revenue Budget outturn statement, 2021/22
- 9.2 Appendix 2 - Service outturn commentaries, 2021/22
- 9.3 Appendix 3 - COVID-related expenditure and income impacts, 2021/22
- 9.4 Appendix 4 – Member-approved service and other investments, 2021/22
- 9.5 Appendix 5 – Reserve balances, 2021/22

Unaudited Revenue Budget outturn statement, 2021/22

	Revised Budget	Outturn	Outturn Variance (favourable)/ unfavourable
	£000	£000	£000
Directorates (Note 1)			
Corporate Services (including Chief Executive's Office)	89,459	87,136	(2,323)
Education and Children's Services	451,090	444,004	(7,086)
Health and Social Care	252,677	252,661	(16)
Place	191,714	190,153	(1,561)
Homelessness Services	46,652	52,590	5,938
Lothian Valuation Joint Board	3,833	3,833	-
Directorate totals	1,035,425	1,030,377	(5,048)
Non-directorate specific areas			
Loan Charges	85,438	76,773	(8,665)
Other non-service specific costs	16,757	12,664	(4,093)
Council Tax Reduction Scheme (Note 2)	26,605	26,124	(481)
Net Cost of Benefits	(127)	(349)	(222)
Interest and investment income	(445)	82	527
Non-directorate specific areas total	128,228	115,294	(12,934)
Movements in reserves			
Net contribution to / (from) earmarked funds	(10,219)	6,156	16,375
Contribution to / (from) Capital Fund	(26)	(26)	-
Movements to/ (from) reserves total	(10,245)	6,130	16,375
Sources of funding			
General Revenue Grant	(653,272)	(653,272)	-
Non-Domestic Rates	(188,796)	(188,796)	-
Council Tax	(311,340)	(313,611)	(2,271)
Sources of funding total	(1,153,408)	(1,155,679)	(2,271)
In-year (surplus) / deficit	-	(3,878)	(3,878)

Note 1 – Directorate budgets have been adjusted to reflect the net impact of the pandemic on their expenditure and income, meaning that the outturn variance shown relates to “core” activities but includes variances against member-approved investment. All figures shown are subject to rounding differences.

Note 2 – uncommitted funds linked to the in-year underspend in respect of the Council Tax Reduction Scheme of £0.481m were transferred to an earmarked reserve and are included in the balance shown within the “Movements in reserves” section.

Directorate/service outturn commentaries

Education and Children's Services (£7.086m underspend, representing 1.7% of net service budget)

The overall service outturn for the year was materially affected by a number of one-off, primarily timing-related factors including (i) prior-year accounting adjustments, (ii) underspends against COVID-related and other service investment and (iii) receipt of one-off funding.

A significant further element of the underspend comprised various staffing underspends linked to initial delays in planned recruitment activity and filling of vacancies. This recruitment has now been undertaken and, as such, the underspends are similarly not anticipated to recur.

Place (£1.561m underspend, representing 0.93% of net budget)

The overall service underspend comprised two key elements: £0.628m in respect of core activity (once adjusted for COVID-19 impacts) and a £0.933m underspend against member-approved investment.

The small favourable variance in core activity was attributable, in the main, to one-off, timing-related employee cost savings not expected to recur in 2022/23.

A significant element of the latter sum reflected an underspend in respect of the Edinburgh Bike Scheme following the scheme's closure in September 2021.

Corporate Services (£2.323m underspend, representing 1.4% of net budget)

As with the Place Directorate, the overall variance comprised a combination of a £1.5m favourable variance in respect of core activity and an £0.8m underspend against member-approved investment.

Of the savings in core budgetary provision, around £1.1m was attributable to timing-related underspends in employee costs linked to delays in recruitment. The remainder mainly represented the net impact of additional service and central support income.

Of approved member investment, the majority of the underspend related to delays in planned work in respect of embedding prevention and community engagement but with full spend of the approved sums for 2022/23 anticipated.

Homelessness Services (£5.938m overspend, representing 12.7% of net budget)

In-year monitoring reports highlighted continuing demand within homelessness services. The total number of households accommodated during the year increased from 4,431 to 4,722, resulting in a gross pressure of £2.9m once higher-than-forecast unit costs were also reflected.

As part of the year-end closure process, a reassessment of the level of outstanding Housing Benefit income as of 31 March 2021 was undertaken, resulting in an adverse movement of £3m relative to the previously assumed level.

COVID-related expenditure and income impacts, 2021/22

	£m
Reductions in parking income, net of enforcement costs	6.8
Loss of Lothian buses dividend	6.0
Additional homelessness-related expenditure relative to approved budget	5.2
Additional support for Edinburgh Leisure	5.0
Waste services - increase in residual waste volumes, additional vehicles/fuel	1.3
Commercial rentals - net loss of income	1.2
Cultural venues - net loss of income	0.8
Outdoor Centres - net loss of income	0.8
Housing Property Services - net loss of income	0.6
Parks and greenspace - additional vehicles and income loss	0.5
Licensing and registration - net loss of income	0.5
Loss of bus station income	0.4
Community Access to Schools - net loss of income	0.4
Other net expenditure (various)	1.8
Offsetting underspends relative to core budgetary provision:	
Non-Domestic Rates	(2.0)
Energy	(0.6)
Reduction in bad debt provision - commercial rentals	(3.2)
Total net impacts	25.5

Member-approved service and other investments, 2021/22

Appendix 4

Investment	Approved spend £m	Investment/ Pressure	Current Directorate	Actual spend £m	Comments on outturn and associated outcomes achieved
Roads, Carriageways and Pavements - additional investment	6.000	Investment	Place	6.000	Funds were split between large patching areas on carriageways and footways and capitalised into roads infrastructure budgets for prioritised schemes.
Council Tax freeze - net loss of income	5.200	Investment	Corporate	5.200	The funding was used to reduce the planned level of Council Tax increase from 4.79% to 3%.
Contribution to reserves	2.743	Investment	Corporate	2.743	The funding was transferred to the unallocated reserve in line with the decision of Council and then applied as part of setting a balanced budget for 2022/23.
Edinburgh Integration Joint Board	2.500	Investment	Corporate	2.500	The funding formed part of the Council's overall "offer" to the EIJB for 2021/22.
1-to-1 Digital Learning	2.000	Investment	Education and Children's Services	2.000	The funding has been used to support the roll-out of the One to One Digital investment across the school estate.
Homelessness	2.000	Offsetting Pressure	Education and Children's Services	2.000	The funding was applied in full against demand-led pressures within the service.
Looked after children	1.500	Offsetting Pressure	Education and Children's Services	1.500	The funding was applied in full against demand-led pressures within the service.
Communal Bins	1.100	Investment	Place	0.369	Phased roll-out of communal bin review is on-going.
Maximising income and meeting crisis needs	1.050	Investment	Corporate Services	1.050	Funds were fully utilised for a range of income maximisation and advice-related projects.
Accelerating decarbonisation of the Council's estate	1.000	Investment	Place	0.703	An EnerPHit Business Case has been produced and a report recommending commencement of tranche 1 of the project was considered by the Policy and Sustainability Committee on 30 August 2022.
Edinburgh Bike Scheme	0.800	Investment	Place	0.113	Funding was provided to community initiatives such as Brake the Cycle and University-based projects.
Early commitments to support a city-wide 2030 Net Zero Strategy	0.700	Investment	Corporate Services	0.509	Investment used to (i) strengthen co-production approach and citizen capacity building to deliver net-zero agenda, (ii) model net-zero community action with open source data and open source technical solutions for wider adoption and (iii) provide a scalable financial model to support the financial route map to net-zero.
Embedding prevention and community engagement	0.600	Investment	Corporate Services	0.050	Slippage in implementation - work is being progressed with the Housing, Family Support and Fair Work Service to progress investment in 2022/23.
Home to school transport	0.600	Offsetting Pressure	Education and Children's Services	0.600	The funding was applied in full against demand-led pressures within the service.
Place - fees and charges reduced income	0.559	Offsetting Pressure	Place	0.559	The funding was applied in full against pressures within the service.
Tram Concessions – free under-19 travel	0.500	Investment	Place	0.000	Following the decision of Council not to extend the Under 22 free travel concession to trams without the provision of additional external funding, no expenditure was incurred in-year.
Smart Cities	0.500	Investment	Place	0.005	Sums were carried forward into the Smart Cities programme as per the funding strategy which utilises ERDF and Council funding.
20 minute neighbourhood strategy – enabling works	0.500	Investment	Place	0.060	Funding utilised for additional staffing costs to support delivery and one-off feasibility/design work.

Investment	Approved spend £m	Investment/ Pressure	Current Directorate	Actual spend £m	Comments on outturn and associated outcomes achieved
Parks & Greenspace one-off	0.500	Investment	Place	0.500	Funds were used to deliver on investment priorities as set out in the Parks and Greenspaces Investment Priorities report as presented to Culture and Communities Committee 15 June 2021 on a capital funded from current revenue basis.
Public Conveniences	0.450	Offsetting Pressure	Place	0.450	Preparatory work was carried out to allow public toilets, forced to close due to Covid-19 restrictions, to be reopened. Temporary toilets were placed in hotspots and areas with high footfall such as The Meadows and Leith Links.
Independent Inquiry/Review	0.400	Investment	Corporate	0.400	Sums were utilised in full to meet relevant costs.
Homelessness support and advice	0.400	Investment	Education and Children's Services	0.275	Investment was made in temporary accommodation to meet the increased demand for this service and the Homelessness Transformational Prevention Programme. This funded additional posts in preventative work and to support people to move out of temporary accommodation and into settled accommodation more quickly.
Increased foot and cycleway gritting and cleaning	0.300	Investment	Place	0.300	Funds were used to allow leasing of additional compact street sweepers (with the ability to operate as mini-gritters through the winter) and the recruitment of staff to operate. This allowed for increased coverage of the cycleway and footway network, more efficient and effective operations and improved street cleanliness.
Sustainability	0.300	Investment	Corporate Services	0.086	Slippage in implementation - funding carried forward to progress investment in 2022/23.
Edinburgh's Summer Festivals	0.300	Investment	Place	0.300	Funding supported a range of small, medium and large-scale events during Edinburgh's 2021 summer festivals. This was focused on Edinburgh-based fringe producers and venues.
Carers' Recovery Fund	0.250	Investment	Health and Social Care	0.250	The Carers' Recovery Fund has been fully allocated and spent, as per agreement signed between CEC and VOCAL. Applications were open to all carers and VOCAL took measures to reach carers in greatest need of a break or of financial support. This definition includes those carers at risk of isolation, exclusion or disadvantage, whose caring role and lack of support impact on their physical, emotional and mental health and wellbeing, their ability to balance the caring role with a life of their own and financial wellbeing and ability to afford basic necessities. The Fund was spent primarily in the form of micro-grants to carers which often included a combination of food vouchers, utility payments and costs for specific items, or to enable provision of supports offered by other third sector organisations. We are pleased to report a total of 650 carer beneficiaries, exceeding the agreed target of 450 beneficiaries.
Electric Vehicle Infrastructure	0.250	Investment	Place	0.250	EV charging infrastructure installed to support electric vans assisting in the transitioning of the fleet to electric.
Short Term Lets regulation set-up costs	0.250	Investment	Place	0.000	Not spent – met from existing resources.
Investment in Parks, Greenspace and Cemetery Infrastructure	0.250	Investment	Place	0.250	£4m prioritised programme of capital works (the recurring loans charge cost of which is £0.250m) approved by Culture and Communities Committee on 15 June 2021.

Investment	Approved spend £m	Investment/ Pressure	Current Directorate	Actual spend £m	Comments on outturn and associated outcomes achieved
Energy and Waste actions and Net Zero Strategy	0.200	Investment	Place	0.100	Recycling resources have been procured and rolled out for use in schools. A clear and consistent communications plan has also been developed.
Development and Business Services Operating Model - reduced income	0.187	Savings Shortfall	Place	0.187	The funding was applied in full against the relevant service pressure.
Edinburgh Guarantee for All	0.175	Investment	Place	0.008	Other Scottish Government funding was secured, reducing call on approved monies.
Discretionary fees and charges	0.170	Investment	Corporate	0.170	Freezing of school meal, garden aid, library and home care charges approved as part of 2021/22 budget motion.
Nursery deferrals	0.169	Investment	Education and Children's Services	0.169	The funding has been used to offset the financial cost of providing deferred places to children who would have otherwise progressed to Primary School.
Taxi and Licence Enforcement	0.160	Investment	Place	0.000	Not spent – met from existing resources.
Food Growing	0.130	Investment	Corporate Services	0.098	A detailed commentary on the use of these funds was considered by the Policy and Sustainability Committee on 30 August 2022.
Positive Destination and Holiday Programme Officers	0.124	Investment	Education and Children's Services	0.031	While there was a COVID-related delay in recruitment, relevant officers were in post by January 2022.
Corporate Parenting	0.110	Investment	Education and Children's Services	0.110	Whilst there was a COVID-related delay in recruitment, relevant officers were in place by the end of the year and the service is operating at capacity.
Diversity Training	0.100	Investment	Corporate Services	0.100	Funds were utilised for provision of one-off support to accelerate activities of the Council's Diversity and Inclusion Strategy and the Equalities and Human Rights Framework.
All Ability Bikes	0.071	Investment	Place	0.071	A grant award was made to the Thistle Foundation in August 2021 to support the delivery of a service to allow adaptive cycles to be available for disabled people across the city.
Gaelic Development Officer	0.052	Investment	Corporate Services	0.052	The Council's dedicated officer remains in post.
Library Books	0.050	Investment	Education and Children's Services	0.050	The funding was fully utilised on agreed initiatives.
Total	35.200			30.168	

Reserve balances, 31 March 2022

	Balance at 31-Mar-21 £000	Inter-Fund Transfers 2021/22 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31-Mar-22 £000
Balances Set Aside to Manage Financial Risks and for Specific Investment					
Balances set aside for specific inv.	28,005	(45)	(1,244)	32,969	59,685
Workforce management	10,858	0	0	0	10,858
Council Priorities Fund	0	0	0	2,628	2,628
IFRS9 Gains	379	0	0	37	416
Dilapidations fund	4,000	0	(43)	0	3,957
Insurance funds	19,580	0	(3,012)	5,690	22,258
Covid Contingency	78,473	45	(11,867)	4,527	71,178
	<u>141,295</u>	<u>0</u>	<u>(16,166)</u>	<u>45,851</u>	<u>170,980</u>
Balances Set Aside from Income Received in Advance					
Licensing and Registration income	3,973	0	(66)	1,805	5,712
Pre-paid PPP monies	3,669	0	0	329	3,998
Unspent grants	8,009	0	(5,206)	5,584	8,387
Council Tax Discount Fund	6,063	0	0	5,242	11,305
Other minor funds	175	0	0	0	175
City Strategic Investment Fund	2,034	0	(1,124)	145	1,055
Covid Fund	22,382	0	(14,284)	7,061	15,159
	<u>46,305</u>	<u>0</u>	<u>(20,680)</u>	<u>20,166</u>	<u>45,791</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings					
Energy efficiency	311	0	0	23	334
Salix / CEEF	438	0	(102)	269	605
Spend to save	2,971	0	0	297	3,268
	<u>3,720</u>	<u>0</u>	<u>(102)</u>	<u>589</u>	<u>4,207</u>
Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund					
Devolved School Management	4,688	0	(4,688)	7,246	7,246
	<u>4,688</u>	<u>0</u>	<u>(4,688)</u>	<u>7,246</u>	<u>7,246</u>
Unallocated General Reserve (Note 1)	<u>25,025</u>	<u>0</u>	<u>0</u>	<u>3,956</u>	<u>28,981</u>
Total General Reserve	<u>221,033</u>	<u>0</u>	<u>(41,636)</u>	<u>77,808</u>	<u>257,205</u>

Note 1 - in addition to the in-year underspend, sums transferred in during 2021/22 included a planned repayment from a project benefiting from City Strategic Investment Fund support.

Finance and Resources Committee

10:00am, Thursday, 8th September 2022

Treasury Management: Annual Report 2021/22

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 It is recommended that the Committee:
- (i) Notes the Annual Report on Treasury Management for 2021/22;
 - (ii) Remits the report to Council for approval; and,
 - (iii) Refers the report to the Governance, Risk and Best Value Committee for their scrutiny.

Richard Carr

Interim Executive Director of Corporate Services

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Treasury Management: Annual Report 2021/22

2. Executive Summary

- 2.1 The purpose of this report is to give an update on Treasury Management activity in 2021/22.

3. Background

- 3.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, an Annual Report on Treasury Management must be submitted to the Council after the end of each financial year. A separate mid-term report will also be produced during the financial year.

4. Main report

Prudential Indicators

- 4.1 Treasury Management is undertaken with regard to the CIPFA Code of Practice for Treasury Management in the Public Services and CIPFA's Prudential Code. Appendix 1 contains Prudential Indicators showing the actual out-turn for 2020/21. The Council operated within both the Authorised Limit and the Operational Boundary at all times during the year and there were no breaches of the Council's Treasury Management Policy

Borrowing Out-turn

- 4.2 Appendix 2 gives a short economic review of the year, including a commentary from the Council's Treasury Advisors.
- 4.3 Appendix 3 gives an overview of the Council's borrowing for 2021/22. The process of locking out the Council's interest rate risk was accelerated, with the Council borrowing £206m long term from the PWLB at an average interest rate of 1.86% during the financial year.

- 4.4 That took the total of the Council's new borrowing in the last three years to slightly under £0.5 billion securing long term funding at historically low interest rates. A list of the Council's borrowing at 31 March 2022 is included in Appendix 5.

Investment Out-turn

- 4.5 Appendix 4 shows the Investment Out-turn for 2021/22.
- 4.6 The Council's money is invested via the Treasury Cash Fund. The Cash Fund encompasses a number of organisations, including Lothian Pension Fund. Interest is accrued monthly, and performance is evaluated against a benchmark of 7-day compounded SONIA (sterling overnight index average) less 6.25 basis points.
- 4.7 The average interest rate on the fund for the year was 0.11%. This continued to show outperformance against the benchmark which was 0.06% for the year.

Conclusions

- 4.8 The Council undertook £206m borrowing from the PWLB repaying just under £52m.
- 4.9 The investment return for 2021/22 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.

5. Next Steps

- 5.1 The Treasury team will continue to operate its Treasury Cash Fund with the aim of out-performing its benchmark of 7-day compounded SONIA less 6.25 basis points and manage the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

6. Financial impact

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

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 None

9. Appendices

- 9.1 Appendix 1: Prudential Indicators Out-turn
- 9.2 Appendix 2: Economic Review of 2021/22
- 9.3 Appendix 3: Borrowing Out-turn 2021/22
- 9.4 Appendix 4: Investment Out-turn 2021/22
- 9.5 Appendix 5: Outstanding Debt as at 31st March 2022

Appendix 1

Prudential Indicators

Prudential Indicator 1 - Estimate of Capital Expenditure

The actual capital expenditure that was incurred in 2021/22 and the estimates of capital expenditure to be incurred for the current and future years:

	Capital Expenditure - General Services					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
Rolled Forward Capital Investment Programme	£000	£000	£000	£000	£000	£000
Education and Children's Services	95,726	25,342	71,215	103,555	83,314	31,563
Place	176,181	101,212	133,294	79,075	76,013	20,239
Place - Lending	4,167	20,029	62,413	70,500	41,793	10,804
Place - Trams to Newhaven	68,486	54,700	3,507	0	0	0
Place - Asset Management Works	23,236	22,102	26,441	33,677	31,484	20,473
Corporate Services	3,155	1,276	4,091	1,597	669	678
Edinburgh Health and Social Care Partnership	164	284	0	0	0	0
Contingency	0	0	0	0	5,000	5,000
General Slippage in Programme	0	-21,694	-18,660	-5,573	4,574	17,928
Total General Services Capital Expenditure	371,115	203,251	282,300	282,830	242,847	106,685

Table A1.1 – Capital Expenditure 2021/22 – General Services

The Place - Trams to Newhaven figures include capitalised interest following a change in accounting policy approved by Finance and Resources Committee on 21 January 2021. Note that the 2022-2027 Capital Investment Programme includes slippage / acceleration brought forward based on projected capital expenditure reported at the month three stage.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
Rolled Forward Capital Investment Programme	£000	£000	£000	£000	£000	£000
Housing Revenue Account	64,850	118,755	174,587	266,705	512,713	515,030

Table A1.2 – Capital Expenditure 2021/22– Housing Revenue Account

Note: Figures for 2023/24 onwards are indicative at this stage as the Council has not set a General Services or HRA budget for these years. The figures for General Services are based on the current long term financial plan. HRA figures are based on the business plan which was reported to Finance and Resources Committee on 2 February 2021.

Prudential Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years and the actual figures for 2021/22 are:

	Ratio of Financing Costs to Net Revenue Stream					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%
General Services	6.8%	7.3%	8.1%	8.1%	8.2%	8.2%
Housing Revenue Account (HRA)	32.0%	35.7%	37.7%	40.5%	44.2%	47.9%

Table A1.3 – Ratio of Financing Costs to Net Revenue Stream

Note: Figures for 2023/24 onwards are indicative at this stage as the Council has not set a General Services or HRA budget for these years. The figures for General Services are based

on the current long term financial plan. HRA figures are based on the business plan which was reported to Finance and Resources Committee on 2 February 2021.

Prudential Indicator 3 - Capital Financing Requirement (CFR)

Estimates of the end of year capital financing requirement for the authority for the current and future years and the actual capital financing requirement at 31 March 2022 are:

	Capital Financing Requirement					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
General Services (including Finance Leases)	1,411	1,448	1,502	1,547	1,580	1,547
Housing Revenue Account (HRA)	394	458	542	646	788	941
NHT LLPs	56	32	15	15	0	0
Edinburgh Living LLPs	42	61	123	192	234	244
Total Capital Financing Requirement	1,903	2,000	2,181	2,401	2,602	2,732

Table A1.4 – Capital Financing Requirement

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. The authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Council has, at any point in time, a number of cashflows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for a capital purpose.

The capital financing requirement for the NHT LLPs includes an estimate for repayments of advances. Exit strategies are still to be finalised for the remaining three LLPs, however four have repaid their loans in full.

CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence. In order to ensure that over the medium-term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

	Gross Debt and the Capital Financing Requirement					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Gross Debt	1,780	1,720	1,670	1,622	1,548	1,474
Capital Financing Requirements	1,903	2,000	2,181	2,401	2,602	2,732
(Over) / under limit by:	123	280	511	779	1,053	1,258

Table A1.5 – Gross Debt v. Capital Financing Requirement

The authority does not currently envisage borrowing in excess of its capital financing requirement over the next few years. This takes into account current commitments, existing plans and assumptions around cash balances and the proposals in this budget. The figures do not include any expenditure and associated funding requirements, other than projects specifically approved by Council, for the Local Development Plan (LDP) or City Deal.

In 2022/23, the Authority will apply IFRS 16 Leases as adopted by the Code of Accounting Practice. This will subsequently have an impact on the Capital Financing Requirement (CFR) as from the 2022/23 financial year. Therefore, it should be expected to see an increase in the CFR

in future years. This will similarly have an impact on the authorised limit and operational boundary for external debt.

Prudential Indicator 4 – Authorised Limit for External Debt

The authorised limit should reflect a level of borrowing which, while not desired, could be afforded, but may not be sustainable. "Credit Arrangements" as defined by Financial Regulations, has been used to calculate the authorised and operational limits requiring both the short and long-term liabilities relating to finance leases and PFI assets to be considered. In respect of its external debt, the following authorised limits for its total external debt gross of investments for the next four financial years was approved in February 2022. These limits separately identify borrowing under credit arrangements including finance leases and PFI assets. Council has approved these limits and to delegate authority to the Service Director for Finance and Procurement, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and credit arrangements, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council at its meeting following the change.

	Authorised Limit for External Debt					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
Borrowing	1,640	1,983	2,333	2,798	3,260	3,713
Credit Arrangements (including leases)	289	284	279	274	268	262
Authorised Limit for External Debt	1,929	2,267	2,612	3,072	3,528	3,975

Table A1.6 – Authorised Limit for External Debt

These authorised limits are consistent with the authority's current commitments, existing plans, and the proposals in this budget for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of most likely (but not worst case) scenario with sufficient headroom to allow for operational treasury management. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement, and estimates of cashflow requirements for all purposes.

The Council operated within both the Authorised Limit and the Operational Boundary at all times during the year and there were no breaches of the Council's Treasury Management Policy.

Prudential Indicator 5 – Operational Boundary for External Debt

The Council has also approved, in February 2022, the following operational boundary for external debt for the same period. The proposed operational boundary equates to the estimated maximum of external debt. It is based on the same estimates as the authorised limit but directly reflects the estimate of the most likely, prudent but not worst-case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and credit arrangements are separately identified. The Council has also delegated authority to the Service Director for Finance and Procurement, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and credit arrangements, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change.

	Operational Boundary for External Debt					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
Borrowing	1,640	1,933	2,283	2,748	3,260	3,713
Credit Arrangements (including leases)	289	284	279	274	268	262
Operational Boundary for External Debt	1,929	2,217	2,562	3,022	3,528	3,975

Table A1.7 – Operational Boundary for External Debt

The Council's actual external borrowing at 31 March 2022 was £1,499m (including sums repayable within 12 months).

Prudential Indicator 5 – Operational Boundary for External Debt

Under the changes to the Prudential Code which came into force in December 2017, the requirement to measure and report on the incremental impact on the Council Tax / rents was removed from the Code. The authority can set its own local indicators to measure the affordability of its capital investment plans. The Service Director for Finance and Procurement considers that Council should be advised of the loans charges cost implications which will result from the spending plans being considered for approval. These cost implications have been included in the Council's Revenue and HRA budgets for 2022/23 and for future years will be considered as part of the longer-term financial frameworks.

	Loans Charges Liability					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £001
General Services (excluding On-Lending and Tram to Newhaven) - New Loans Fund Advances						
Loans Fund Advances in year	147,789	33,525	104,556	109,420	104,671	41,993
Year 1 - Interest Only	2,997	680	2,120	2,219	2,122	851
Year 2 - Interest and Principal Repayment	8,597	1,950	6,082	6,365	6,089	2,443
Housing Revenue Account (HRA) - New Loans Fund Advances						
Loans Fund Advances in year (excl. LLP programme *)	35,364	82,330	104,216	127,158	167,115	182,537
Year 1 - Interest Only	761	1,772	2,243	2,737	3,597	3,929
Year 2 - Interest and Principal Repayment	2,120	4,935	6,247	7,622	10,017	10,941

Table A1.8 – Operational Boundary for External Debt

The loans charges associated with the borrowing required for the house building programme for onward transferred to the LLPs will be met from the LLPs and does therefore not have a net impact on the HRA or General Services revenue budget. Tram repayments are based on the income model and will commence in 2023/24 when the line to Newhaven becomes operational.

Appendix 2

Economic Review of 2021/22

The Council's treasury advisor, Arlingclose, has provided the following economic review of the year:

Bank Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

UK CPI was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to 5.2% y/y from 4.4%.

The government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to January 2022 showed the unemployment rate at 3.9% while the employment rate rose to 75.6%. Headline 3-month average annual growth rate for wages were 4.8% for total pay and 3.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 0.1% while regular pay fell by 1.0%.

With the fading of lockdown – and, briefly, the 'pingdemic' – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 according to the final estimate (initial estimate 1.0%) and took UK GDP to just 0.1% below where it was before the pandemic. The annual growth rate was revised down slightly to 7.4% (from 7.5%) following a revised 9.3% fall in 2020.

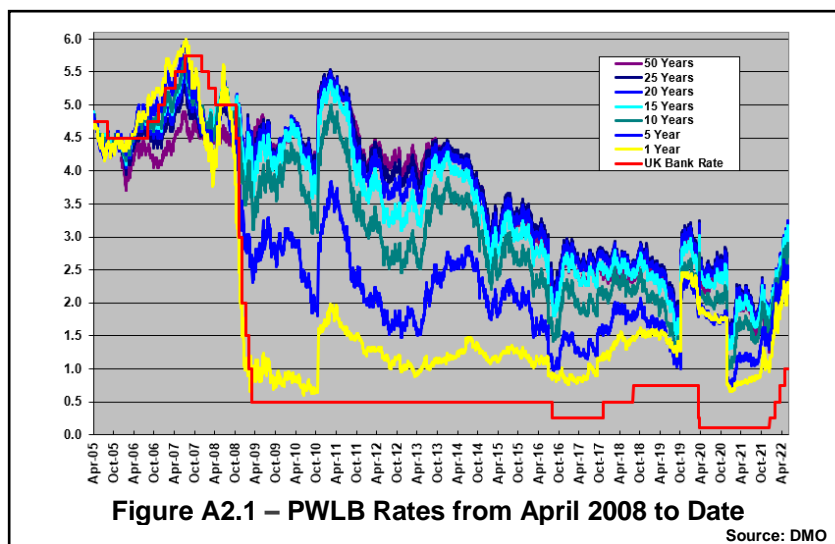
Having increased Bank Rate from 0.10% to 0.25% in December, the Bank of England hiked it further to 0.50% in February and 0.75% in March. At the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.

In its March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report. The Committee also noted that although GDP in January was stronger than expected with business confidence holding up and the labour market remaining robust, consumer confidence had fallen due to the squeeze in real household incomes.

GDP growth in the euro zone increased by 0.3% in calendar Q4 2021 following a gain of 2.3% in the third quarter and 2.2% in the second. Headline inflation remains high, with CPI registering a record 7.5% year-on-year in March, the ninth successive month of rising inflation. Core CPI inflation was 3.0% y/y in March, was well above the European Central Bank’s target of ‘below, but close to 2%’, putting further pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at a downwardly revised annualised rate of 6.9% in Q4 2021, a sharp increase from a gain of 2.3% in the previous quarter. In its March 2022 interest rate announcement, the Federal Reserve raised the Fed Funds rate to between 0.25% and 0.50% and outlined further increases should be expected in the coming months. The Fed also repeated its plan to reduce its asset purchase programme which could start by May 2022.

Figure A2.1 below shows PWLB borrowing rates since 2005. This clearly shows an increase in borrowing rates mainly due to the Economic effect of the Russian invasion of Ukraine, increase in inflation and subsequent increases in UK Bank Rate.



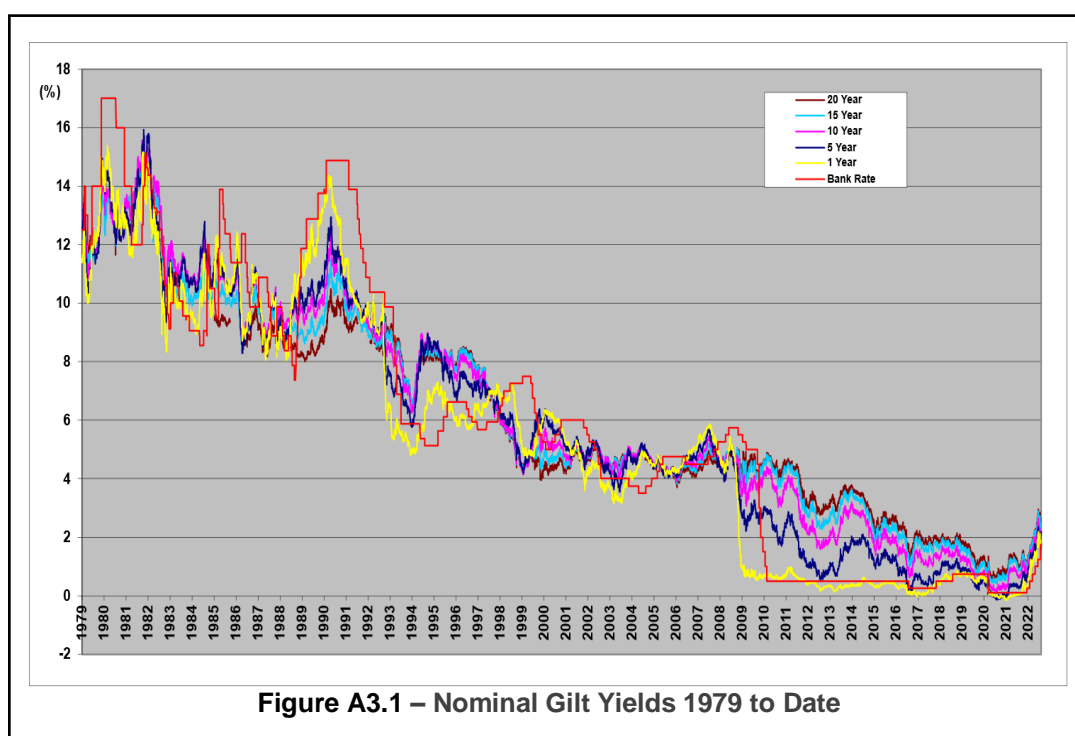
Appendix 3

Borrowing Out-turn 2021/22

Background to 2021/22 Borrowing

Treasury Management is a long-term strategic activity. There are a significant number of new Elected Members so before reviewing the 2021/22 activity it might be helpful to put it in the context of the strategy which the Council has adopted over the last decade.

The Interest Rate on borrowing from the Public Works Loans Board (PWLB) is linked to the yield on UK Gilt edged Securities (Gilts). Figure A3.1 shows nominal yield on Gilts up to 10-year maturity along with UK Bank Rate. This shows how much yields had fallen even before the Global Financial Crisis. In the 2000s, gilts yields remained in a fairly narrow range compared to their previous levels, and the Council generally borrowed in year to meet its borrowing requirement depending on the outlook for Gilts over the next year. However, in 2012 the view was taken that interest rates would trend down over the next few years and no new borrowing from the PWLB was taken from 2012 until 2019. This created a significant interest rate risk at times, deliberately by design. Appendix 3 of the mid-year report taken to the Finance and Resources Committee in December 2021 explains how this was done with the borrowing for the purchase of the Council headquarters at Waverley Court. Large infrastructure projects by their nature are interest rate sensitive.



Some of the interest rate risk was locked out in 2019/20, but it was complicated by the UK Government's decision to increase PWLB Borrowing rates while they undertook a consultation on borrowing for investment in commercial property south of the border.

The Council still has significant cash balances, particularly in its earmarked reserves. Locking out the interest rate risk is therefore a balance between borrowing funds that the Council doesn't need for a year or two and incurring a cost of carry in the meantime and locking in historically low interest rates for long term benefit. It is further complicated by uncertainty in the delivery of the capital programme and hence the need to borrow to fund that capital expenditure. As the pandemic showed, external factors can substantially change the delivery of the programme. However, as our concerns over inflation and interest rates increased, the process of locking out interest rate risk was accelerated.

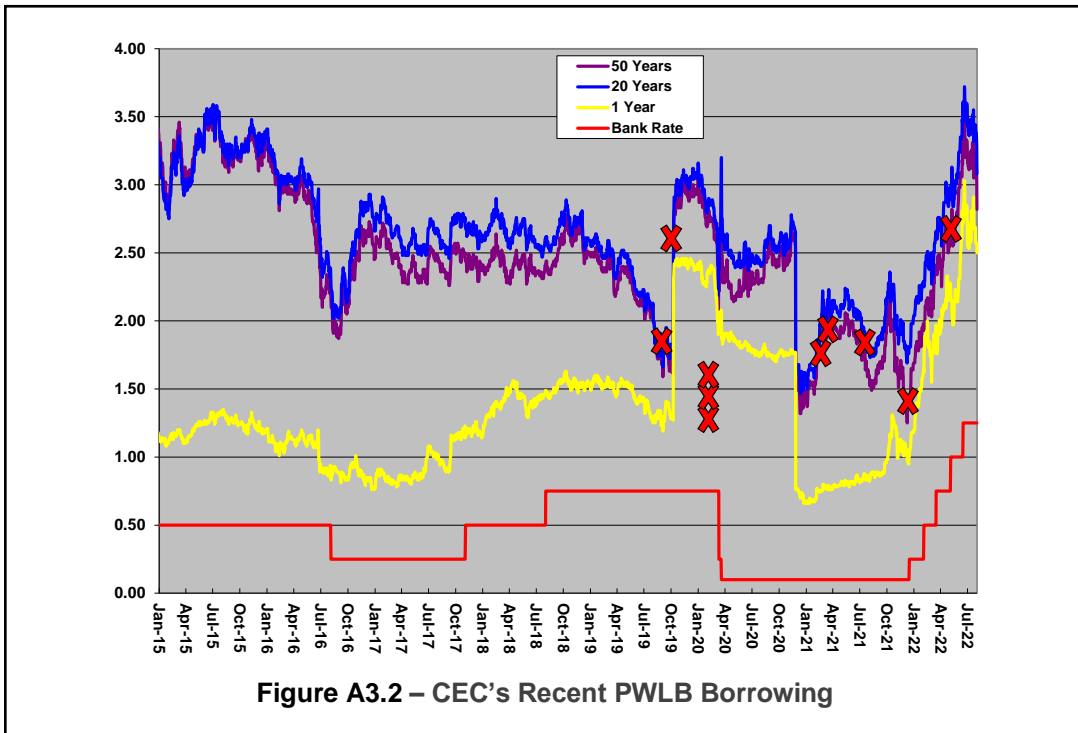
Table A3.1 below summarises the movements in the Council's borrowing during 2021/22.

Type of Loan	Balance	Borrowing	Borrowing	Balance
	01.04.2021	Raised	Repaid	31.03.2022
	£m	£m	£m	£m
PWLB - fixed	1,051.40	206.26	-51.93	1205.73
Salix Finance Ltd	0.74		-0.28	0.46
Market	294.90		-1.73	293.17
	<u>1,347.04</u>	206.26	-53.94	<u>1,499.36</u>
Capital Advances	<u>1,480.80</u>			<u>1,622.96</u>
Under-borrowed	<u>133.76</u>		Under-borrowed	<u>123.60</u>

Table A3.1 – Outstanding Debt Portfolio 2021/22

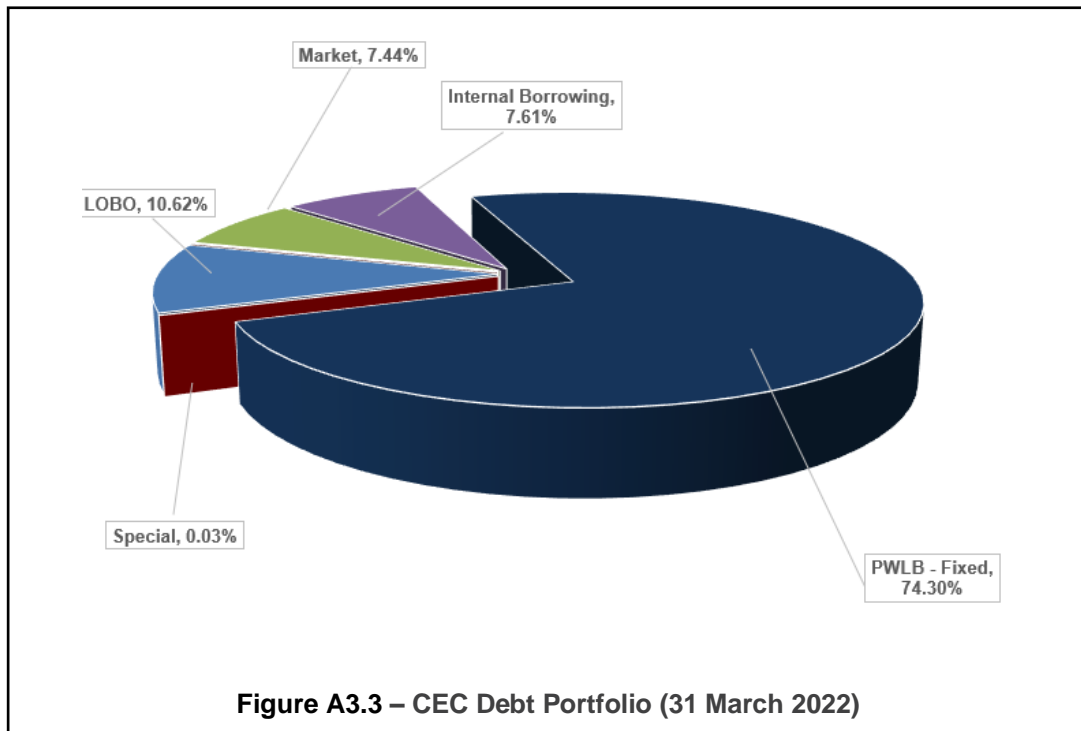
During 2021/22, the Council borrowed £206m at an average interest rate of 1.86%. that brings the total of the new borrowing from the PWLB over the last three financial years to £437m at an average interest rate of 2.02%. A further £60m was drawn down in that period in a forward starting deal with a German bank which locked out the interest rate risk on the St. James Centre Growth Accelerator Model (GAM) capital expenditure. However, £54m in previous loans were repaid during the year, meaning that the Council's net borrowing increased by £152m during the year. There was a significant increase in the Council's net advances from the Loans Fund during the year, resulting in the Council's external debt still being below its Capital Financing Requirement (the Council's underlying need to borrow before taking cash balances into consideration) at year end.

Figure A3.2 below shows the timing of the PWLB borrowing since 2019.



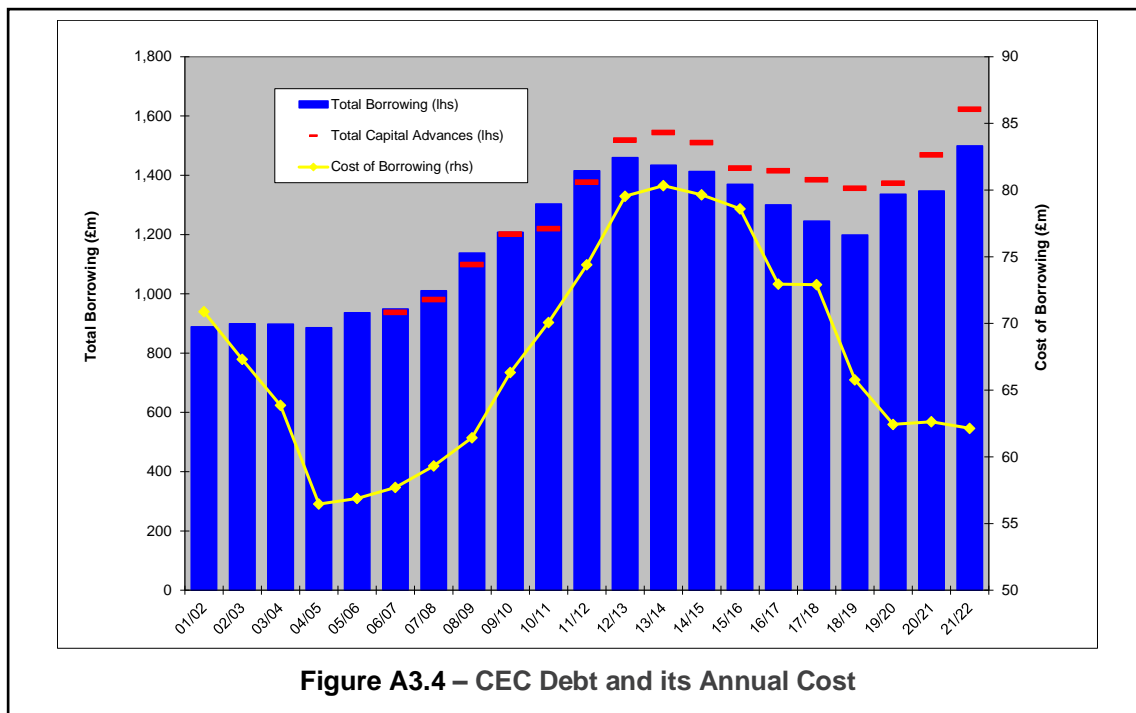
The effect of the increase in PWLB Rates when Gilt Yields were at their lowest is clear from the chart. While not at the absolute low points, the borrowing represents very good long term interest rates funding the Council's capital programme.

The following chart gives the following sources of the Council's borrowing at the end of the financial year:

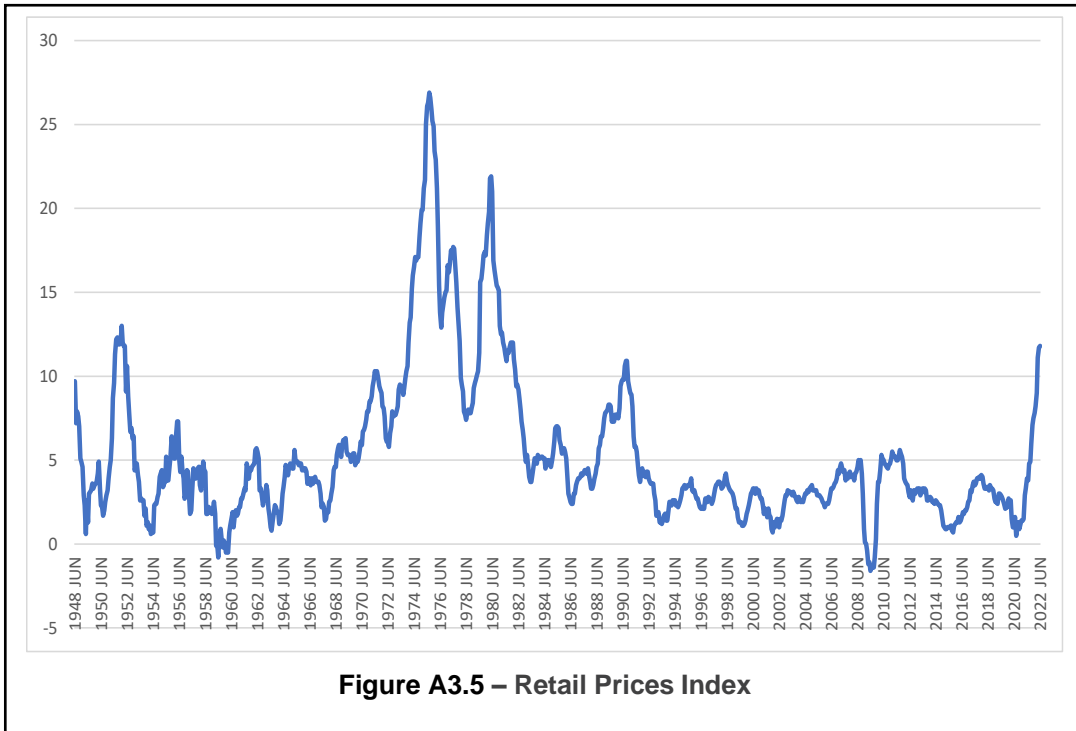


All the Council’s external borrowing is therefore fixed rate, which is advantageous in a rising interest rate environment. The internal borrowing is where the Council has used its cash balances to fund the capital programme, so this does reflect an interest rate risk. The Council also has a substantial capital programme going forward so has significant financing risk on that programme.

Figure A3.4 below shows the Council’s borrowing and the annual interest cost of that borrowing. The cost of borrowing has edged down slightly. However, as the full year cost of the 2021/22 borrowing feeds through, it is likely to increase. Since 2001/02, the Council has substantially more external debt but at a lower annual interest cost.



Finally, Figure A3.5 below shows the Retail Prices Index since 1948. Inflation has not been this high since 1990, when UK Bank Rate was over 14%. While that will not happen this time, there is some upside risk to interest rates which we consider has justified the borrowing undertaken where over a third of the Council’s total external debt has been borrowed in the last three years.



Appendix 4

Investment Out-turn 2021/22

The Council's money is invested via the Treasury Cash Fund. The Cash Fund encompasses a number of organisations, including Lothian Pension Fund. Interest is accrued monthly, and performance is evaluated against a benchmark, which is 7-day compounded SONIA less 6.25 basis points.

The major issues to the economy over the last quarter were the continuing economic recovery from the coronavirus pandemic and the invasion of Ukraine by Russia, these have contributed to higher inflation and higher interest rates. The Bank of England's Monetary Policy Committee (MPC) has increased UK Bank Rate three times already in 2022, at the time of drafting this report. After increases in February, March then May UK Bank Rate is currently 1%.

Figure A4.1 below shows investment performance since April 2011.

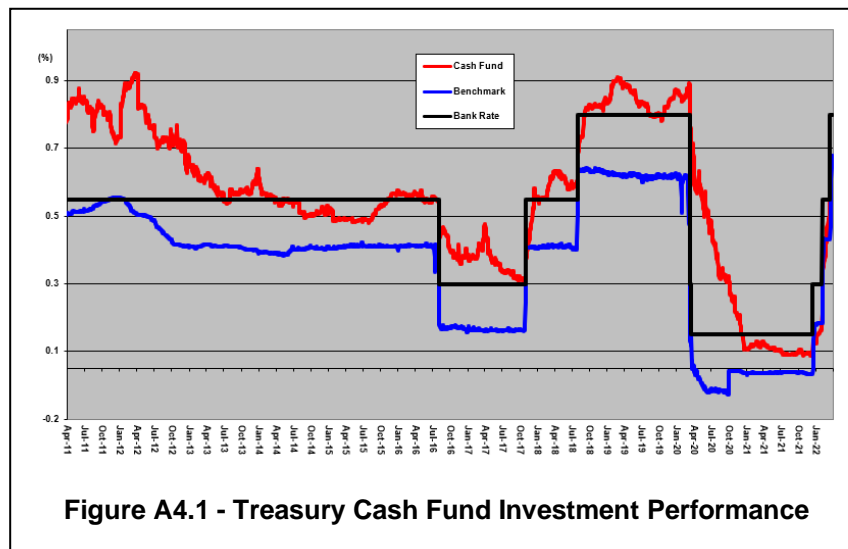
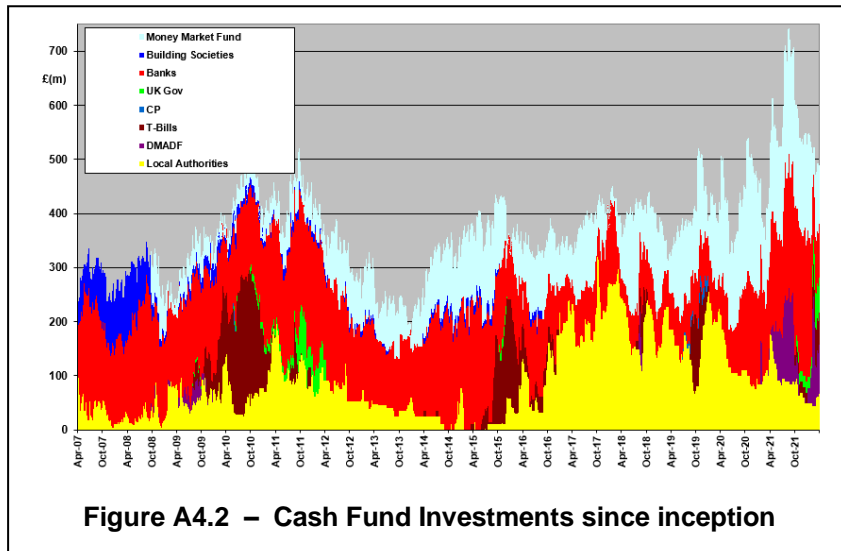


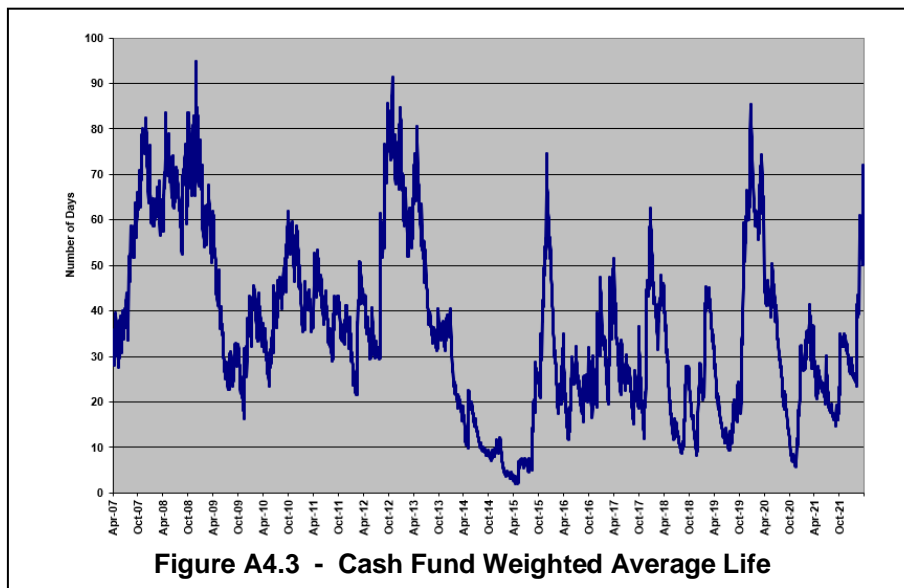
Figure A4.1 - Treasury Cash Fund Investment Performance

The average interest rate on the Cash Fund for the year was 0.11%, which continued to outperform the benchmark of 0.06%. The fund generated income of £323k for the financial year to CEC.

The emphasis remained on security during the financial year with the return of the principal sum being the main concern. With the Strategy being around the security of the investments, Cash Fund money has been invested with banking institutions which was held on instant access call and a 31-day notice account with a highly credit rated institution, money market funds, supranational commercial paper, UK gilts, UK treasury bills, DMADF and other Local Authorities on short term fixed deposits. Figure A4.2 below shows the distribution of the Cash Fund investments since April 2007.



The strategy remains to seek trades which add value relative to MMF/Bank rates and make a positive contribution towards out-performance while maintaining the security of funds.



As can be seen in Figure A4.3 the weighted average life of the fund was just above 28 days at the end of the financial year. The purchase of Supranational commercial paper, UK Gilts and Treasury Bills lengthened the weighted average life towards the financial year end.

Appendix 5

Outstanding Debt as at 31st March 2022

PWLB PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
M	23/04/2009	23/04/2022	5,000,000.00	3.76	188,000.00
M	12/06/1995	15/05/2022	10,200,000.00	8	816,000.00
M	14/06/2010	14/06/2022	10,000,000.00	3.95	395,000.00
M	31/03/1995	25/09/2022	6,206,000.00	8.625	535,267.50
M	16/02/1995	03/02/2023	2,997,451.21	8.625	258,530.17
M	24/04/1995	25/03/2023	10,000,000.00	8.5	850,000.00
M	05/12/1995	15/05/2023	5,200,000.00	8	416,000.00
M	20/09/1993	14/09/2023	2,997,451.21	7.875	236,049.28
M	20/09/1993	14/09/2023	584,502.98	7.875	46,029.61
M	08/05/1996	25/09/2023	10,000,000.00	8.375	837,500.00
M	13/10/2009	13/10/2023	5,000,000.00	3.87	193,500.00
M	05/12/1995	15/11/2023	10,000,000.00	8	800,000.00
M	10/05/2010	10/05/2024	10,000,000.00	4.32	432,000.00
M	28/09/1995	28/09/2024	2,895,506.10	8.25	238,879.25
M	14/05/2012	14/11/2024	10,000,000.00	3.36	336,000.00
A	14/12/2009	14/12/2024	2,457,029.78	3.66	110,890.07
M	17/10/1996	25/03/2025	10,000,000.00	7.875	787,500.00
M	10/05/2010	10/05/2025	5,000,000.00	4.37	218,500.00
M	16/11/2012	16/05/2025	20,000,000.00	2.88	576,000.00
M	13/02/1997	18/05/2025	10,000,000.00	7.375	737,500.00
M	20/02/1997	15/11/2025	20,000,000.00	7.375	1,475,000.00
A	01/12/2009	01/12/2025	4,596,145.15	3.64	176,932.55
M	21/12/1995	21/12/2025	2,397,960.97	7.875	188,839.43
M	21/05/1997	15/05/2026	10,000,000.00	7.125	712,500.00
M	28/05/1997	15/05/2026	10,000,000.00	7.25	725,000.00
M	29/08/1997	15/11/2026	5,000,000.00	7	350,000.00
M	24/06/1997	15/11/2026	5,328,077.00	7.125	379,625.49
M	07/08/1997	15/11/2026	15,000,000.00	6.875	1,031,250.00
M	13/10/1997	25/03/2027	10,000,000.00	6.375	637,500.00
M	22/10/1997	25/03/2027	5,000,000.00	6.5	325,000.00
M	13/11/1997	15/05/2027	3,649,966.00	6.5	237,247.79
M	17/11/1997	15/05/2027	5,000,000.00	6.5	325,000.00
M	13/12/2012	13/06/2027	20,000,000.00	3.18	636,000.00
M	12/03/1998	15/11/2027	8,677,693.00	5.875	509,814.46
M	06/09/2010	06/09/2028	10,000,000.00	3.85	385,000.00
M	14/07/2011	14/07/2029	10,000,000.00	4.9	490,000.00
E	14/07/1950	03/03/2030	2,022.03	3	66.35
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	2,226.31	3	68.54
M	06/09/2010	06/09/2031	20,000,000.00	3.95	790,000.00

M	15/12/2011	15/06/2032	10,000,000.00	3.98	398,000.00
M	15/09/2011	15/09/2036	10,000,000.00	4.47	447,000.00
M	22/09/2011	22/09/2036	10,000,000.00	4.49	449,000.00
M	10/12/2007	10/12/2037	10,000,000.00	4.49	449,000.00
M	08/09/2011	08/09/2038	10,000,000.00	4.67	467,000.00
M	15/09/2011	15/09/2039	10,000,000.00	4.52	452,000.00
M	06/10/2011	06/10/2043	20,000,000.00	4.35	870,000.00
M	09/08/2011	09/02/2046	20,000,000.00	4.8	960,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	19/05/2006	19/11/2046	10,000,000.00	4.25	425,000.00
M	07/01/2008	07/01/2048	5,000,000.00	4.4	220,000.00
A	24/03/2020	24/03/2050	14,212,272.65	1.64	237,972.00
A	26/03/2020	26/03/2050	4,731,432.36	1.49	72,011.97
A	26/03/2021	26/03/2051	9,744,006.91	1.75	173,884.91
A	12/07/2021	12/07/2051	39,492,672.93	1.78	707,484.79
M	27/01/2006	27/07/2051	1,250,000.00	3.7	46,250.00
M	16/01/2007	16/07/2052	40,000,000.00	4.25	1,700,000.00
M	30/01/2007	30/07/2052	10,000,000.00	4.35	435,000.00
M	13/02/2007	13/08/2052	20,000,000.00	4.35	870,000.00
M	20/02/2007	20/08/2052	70,000,000.00	4.35	3,045,000.00
M	22/02/2007	22/08/2052	50,000,000.00	4.35	2,175,000.00
M	08/03/2007	08/09/2052	5,000,000.00	4.25	212,500.00
M	30/05/2007	30/11/2052	10,000,000.00	4.6	460,000.00
M	11/06/2007	11/12/2052	15,000,000.00	4.7	705,000.00
M	12/06/2007	12/12/2052	25,000,000.00	4.75	1,187,500.00
M	05/07/2007	05/01/2053	12,000,000.00	4.8	576,000.00
M	25/07/2007	25/01/2053	5,000,000.00	4.65	232,500.00
M	10/08/2007	10/02/2053	5,000,000.00	4.55	227,500.00
M	24/08/2007	24/02/2053	7,500,000.00	4.5	337,500.00
M	13/09/2007	13/03/2053	5,000,000.00	4.5	225,000.00
A	14/10/2019	10/04/2053	105,828,884.87	2.69	2,861,104.69
M	12/10/2007	12/04/2053	5,000,000.00	4.6	230,000.00
A	01/07/2021	01/07/2053	49,436,552.38	1.98	984,421.87
M	05/11/2007	05/05/2057	5,000,000.00	4.6	230,000.00
M	15/08/2008	15/02/2058	5,000,000.00	4.39	219,500.00
A	25/01/2019	25/01/2059	2,614,087.71	2.65	70,093.91
A	11/06/2019	11/06/2059	1,233,043.54	2.23	27,846.24
A	01/10/2019	01/10/2059	1,296,172.61	1.74	22,657.81
A	02/10/2019	02/10/2059	38,607,063.32	1.8	698,103.49
A	05/11/2019	05/11/2059	6,950,202.78	2.96	206,456.25
A	28/11/2019	28/11/2059	1,271,596.52	3.03	38,664.01
A	02/12/2019	02/12/2059	2,737,548.31	3.03	83,237.57
A	20/01/2020	20/01/2060	1,929,909.74	1.77	34,629.41
A	20/01/2020	20/01/2060	445,956.16	2.97	13,384.94
M	04/10/2019	04/04/2060	40,000,000.00	1.69	676,000.00
A	07/12/2021	07/12/2060	19,099,634.00	1.8	342,263.87

M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
A	07/12/2021	07/12/2061	4,164,448.00	1.79	74,222.78
A	24/03/2022	24/03/2063	18,000,000.00	2.65	475,373.43
M	26/03/2020	26/03/2070	10,000,000.00	1.29	129,000.00
M	12/07/2021	12/07/2071	50,000,000.00	1.74	870,000.00
M	23/12/2021	23/12/2071	25,000,000.00	1.45	362,500.00

1,205,737,516.53

Non-LOBO Profile	Start Date	Maturity Date	Principal Outstanding £	Interest Rate %	Annual Interest £
M	30/06/2005	30/06/2065	5,000,000.00	4.40	220,000.00
M	07/07/2005	07/07/2065	5,000,000.00	4.40	220,000.00
M	21/12/2005	21/12/2065	5,000,000.00	4.99	249,500.00
M	28/12/2005	24/12/2065	12,500,000.00	4.99	623,750.00
M	14/03/2006	15/03/2066	15,000,000.00	5.00	750,000.00
M	18/08/2006	18/08/2066	10,000,000.00	5.25	525,000.00
M	01/02/2008	01/02/2078	10,000,000.00	3.95	395,000.00
M	08/10/2020	08/10/2045	58,272,841.48	2.613	1,534,025.23

120,772,841.48

LOBO Profile	Start Date	Maturity Date	Principal Outstanding £	Interest Rate %	Annual Interest £
M	12/11/1998	13/11/2028	3,000,000.00	4.75	142,500.00
M	15/12/2003	15/12/2053	10,000,000.00	5.25	525,000.00
M	18/02/2004	18/02/2054	10,000,000.00	4.54	454,000.00
M	28/04/2005	28/04/2055	12,900,000.00	4.75	612,750.00
M	01/07/2005	01/07/2065	10,000,000.00	3.86	386,000.00
M	24/08/2005	24/08/2065	5,000,000.00	4.40	220,000.00
M	07/09/2005	07/09/2065	10,000,000.00	4.99	499,000.00
M	13/09/2005	14/09/2065	5,000,000.00	3.95	197,500.00
M	03/10/2005	05/10/2065	5,000,000.00	4.375	218,750.00
M	23/12/2005	23/12/2065	10,000,000.00	4.75	475,000.00
M	06/03/2006	04/03/2066	5,000,000.00	4.625	231,250.00
M	17/03/2006	17/03/2066	10,000,000.00	5.25	525,000.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	07/04/2006	07/04/2066	10,000,000.00	4.75	475,000.00
M	05/06/2006	07/06/2066	20,000,000.00	5.25	1,050,000.00
M	05/06/2006	07/06/2066	16,500,000.00	5.25	866,250.00

172,400,000.00

SPECIAL FIXED/ VAR	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
F	31/03/2015	01/04/2023	270,434.61	0	0
F	22/09/2015	01/10/2023	87,919.88	0	0
F	29/03/2019	01/04/2029	104,983.95	0	0
			463,338.44		

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Accounts Commission: Local Government in Scotland – Financial Overview 2020/21

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
- 1.1.1 note the contents of the report; and
 - 1.1.2 refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

Richard Carr

Interim Executive Director of Corporate Services

Contact: Hugh Dunn, Service Director: Finance and Procurement,
Finance and Procurement Division, Corporate Services Directorate

E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

Accounts Commission: Local Government in Scotland – Financial Overview 2020/21

2. Executive Summary

- 2.1 The report provides a summary of the main issues and themes identified within the Accounts Commission's recently-published *Financial Overview 2020/21* and how these relate to the local context within Edinburgh.

3. Background

- 3.1 On 10 March 2022, the Accounts Commission published its annual *Financial Overview* report. The report is an independent high-level analysis of the financial performance of councils during the preceding year (2020/21), their financial standing entering 2021/22 and associated longer-term financial outlook.
- 3.2 As in previous years, the overview is complemented by the publication of the *Performance Overview* report in May 2022. Both reports are, however, specifically couched within the context of the pandemic, with the Financial Overview including analysis of its full-year financial impacts and the Performance Overview considering councils' responses to, and recovery from, COVID-19. A report on the Performance Overview will be considered by the Policy and Sustainability Committee in due course.
- 3.3 The report's contents and main conclusions are primarily drawn from councils' audited accounts and associated external audit reports, supplemented by a separate data request issued in April 2021 to which the Council responded.

4. Main report

Overview of report and key messages

- 4.1 The report's format largely follows that adopted in previous years, with respective sections on income, financial standing and financial outlook. A series of key messages is also set out on pages 5 and 6 of the report, drawing specific attention to the following:
- (i) The COVID-19 pandemic persisted throughout 2020/21, with the Scottish Government increasing funding to councils by £1.5 billion to support them in dealing with the impacts of the pandemic.

- (ii) When COVID-19 funding is excluded, there has been a real-terms underlying reduction of 4.2% in local government funding since 2013/14.
- (iii) The underlying increase in Scottish Government funding of £358 million in 2020/21 was 1.1% in real terms but over half of this increase is due to specific grants.
- (iv) Councils' income from customers and clients was affected by COVID-19 restrictions and fell by £0.5 billion.
- (v) In 2020/21, all councils reported surpluses and increased their usable reserves. The total increase in reserves was £1.2 billion (46%). This increase was mainly due to late COVID-19 funding, which was unspent at 31 March 2021.
- (vi) Councils administered a further £1.4 billion of COVID-19 grants on behalf of the Scottish Government in 2020/21, putting additional pressure on finance staff across councils.
- (vii) Capital expenditure reduced by more than 20% in 2020/21 because of COVID-19.
- (viii) COVID-19 pressures contributed to greater and more frequent errors in councils' unaudited accounts.
- (ix) Scottish Government capital funding to councils is expected to fall again in 2021/22.
- (x) Uncertainty over the amount of funding available for COVID-19 recovery at the end of 2020/21 led to difficulties in setting budgets, and many councils established updated COVID-19 budgets in autumn 2021.
- (xi) COVID-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as COVID-19 uncertainty diminishes.

4.2 Given the report's Scotland-wide coverage, not all of its recommendations are of direct relevance to Edinburgh but much of the content nonetheless resonates with the Council's own circumstances.

Specific references or areas of particular relevance to Edinburgh

4.3 **Paragraph 9** of the report details the extent to which councils' income was affected by the pandemic during 2020/21. The majority of the Council's total net COVID-19 impact of £69m similarly represented the direct, or indirect, loss of income to the Council and/or its Arm's-Length External Organisations (ALEOs), with the largest contributors being:

- (i) the loss of parking income, net of reduced enforcement costs, of £13.4m;
- (ii) loss of commercial rental income of £7.1m;
- (iii) loss of £6m of dividend income from Lothian Buses;
- (iv) £6m of additional required financial support for Edinburgh Trams (due to drastically reduced farebox income);
- (v) reduced income from the Council's cultural venues of £3.9m; and
- (vi) £3m of additional financial support for Edinburgh Leisure due to reduced patronage.

- 4.4 **Paragraph 11 and Exhibit 2** show in-year provisional collection rates for Council Tax. While the Council's confirmed rate for 2020/21 showed a year-on-year reduction of 1%, it comfortably remained the highest rate of Scotland's four main cities.
- 4.5 The Council's budget for 2020/21 was underpinned by budgeted service-specific and corporate savings of £35.8m. Of these, 82% by value were delivered, close to the Scotland-wide average of 83% noted in **Paragraph 23**. Of those savings not delivered, the majority were linked directly or indirectly to the impacts of the pandemic, including loss of assumed income or necessarily-delayed organisational reviews.
- 4.6 While the outturn for 2021/22 remains provisional, the in-year level of savings delivery has continued the improving trend apparent in recent years, linked to the putting in place of more robust scrutiny at the savings inception, implementation and delivery stages.
- 4.7 **Paragraphs 25 to 30** and the accompanying appendices consider councils' year-end outturns and the consequent impacts on their reserve levels. In common with all other councils in Scotland, following the receipt of significant additional grant funding late in the year, the Council returned an overall surplus in 2020/21 (of some £7.9m), with this sum set aside in reserves.
- 4.8 The overall level of the Council's reserves as of 31 March 2021 was also influenced by the prudent prior identification, and earmarking, of savings prior to the confirmation of this external funding. As part of the year-end closedown process, the unallocated General Fund balance (funds held against the risk of unanticipated expenditure and/or reduced income arising in any particular year) was furthermore increased from £13.9m to £25.0m, in line with the Council's revised strategy and providing a further contingency against other risks to which the Council is exposed.
- 4.9 The approved budget for 2021/22 then assumed in-year use of £58m of COVID-related funding held in reserves, with further sums to be drawn down in 2022/23.
- 4.10 **Paragraphs 31 to 39** consider the in-year impact of the pandemic on councils' capital programmes. While the actual level of capital expenditure reported was also a product of year-on-year variation in planned spend, the Council's gross capital expenditure in 2020/21 was 8% lower than in 2019/20.

- 4.11 Delays were experienced due to the scarcity of materials and contractor staff taking time to return from furlough, as well as revised on-site operating practices to comply with social distancing guidelines. The General Fund saw capital slippage of around £150m in-year and the HRA around £55m from the originally-planned programme pre-COVID. Some of this slippage was addressed in 2021/22 but an element will not be made up until the current financial year or later given subsequent disruption to supply chains linked directly or indirectly to current events in Ukraine.
- 4.12 **Paragraphs 40 and 41** highlight the availability of additional financial “flexibilities” made available by the Scottish Government to spread the costs of the pandemic over a longer timeframe. Prior to the announcement of significant additional grant funding, the Council’s approved budget for 2021/22 had been predicated upon utilising the loans fund principal deferral flexibility but this assumption was revised by Council in May 2021, with the approved 2022/23 similarly assuming no use of available flexibilities. The Scottish Government has recently issued draft guidance in respect of the expanded basis on which the service concession flexibility will be made available for use by local authorities in 2022/23 and 2023/24.
- 4.13 **Paragraphs 42 to 47** consider some wider aspects of the pandemic on councils’ operations during the year, including administration of business support grants and increased support for ALEOs, many of which resonate with experience in Edinburgh.
- 4.14 In total, some £359m of COVID-related funding was received by the Council during the year. Audit testing identified one small funding stream of £0.162m which had been accounted for as income received as principal whereas, in fact, the Council was acting as an agent (i.e. on behalf of the Scottish Government), with this change reflected in the audited accounts.
- 4.15 The external auditor’s report intimated that no significant weaknesses were identified within the Council’s systems of accounting and internal financial control and that its arrangements with regard to the detection of fraud and irregularity were considered sufficient and appropriate, complemented by active participation in the National Fraud Initiative.
- 4.16 **Paragraphs 48 to 52** contain an overview of in-year investment returns for Scotland’s Local Government Pension Funds. While the absolute return for Lothian Pension Fund was the lowest of Scotland’s eleven funds and underperformed slightly against its benchmark, the triennial valuation as of 31 March 2020 showed it to be fully funded, with employer contributions essentially unchanged for the period from 2021/22 to 2023/24.
- 4.17 **Paragraphs 53 to 55** highlight the Council as being amongst only seven in Scotland in addressing three key aspects of financial reporting in their annual accounts management commentaries.
- 4.18 The remaining section of the Audit Scotland report looks at councils’ financial outlooks as of the time of setting 2021/22 budgets in February 2021. The Council undertook a comprehensive realignment of its reserves policy as part of setting the 2021/22 budget, almost doubling the size of its unallocated general reserve and

reprioritising a number of other existing earmarked reserves in recognition of the on-going expenditure and income impacts of the pandemic.

- 4.19 A five-year timeframe was also adopted with regard to revenue budget-setting, albeit with significant gaps remaining beyond 2021/22. The planning assumptions underpinning future years' funding gaps are subject to on-going review and an update is included in the report elsewhere on today's agenda.
- 4.20 The Council continues to face significant financial challenges resulting from increased demand for services, inflation, legislative reform and increased citizen expectations, as well as the continuing financial impacts of the pandemic. These factors are set against a backdrop of core grant funding (accounting for around three quarters of the Council's overall income) that is not keeping pace.
- 4.21 The urgent need to initiate a structured medium to longer-term savings programme was highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21. Proposals to address these gaps will be subject to a process of co-design between the incoming administration and officers and form the basis of public engagement in Autumn 2022. Members will likely need to make increasingly difficult choices about the Council's priorities, including considering service reductions, across all service areas to maintain expenditure in line with available income.

5. Next Steps

- 5.1 Publication of the Financial Overview has been complemented by the issuing of the *Performance Overview* report in May 2022 and a subsequent report will therefore be brought forward to both the Policy and Sustainability and Governance, Risk and Best Value Committees.

6. Financial impact

- 6.1 There is no direct impact arising from the report's contents but the report reminds officers and members of the importance of a number of aspects of sound financial management in underpinning longer-term sustainability.

7. Stakeholder/Community Impact

- 7.1 There is no direct impact arising from the report's contents.

8. Background reading/external references

- 8.1 [Revenue Budget 2020/21: outturn report](#), Finance and Resources Committee, 12 August 2021
- 8.2 [City of Edinburgh Council – 2020/21 Annual Audit Report to the Council and the Controller of Audit](#), Governance, Risk and Best Value Committee, 9 November 2021

9. Appendices

One – Local Government in Scotland – Financial Overview 2020/21

Local government in Scotland

Financial overview 2020/21



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
March 2022



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You can find more information on our website:

Exhibits data

Data files are available for [Exhibit 5](#).

Supplement

[Covid-19 funding to Local Government – 2020/21](#)

Audit team

The core audit team consisted of: Blyth Deans, Lynne Templeton, Martin Allan, Christopher Holgate under the direction of Brian Howarth.

Chair's introduction

Our independent overview of council finances 2020/21 covers the first full year that makes clear the impacts of Covid-19. We also look ahead to the medium- to longer-term financial outlook for councils.

That all councils have increased their reserves, boosted by late funding from the Scottish Government to help mitigate the impacts of Covid-19, distracts from the underlying pressures and continued uncertainty on council finances.

The long-term funding position for councils remains uncertain, with significant challenges ahead. This ongoing financial uncertainty for councils is exacerbated by: Scottish Government budget settlements for councils that don't go beyond one year; impacts of an ageing population; shifting and increasing demand for many council services and, alongside this, greater uncertainty over inflationary and other price pressures.

Excluding additional Covid-19 funding, councils have seen a real terms reduction in funding from the Scottish Government of 4.2 per cent since 2013/14. This is a larger reduction than the rest of the Scottish Government budget over the same period.

With increasing amounts of money ring-fenced to meet Scottish Government priorities, it means councils must focus on specific policy areas, rather than the urgent, local priorities they have identified. And while councils have rightly shifted their focus to address the immediate impacts of Covid-19, plans to transform services have slowed.

The absence of a multi-year funding settlement, alongside the ongoing impacts of Covid-19, makes it challenging for councils to plan and budget effectively for the medium and longer term. Robust forward looking financial plans, however, will be key to maintaining financial sustainability, alongside accelerating progress with transformation programmes that have stalled, addressing issues in delivering recurring savings and bringing forward proposals to reduce costs. As Covid-19 uncertainty diminishes, councils should review longer-term planning arrangements.

The pressures on councils that existed before March 2020 continue, yet now with greater intensity. As we reported in our [2021 Local government overview](#) inequalities have been exacerbated and deepened by Covid-19. At the same time, the financial and service demands and stresses on councils have also increased.



Dr William Moyes
Chair of the Accounts
Commission

Councils must manage the ongoing impacts of Covid-19, while looking ahead to local service and economic recovery and transformation, as well as delivering on Scottish Government priorities. This includes ambitions for Early Learning and Childcare, climate change and plans for a National Care Service.

Simply rewinding and trying to return services to pre-March 2020 models and levels of service isn't good enough. How to restart services, deliver differently, save money and empower communities to help redesign and reshape core services, is a massive challenge for all councils. Councils need to undertake this work, involve the communities they serve and partner organisations.

This report, alongside our second overview report (due to be published in May) which will focus on the wider performance and challenges facing local government will, we hope, be a useful analysis and support for both new and returning councillors, and senior officers, as they make difficult decisions over how best to allocate money and resource.

The Accounts Commission will [continue to publish outputs](#) focusing on key issues impacting local councils and communities.

Our ambition is for our independent reporting to support challenge and change across council services.

Key messages

Local government finances 2020/21

- 1** The Covid-19 pandemic persisted throughout 2020/21, with the Scottish Government increasing funding to councils by £1.5 billion to support them in dealing with the impacts of the pandemic.
- 2** When Covid-19 funding is excluded, there has been a real terms underlying reduction of 4.2 per cent in local government funding since 2013/14.
- 3** The underlying increase in Scottish Government funding of £358 million in 2020/21 was 1.1 per cent in real terms. But, over half of this increase is due to specific grants. Ring-fenced funding helps support delivery of key Scottish Government policies but constrains a proportion of the total funding and resources and removes any local discretion over how councils can use these funds.
- 4** Councils' income from customers and clients was affected by Covid-19 restrictions and fell by £0.5 billion.
- 5** In 2020/21, all councils reported surpluses and increased their usable reserves. The total increase in reserves was £1.2 billion (46 per cent). This increase was mainly due to late Covid-19 funding, which was unspent at 31 March 2021.
- 6** Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21, putting additional pressure on finance staff across councils.

- 7 Capital expenditure reduced by more than 20 per cent in 2020/21 because of Covid-19.
- 8 Covid-19 pressures contributed to greater and more frequent errors in councils' unaudited accounts.

Medium- and longer-term outlook for local government finances

- 9 Scottish Government capital funding to councils is expected to fall again in 2021/22.
 - 10 Uncertainty over the amount of funding available for Covid-19 recovery at the end of 2020/21 led to difficulties in setting budgets, and many councils established updated Covid-19 budgets in autumn 2021.
 - 11 Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes.
-

About this report

- 1.** This report provides a high-level independent analysis of the financial performance of councils during 2020/21 and their financial position at the end of that year. It also looks ahead and comments on the financial outlook for councils in the medium and longer terms. It is one of two overview reports that the Accounts Commission publishes each year. The second report, commenting on councils' response to and recovery from the Covid-19 pandemic, will be published in May 2022.
- 2.** Our primary sources of information for the financial overview are councils' 2020/21 audited accounts, including management commentaries and the 2020/21 external annual audit reports, where available. We have supplemented this with data collected as part of a data set request issued to local auditors in April 2021. We received 22 returns by the deadline in late May 2021, and therefore some of the analysis included in this report is based on the available returns, which are only a sample of the total. The response rate from auditors (69 per cent) was lower than in previous years.
- 3.** The Covid-19 pandemic has again created challenges that have affected the preparation of this report. The rescheduling of audit timetables meant that audited accounts did not require certification until 30 November 2021. Twenty-three sets of accounts were certified by the revised deadline, with a further seven signed off thereafter. As at 1 February 2022, two councils' accounts are still to be certified; therefore, analysis in this report is based on 30 sets of audited accounts and two sets of unaudited accounts.
- 4.** We refer to 'real terms' changes in this report. This means that we are showing financial information from past and future years at 2020/21 prices, adjusted for inflation so that they are comparable. Similarly, where comparisons with 2021/22 are made, we have adjusted for inflation to 2020/21 prices. We use gross domestic product (GDP) deflators to adjust for inflation, which are published quarterly by HM Treasury. GDP deflators are the standard approach adopted by both the UK and Scottish Governments when analysing public expenditure. As a result of the way that GDP is calculated, the increased public spending related to Covid-19 means that (in the short term) annual GDP growth rates are forecast to be volatile. To allow us to continue to provide meaningful comparisons between years, we have changed how we use GDP deflators this year. To compensate for the increased volatility, we have used an average GDP growth rate across 2020/21 and 2021/22 to separate inflation from the changes largely attributable to Covid-19 spending and changes in outputs.
- 5.** We also refer to figures in 'cash terms'. This means that we are showing the actual cash or money paid or received.

1. Councils' income in 2020/21

Key messages

- 1** The Covid-19 pandemic persisted throughout 2020/21, with the Scottish Government increasing funding to councils by £1.5 billion to support them in dealing with the impacts of the pandemic.
 - 2** The underlying increase in Scottish Government funding to councils of £358 million in 2020/21 was 1.1 per cent in real terms. But, over half of this increase is due to specific grants, which are now £710 million. Ring-fenced funding helps support delivery of key Scottish Government policies, such as expanding early learning and childcare services, but constrains a proportion of the total funding and resources and removes any local discretion over how these funds can be used by councils.
 - 3** When Covid-19 funding is excluded, there has been a real terms underlying reduction in local government funding of 4.2 per cent since 2013/14.
-

Total revenue funding and income

Covid-19 had an impact on the whole of 2020/21

6. The global pandemic and consequent restrictions emerged at the end of March 2020 and persisted throughout the 2020/21 financial year. This report is the first Local Government Overview to capture the full-year impact of Covid-19 on local government finances.

Councils' total funding and income increased by £1.8 billion (10 per cent) in 2020/21, mainly as a result of additional Covid-19 funding of £1.5 billion

7. Councils' total revenue funding and income was £20.3 billion in 2020/21, an increase of £1.8 billion (or 10 per cent) on the previous year. Comparing 2020/21 with 2019/20 ([Exhibit 1, page 10](#)) shows that most funding comes from the Scottish Government in both years and illustrates the impact of Covid-19 additional funding on the overall funding of councils (7 per cent of funding received).

8. Additional Covid-19 funding included as part of the General Revenue Grant was £1.3 billion, and additional Covid-19-specific grant funding was £0.2 billion in 2020/21. When this is excluded, total revenue and income increased by £0.3 billion, or 1.6 per cent, compared with the previous year.

Councils' income from customer and client receipts reduced by an average of 25 per cent

9. Scotland wide, the reduction in income from customer and client receipts is estimated at £0.5 billion. Significant income streams were affected by Covid-19 restrictions and measures. Glasgow City and Fife Councils both suffered significant reductions in cultural and community income and car parking income. Orkney and Argyll and Bute Councils identified reductions in pier and harbour income as a direct consequence of Covid-19 travel restrictions. Councils have also experienced reductions in income from school meals, building warrants and trade waste disposal.

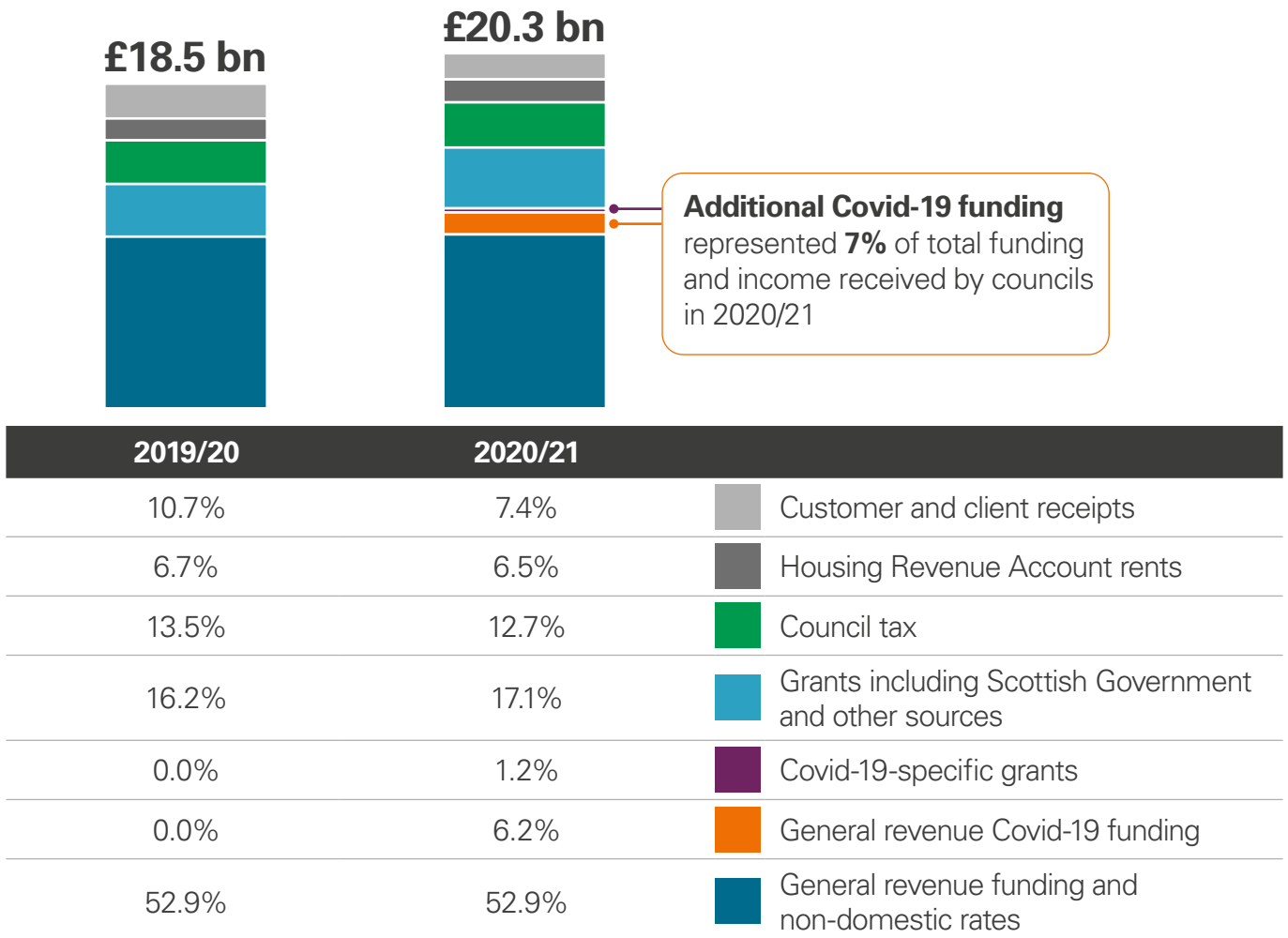
Council tax rates increased by 4.5 per cent in 2020/21

10. All councils raised council tax levels in 2020/21. The average rate increase across Scotland was 4.5 per cent. The lowest increase was 3 per cent in Clackmannanshire, Inverclyde and South Lanarkshire Councils. Twenty councils increased council tax by 4.8 per cent in line with the Scottish Government cap on council tax rate increases.

Exhibit 1.

Sources of funding and income, 2019/20 and 2020/21

Councils' total funding and income increased by £1.8 billion (10 per cent) in 2020/21, mainly as a result of additional Covid-19 funding of £1.5 billion.



Source: Audited financial statements 2019/20 and 2020/21

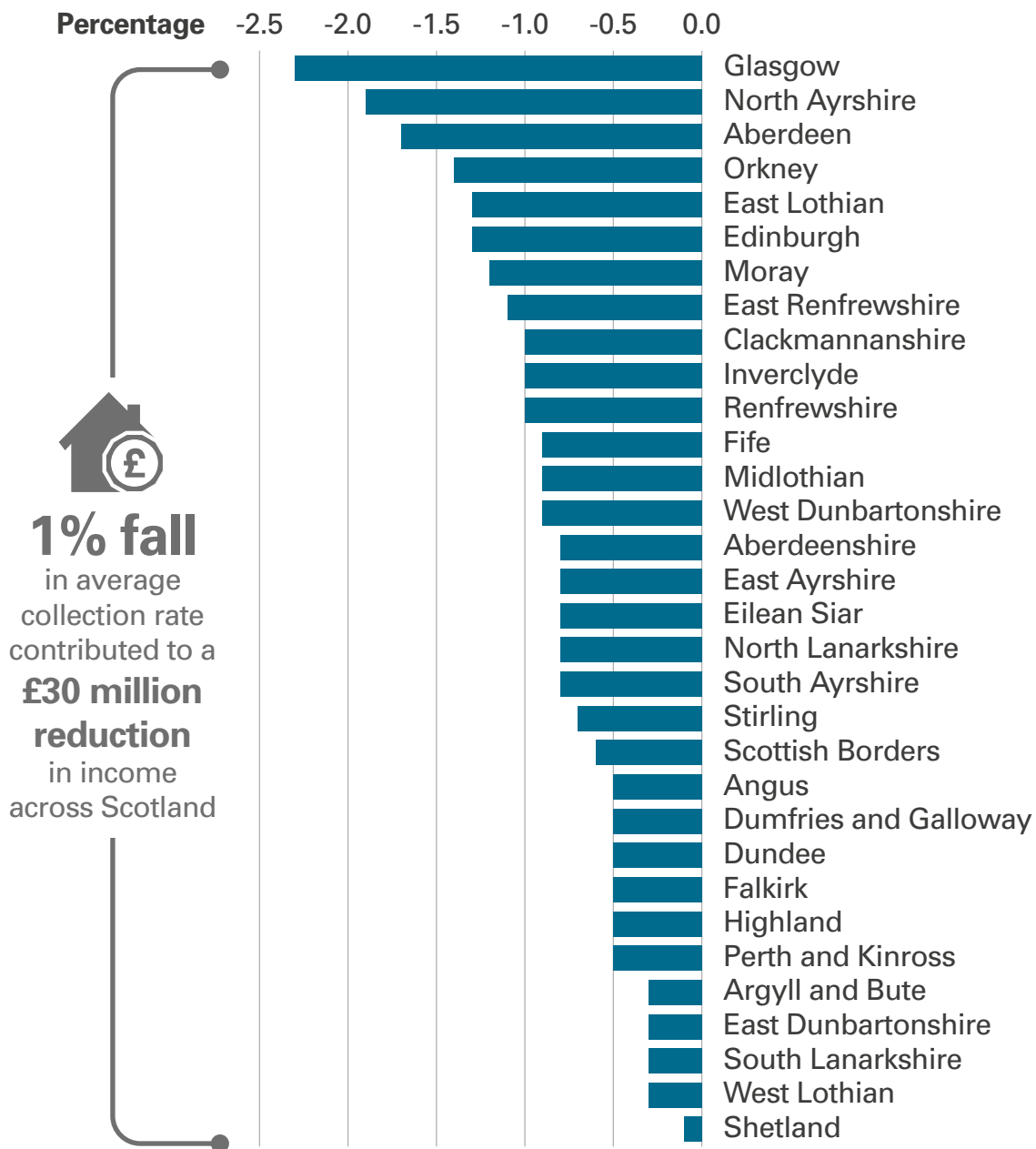
Council tax collection rates across Scotland fell by 1 per cent

11. Council tax debts accumulate over many years. The in-year collection rate (for 2020/21 charges) fell from an average of 95.8 per cent to 94.8 per cent. The 1 per cent fall in collection rate contributed to a reduction in income of £30 million. The total amount of council tax billed, taking account of council tax reductions, was £2.7 billion. Of this total, £2.5 billion was collected by 31 March 2021. Collection rates fell across all councils ([Exhibit 2, page 11](#)), with Glasgow City Council experiencing the largest reduction. Some councils chose to defer or reschedule debt recovery as part of their Covid-19 responses.

Exhibit 2.

Council Tax collection rates

The average Council Tax collection rate across Scotland fell by 1 per cent in 2020/21.



Source: Scottish Government Council Tax Collection Statistics 2020-21, Audited financial statements 2020/21

Scottish Government funding

Scottish Government revenue funding increased by 13 per cent in real terms in 2020/21. This was mainly due to Covid-19 funding of £1.5 billion

12. As noted in [paragraph 7](#), Scottish Government funding forms a significant proportion of the total funding available to local government. The proportion increased from 55.7 per cent in 2019/20 to 58.6 per cent in 2020/21.

13. In 2020/21, total revenue funding from the Scottish Government increased by 15.6 per cent in cash terms and by 13.0 per cent in real terms ([Exhibit 3](#)). Most of this increase was due to additional Covid-19 funding of £1.5 billion, including £1.3 billion of general revenue funding and £0.2 billion of specific grants.

Exhibit 3.

Changes in Scottish Government revenue funding in 2020/21

Scottish Government revenue funding increased by 13 per cent in real terms in 2020/21, although the increase largely relates to additional specific revenue grants and non-recurring Covid-19 funding.

	2019/20 £ million	2020/21 £ million	Cash change %	Real terms change %
General revenue grant and non-domestic rate income	9,811.4	9,967.5	1.6	-0.7
Specific revenue grants ¹	507.7	709.8	39.8	36.6
Non-recurring Covid-19 funding		1,253.5		
Total revenue funding	10,319.1	11,930.7	15.6	13
GRG + NDRI + SRG	10,319.1	10,677.2	3.5	1.1

Note: 1. Includes specific revenue grants for Covid-19.

Source: Finance Circulars 2/2020 and 5/2021 and Scottish Government budget documents.

14. Total revenue funding of £11.9 billion consisted of general resource grant (GRG) funding of £8.1 billion, non-domestic rates (NDR) distribution of £1.8 billion, specific grants of £0.7 billion and non-recurring Covid-19 funding of £1.3 billion.

15. The Scottish Government NDR relief, which was announced in March 2020 to help businesses deal with the impact of Covid-19, resulted in a significant change in the expected income collected from NDR, and this was reflected in the funding given to councils. NDR funding reduced from £2.8 billion in 2019/20 to £1.8 billion in 2020/21. A compensatory increase was given to councils as GRG, as part of a guarantee by the Scottish Government to ensure total funding.

Specific Scottish Government grants contributed to over half of the underlying increase in funding of 1.1 per cent in real terms

16. When non-recurring Covid-19 funding is excluded, the increase in funding from the Scottish Government is 3.5 per cent in cash terms and 1.1 per cent in real terms. The increase in underlying revenue funding was £358 million.

17. In previous overview reports, we identified that increasing amounts of the Scottish Government's total funding to councils is for specific purposes. This trend continued in 2020/21. Over half of the increase was accounted for by specific revenue grants, including an additional £201 million to fund expanding early learning and childcare services. However, the Scottish Government gave councils flexibility in 2020/21 to use the funding for early learning and childcare to support their responses to Covid-19.

18. Specific revenue grants made up 6.7 per cent of recurring revenue funding in 2020/21, up from 4.9 per cent the previous year.

There was a 7 per cent real terms increase in funding to councils in 2020/21, due to Covid-19. However, the underlying decrease is 4.2 per cent since 2013/14

19. Funding from the Scottish Government to local government between 2013/14 and 2020/21 increased by 7.0 per cent in real terms. The Scottish Government received Scottish budget increases for Covid-19 **Barnett consequentials** of £9.5 billion and £1.3 billion was given to councils to support services and Covid-19 responses.

20. Excluding the effect of Covid-19 funding, the underlying cumulative funding position for councils has fallen by 4.2 per cent in real terms since 2013/14 ([Exhibit 4, page 14](#)). This demonstrates that local government funding has been reduced by proportionately more than the rest of the Scottish Government budget over this period. The Scottish Government is committed to protecting the Health Budget which has a direct impact on all other areas of the Scottish Budget, including local government.

Barnett consequentials

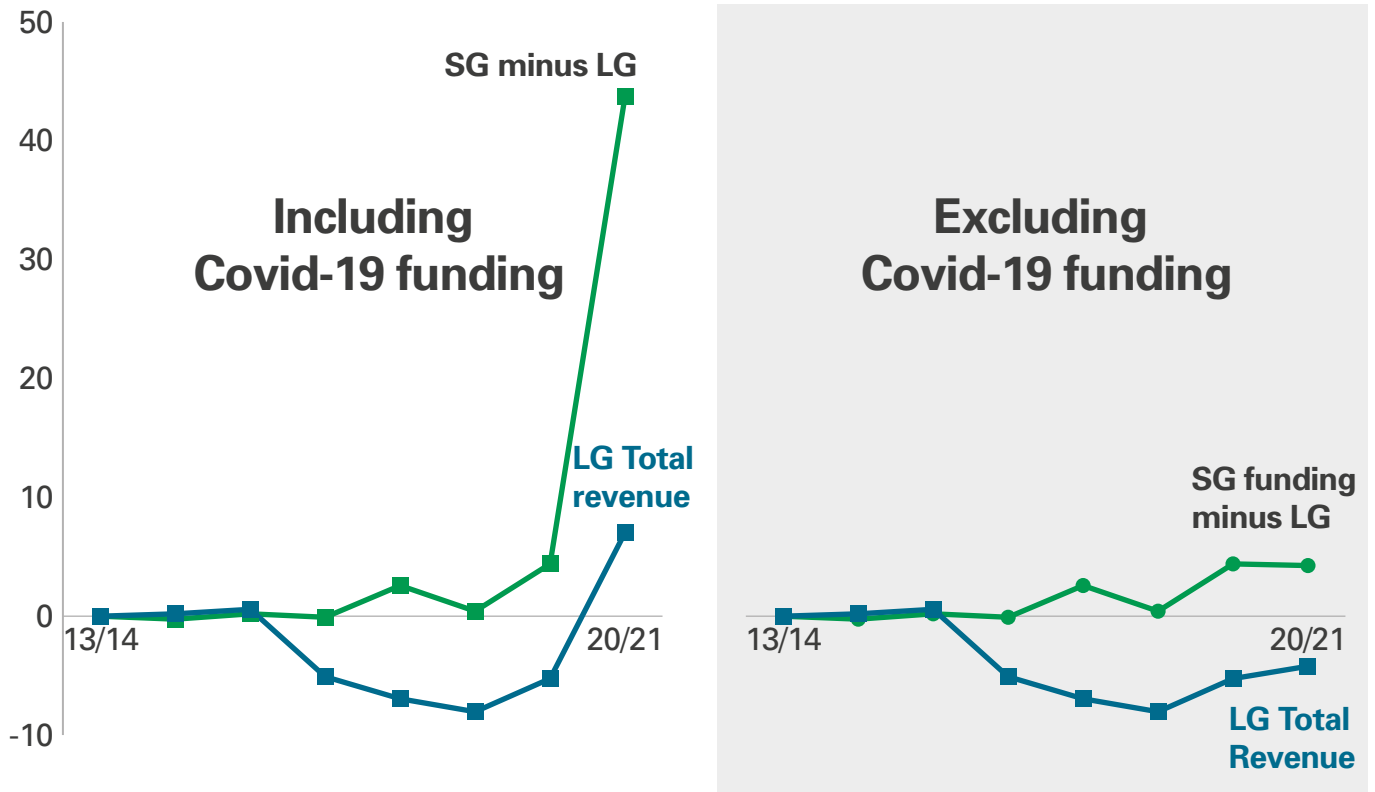
Throughout 2020/21, the UK Government introduced various spending measures to support households, businesses, and public services in recovering from the impact of Covid-19. Some of these spending measures resulted in Barnett consequentials. The Barnett formula is the way the UK Government ensures that a share of additional funding – allocated only to England – is provided fairly to Scotland, Wales, and Northern Ireland.

The formula delivers a fixed percentage of additional funding allocated in England to services which are devolved, but there is no requirement for this additional funding to be spent in the devolved administrations on the services which generated the additional funding. Each devolved administration can allocate these funds as it believes appropriate.

Exhibit 4.

A comparison of real-terms changes in revenue funding in local government and other Scottish Government areas (including and excluding Covid-19 funding)

The second graph shows that, funding from the Scottish Government to local government between 2013/14 and 2020/21 decreased by 4.2 per cent in real terms once Covid-19 funding is removed.



Source: Finance Circular 5/2021 and Scottish Government budget documents

2. Councils' financial position in 2020/21

Key messages

- 1** Savings plans were mostly delivered across councils, but with significant variation.
- 2** All councils increased their usable revenue reserves, mainly due to late Covid-19 funding which was unspent at 31 March 2021. The total increase was £1.2 billion.
- 3** Capital expenditure reduced by more than 20 per cent in 2020/21 due to Covid-19.
- 4** Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government. The need to administer payment of these grants quickly to support the local economy put additional pressure on finance staff across councils.
- 5** Covid-19 pressures contributed to greater and more frequent errors in councils' unaudited accounts. Auditors also reported wider issues relating to Covid-19, including the slowing of progress in some councils' transformation plans, the impact of reduced income on arm's-length external organisations (ALEOs) and what that means for their financial sustainability, identified weaknesses in internal control systems, and adverse impacts on long-term planning and capacity.
- 6** In line with the recovery in global stock markets, pension fund investments performed well. In addition, the triennial funding position improved.

Council budgets and outturn 2020/21

In 2020/21, initial budget gaps were consistent with previous years

21. In 2020/21, councils identified net expenditure of £13.5 billion in initial budgets. These were budgets that were set before the Covid-19 lockdown in late March 2020. The budget gap at the time was £0.5 billion (1.7 per cent), which was consistent with the gap identified in the previous year.

22. Planned savings were the most common way of addressing expected budget gaps in 2020/21, although plans also included reference to income generating activities and reprofiling loan fund repayments to make savings.

Savings plans were mostly delivered across councils, but with significant variation

23. An analysis of a sample of 14 councils identified that, on average, 83 per cent of the planned savings were achieved. However, there was significant variation in how individual councils performed against their savings targets:

- **East Lothian Council** achieved savings of £3.1 million (99 per cent of those budgeted) in 2020/21. However, of this total, only £1 million (35 per cent) of savings were on a recurring basis. Council officers have recognised the risk of not achieving these savings annually and the council is reviewing its budgeted savings.
- **Angus Council** set a Change Programme saving target for 2020/21 of £9 million. The council achieved actual savings of £8.5million (95 per cent).
- **Comhairle nan Eilean Siar**, which planned to make £2.6 million of savings in 2020/21, achieved savings of £1.6 million or 62 per cent. The auditors note that service redesign savings of £1.0 million were not achieved, as resources were reallocated to the council's Covid-19 response.
- **Fife Council** planned to achieve efficiency savings of £13 million and achieved actual savings of £8 million (65 per cent). The shortfall was dealt with by in-year alternative savings, such as alternative cost reductions, unused contingency funding and a change in accounting treatment of loan charges.

24. Non-recurrent savings can include savings made as a result of delays in recruitment due to Covid-19; savings in budget provisions for energy and NDR costs; reduced operational costs arising from the Covid-19 impact on service delivery; and reductions in borrowing costs resulting from lower than anticipated capital spending.

All councils reported surpluses and increased their usable reserves in 2020/21. The total increase was £1.2 billion (46 per cent). This increase was mainly due to late Covid-19 funding, which is earmarked to be spent on Covid-19 recovery activity over the next two financial years

25. All councils increased their total usable reserves at 31 March 2021 to £3.8 billion. This represents an increase of £1.2 billion (46 per cent) on the previous year and includes revenue and capital reserves.

[Exhibit 5 \(page 18\)](#) shows increases in councils' usable reserves during 2020/21.

26. Most of the increase in 2020/21 is in general fund reserves (including Housing Revenue Account, HRA) of £1.1 billion. This is predominantly due to a significant element of Covid-19 funding that was issued to councils very late in the financial year. This contributed to about a 70 per cent increase in reserves held by councils at the end of 2020/21. However, the view of the Convention of Scottish Local Authorities (COSLA) is that this funding is fully committed and most will be spent in 2021/22, with an element carried forward to be spent in 2022/23.

27. The timeline of funding announcements made by the Scottish Government during 2020/21 ([Supplement: Covid-19 funding to Local Government – 2020/21](#)) illustrates the challenges faced by councils in receiving and spending this additional money.

Reductions in expenditure and savings achieved contributed to about 30 per cent of the increase in councils' reserves in 2020/21

28. COSLA notes that, during 2020/21, councils faced challenges arising from a combination of loss of income and additional expenditure and had to manage financial projections without any guarantee of any additional financial support from either the UK or Scottish Governments. As a result, councils took steps to reduce expenditure and achieve budgeted savings where possible to mitigate the impact of the pandemic. As financial support was announced later in 2020/21 some of the short-term measures taken during the year by councils, to manage their budgets, resulted in increases in council reserves due to service underspends. Around 30 per cent of the increase in reserves is attributed to service underspends.

29. Over the same period, it was not possible to progress spending in some policy areas, such as expanding early years services and employability programmes, adding to a short-term increase in the level of reserves held.

Supplement:
**Covid-19
funding to Local
Government
– 2020/21**

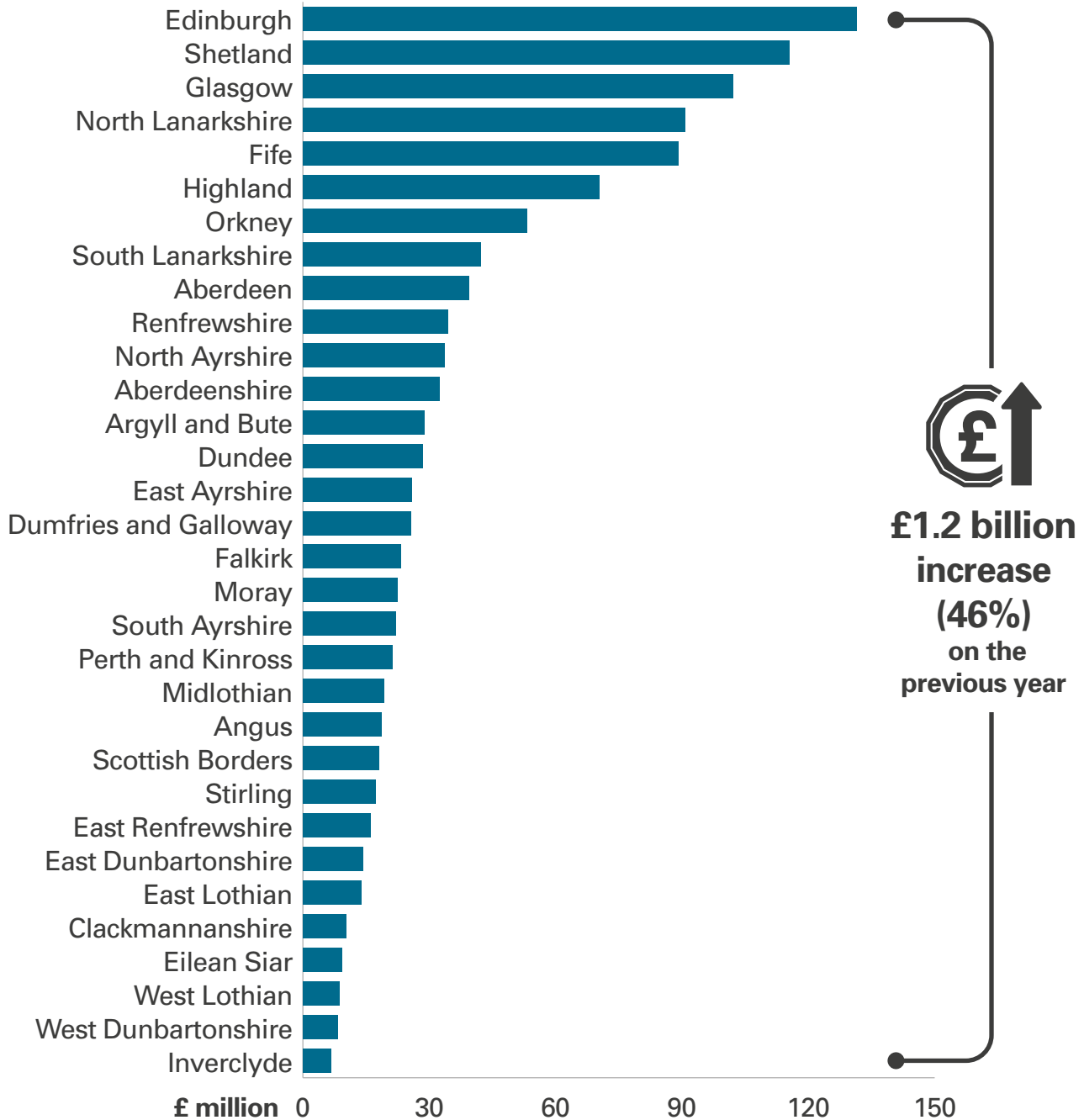
Accounts
Commission
March 2021



Exhibit 5.

Increases in councils' usable reserves during 2020/21

All councils increased their usable reserves.



Note: [Exhibit 5 data](#) available to download on our website.

Source: Audited financial statements 2020/21

Reserves

Most of the increase in the general fund is committed to Covid-19 recovery

30. Exhibit 6 (page 20) shows the nature and value of usable reserves in 2020/21. Within the committed element of the general fund, councils' accounts have not always clearly identified the element arising from Covid-19 funding, but at least £650 million of the increased balance is identified for Covid-19 recovery, and we believe that the actual amount is much higher.

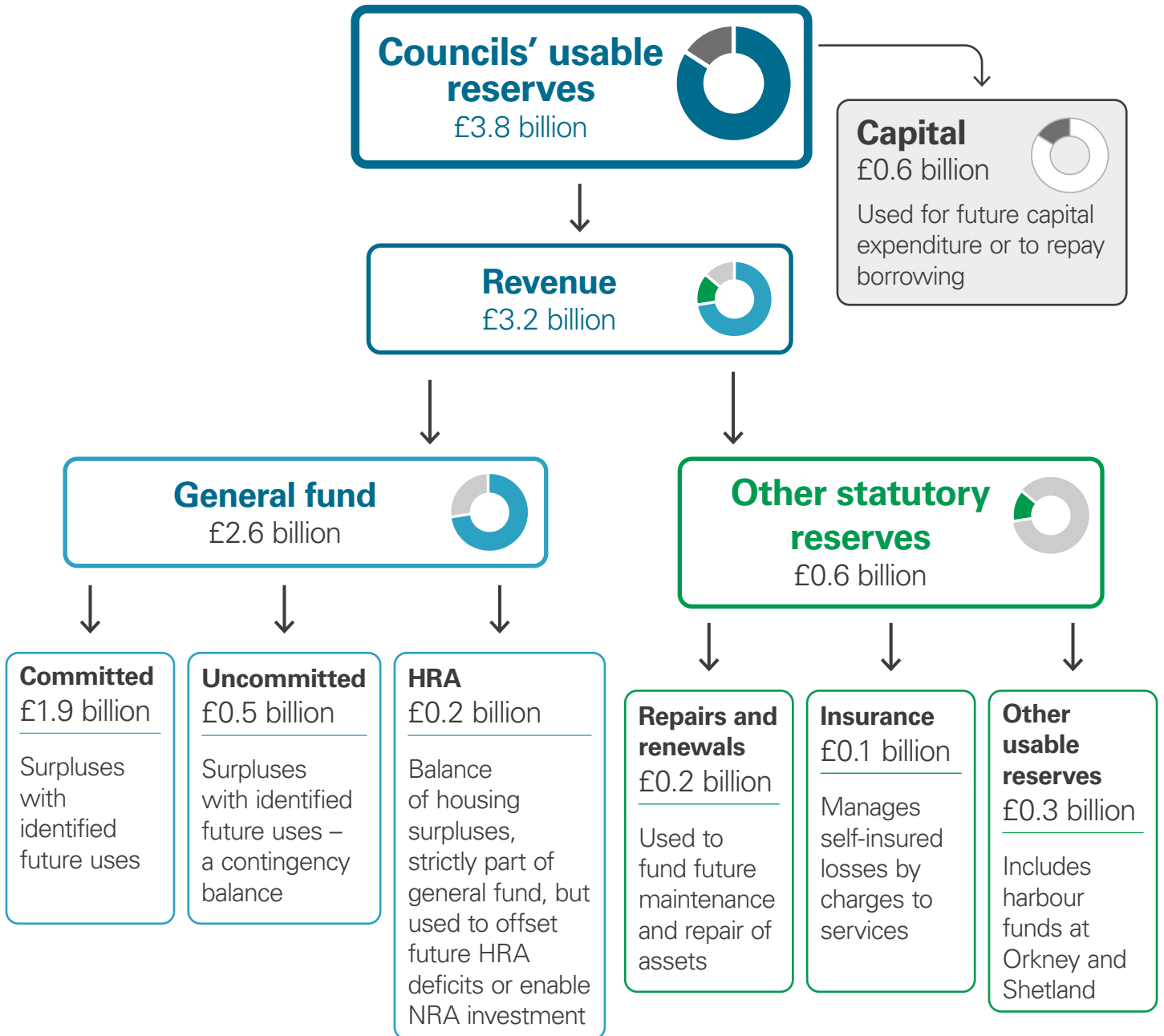
Recommendation

Elements of Covid-19 funding that are being carried forward in general earmarked and unearmarked reserves in the accounts should be clearly identified.

Exhibit 6.

The relative size and nature of councils' usable reserves

In 2020/21, usable reserves held by councils totalled £3.8 billion.



Source: Audited financial statements 2020/21

Capital

In 2020/21 underlying capital expenditure was reduced by more than 20 per cent due to Covid-19

31. Capital spending across Scotland fell by £1.2 billion in 2020/21, from £3.6 billion in 2019/20 to £2.4 billion. Glasgow City Council's **sale and leaseback transactions** in 2019/20, as part of its equal pay funding strategy, account for £0.5 billion of this reduction. The overall reduction in capital expenditure in 2020/21, net of Glasgow City Council, was still £0.7 billion (22 per cent, based on £3.1 billion underlying spending last year).

32. Auditors reported that Covid-19 restrictions had a significant adverse impact on the cost and delivery of capital projects in 2020/21. In many cases, capital plans were revised to reflect lockdown and the impact of social distancing and other suppression measures that contributed to delays in construction for a large part of 2020/21.

33. Twenty-six councils (81 per cent) reported reduced capital expenditure. Only six councils spent more on their capital programmes in 2020/21 than in 2019/20. The average decrease was 31 per cent. Significant slippage against capital programmes was also noted at some councils in 2020/21:

- **Dundee City Council:** Capital works of £47 million were completed during 2020/21, against an approved capital programme of £107 million (£75 million general fund projects and £32 million HRA projects). This represents slippage against the original plan of 56 per cent, but this is largely attributable to the impact of Covid-19 in the early part of the year. Multiple projects contribute to the significant slippage recorded and span all services areas, including housing, education, cultural and related services and environmental services.
- **East Lothian Council:** Total capital expenditure in 2020/21 was £56.9 million, relative to a budget of £98.1 million, of which £35.7 million related to general fund projects and £21.2 million to the HRA. This represents slippage against budget of 42 per cent. The underspend is almost entirely due to delays caused by Covid-19 lockdown periods and suspended construction projects.

The number of new houses completed fell by 92 per cent in the first quarter of 2020/21, because of Covid-19, but recovered over the year

34. Local authority housing completions fell by 92 per cent in the first quarter of 2020/21 to 34 from 446 in the first quarter of 2019/20. This was a direct result of the first lockdown and restrictions in response to the Covid-19 pandemic. This significant level of reduction was mirrored across all housing sectors in Scotland. Completions returned to pre-lockdown levels in the second quarter, once initial lockdown restrictions were removed, and continued to recover in the third quarter. In total, 537 completions were reported in 2020/21, an increase of 57 per cent on 2019/20 ([Exhibit 7, page 22](#)).

Sale and leaseback transactions

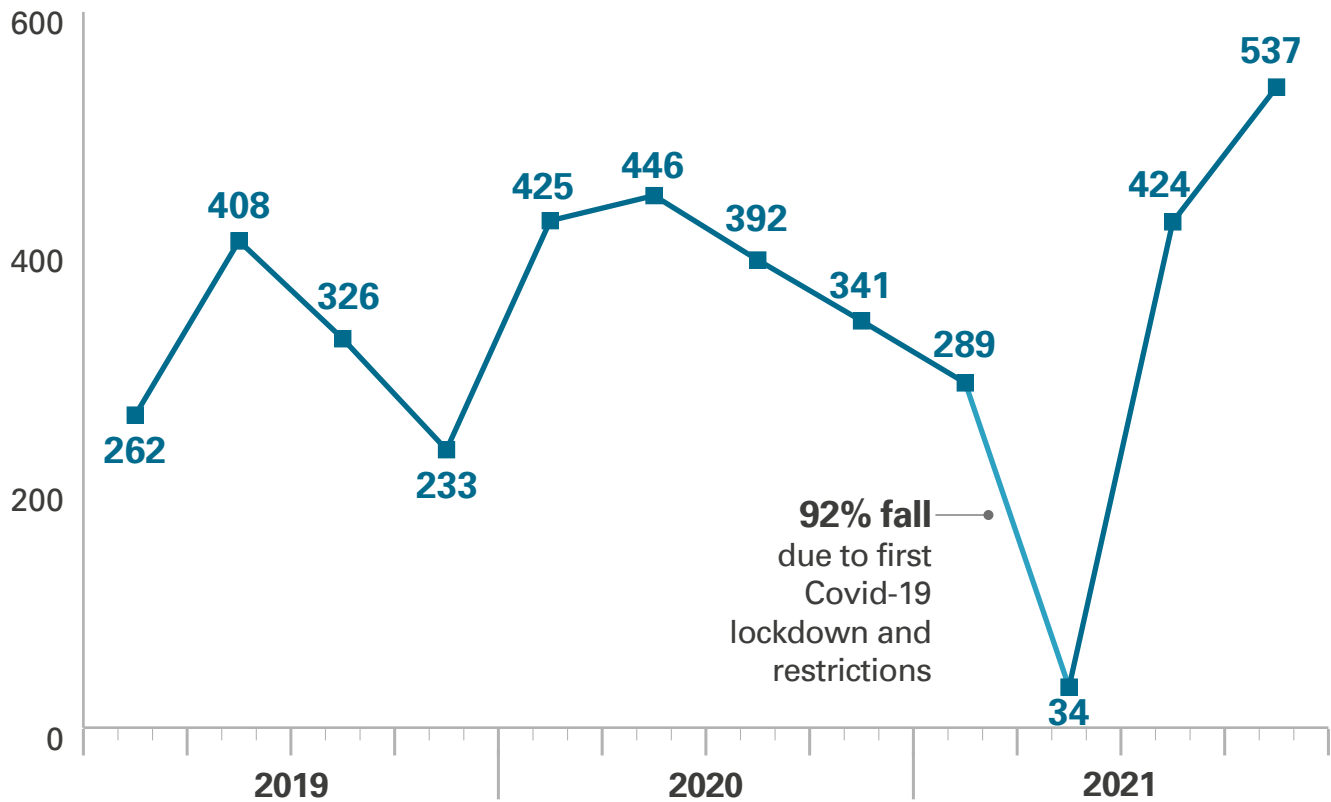
Glasgow City Council included a provision for equal pay costs in 2018/19 and during 2019/20 settled the majority of outstanding equal pay claims. The £500 million cost of settlement was met by a sale and leaseback funding strategy that raised £549 million. Our analysis in 2020/21 has been adjusted to reflect this artificial inflation of capital expenditure in 2019/20.

Exhibit 7.

Quarterly Local Authority Housing Completions

Local authority completions fell by 92 per cent in the first quarter of 2020/21.

Number of new houses completed by local authorities



Source: Scottish Government housing statistics quarterly update: December 2021

Capital costs increased in 2020/21, largely as a result of Covid-19

35. Fourteen of the 20 councils that we reviewed noted increased capital project costs in 2020/21, largely because of the impact of the Covid-19 pandemic. The key factors included increases in the cost of raw materials, supply chain delays and inflation associated with delayed contracts.

The main sources of capital financing are still government grants, but internal loan fund repayments from council services have reduced

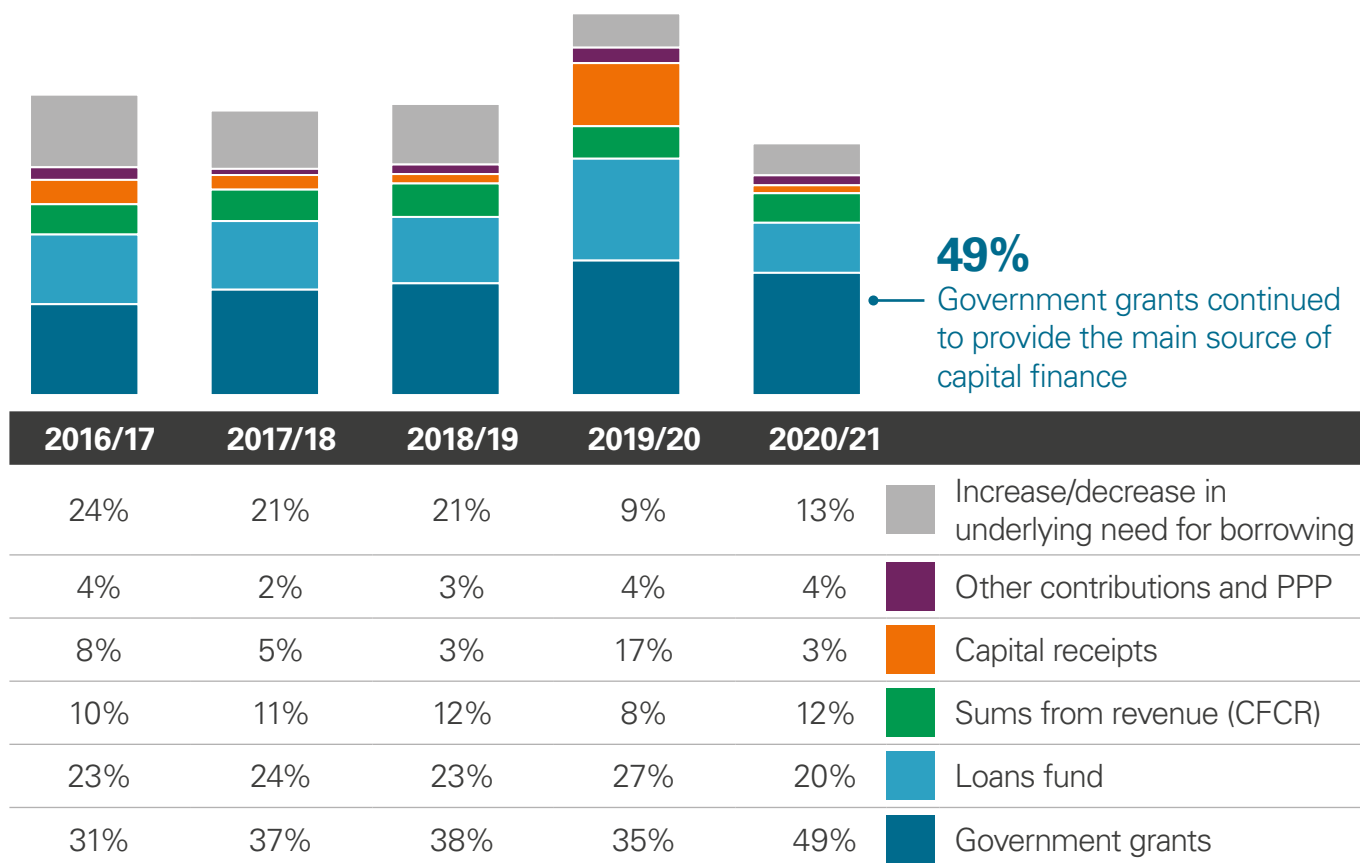
36. Government grants continued to provide the main source of capital finance (49 per cent). The amounts financed from internal loan fund repayments reduced from 27 per cent in 2019/20 to 20 per cent in 2020/21 ([Exhibit 8, page 23](#)).

37. The reduction in this internal source of capital finance might be the result of rescheduling loan fund repayments, reducing the amount available to reinvest in capital.

Exhibit 8.

Capital expenditure analysed by source of finance 2016/17 to 2020/21

Total capital expenditure fell and 49 per cent was financed by government grants.



Source: Audited financial statements 2016/17 – 2020/21

Net debt has fallen by £1 billion

38. Total net debt (total debt less cash and investments) fell across councils by £1 billion, or 5.7 per cent, between 2019/20 and 2020/21, to £16 billion. Only seven councils' net debt increased in 2020/21.

39. The most significant element of this change is the increase in cash and investment balances: unspent Covid-19 funding received late in 2020/21 contributed £720 million to the decrease in net debt.

The wider impacts of Covid-19

Councils did not use the additional financial flexibilities granted to respond to Covid-19

40. Councils were given an additional package of [spending powers](#) and financial flexibility to respond to Covid-19 in 2020/21. However, of a sample of 22 councils, none used them in 2020/21.

41. Ten of the councils in the sample intend to use funding flexibilities in 2021/22. Some councils intend to use multiple flexibilities. Our analysis indicates that nine councils plan to defer internal loan fund repayments, five councils intend to extend debt repayment periods and two councils plan to use capital receipts to meet one-off revenue pressures arising from Covid-19.

Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21

42. Councils administered a further £1.4 billion of Covid-19 grants on behalf of the Scottish Government in 2020/21 and acted as agents in administering and disbursing these grants to businesses and individuals. The income and expenditure relating to these grants was not included as income or expenditure in the accounts reflecting the councils' position as paying agents.

43. Some council auditors reported that the additional administrative burden put additional pressure on council finance staff. The auditors of Orkney Islands Council noted that managing the volume and complexity of the various Covid-19 support schemes was challenging for finance staff. Furthermore, the auditors of North Lanarkshire Council found that the council's second officer checks of council tax and NDR discounts and reliefs were paused for a period during 2020/21, as staff were diverted to process Covid-19-related business grants.

44. Across Scotland, councils were under pressure to administer payment of these grants within a very short period of time to support the local economy. Our report *Scotland's economy: Supporting businesses through the Covid-19 pandemic*, due to publish in March 2022, considers the work undertaken by the Scottish Government and councils to minimise fraud risk involved in making these payments. This included placing reliance on councils' existing internal control environments to ensure eligibility of applications. Council auditors did not report any weaknesses in control in relation to these payments in 2020/21 annual audit reports.

**Supporting local
government
recovery**

**Scottish
Government**

October 2020



Covid-19 contributed to greater and more frequent errors in councils' unaudited accounts

45. The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) issued guidance on the accounting treatment and disclosure requirements expected for grants and for the accounting of personal protective equipment. This guidance was issued to councils in June, after unaudited accounts had already been prepared.

46. The majority of council auditors reported errors in the accounting treatment of these unusual transactions in the unaudited annual accounts, but councils made appropriate adjustments to reflect Scottish Government and LASAAC guidance.

47. Auditors also noted some wider issues including errors in asset valuations and the consolidation of group accounts. An increase in the number of errors identified may be linked to the challenges faced by council finance teams working remotely and faced with the additional responsibilities that arose during the Covid-19 pandemic.

Auditors reported issues with transformation plans, support for ALEOs, weaknesses in internal controls, and impacts on long-term planning and capacity due to Covid-19

- **Progress with transformation plans:** Covid-19 slowed progress in transformation and savings plans at some councils in 2020/21. For example, service redesign savings of £1 million were not achieved at Comhairle nan Eilean Siar because resources were reprioritised in response to Covid-19. Similarly, East Dunbartonshire Council's auditor noted that planned efficiency and transformation savings were not fully achieved in 2020/21, due to Covid-19, but that the shortfall was met by budget underspending. Fife Council's transformation programme has also been adversely affected by Covid-19.
- **Funding of leisure ALEOs:** East Dunbartonshire Council supported the East Dunbartonshire Leisure and Culture Trust (EDLCT) through its Covid-19 challenges to ensure the sustainability of its services. EDLCT experienced a significant drop in its income because its facilities were closed in response to Covid-19 and reported a loss of £4.7 million for 2020/21. The council provided additional funding to EDLCT in 2020/21 for vaccination costs (£0.3 million) and loss of income (£0.7 million), as well as letters of comfort to ensure the trust's financial sustainability. Other auditors reported similar support for leisure trusts.
- **Improvements required in internal controls:** The auditors of Glasgow City Council highlighted areas where improvements in internal controls are needed. These were in relation to journal authorisation, checks on discounts on council tax and NDR and on housing benefits, and key system user access. Changes in business operations and working circumstances because of Covid-19 are

likely to have contributed to the weaknesses identified. Covid-19 also had a significant impact on staff capacity and the control environment at Clackmannanshire Council. Auditors concluded that introducing remote working and additional duties and reprioritising tasks had a significant impact on staff capacity to undertake routine tasks on time. This affected the control environment, with several control weaknesses identified that needed a change in the audit approach. Substantive testing was increased to enable the auditors to obtain the required audit assurances.

- **Long-term financial planning:** Some councils have updated their long-term financial plans to reflect the ongoing impact of the Covid-19 pandemic. These plans cover a 10-year period and are in place at Argyll and Bute Council, Comhairle nan Eilean Siar, Inverclyde Council, North Ayrshire Council and West Dunbartonshire Council. The auditors of Dundee City Council note that, although a long-term financial strategy was approved in August 2019, this will now need to be revised to reflect the longer-term financial impact of Covid-19. Auditors note similar findings at Glasgow City Council, Orkney Islands Council and South Lanarkshire Council.
- **Workforce capacity challenges:** Auditors at nine councils reported issues relating to workforce capacity in 2020/21. For example, Angus Council's payroll team faced additional pressures because of staff absences; Comhairle nan Eilean Siar has faced challenges in recruiting a new director for assets, finance and resources; and Dundee City Council faced additional workload challenges caused by a number of changes in key finance staff, administrative problems presented by the Covid-19 support schemes, sickness absence and the impact of remote working.

Local government pension funds

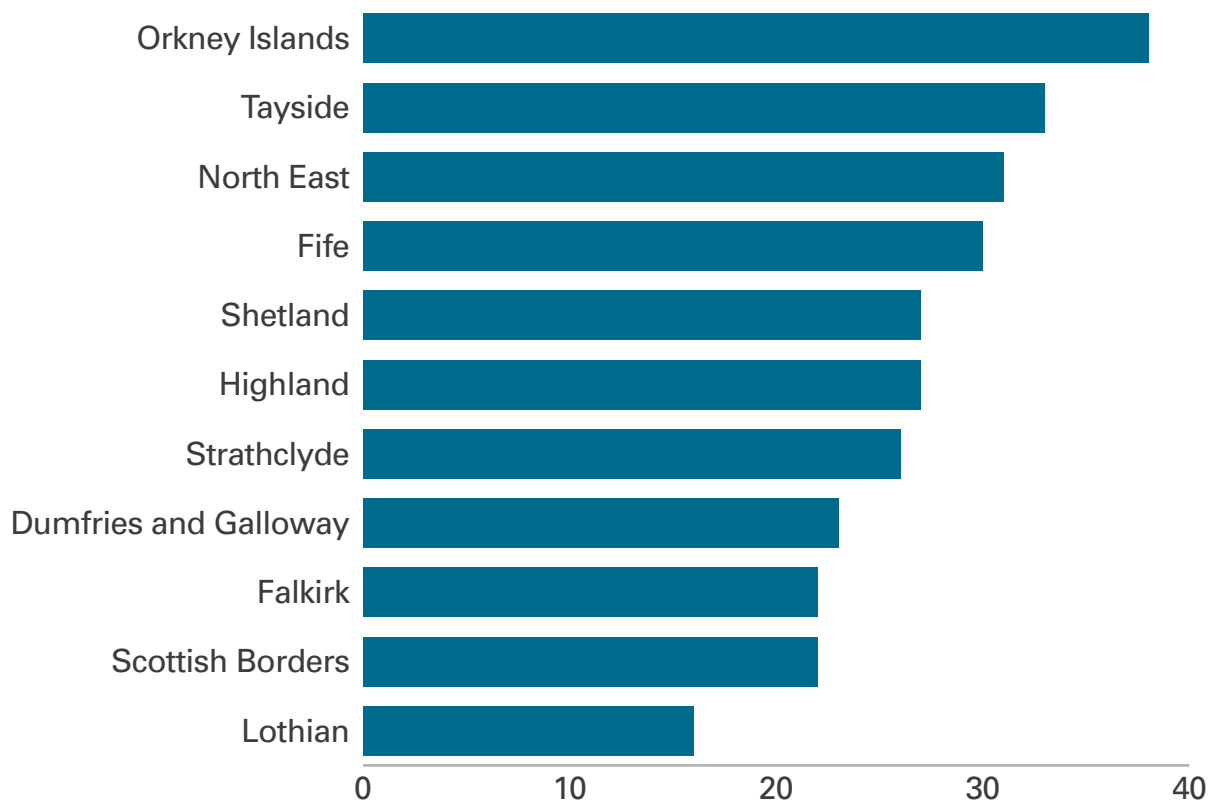
Pension fund investment returns improved in 2020/21 following initial market reactions to Covid-19 in the last quarter of 2019/20

48. The 11 main Scottish local government pension funds experienced positive investment returns in 2020/21. The annual return was between 15.6 per cent and 38.3 per cent in individual funds, based on the average assets position ([Exhibit 9](#)). The improvement in asset valuations during 2020/21 followed the global impact on investment values due to Covid-19 in the last quarter to 31 March 2020.

Exhibit 9.

Investment returns based on average assets in Scottish Pension Funds 2020/21

2020/21 investment returns were positive for all funds.



Source: Audited accounts of the Pension Funds 2020/21

Funds tended to outperform their benchmarks

49. In the majority of funds, the overall investment returns outperformed their individual annual benchmarks to 31 March 2021. Fund benchmarks and annual returns reflect the investment strategy of each fund. Funds' investment strategies and exposure to market volatility and risk will differ.

The triennial funding valuation at 31 March 2020 showed improved funding positions for most funds with a number showing funding levels of more than 100 per cent

50. The triennial funding valuation took place across Local Government Pension Scheme pension funds on 31 March 2020. The main purpose of the valuation is to review the financial position of each fund and to set appropriate contribution rates for each employer for the upcoming three-year period.

51. Overall, the funding position has improved across Scotland. Nine of the 11 pension funds showed an improved funding position compared with 2017, with the biggest increase noted at Lothian Pension Fund (98 per cent funded in 2017; 106 per cent funded in 2020).

52. Seven funds show funding levels of more than 100 per cent. These range from 118 per cent in Orkney Islands Council Pension Fund to 100 per cent at Highland Pension Fund. Not all pension funds were fully funded, however. Funding levels of 92 per cent were noted at Dumfries and Galloway Pension Fund and at Shetland Islands Council Pension Fund.

Financial management and transparency

Management commentaries in councils accounts have improved, but many are still not complying with previous recommendations on transparency

53. In previous Local government in Scotland: Financial overview reports we highlighted three key aspects in assessing whether financial reporting is transparent in the management commentaries:

- Is the outturn against budget position for the year clearly shown, and are the reasons for significant variances obvious?
- Is the outturn reported in the narrative reconciled to the movement in the general fund contained in the financial statements, and are major differences explained?
- Is progress against agreed savings reported?

54. Our review of 2020/21 management commentaries found that:

- Argyll and Bute Council, City of Edinburgh Council, Comhairle nan Eilean Siar, Fife Council, South Lanarkshire Council, Stirling Council and West Dunbartonshire Council included these key aspects of transparency in their management commentaries.
- Nearly all councils reported their year-end outturn, but six councils did not explain significant variances from budget.
- Only nine councils reported progress against agreed savings.

Recommendation

We recommend again that councils review and improve how they comply with these key expectations of transparency

Most councils identified the financial impact of Covid-19 in their management commentaries

55. We also considered the extent to which management commentaries for 2020/21 included detail of the impact of Covid-19 on councils' financial positions and governance arrangements. Most councils included good coverage of this in the management commentary, particularly on the total cost of Covid-19, additional funding provided and the distribution of business support grants on behalf of the Scottish Government.

3. Councils' financial outlook

Key messages

- 1** Uncertainty over the amount of funding available for Covid-19 recovery at the end of 2020/21 led to difficulties in setting budgets, and many councils established updated Covid-19 budgets in autumn 2021.
- 2** Initial Scottish Government revenue funding in 2021/22 has increased by 1.1 per cent in real terms.
- 3** Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes.
- 4** Scottish Government capital funding in 2021/22 is expected to fall again. This may have a significant adverse impact on councils' investment plans.
- 5** The long-term funding position for councils remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of Covid-19 on their services, finances and communities.
- 6** In the longer term, uncertainty creates challenges for councils as they seek to address cost and demand pressures that existed before the impact of Covid-19, as well as develop long-term plans with their partners to address complex issues such as child poverty and inequalities, to improve economic growth and to deliver Scotland's net zero ambitions.

Budgets for 2021/22

The uncertainty over the funding position for Covid-19 at the end of 2020/21 led to issues in budget setting and many councils established Covid-19 budgets in autumn 2021

56. Councils approved net expenditure budgets of £13.8 billion for 2021/22, including a budget gap of £0.2 billion (or 1.5 per cent). Many budgets were set before the full impact of Covid-19 funding was known in 2020/21, and some councils set their budget over more than one meeting due to changing financial position on funding.

57. As Covid-19 funding was not incorporated into initial council budgets for 2021/22, many councils presented additional 'Covid-19 budgets' in autumn 2021. Of a sample of 22 councils, only five (or 23 per cent) reported that they have updated their reserves policy because of changes resulting from Covid-19.

Recommendation

We expect councils to agree spending plans and timescales for Covid-19 recovery reserves with the relevant decision-making committee.

All councils froze council tax for 2021/22

58. The Scottish Government made a grant offer conditional on all councils agreeing to freeze their council tax at 2020/21 levels. All councils agreed to accept this offer and froze council tax for 2021/22.

Many councils continue to present multi-year indicative budgets

59. Sixteen councils presented multi-year indicative budgets in 2021/22. In four councils (Aberdeen City, Aberdeenshire, Scottish Borders and Stirling) budgets cover the next five years, and the others cover two or three years.

Financial pressures in 2021/22 budgets

The 2021/22 budget papers contained some common themes in the pressures that councils identified

60. Councils consistently identified short- and long-term cost pressures in their initial 2021/22 budget papers, including:

- costs associated with restarting services after restrictions have ended
- inflation
- increased pay awards
- demand pressures, particularly population and demographic changes
- pressure on capital budgets
- financial sustainability challenges for ALEOs.

61. Further commentary on the future funding position of councils and the associated challenges is included at [paragraphs 70 to 73](#).

2021/22 funding settlement

Excluding Covid-19 funding, initial Scottish Government revenue funding in 2021/22 has increased by 1.1 per cent in real terms. However, when non-recurring Covid-19 funding is included, total revenue funding has fallen by 7.4 per cent in real terms

62. The initial local government revenue settlement from the Scottish Government in 2021/22, excluding non-recurring Covid-19 funding, increased by 3.4 per cent (cash terms) from 2020/21 to £11.0 billion. This was a real terms increase of 1.1 per cent ([Exhibit 10](#)).

63. Non-recurring funding related to Covid-19 has fallen from £1.3 billion in 2020/21 to £0.3 billion in 2021/22. As a result, total revenue funding has fallen by 7.4 per cent in real terms from £11.9 billion in 2020/21 to £11.3 billion in 2021/22.

Exhibit 10.

Changes in Scottish Government initial revenue funding in 2021/22

	2020/21 £ million	2021/22 £ million	Cash change %	Real terms change %
General revenue grant and non-domestic rate income	9,967	10,267	3.0	0.6
Specific revenue grants	710	776	9.3	6.8
Revenue funding excluding Covid-19	10,677	11,043	3.4	1.1
Non-recurring Covid-19 funding	1,254	259	-79.3	-79.8
Total revenue funding	11,931	11,302	-5.3	-7.4

Source: Finance circulars 05/2021 and Scottish Government Budget documents

Medium- and long-term financial planning

Covid-19 resulted in revised medium-term financial plans, but longer-term planning will need to be updated as Covid-19 uncertainty diminishes

64. Auditors have reported greater uncertainty in current financial planning arrangements at councils because of Covid-19. All councils will now need to revise medium-term financial plans to reflect additional financial pressures and updated funding arrangements and to account for updated savings requirements and financial assumptions.

65. Of a sample of 22 councils, all have a medium-term financial plan in place that covers a 3-5 year period. Only 19 councils review the plan annually.

66. Fifteen of the 22 councils sampled have a longer-term financial plan in place (covering a period of over five years), but many now need updated. The continuing uncertainty and related challenges created by Covid-19 mean that councils have concentrated on revising medium-term financial plans during the recovery from the pandemic. As the uncertainty created by Covid-19 diminishes, councils should update their longer-term financial plans to reflect this. It is also important that councils take account of their overarching recovery strategies in the longer term.

67. Most medium-term financial plans included in our sample contained details of savings and targets, cost pressures, updates on Scottish Government funding levels and scenario planning for the future. We noted gaps, however, in some medium-term financial plans in that key areas and risks, such as Scottish Government settlement updates, staff costs, demographics and inflation, are set out but not quantified.

Recommendation

All councils will now need to revise medium-term financial plans to reflect additional financial pressures and updated funding arrangements and to account for updated savings requirements and financial assumptions.

Councils should also review longer-term planning as Covid-19 uncertainty diminishes.

Capital funding

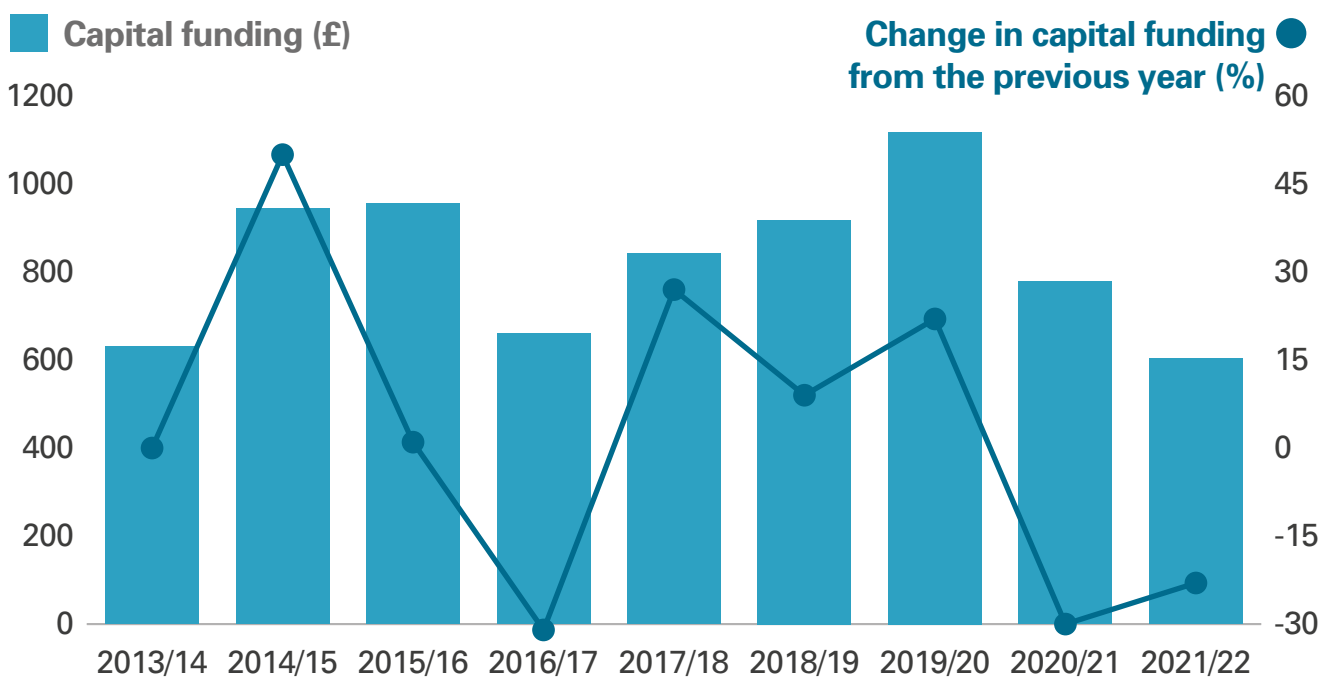
Scottish Government capital funding in 2021/22 is expected to fall again

68. The local government capital settlement in 2021/22 decreased from £0.8 billion in 2020/21 to £0.6 billion. Capital funding increased significantly up to 2019/20 before falling in 2020/21 and 2021/22 (33 per cent increase between 2017/18 and 2019/20 when capital funding was £1.1 billion). Total capital funding has fallen to a level below that in 2013/14 in real terms ([Exhibit 11](#)).

Exhibit 11.

Real terms capital funding between 2013/14 and 2021/22

Scottish Government capital funding in 2021/22 is decreasing by 23 per cent



Source: Finance circulars 05/2021 and Scottish Government budget documents

The fall in capital funding may have a significant impact on councils' investment plans

69. Reductions in capital funding may have a significant adverse impact on councils' investment plans. This may create a risk that the progress of crucial transformation activity will be restricted. This is of significant concern at a time when councils will face challenges in supporting communities and local economies to recover from the impact of Covid-19, as well as taking on other local priorities and national policy commitments.

Longer-term financial challenges

Councils' future funding position remains uncertain, with many challenges ahead

70. The funding settlement from the Scottish Government to councils continues to be provided on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium and longer term and creates uncertainty over future funding. COSLA expects that the impact of the Covid-19 pandemic will last for many years and that continuing loss of income and additional expenditure will be a concern for all councils. Managing reserves and medium and longer-term financial planning will continue to be key to maintaining financial sustainability.

71. COSLA also expects that uncertainty over the continuity of Covid-19 funding in future years will bring substantial challenges to councils in developing effective medium and longer-term financial plans. As Covid-19 funding reduces, councils will need to accelerate progress with transformation programmes that have stalled, address issues in delivering recurring savings and bring forward proposals to reduce costs to maintain financial sustainability.

72. Although councils' reserves increased significantly in 2020/21, large parts have been earmarked for specific purposes, such as economic recovery, business transformation and, in some cases, balancing budgets, as part of a longer-term financial strategy. This therefore limits councils' flexibility to respond to unforeseen challenges and circumstances that may arise.

73. The requirement for councils to plan and deliver new ways of working across services, the need to meet carbon reduction targets to mitigate climate change and the potential impact of a national care service on councils' finances and service viability further exacerbate this challenge. We intend to comment further on this as part of our Local government in Scotland: Overview 2022 report, due for publication in May 2022.

The Scottish Government and COSLA are discussing the extent of ring-fencing in the local government budget

74. The provisional Scottish local government finance settlement for 2022/23 was published on 20 December 2021. This set out that a total of £12.5 billion will be distributed to local authorities in 2022/23. However, a final figure has yet to be established as the Scottish Budget process continues.

75. Almost £1.4 billion of the local government settlement is being transferred from other portfolios. As noted in our recent Scottish Budget 2022/23 briefing, the Scottish Government regards this funding as general revenue grant, available to allocate to local needs and priorities, and considers specific revenue grants the only element of the revenue

settlement that is ring-fenced. COSLA contests this view and claims that revenue funding transferred from other portfolios is ring-fenced for implementing a specific policy and comes with conditions setting out how it should be used.

76. The [Scottish Parliament Information Centre notes](#) that, if specific revenue grants are the only part of funding that is considered ring-fenced, then ring-fenced funds as a proportion of total revenue grew from 2.7 per cent in 2018/19 to 6.6 per cent in 2022/23. However, if COSLA's definition of ring-fencing is used, namely specific revenue grants plus revenue transferred from other portfolios, then ring-fenced funding as a proportion of total revenue grew from 4.0 per cent in 2018/19 to 17.9 per cent in 2022/23.

77. As we have noted earlier in the report, ring-fenced funding helps support the delivery of key Scottish Government policy initiatives but constrains a proportion of councils' total funding and removes any local discretion over how these funds can be used. The Scottish Government and COSLA continue to discuss this.

**Local Government
Finance: Budget
2022-23 And
Provisional
Allocations to
Local Authorities**

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January 2022



Local government in Scotland

Financial overview

2020/21

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Revenue Monitoring 2022/23 – month three position

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
 - 1.1.1 note that, as of month three, an overall overspend of £5.627m is being forecast;
 - 1.1.2 note the potential for further expenditure pressures to emerge during the remainder of the year, particularly in respect of the 2022/23 employee pay award and other inflationary uplifts, and thus the urgent need for pressures, savings delivery shortfalls and risks to be fully and proactively managed within all Directorates and the Health and Social Care Partnership;
 - 1.1.3 note on-going discussions with the UK and Scottish Governments around the provision of further funding to address in full significant additional costs expected to be incurred as part of the Council's response to the Ukraine crisis;
 - 1.1.4 note that, in light of the above, regular updates will continue to be provided to members of the Committee during the remainder of the year; and
 - 1.1.5 refer this report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

Richard Carr

Interim Executive Director of Corporate Services

Contact: Hugh Dunn, Service Director: Finance and Procurement,
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Revenue Monitoring 2022/23 – month three position

2. Executive Summary

- 2.1 The report sets out the projected Council-wide revenue budget position for the year, based on analysis of the first three months' financial data and projections of income and expenditure for the remainder of the year. At this stage, an overall overspend of £5.627m is being forecast but with the potential for further risks to emerge during the remainder of the year, particularly in respect of the 2022/23 employee pay award and other inflationary uplifts. Additional certainty is also required with regard to securing full funding for the significant additional costs being incurred as part of the Council's response to the Ukraine crisis.
- 2.2 It is therefore crucial that Executive Directors and the Chief Officer of the Edinburgh Health and Social Care Partnership fully manage pressures, risks and savings delivery shortfalls within their respective core budgets and review all discretionary expenditure if a balanced position is to be achieved by the end of the year.

3. Background

- 3.1 On 24 February 2022, Council approved a balanced revenue budget for 2022/23 based on the Council's provisional grant funding allocation and a 3% increase in Council Tax rates. This grant funding allocation was then confirmed following approval of the Local Government Finance Order for 2022/23 on 2 March 2022.
- 3.2 A subsequent report to the Finance and Resources Committee on 3 March 2022 highlighted to members the main aspects of the approved budget, including:
- (i) £9.860m of additional one-off service investments;
 - (ii) £25.3m of provisions in respect of the on-going financial impacts of the pandemic, including sums provided to recognise continuing homelessness pressures, loss of the Lothian Buses dividend, support to the Council's Arm's-Length External Organisations (ALEOs) and reduced parking and commercial rental income; and
 - (iii) £19.2m of newly-approved savings, primarily in corporate budgets.

- 3.3 Members then considered an interim in-year update at the Committee’s following meeting on 16 June. The report highlighted that the Council’s budget is subject to an unprecedented level of inflation-linked pressures, most materially in respect of energy-related tariff increases but also including other areas of third party spend linked to supplier claims for significant uplifts.
- 3.4 While, given the level of uncertainty in the wider environment, the report emphasised the difficulties in accurately quantifying the extent of these pressures, it was noted that consideration of corporate budgets had identified potential savings across a number of areas, including (i) continuation of underspends apparent in the provisional outturn for 2021/22, (ii) application of the budget framework risk contingency and available inflation provisions and (iii) other timing-related savings, to address the most material non-pay inflation pressures within a balanced overall position. It was noted, however, that a key area of risk related to the adequacy of pay award provision in 2022/23. This position also assumed full management of other risks and pressures within Directorates.

4. Main report

COVID-related impacts

- 4.1 As was the case in both 2020/21 and 2021/22, monitoring in the current year will focus not only on core service activity but, in addition, how the projected expenditure and income impacts of the pandemic compare to the provisions contained within the revised budget. The budget approved by Council on 24 February 2022 provided for the following sums:

Area of expenditure pressure/income loss	£m
Reductions in parking income	6.0
Lothian Buses - loss of dividend	6.0
Reductions in commercial rental income	3.0
Additional support for Edinburgh Leisure	3.0
Homelessness	3.0
ALEOs – other	1.0
Personal Protective Equipment	1.0
Other income/expenditure	2.3
Total funding for COVID impacts	25.3

- 4.2 In the case of homelessness services, the £3m shown above forms part of an overall level of budgetary provision that is £17.6m higher than was approved, pre-pandemic, for 2020/21.
- 4.3 Other income/expenditure represents sums set aside in recognition of various anticipated continuing impacts of increased expenditure, or reductions in income, linked to the pandemic. These provisions include additional staffing costs in waste and cleansing, as well as assumed reductions in income for the Council’s outdoor

centres, cultural venues and community access to schools. As with all COVID-related projections, these will be the subject of on-going review during the year.

- 4.4 **At this stage and based on the actual COVID-related requirement in 2021/22, the approved level of provision is assessed to be sufficient.** Parking income for the year to date has been around £0.1m per month lower than in 2019/20, the last full largely pre-pandemic year. While these shortfalls are in addition to income from inflationary uplifts that would have been anticipated over this period, they are still expected to fall within the £6m budget framework income loss provision in this area.
- 4.5 Transport Scotland has confirmed the provision until October 2022 of additional funding to bus operators through the Network Support Grant (NSG) Plus initiative, a temporary scheme to support services and protect fares while patronage continues to recover from the impacts of the pandemic. Lothian Buses has previously indicated that it does not anticipate being in a position to pay any dividend to the Council for the foreseeable future, an assumption that is consistent with the budget framework.
- 4.6 Equivalent funding has not, however, yet been made available to Edinburgh Trams, with overall patronage sitting at 75% of pre-COVID levels. Tram revenues are also being affected by the expansion of free travel to under 22s where the Council has previously agreed not to make offsetting funding available. Members will therefore be kept apprised of any developments in this area.
- 4.7 Through a combination of an element of carry-forward from 2021/22 and the in-year allocation of £3m, it is not anticipated that the level of assumed financial support for Edinburgh Leisure will be exceeded.
- 4.8 The Council's commercial rental portfolio has proved resilient to wider economic conditions and the level of provision for reductions in income received is assessed to be sufficient at this time.
- 4.9 The position in respect of homelessness services is covered in more detail later within the report.

Directorate projections

- 4.10 In addition to monitoring the on-going or residual impacts of the pandemic, Executive Directors continue to oversee the delivery of approved savings and management of pressures within their respective areas. The approved budget for 2022/23 contains relatively few service-specific savings and also made some additional provision for service pressures. While these measures provide a degree of contingency against the emergence of significant in-year pressures within services, it remains the role of Executive Directors to manage these fully when they do arise and to maintain expenditure within budgeted levels.

Education and Children's Services

- 4.11 The first quarter's monitoring forecast for the Directorate shows a net pressure of £2.5m. Significant elements within the forecast include a projected net pressure of £1.9m within the budget for Children's Services, including residential and secure accommodation, reflecting increases in the numbers of young people being supported across the service and limited capacity to free up places within internal provision to return young people to the Council's care. The forecast is based on current numbers of young people and families being supported and so any further increase in demand for support will result in an additional pressure.
- 4.12 Pressures of £1.2m are also forecast within Home to School Transport, reflecting previously approved budget savings relating to the Transport Review and costs for additional routes which were put in place in response to the pandemic. Routes will be reviewed following the start of the new school term and any changes in the current forecast will be reported as part of the month six update.
- 4.13 At this stage, potential net mitigations across the wider service of £0.6m have been identified, resulting in an overall projected pressure of £2.5m at this time.
- 4.14 Forecast pressures are based on an initial assessment of spend as at the end of May and will be subject to review through the on-going revenue monitoring process, with an update provided as part of the month six monitoring report.

Corporate Services

- 4.15 As outlined in a report elsewhere on today's agenda, the Interim Executive Director of Corporate Services is projecting an overall service underspend of £0.279m, in the main attributable to one-off staffing-related savings. This projection does not, however, reflect any expenditure in respect of required Enterprise Resource Planning (ERP) upgrades, the subject of a separate report on today's agenda.

Place

- 4.16 The Executive Director of Place is forecasting an overall pressure of £3.7m as of period three. This position reflects the combined impact of inflationary pressures in excess of those for which corporate budgetary provision has been made (totalling £1.8m) and a range of other net pressures across the Directorate of £1.9m.
- 4.17 The Executive Director and his Senior Management Team will continue to consider regular updates and develop corresponding actions, such that net expenditure is brought back within approved levels.

Homelessness Services

- 4.18 Revenue monitoring reports throughout 2021/22 highlighted pressures within Homelessness Services and, such is the extent of these pressures, the approved budget for 2022/23 contains £17.6m of additional investment relative to the equivalent budget for 2020/21. Despite this additional investment, further pressures totalling £5.5m are apparent in 2022/23, mainly comprising:

- (i) projected in-year growth in client numbers;
- (ii) claims for increased rates from providers due to changes in market rates (Private Sector Leasing), inflationary increases (spot purchasing) and revision of current terms (contracted suppliers), the majority of which represent a pass-through of increased energy costs;
- (iii) costs of the Welcome Centre, funding for which remains to be confirmed; and
- (iv) increased Council costs for Housing First.

4.19 A more detailed report in this area, including options for the mitigation of demand-led pressures, will be considered by the Housing, Homelessness and Fair Work Committee on 29 September.

Edinburgh Integration Joint Board (EIJB)

4.20 The EIJB Chief Finance Officer presented an update on the 2022/23 Financial Plan to the Board's meeting on 9 August 2022.

4.21 At its meeting in March 2022, the EIJB agreed the financial plan for 2022/23. At that point, the budget was out of balance by £16.9m and the board recognised that IJB officers would work with partner bodies to address the gap as the year progressed. In setting a budget with a deficit, the IJB recognised the clear risk that agreeing stringent additional savings at a time of significant uncertainty could lead to unnecessary public concern as well as a material deterioration in performance.

4.22 Decisions made at the Board's meeting on 9 August resulted in a reduction of the residual gap to £10.8m. Comprehensive financial reporting covering all delegated services is not yet available for 2022/23. All indications, however, are that the underlying position will show improvement relative to the assumptions contained within the financial plan. The position will be closely monitored by the EIJB Chief Officer and Chief Finance Officer, working with the finance teams from the Council and NHS Lothian, with a view to bridging the in-year shortfall by the year-end.

Savings delivery

4.23 The approved budget for 2022/23 is underpinned by the delivery of approved savings of £19.2m. As shown in Appendix 2, 92% of these savings by value are currently assessed as green, with most of the remainder assessed as amber. Assessments of the deliverability of the latter, and where necessary identification of mitigating offsetting measures, remains in progress.

Service investments

4.24 As part of setting the Council's budget on 24 February 2022, members approved £9.860m of service investments. Appendix 3 shows the current assessment of these savings and the associated outcomes sought. Any in-year underspends

against these investments will not be carried forward into 2023/24 and thus considered in the context of offsetting future years' savings requirements.

Employee pay award, 2022/23

- 4.25 The Council's approved budget for 2022/23 provides for a pay uplift of 3% across all staffing groups, a level of provision that lies at the higher end of councils in Scotland.
- 4.26 Given the level of offer made to NHS staff, COSLA has estimated that £278m would additionally be required to increase the overall offer to local government staff from the previously-rejected 2% (the average level of provision made by Scotland's councils, in turn linked to the Scottish Public Sector Pay Policy) to 5%, sums that would need to be identified on a recurring basis to avoid hastening pressures in future years. Given that the previous offer of 2% has already been assessed by COSLA to lie at the limits of affordability, a corresponding request was made to the Scottish Government to fund the £278m in full.
- 4.27 Through reprioritisation of its own budget, the Scottish Government has identified £140m of additional recurring funding i.e. half of the requested increase. Following the Leaders' Meeting on 19 August, COSLA as employer agreed to fund the remaining element required to increase the overall offer to 5% and the Scottish Local Government Living Wage to £10.50 per hour whilst signalling a need for further discussions with the Scottish Government around greater flexibility in the application of existing funding. A separate report on today's agenda provides an overview of potential areas for consideration.
- 4.28 It is important to emphasise that the 5% figure represents an average across the workforce as a whole, with higher percentage increases being assumed for lower-paid staff. Discussions on the precise configuration of this offer are continuing.
- 4.29 When added to the 3% already included in the Council's budget, this would mean that 4.5% of an offer of 5% could be funded on a recurring basis, albeit with the position for 2023/24 and subsequent years reflecting significant remaining funding gaps. The unfunded 0.5% would give rise to an estimated in-year and recurring pressure of £3.1m, subject to the decision of Council Leaders on distribution of the £140m of Scottish Government funding, and this sum is assumed in overall monitoring projections. Given the evolving nature of discussions, a verbal update will be provided at the meeting.

Ukraine response

- 4.30 The Council is undertaking a key role in welcoming displaced Ukrainians to Scotland and thereafter temporarily resettling a number of these within the city. As of the beginning of August, almost 6,000 arrivals had been triaged at the Council-operated Welcome Hub, with around 600 Ukrainians now residing in Edinburgh with hosts under the Homes for Ukraine scheme.

4.31 While some elements of funding have been received, the Council has also incurred significant expenditure in establishing and operating what are essentially national facilities where, as of the time of writing, related funding arrangements remain to be confirmed. Urgent discussions have therefore been initiated at a senior level with both the Scottish and UK Governments as appropriate to ensure these costs are understood and funded, with no further commitments to be entered into until this assurance has been received. These discussions will also seek to clarify the provision of funding beyond the current financial year.

Inflationary pressures

4.32 The report considered by the Committee on 16 June highlighted a range of inflationary pressures affecting the Council, most materially energy cost increases but also including food, fuel, home-to-school transport and uplifts affecting a number of its contracts. At this stage, the level of these remains broadly unchanged, with a pressure of some £8.9m in respect of energy assumed within the overall outturn. The projected outturn for the Homelessness Service also reflects £2m of additional contract uplift requests from other providers. Other inflationary pressures, where their impact cannot be fully mitigated, are reflected in service outturns.

Corporate budget savings

4.33 Given the extent of inflation-related and wider pressures within services, opportunities to address these through available savings in corporate areas continue to be examined. As of period three, the following anticipated mitigations have been identified:

- (i) **Council Tax** - the 2021/22 outturn report elsewhere on today's agenda indicates a positive variance of £2.271m. Based on analysis of subsequent changes in the size and profile of the Council Tax base and estimated movements in discounts and exemptions over the remainder of the financial year, a £3m positive variance is being forecast in 2022/23;
- (ii) **Loans charges/interest and investment income** - based on analysis of planned in-year capital spend, debt redemption, available cash balances and recent increases in interest rates, an overall saving of £3m is now anticipated;
- (iii) **application of the budget framework risk contingency, available inflation provisions and other timing-related savings** – together releasing £7.9m towards energy cost increases; and
- (iv) the Council's share of net revenue from electricity generation through the **Millerhill Recycling and Energy Recovery Centre**, estimated at £3.8m in 2022/23.

Overall position

- 4.34 Taken together, the net impact of anticipated pressures in service areas less corporate or other savings is a projected overspend of £5.6m as shown in the table below:

	£m	£m
Net pressures in service areas:		
Homelessness Services	5.5	
Place	3.6	
Education and Children's Services	2.5	
Corporate Services	(0.3)	
Energy	8.9	
Employee pay award, 2022/23	3.1	
		23.3
Savings in corporate budgets:		
Application of budget framework risk contingency, available inflation provision and other timing-related savings	(7.9)	
Millerhill - gainshare income	(3.8)	
Loans charges/interest and investment income	(3.0)	
Council Tax	(3.0)	
		(17.7)
Net projected pressure		5.6

- 4.35 As noted in the preceding sections, there is the potential for further risks to emerge during the remainder of the year, particularly in respect of the 2022/23 employee pay award and other inflationary uplifts. Additional certainty is also required with regard to securing full funding for significant additional costs being incurred as part of the Council's response to the Ukraine crisis.
- 4.36 It is therefore crucial that Executive Directors and the Chief Officer of the Edinburgh Health and Social Care Partnership fully manage pressures, risks and savings delivery shortfalls within their respective core budgets and review all discretionary expenditure if a balanced position is to be achieved by the end of the year.
- 4.37 To this end, revised arrangements for staff recruitment have been implemented with effect from 3 August 2022, requiring all recruitment to secure written approval from both the relevant Head of Service and Service Director. The need to recruit should also be more explicitly scrutinised, including consideration of whether the relevant service could be delivered in a different way within current capacity.

5. Next Steps

- 5.1 Given the range of pressures outlined within the report, Executive Directors will require to bring forward measures to offset residual service pressures and risks within their respective areas of responsibility during 2022/23. The adequacy of budget framework provision in respect of the on-going financial impacts of the pandemic will also be kept under close review with a view to taking any necessary remedial action.

6. Financial impact

- 6.1 As of Period 3, an overall overspend of £5.6m is forecast, with a range of further pressures identified. The report therefore acutely emphasises the importance of proactive management of pressures and delivery of approved savings in maintaining the integrity of the budget framework. Given the extent of subsequent years' funding gaps, early action is also required to deliver robust savings proposals, aligned to the priorities set out in the Council's business plan, sufficient to meet these requirements.

7. Stakeholder/Community Impact

- 7.1 There is no direct relevance to the report's contents.

8. Background reading/external references

- 8.1 [2022/23 Financial Plan](#), Edinburgh Integration Joint Board, 9 August 2022
- 8.2 [Revenue Budget 2022/27 Framework: progress update](#), Finance and Resources Committee, 16 June 2022
- 8.3 [Revenue Budget Update 2022/23 – Update](#), Finance and Resources Committee, 3 March 2022
- 8.4 [Coalition Budget Motion 2022/23](#), The City of Edinburgh Council, 24 February 2022

9. Appendices

- 9.1 Appendix 1 – 2022/23 Revenue Budget – Projected Expenditure Analysis
- 9.2 Appendix 2 – Approved savings, 2022/23 – current status
- 9.2 Appendix 3 – Approved service investments, 2022/23 – current status

	Revised Budget	Period Budget	Period Actual	Period Variance	Projected Outturn	Outturn Variance	Percentage Variance
	£000	£000	£000	£000	£000	£000	
Directorate / Division							
Corporate Services (including Chief Executive's Office)	87,876	24,139	21,745	(2,394)	87,597	(279)	(0.3)
Education and Children's Services	455,748	114,667	116,262	1,595	458,248	2,500	0.5
Health and Social Care	285,022	75,036	76,411	1,375	285,022	0	0.0
Place	172,005	45,073	46,902	1,829	175,605	3,600	2.1
Homelessness Services	50,467	14,709	17,175	2,466	55,967	5,500	10.9
Lothian Valuation Joint Board	3,817	954	954	0	3,817	0	0.0
Directorate / Division total	1,054,936	274,579	279,449	4,870	1,066,257	11,321	1.1
Non-service specific areas							
Loan Charges / interest and investment income	83,450				80,450	(3,000)	(3.6)
Other non-service specific costs less sums to be disaggregated:	27,429				20,581	(6,848)	(25.0)
- Non-Domestic Rates (poundage uplift)	1,005				0	(1,005)	n/a
- Energy	1,141				10,000	8,859	776.4
- Discretionary Rates	720				720	0	0.0
Additional Investment to disaggregate	20,507	0	0	0	20,507	0	0.0
Tram Shares	8,500	0	0	0	8,500	0	0.0
Council Tax Reduction Scheme	28,800	n/a	n/a	n/a	28,800	0	0.0
Staff early release costs	2,500	n/a	n/a	n/a	2,500	0	0.0
Net Cost of Benefits	(127)	n/a	n/a	n/a	(127)	0	0.0
Pay award - unfunded pressure	0	n/a	n/a	n/a	3,100	3,100	n/a
Millerhill - electricity generation income	0	0	0	0	(3,800)	(3,800)	n/a
Non-service specific areas total	173,924	0	0	0	171,230	(2,694)	(1.5)
Movements in reserves							
Net contribution to / (from) earmarked funds	(45,632)	0	0	0	(45,632)	0	0.0
Movements in reserves total	(45,632)	0	0	0	(45,632)	0	0.0
Sources of funding							
General Revenue Funding	(609,735)	(152,434)	(152,434)	0	(609,735)	0	0.0
Non-Domestic Rates	(249,861)	(62,465)	(62,465)	0	(249,861)	0	0.0
Council Tax	(323,632)	(80,908)	(80,908)	0	(326,632)	(3,000)	(0.9)
Sources of funding total	(1,183,228)	(295,807)	(295,807)	0	(1,186,228)	(3,000)	(0.3)
In-year (surplus) / deficit	0	(21,228)	(16,358)	4,870	5,627	5,627	0.5

	Directorate	£m	Current RAG status			Comments where full delivery not assumed
			£m	£m	£m	
Borrowing costs	Corporate	12.000	12.000	0.000	0.000	
Corporate budgets reprioritisation/realignment	Corporate	5.000	5.000	0.000	0.000	
Procurement	Corporate	0.100	0.100	0.000	0.000	
Total Corporate		17.100	17.100	0.000	0.000	
Continuation of 5% increase in discretionary fees and charges	Council-wide	1.000	0.120	0.880	0.000	An assessment of the deliverability of the Place element of this saving remains in progress.
Chief Officers and Senior/Middle Management Review	Council-wide	0.218	0.000	0.218	0.000	A number of service reviews are in progress but with the associated level of savings remaining to be confirmed pending these outcomes.
Total Council-wide		1.218	0.120	1.098	0.000	
Statutory Consents	Place	0.025	0.025	0.000	0.000	
Increase in garden waste charge based on full-cost recovery (full-year effect)	Place	0.160	0.160	0.000	0.000	
Development and Business Services Operating Model	Place	0.300	0.000	0.300	0.000	
Library efficiencies	Place	0.050	0.000	0.000	0.050	
Edinburgh Shared Repairs - Management Resource and Income Generation	Place	0.007	0.000	0.007	0.000	
Total Place		0.542	0.185	0.307	0.050	
Digital delivery	Corporate Services	0.190	0.150	0.040	0.000	Verification for Print, Mail and Scan Strategy Development element of saving being progressed with other Council services.
Renting of assets for 5G nodes	Corporate Services	0.050	0.000	0.050	0.000	One-off mitigating saving has been identified in Digital Services budget.
Directorate Workforce Savings	Corporate Services	0.110	0.110	0.000	0.000	
Total Corporate Services		0.350	0.260	0.090	0.000	
Total pre-approved savings		19.210	17.665	1.495	0.050	
			92.0%	7.8%	0.3%	

	Service	Investment	Nature of spend	Key outcomes sought (where applicable)	Current status	Comments where status not green
1	Improvements to HR systems	£2,000,000	Subject to the development of an accompanying full business case, the funding will serve as a contribution towards the cost of upgrading the Council's HR systems to support implementation of the recommendations from the independent inquiry and whistleblowing and organisational culture review.	Investment in an upgraded HR system will enable all employees to have access to organisational information, such as the Orb and myLearning Hub. Our current HR system has no core case management functionality and does not enable triage or offer the ability to perform complex data analysis e.g. spotting trends. A core HR solution that can administer all aspects of cases from logging, sending electronic letters and meeting notifications to allowing access to named individuals at certain points only, etc. is required in order to fulfil all the recommendations outlined.		There is delivery risk associated with this project which will not be mitigated until a fully-costed business case is produced. Additional details were included in the update report to Council considered on 25 August 2022.
2	Easing the cost of living crisis	£1,100,000	The investment will provide capacity and resources to help Edinburgh citizens on low incomes manage the increasing cost of living in 2022 by providing direct financial support; advice to maximise income and entitlements; and prevention measures for those experiencing high energy costs and at risk of falling into arrears and debt. Further details were included in a report to Council considered on 25 August 2022.	The investment will: <ul style="list-style-type: none"> * Deliver on political commitments in the Council Business Plan * Prevent poverty and hardship * Make the experience of seeking help more compassionate and more dignified * Improve income or reduce living costs for poorest citizens * Improve opportunities to access or progress in fair employment, learning or training * Improve physical and mental health and reduce health inequalities 		
3	Deep cleaning the city, graffiti removal and street cleaning	£1,072,000	£72,000 of this funding will be used to purchase a new hot wash vehicle for city centre close cleaning. £200,000 will be used to procure a contract for the deep cleaning of the city centre. This will incorporate the cleaning of closes, steps, pavements and street furniture as well as the removal of graffiti from CEC property. £800,000 will be used to employ additional temporary staff and vehicles in the Street Cleansing service to undertake deep cleans of residential areas across the city.	This will improve the appearance of the city and send a message to residents and businesses that the Council is committed to improving local communities and supporting business recovery following COVID-19.		
4	Roads and pavements maintenance	£1,000,000	The package of funding includes £450,000 in permanent patching repairs across 10,000m ² of carriageways across the city (for which contracts to a value of £170,000 have already been issued); £300,000 to carry out footpath resurfacing across the city; and, £250,000 for traffic signal infrastructure improvements for which works are due to commence in October 2022, with all sites completed by April 2023.	This will visibly improve the condition of roads and pavements across the city and will increase pedestrian safety.		
5	Children's Services - additional investment	£1,000,000	Given the unforeseen duration of the pandemic's impacts and the continued restricted ability to move young people from their current placements, a budget pressure exists within 2021/22 and will extend into 2022/23. With children unable to move across the last two years, they have become settled in existing out-of-authority placements and it would be poor practice to disrupt their progress – and we would be unlikely to persuade the Children's Hearing to move them back into Edinburgh.	While a range of mitigating measures to address the overarching Children's Services pressure has been identified, the £1m investment will allow time for these measures to bed in.		
6	Net-zero	£500,000	The Council is leading on the development and delivery of net zero community pilots based in geographies with different demographic profiles and community capacity. The pilots will be collaborations between property owners to scope a scalable approach to retrofitting private housing using models that focus on community empowerment and supporting a just transition to net zero.	The investment will: <ul style="list-style-type: none"> * Deliver on political commitments in the net-zero strategy * Strengthen co-production approach and citizen capacity building to deliver net-zero agenda * Model net-zero community action with open source data and open source technical solutions for wider adoption * Provide a scalable financial model to support the financial route map to net-zero * Derive quantifiable co-benefits and nature-based economic benefits 		

	Service	Investment	Nature of spend	Key outcomes sought (where applicable)	Current status	Comments where status not green
7	Social care adaptations	£500,000	Further discussion is required to scope this investment proposal and relevant discussions have been initiated. An update will be included in subsequent iterations of this report.			No delivery plan for this initiative has yet been developed.
8	Park facilities improvements	£450,000	The safety of residents visiting parks is extremely important. £300,000 of this funding will allow the employment of additional Trees and Woodlands staff to deal with Ash Dieback and reduce the risk of tree failures causing harm to members of the public. Recognising the importance of proper lighting for the safety of visitors to our parks, the remaining funding will be used to install additional lighting in some of our parks.	This additional lighting will help to make parks safer to visit.		
9	Play parks (CFCR)	£325,000	This funding will be converted to capital to be used to invest in play park equipment in each ward across the city. Play park renewal projects are progressing and total £1.2M for 22/23. The £325k fund is expected to be fully allocated.	Residents will be encouraged to visit and spend time in play parks across the city as modern, accessible play equipment is introduced.		
10	Neighbourhood Action Team	£250,000	The investment will help to tackle hot spot areas of unkept land, dealing with dumping, vegetation and other issues to improve the look and feel of areas in need of additional attention.	TBC		Confirmation of this funding has only been received in the last few weeks and this coincided with the Trade Union strike action. This means that there is still work to be done on implementing this action.
11	Local community festivals and events	£200,000	Based on experience of local city-wide community events/festivals funding, the investment would be targeted towards capacity building and resilience. Given this would be a one-off fund, the proposal would be for larger individual funding awards to support more substantively event stability and establish a robust business and event model going forward - principally to support (i) identifying baseline funding models and partners and (ii) the creative and programme development opportunities presented by the event or festival.	The approach reflects both the current events strategy, and culture funding targeted towards resilience and creative practitioner skills development/support/retention.		
12	Energy for Edinburgh	£200,000	The money will be spent on a combination of CEC staff time/capacity building and consultants' time that will be used to develop a business plan for Energy for Edinburgh, including outline scope(s) for potential community energy generation projects as part of the development of a local heat and energy efficiency strategy.	A business plan for Energy for Edinburgh; a draft local heat and energy generation strategy, and hopefully as a result, active and profit-making local energy generation projects.		This investment aims to explore the role of Energy for Edinburgh and identify initial project activity so the ESCO can begin to deliver heat and energy solutions for the city. Progress against this project will be dependent upon current Council capacity to deliver and reported to Council in due course.
13	Temporary toilets in premier parks	£200,000	The investment will allow for the continuation of hiring of temporary toilets for The Meadows, Inverleith Park and Leith Links.	Creation of a more welcoming and active travel-friendly environment, along with reductions in antisocial behaviour.		
14	Hostile vehicle mitigation barriers	£180,000	£0.180m was included within the budget motion to provide funding to cover potential costs of retaining temporary Hostile Vehicle Mitigation arrangements while a long-term solution is agreed to protect the High Street and other areas following the withdrawal of support from the Home Office. Further discussion is required to scope this investment proposal and relevant discussions have been initiated. An update will be included in subsequent iterations of this report.			
15	Taxi regulation and enforcement	£160,000				
16	Short-term lets regulation and monitoring	£150,000				
17	Food growing	£130,000	Further discussion is required to scope this investment proposal and relevant discussions have been initiated. An update will be included in subsequent iterations of this report. A proposed approach to the allocation of this spend was presented in a report to the Policy and Sustainability Committee on 30 August 2022.			

	Service	Investment	Nature of spend	Key outcomes sought (where applicable)	Current status	Comments where status not green
18	Defibrillators in schools	£112,000	Budget has been allocated to roll out defibrillators to much of the school estate where not currently in place. However, work needs to be done in the next 6/12 months to identify the best locations to site them – this may be schools or a mix of schools, community centres and care homes.			Work still required to identify optimal locations. Progress will depend upon current capacity within Council to support the project. It is accepted that there will be continued risk while this is not taken forward.
19	Participatory Budgeting support	£100,000	The investment will allow the Council to work effectively with communities in delivering a robust local process, building community skills and capacity as part of the Council's commitment to progress community empowerment. Specifically it will support capacity building with communities and local community groups, communications and promotion of participatory budgeting activity, training for staff, delivery of local deliberation processes and IT support to underpin local decision-making.	<ul style="list-style-type: none"> * Delivery of political commitments on community engagement * Delivery of nationally-agreed 1% target * Supports effective service design based on service user needs * Strengthened local democracy and community cohesion * Improved quality of life for people and communities 		
20	Portobello Kilns restoration	£61,000	The allocation represents seed funding to demonstrate the Council's commitment to the project and lever in external funding contributions for the estimated £645k of total funding required, including potential contributions from Historic Environment Scotland, Heritage Lottery Fund, Place-Based Investment Fund and the Wolfson Foundation.	Restoration of a key local landmark and listed ancient monument		Delivery of full restoration is dependent on the identification of partner funding, discussions on which remain in progress.
21	Pentland Park Rangers	£60,000	This funding will be used to employ additional Park Rangers and improve visitor facilities in the Pentland Hills Regional Park.	As well as improving conditions for local residents and land managers, this funding will help reduce anti-social behaviour and prevent loss of livestock.		
22	Libraries re-opening support	£60,000	The outline proposal for spend at this stage is to support the following: <ul style="list-style-type: none"> * Additional book / media fund expenditure * Provision of replacement furniture/ fittings * Fund to support development and delivery of service in response to an engagement programme with young people * City-wide communications campaign to highlight the message that libraries are open * Temporary library provision for Leith at The Fort Community Centre * Costs to support reopening of the remaining four libraries 	Attracting people back in to the library service and reaching new members/audiences - building up use and visits		
23	"Forever Edinburgh" website development	£50,000	New website to replace the existing www.edinburgh.org	<p>An updated website which acts as a gateway to the city for visitors, residents, investors and students alike. A new Forever Edinburgh website will provide many benefits to the Council and city including:</p> <ul style="list-style-type: none"> * Improved staff efficiencies and timesaving by automating some of the content management processes that are currently being done manually * Improved user experience as the website will be reliable and designed for purpose * Better insights on user behaviours through improved functionality * Possible reduction in ongoing hosting and maintenance costs * A reliable and professional website that supports the reputation we want to create and set for residents and visitors * The possibility of generating income from the website through digital advertising sales. 		
		£9,860,000				

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Corporate Services Directorate: Revenue Budget Monitoring 2022/23 – Month Three position

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee notes:
 - 1.1.1 that a favourable budget variance of £0.279m is forecast for services delivered by Corporate Services Directorate for 2022/23;
 - 1.1.2 measures will continue to be progressed to fully deliver approved savings targets and to offset budget pressures to achieve outturn expenditure in line with the approved revenue budget for 2022/23 and,
 - 1.1.3 the ongoing risks to the achievement of a balanced revenue budget projection for services delivered by Corporate Services Directorate.

Richard Carr

Interim Executive Director of Corporate Services

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Finance and Resources Committee

Corporate Services Directorate - Revenue Budget Monitoring 2022/23 – Month Three position

2. Executive Summary

- 2.1 The report sets out the projected three-month revenue budget monitoring position for services delivered by Corporate Services Directorate and the Chief Executive's Office, based upon actual expenditure and income to the end of June 2022 and expenditure and income projections for the remainder of the financial year.
- 2.2 A favourable budget variance of £0.279m is forecast for services delivered by Corporate Services Directorate for 2022/23.
- 2.3 Measures will continue to be progressed to fully deliver approved savings targets and to offset budget pressures to achieve outturn expenditure in line with the approved revenue budget for 2022/23. The attainment of this position is subject to active management of risks and pressures.

3. Background

- 3.1 The Council's Financial Regulations require submission of quarterly monitoring reports on service financial performance to the Finance and Resources Committee.
- 3.2 This report advises on the projected outturn for services delivered by Corporate Services Directorate and the Chief Executive's Office after three months of the financial year.

4. Main report

- 4.1 Corporate Services Directorate revenue budget for 2022/23 is £87.516m. This includes a range of Council-wide contracts, including the Council's ICT contract, external audit fee and Scotland Excel membership. The Directorate provides directly delivered Council services, including Customer Contact services and professional support services for Finance and Procurement, Human Resources, Legal, Strategic Policy Support and Corporate Communications.
- 4.2 This budget monitoring report also includes financial performance of the Chief Executive's Office.

- 4.3 The period three forecast is for a favourable budget variance of £0.279m for Corporate Services Directorate. An analysis of the budget and forecast by Corporate Services Directorate Divisions and for the Chief Executive's Office is shown in Appendix 1.
- 4.4 Significant forecast variances include:
- 4.4.1 Customer and Digital Services – a saving of £81,000 from the severance release of a senior manager.
 - 4.4.2 Human Resources – a favourable variance of £0.179m from one-off employee cost savings and salary sacrifice income. Both forecasts are subject to ongoing review with service managers.
 - 4.4.3 Strategy and Communications – a favourable variance of £79,000 from one-off employee cost savings, which are subject to ongoing review with service managers.
- 4.5 The approved 2022/23 revenue budget requires Corporate Services Directorate to achieve incremental savings of £0.391m as detailed in Appendix 2.
- 4.6 £0.301m (77%) of approved savings are forecast to be on track for full delivery and are assessed as 'Green', with £0.090m (23%) assessed as 'Amber'. No savings are assessed as 'Red' or 'Black'.
- 4.7 At this stage in the financial year, the principal financial risks identified for Corporate Services Directorate services are:
- 4.7.1 Cost of response to the Ukraine crisis – the impact of demand for services and additional staff costs is estimated at £0.399m;
 - 4.7.2 Cost of Living Award (£0.258m) - Scottish Government Administration funding requires confirmation;
 - 4.7.3 Cost of Living Crisis – the impact of demand for welfare payments and additional staffing required to administer these payments;
 - 4.7.4 Digital Delivery – Print, Mail and Scan Strategy Development – achievement of the savings target of £86,000 requires confirmation with other Council services;
 - 4.7.5 Legal and Assurance employee costs – costs are being reviewed following employee turnover and to address the recommendations of the Independent Inquiry and Review of Organisational Culture;
 - 4.7.6 Enterprise Resource Planning (ERP) project implementation costs - additional one-off investment funding of £0.986m is required for infrastructure upgrades. A separate report has been prepared on ERP funding to be considered elsewhere on the agenda.
- 4.8 All current and emerging risks will be subject to ongoing tracking, development of mitigation measures and review for the remainder of 2022/23.
- 4.9 The following additional investment is allocated to Corporate Services Directorate for 2022/23.:

- 4.9.1 £2.0m for improvements to the Council's Human Resources system, in response to the recommendations of the Independent Inquiry and Review of Organisational Culture. There is delivery risk associated with this project which will not be mitigated until a fully costed business case is produced and costed;
- 4.9.2 £1.1m to support easing of the Cost-of-Living Crisis;
- 4.9.3 £0.5m to support the City-wide 2030 Net Zero Strategy;
- 4.9.4 £0.130m to support Food Growing and to recognise the increase in demand for local food.

5. Next Steps

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

6. Financial impact

- 6.1 This report forecasts a favourable budget variance of £0.279m for Corporate Services Directorate for 2022/23.

7. Stakeholder/Community Impact

- 7.1 Whilst the report provides a financial monitoring update on the Corporate Services Directorate revenue budget, it should be noted that these costs are directly associated within the provision of a range of front-line and corporate services that have been essential to support citizens, businesses, and communities throughout the COVID19 pandemic, Cost of Living Crisis, and Ukrainian Crisis. The Directorate has enabled and continues to enable the Council to maintain and adapt core services across the City, as well as responding to the need to provide entirely new and additional services on behalf of the Scottish Government. All these activities have had varying degrees of impact upon the community or key stakeholders.

8. Background reading/external references

- 8.1 [Revenue Budget 2022/27 Framework: progress update](#), Finance and Resources Committee 16 June 2022

9. Appendices

- 9.1 Appendix 1 – Corporate Services Directorate and Chief Executive’s Office Revenue Budget Monitoring 2022/23 - Month Three position
- 9.2 Appendix 2 – Corporate Services Directorate: Approved Revenue Budget Savings 2022/23

Appendix 1

Corporate Services Directorate and Chief Executive's Office

Revenue Budget Monitoring 2022/23

Month Three position

Forecast Revenue Outturn by Division

	Revised Budget	Projected Outturn	Projected Variance	Adverse / Favourable
	£'000	£'000	£'000	
Customer and Digital Services	57,139	57,058	(81)	FAV
Finance and Procurement Services	7,337	7,317	(20)	FAV
Human Resources	8,084	7,905	(179)	FAV
Legal and Assurance	9,222	9,254	32	ADV
Strategy and Communications	5,426	5,347	(79)	FAV
Directorate and service-wide costs.	308	356	48	ADV
Total Net Expenditure	87,516	87,237	(279)	FAV
Chief Executive's Office	222	222	0	

Appendix 2

Corporate Services Directorate: Approved Revenue Budget Savings 2022/23

Division	Saving Description	2022/23 £'000	Red/Amber/Green/Black assessment
Customer and Digital Services	Digital Delivery - ICT	150	
Customer and Digital Services	Digital Delivery – Print, Mail and Scan Strategy Development	40	Savings verification being progressed with other Council services.
Customer and Digital Services	Renting of Assets for 5G Nodes	50	One-off mitigating saving identified in Digital Services budget.
Service-Wide	Corporate Services Directorate Workforce Savings - Finance and Procurement	110	
Service-Wide	Increase in discretionary fees and charges	41	
	TOTAL	391	

SUMMARY	£'000	%
Green assessed	301	77
Amber assessed	90	23
Red assessed	0	0
Black Assessed	0	0
TOTAL	391	100

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

2022-32 Sustainable Capital Budget Strategy – Outturn 2021/22 and Revised Budget 2022/23

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 To note the 2021/22 unaudited capital outturn for the Council's General Fund and Housing Revenue Account (HRA);
- 1.2 To refer the report to the Governance Risk and Best Value Committee as part of its work programme;
- 1.3 To approve the revised capital budget strategy for the financial year 2022/23, as set out in Appendix 3;
- 1.4 To note a further update on the Sustainable Capital Budget Strategy will be brought to Finance and Resources Committee in November 2022, with a focus on addressing the funding pressure identified in this report; and
- 1.5 To note the Council's Prudential Indicators for the Revised Budget 2022/23, as set out in Appendix 5.

Richard Carr

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2022-32 Sustainable Capital Budget Strategy – Outturn 2021/22 and Revised Budget 2022/23

2. Executive Summary

- 2.1 The report provides capital expenditure and funding outturns for 2021/22, providing explanations for key variances.
- 2.2 At month 12, the General Fund capital expenditure totalled £371.115m with capital income of £150.674m, resulting in a net requirement of £220.441m in loans fund advances. This is £34.037m lower than the revised budget update provided in month three due to slippage across the programme.
- 2.3 At month 12, the Housing Revenue Account (HRA) capital expenditure totalled £64.850m and capital income of £29.486m, resulting in a net requirement of £35.364m in loans fund advances. This is £11.571m lower than the revised budget update provided in month three primarily due to a land purchase not proceeding as expected and additional grant funding being received in March than projected.
- 2.4 Slippage from 2021/22 is rolled forward and added to the capital investment programme for the period 2022-2032 to create the revised capital budget. In creating the revised budget, realignments have been made between financial years to reflect the most up to date cash flow projections available. The budget has also been adjusted to reflect funding received since the Council set its budget in February.
- 2.5 The Council's capital programme is expected to come under further financial pressure as a result of higher tender prices caused by current market conditions. The extent of the impact is likely to differ between programmes and projects, but will result in projects being delayed or postponed, if additional resources are not identified. This is notable in the scarcity and cost pressures in various key construction materials, e.g. steel and timber, which is leading to slippage and cost pressures on delivery of projects. It is also important to note that supply chain pressures associated with staff shortage and higher prices continue to affect delivery schedules.

3. Background

- 3.1 In February 2021 the Council set out priorities for its 10 year programme of capital investment totalling £1,492.494m for general services and £2,774.844m for the

Housing Revenue Account. This investment was aligned with the Council Business Plan, over the medium to long-term. This budget was then revised on 12 August 2021 with realignments between financial years to take account of slippage from the previous financial year and reflect the most up to date cash flow position available.

- 3.2 Detailed forecasts for financial year 2021/22 were reported at months 3, 6 and 8, with the most recent update provided to Finance and Resources Committee on 3 February 2022. The report showed the General Fund was projecting capital expenditure of £342.616m and capital income of £121.025m, resulting in a net requirement of £221.591m in loans fund advances. Within the same report, it showed the Housing Revenue Account (HRA) was projecting capital expenditure of £61.980m and capital income of £23.244m, resulting in a net requirement of £38.736m in loans fund advances.
- 3.3 At its budget meeting of 24 February 2022, the expenditure priorities and available funding were reconsidered and an updated programme of investment was approved for the period 2022-2032. The [Sustainable Capital Budget Strategy 2022-2032](#) set out a fully funded investment programme of £1,459.874m, aligned with the Council Business Plan. The [Housing Revenue Account \(HRA\) Budget Strategy \(2022-32\)](#) set out £2,934.365m of investment in new affordable housing and improvements to existing homes over the 10 year period.
- 3.4 This report sets out the outturn position for 2021/22, revisions to the 2022-32 capital budget and the forecast outturn for 2022/23 based on the month 3 position.

4. Main report

2021/22 Capital Monitoring – Month 12

General Fund

- 4.1 The month 12 monitoring shows general fund expenditure of £371.115m against a revised budget of £407.447m resulting in a total of £36.332m (8.92%) in expenditure slippage. A breakdown by directorate is provided in Appendix 1.
- 4.2 Within Education and Children's Services, there has been capital expenditure of £95.726m as at month 12 against a revised budget of £95.834m. Expenditure relates primarily to projects which were well underway prior to COVID-19 lockdowns such as Meadowbank Sports Centre, Castlebrae High School, new Victoria Primary School and Frogston Primary School. The outturn slippage of £0.108m in the year, primarily relates to;
 - Rising School Rolls, Maybury Primary School and other smaller project variances and other contingency expenditure slippage of £13.328m due to delays caused to projects principally as a result of COVID-19 and on-going market conditions. Rising costs and shortfalls in supply chains have caused projects to be frozen prior to tender processes until a review of the appropriate course of action to mitigate the impact of market conditions has been undertaken.

This slippage was largely offset by acceleration in the following projects:

- Castlebrae High School acceleration of £11.407m due to the school now being complete but the final funding from EDI dividend payment and capital receipt from sale now not anticipated until the 2022/23 financial year;
- St Crispin's Special School acceleration of £2.029m due to the school nearing completion but the final funding from the capital receipt now not anticipated until the next financial year.

4.3 Within Place, there has been capital expenditure of £176.181m as at month 12 against a revised budget of £197.507m. The outturn slippage of £21.326m in the year, primarily relates to;

- General Place programme slippage of around £13.880m due to construction industry materials and labour shortages across several projects and programmes;
- Active Travel of £4.921m due to programme delays caused by pausing projects pending the review and alignment with the Places for Everyone Programme and the Council's existing and emerging priorities as reported to Transport and Environment Committee on 14 October 2021 as part of the 'Active Travel Investment Programme Update'; and
- Road Safety and Public Transport block funding of £2.525m due to programme delays as a result of reprioritisation and rephasing of Active Travel Strategy to ensure the strategy is affordable. A wider review of Public Transport to align with City Mobility Plan, construction cost inflation, contractor availability and supply chain issues are causing material delays to project progress.

4.4 Within Place – Trams to Newhaven, there has been capital expenditure of £68.486m as at month 12 against a budget of £72.100m. This in-year underspend of £3.614m is a result of a rescheduling of works due to the impact of Covid and industry wide material and skilled labour shortages. While an in-year underspend is currently reported, the project is still expected to complete on time and within the approved budget of £207.3m

4.5 Within Place - Lending there has been capital expenditure of £4.167m as at month 12 against a revised budget of £18.029m. This follows the purchase of completed homes by Edinburgh Living LLP at North Sighthill and Pennywell. This means there was a total outturn slippage of £13.862m primarily due to delays on completion of the final homes at Pennywell and North Sighthill which will now be completed in the 2022/23 financial year. The General Fund capital budget impact is neutral as borrowing is delayed matching the revised expenditure profiles.

4.6 Within Place - Asset Management Works Programme, there has been capital expenditure of £23.236m as at month 12 across various projects, with outturn acceleration of spend of £4.323m compared to the revised budget of £18.913m. This is due to the closure of properties due to the COVID-19 pandemic permitting

more work than anticipated to be carried out ahead of schedule, especially within the learning estate.

Housing Revenue Account

- 4.7 The month 12 monitoring shows HRA capital expenditure of £64.850m for the financial year across various programmes and workstreams relating to new builds and improvements to existing homes. This is against a revised budget of £103.987m resulting in a total of £39.137m (37.6%) in expenditure slippage. A breakdown by programme is provided in Appendix 2, with additional commentary provided in sections 4.8 to 4.12.
- 4.8 The outturn on new homes development is slippage of £5.848m which is primarily due to delays on projects under construction through the impacts of material shortages and COVID measures extending programmes.
- 4.9 The outturn capital expenditure on land for new homes shows slippage of £17.340m. This is primarily due to a delay to the purchase of [Liberton Hospital](#) to the 2022/23 financial year at the request of NHS Lothian. This sale is now being progressed with a revised target date of Autumn 2022.
- 4.10 The outturn against improvements to existing homes and estates shows slippage of £15.949m. This was due to supply chain disruption, including shortages of materials, contractor availability and gaining access to carry out works within tenants' homes as a result of COVID-19. In relation to external fabric upgrades for multi storey blocks at Craigmillar and Peffermill Courts, engagement with residents was paused due to COVID-19 – this has now recommenced with an opportunity to enhance specification to achieve EnerPHit standard, causing a significant delay.
- 4.11 The month 12 monitoring shows HRA capital income of £29.486m for the financial year, primarily from Scottish Government grant, disposals through the Acquisitions and Disposals Programme and capital receipts from sales to Edinburgh Living LLP. The outturn shows slippage on the budgeted income of £27.566m.
- 4.12 This results in a net requirement of £35.364m in loans fund advance, a reduction in borrowing requirement from the revised budget of £11.571m.

Revised Sustainable Capital Budget Strategy 2022-2032

- 4.13 The Sustainable Capital Budget Strategy 2022-2032 for the general fund was approved by Council on 24 February 2022 and was based on an interim budget which estimated slippage and acceleration. This sets out a fully funded investment programme of £1,459.874m, which is aligned with the Council Business Plan. While the plan is balanced over the 10 year period, this is subject to a number of significant risks, which are set out in the report.
- 4.14 The Revised Sustainable Capital Budget Strategy 2022-2032 has been adjusted to reflect actual levels of slippage and acceleration and is shown in Appendix 3. It has also been realigned and re-phased to ensure that individual project cash flows reflect the most up to date projections. Project managers have considered risks such as adverse weather or other uncontrollable factors that can impact on delivery and to build this into budgeted cash flows. Forecasts also take account of the

current challenging economic climate, including high inflation, potential labour and materials shortages and procurement difficulties.

- 4.15 The revised Sustainable Capital Budget Strategy also reflects projects where funding has been approved following the Council's budget meeting. This includes the Scottish Government funding for Place Based Investment Programme (PBIP), Cycling, Walking and Safer Routes (CWSR) and TMDF.
- 4.16 Members should note that where funding has not been approved or where the amount or timing is still to be confirmed, then projects are not included in the revised Sustainable Capital Budget Strategy. This includes projects funded by capital receipts, grants or contributions which are yet to be secured.
- 4.17 As the overall funding position of the Sustainable Capital Budget Strategy in Appendix 3 shows, the programme is now funded over the 10-year period. However, if a funding gap in the strategy emerges through failure to deliver revenue savings or project cost pressures increase, then further re-profiling of priorities, reduction in scope of projects or additional revenue savings to fund the borrowing costs to deliver the Capital Budget Strategy will be required ahead of future budget setting to comply with the terms of the Prudential Code. This could potentially mean that later phases of the programme could not be delivered within the ten-year strategy.
- 4.18 A further update on the Sustainable Capital Budget Strategy will be brought to Finance and Resources Committee in November 2022. This report will look ahead to 2023/24 Budget Setting, with a focus on addressing emerging pressures and priorities against a backdrop of continuing funding constraint.

HRA Capital Budget Strategy 2022-2032

- 4.19 The Housing Revenue Account (HRA) Budget Strategy (2022-32) was approved by Council on 24 February 2022. This sets out £2,934.365m of investment in new affordable housing and improvements to existing homes over the 10 year period. In an amendment to the report prepared by officers, members approved the acceleration £5m of investment into 2022/23.
- 4.20 The budget has been reviewed to incorporate the most up to date cash flow projections for individual projects and programmes. The revised budget for 2022/23 now includes annual investment of £118.755m in 2022/23, which is the largest annual HRA capital programme presented to Committee to date. There are risks associated with delivery of a programme of this scale at this time, particularly in view of the challenging economic climate. However, project managers have considered these risks and, while there are likely to be variances in individual projects and programmes, it is considered that this level of expenditure remains achievable and no changes have been made to the overall HRA capital budget.

2022/23 Capital Monitoring – Month 3

- 4.21 Capital monitoring for the first quarter of 2022/23 for the General Fund and HRA is set out in Appendices 6 and 7 respectively. As this report revises budgets to take

account of latest expenditure and income forecasts, no variances are currently projected.

- 4.22 Members should note that the market is currently experiencing shortages in commodities, materials and labour required for construction projects as well as high inflation. The impact is likely to vary from project to project, but there is a risk that projects may be delayed or experience cost pressures. This situation will be monitored and built into forecasts as information becomes available.
- 4.23 Further reports will be presented to Finance and Resource Committee at month six, month eight and month 12 showing the position against the revised 2022/23 capital budget.

5. Next Steps

- 5.1 This report will be referred to Governance, Risk and Best Value Committee to consider as part of its programme of work.
- 5.2 Finance staff will continue work with project and programme managers to monitor capital budgets.
- 5.3 Further reports will be presented to Finance and Resource Committee at month six, month eight and month 12 showing the position against the revised 2022/23 capital budget.
- 5.4 A further report on the 2023/24 to 2032/33 Sustainable Capital Budget will be brought to Finance and Resources Committee on 10 November 2022.

6. Financial impact

- 6.1 The loans charges associated with 2021/22 outturn, 2022/32 budget and 2022/23 forecast set out in this report are detailed in the table below:

	Loans Fund Advance	Interest and Charges	Total Cost	Average Annual Cost (30 years)
	£m	£m	£m	£m
Outturn 2021/22				
General Fund	220.441	160.647	381.088	12.703
HRA	35.364	28.555	63.919	2.131
Budget 2022/2023				
General Fund	111.887	85.634	197.521	6.584

HRA	82.330	67.490	149.819	4.994
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Forecast 2022/23

General Fund	111.887	85.634	197.521	6.584
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HRA	82.330	67.490	149.819	4.994
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- 6.2 Borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 6.3 The loan charge costs outlined above will be met from the general fund and HRA revenue budgets for loan charges.
- 6.4 The Council's Prudential Indicators for the Revised Budget 2022/23 are set out in Appendix 5.

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 [Sustainable Capital Budget Strategy 2021-2031](#), Finance and Resources Committee, 21 January 2021
- 8.2 [Sustainable Capital Strategy 2021-31 – Annual Report](#), Finance and Resources Committee, 4 March 2021
- 8.3 [Liberton Hospital, Edinburgh – Proposed Acquisition](#), Finance and Resources Committee, 4 March 2021
- 8.4 [Updated Housing Revenue Account \(HRA\) Capital Programme](#), Housing, Homelessness and Fair Work Committee, 3 June 2021
- 8.5 [Parks and Greenspace Investment](#), Culture and Communities Committee, 15 June 2021
- 8.6 [2021-31 Sustainable Capital Budget Strategy – Outturn 2020/21 and Revised Budget 2021/22](#), Finance and Resources Committee, 12 August 2021
- 8.7 [Sustainable Capital Budget Strategy 2022/32](#), Finance and Resources Committee, 7 October 2021
- 8.8 [Active Travel Investment Programme Update](#), Transport and Environment Committee, 14 October 2021

- 8.9 [Housing Revenue Account \(HRA\) Capital Programme – Update on Projects](#), Housing, Homelessness and Fair Work Committee, 4 November 2021
- 8.10 [Capital Budget Monitoring 2021/22 – Month Six Position](#), Finance and Resources Committee, 9 December 2021
- 8.11 [Capital Budget Monitoring 2021/22 - Month Eight Position](#), Finance and Resources Committee, 3 February 2022
- 8.12 [Sustainable Capital Budget Strategy](#), Finance and Resources Committee, 3 February 2022
- 8.13 [Sustainable Capital Strategy 2022-32 – Annual Report](#), Finance and Resources Committee, 3 March 2022

9. Appendices

- 9.1 Appendix 1 – 2021/22 Capital Monitoring Month 12 Outturn – General Fund
- 9.2 Appendix 2 – 2021/22 Capital Monitoring Month 12 Outturn – HRA
- 9.3 Appendix 3 - 2022-32 Revised Sustainable Capital Budget Strategy
- 9.4 Appendix 4 - 2022-32 HRA Capital Budget Strategy
- 9.5 Appendix 5 – 2022/23 Revised Budget Prudential Indicators
- 9.6 Appendix 6 – 2022/23 Capital Monitoring Month Three – General Fund
- 9.7 Appendix 7 – 2022/23 Capital Monitoring Month Three – HRA

Appendix 1 - 2021/22 Capital Monitoring

General Fund Summary

Month 12

Expenditure	Approved Budget £000	Adjustments £000	Revised Budget £000	Actual Outturn £000	Outturn Variance £000	%
Education and Children's Services	108,237	(12,403)	95,834	95,726	(108)	-0.11%
Edinburgh Health and Social Care Partnership Place	-	448	448	164	(284)	-63.39%
Place - Lending	169,147	28,360	197,507	176,181	(21,326)	-10.80%
Place - Tram York Place to Newhaven	13,260	4,769	18,029	4,167	(13,862)	-76.89%
Place - Asset Management Works	65,523	6,577	72,100	68,486	(3,614)	-5.01%
Corporate Services	25,916	(7,003)	18,913	23,236	4,323	22.86%
	2,213	2,403	4,616	3,155	(1,461)	-31.65%
Total Gross Expenditure	384,296	23,151	407,447	371,115	(36,332)	-8.92%
Funding						
	Approved Budget £000	Adjustments £000	Revised Budget £000	Actual Outturn £000	Outturn Variance £000	%
<i>Capital Receipts</i>						
General Asset Sales	3,000	-	3,000	4,889	1,889	62.97%
Ringfenced Asset Sales	-	2,498	2,498	2,498	-	0.00%
Capital from Current Revenue	-	15,047	15,047	15,043	(4)	-0.03%
<i>Total Capital Receipts from Asset Sales and Revenue</i>	3,000	17,545	20,545	22,430	1,885	9.17%
<i>Drawdown from/ (to) Capital Fund</i>						
	6,986	164	7,150	7,150	-	0.00%
<i>Developer Contributions</i>						
Developer Contributions	436	38,570	39,006	34,811	(4,195)	-10.75%
Developers Contributions Transferred to Investments	-	(30,573)	(30,573)	(31,035)	(462)	1.51%
<i>Total Developer Contributions</i>	436	7,997	8,433	3,776	(4,657)	-55.22%
Total Capital Receipts and Contributions	10,422	25,706	36,128	33,356	(2,772)	-7.67%
<i>Grants</i>						
Scottish Government General Capital Grant	38,360	1,679	40,039	40,039	-	0.00%
Other Grants and Contributions	-	7,858	7,858	8,335	477	6.07%
Cycling, Walking and Safer Routes	2,299	1,384	3,683	3,683	-	0.00%
Place Based Investment Programme	-	1,998	1,998	1,998	-	0.00%
Transfer of Management of Development Funding (TMDF)	27,950	24,468	52,418	52,418	-	0.00%
Regeneration Funding	-	1,628	1,628	1,628	-	0.00%
Other Government Grants	-	5,756	5,756	5,756	-	0.00%
Capital Grants Unapplied Account Drawdown	14,442	(10,981)	3,461	3,461	-	0.00%
Total Grants	83,051	33,790	116,841	117,318	477	0.41%
Total Funding	93,473	59,496	152,969	150,674	(2,295)	-1.50%
<i>Borrowing</i>						
New Prudential Borrowing in Year	85,127	(7,718)	77,409	68,712	(8,697)	-11.24%
New On-Lending in Year	13,260	4,769	18,029	4,167	(13,862)	-76.89%
New Capital Advance - Trams to Newhaven	65,143	6,957	72,100	68,486	(3,614)	-5.01%
New Capital Advance - General Fund	127,293	(40,353)	86,940	79,076	(7,864)	-9.05%
Balance to be funded through Loans Fund Advance	290,823	(36,345)	254,478	220,441	(34,037)	-13.38%

Appendix 2 - 2021/22 Capital Monitoring

Housing Revenue Account

Month 12

Expenditure	Approved Budget	Adjustments	Revised Budget	Actual	Outturn Variance	
	£000	£000	£000	£000	£000	%
Council Housebuilding Programme	33,223	-	33,223	27,375	(5,848)	-17.6%
Council Housebuilding Programme - Land Improvement to Council Homes and Estates	20,000	-	20,000	2,660	(17,340)	-86.7%
	34,163	16,601	50,764	34,815	(15,949)	-31.4%
Total Gross Expenditure	87,386	16,601	103,987	64,850	(39,137)	-37.6%

Income	Approved Budget	Adjustments	Revised Budget	Actual	Outturn Variance	
	£000	£000	£000	£000	£000	%
Capital Receipts and Other Contributions	4,560	2,750	7,310	7,208	(102)	-1.4%
Capital Funded from Current Revenue	18,300	-	18,300	-	(18,300)	-100.0%
Receipts from LLPs	19,583	-	19,583	3,906	(15,677)	-80.1%
Specific Capital Grant	11,859	-	11,859	18,372	6,513	54.9%
Total Income	54,302	2,750	57,052	29,486	(27,566)	-48.3%

Balance to be funded through Loans Fund Advance	33,084	13,851	46,935	35,364	(11,571)	-24.65%
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2022-32 Revised Sustainable Capital Budget Strategy (Incorporating Period 12 out-turn slippage from 2021/22)

SUMMARY	Re-profile					Revised Budget 2022-23 £000	Indicative Budget 2023-24 £000	Indicative Budget 2024-25 £000	Indicative Budget 2025-26 £000	Indicative Budget 2026-27 £000	Indicative Budget 2027-28 £000	Indicative Budget 2028-29 £000	Indicative Budget 2029-30 £000	Indicative Budget 2030-31 £000	Indicative Budget 2031-32 £000	Total Budget 2022-2032 £000
	Approved Budget 2022- 23 £000	Actual Slippage 2021-22 £000	(to)/from Later Years 2022-23 £000	Additional Funding £000	Internal Virements £000											
Education and Children's Services	33,040	108	(11,000)	194	3,000	25,342	71,215	103,555	83,314	31,563	30,732	47,171	56,544	12,559	165	462,158
Place	104,983	21,281	(27,406)	-	2,355	101,212	133,294	79,075	76,013	20,239	19,034	19,036	19,039	19,042	19,055	505,037
Place - Lending	16,972	13,861	(10,804)	-	-	20,029	62,413	70,500	41,793	10,804	-	-	-	-	-	205,539
Place - Tram York Place to Newhaven	39,503	3,614	11,583	-	-	54,700	3,507	-	-	-	-	-	-	-	-	58,207
Place - Asset Management Works	29,425	(4,323)	-	-	(3,000)	22,102	26,441	33,677	31,484	20,473	14,000	14,000	14,000	14,000	15,350	205,527
Corporate Services	807	3,469	(3,000)	-	-	1,276	4,091	1,597	669	678	615	615	615	-	-	10,156
Edinburgh Health and Social Care Partnership	-	284	-	-	-	284	-	-	-	-	-	-	-	-	-	284
Contingency	-	-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000	-	30,000
Slippage Assumption	(21,694)	-	-	-	-	(21,694)	(18,660)	(5,573)	4,574	17,928	9,429	116	(1,282)	3,933	3,965	(7,264)
Total Expenditure	203,036	38,294	(40,627)	194	2,355	203,251	282,300	282,830	242,847	106,685	78,810	85,938	93,915	54,533	38,535	1,469,644
	Planned Budget 2022-23 £000	Actual Slippage 2021-22 £000	Re-profile to/from Later Years 2022-23 £000	Additional Funding £000	Internal Virements £000	Revised Budget 2022-23 £000	Indicative Budget 2023-24 £000	Indicative Budget 2024-25 £000	Indicative Budget 2025-26 £000	Indicative Budget 2026-27 £000	Indicative Budget 2027-28 £000	Indicative Budget 2028-29 £000	Indicative Budget 2029-30 £000	Indicative Budget 2030-31 £000	Indicative Budget 2031-32 £000	Total Budget 2021-2031 £000
Funding																
Capital receipts																
General Asset Sales	3,000	-	-	-	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30,000
Ring-fenced Asset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Fund drawdown	-	-	-	-	-	-	20,014	-	-	-	-	-	-	-	-	20,014
Capital Grants Unapplied Account	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developers and Other Contributions	-	-	-	-	-	-	1,158	9,893	2,055	4,888	12,794	19,237	15,053	-	-	65,078
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tram Developer Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital from Current Revenue	-	-	-	194	1,286	1,480	-	-	-	-	-	-	-	-	-	1,480
Total Receipts	3,000	-	-	194	1,286	4,480	24,172	12,893	5,055	7,888	15,794	22,237	18,053	3,000	3,000	116,572
Capital Grants																
General Capital Grant	40,221	-	-	-	-	40,221	39,080	41,287	41,849	46,000	46,500	47,000	47,500	48,000	48,500	445,937
Specific Capital Grants - Early Years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specific Capital Grants - TMDF	45,182	-	-	-	-	45,182	45,053	45,211	45,960	-	-	-	-	-	-	181,406
Specific Capital Grants - CWSS	2,310	-	-	-	1,068	3,378	2,310	2,310	2,310	-	-	-	-	-	-	10,308
Specific Capital Grants - Place Based Investment Programme	1,735	-	-	-	-	1,735	1,209	1,209	1,209	-	-	-	-	-	-	5,362
Specific Grants - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Grants	89,448	-	-	-	1,068	90,516	87,652	90,017	91,328	46,000	46,500	47,000	47,500	48,000	48,500	643,013
New borrowing in year - Prudential (including GAM)	9,340	5,791	(4,916)	-	-	10,215	14,354	1,597	669	678	615	615	615	-	-	29,358
New borrowing in year - On-lending	16,972	13,861	(10,804)	-	-	20,029	62,413	70,500	41,793	10,804	-	-	-	-	-	205,539
New borrowing in year - Trams to Newhaven	39,503	3,614	11,583	-	-	54,700	3,507	-	-	-	-	-	-	-	-	58,207
Revenue Budget Framework - Enerphit	-	-	-	-	-	-	-	-	-	10,000	-	-	-	-	-	10,000
New borrowing in year - General	44,773	15,028	(36,490)	-	-	23,311	90,202	107,823	104,002	31,315	15,901	16,086	27,747	3,533	(12,965)	406,955
Total Borrowing	110,588	38,294	(40,627)	-	-	108,254	170,476	179,920	146,464	52,797	16,516	16,701	28,362	3,533	(12,965)	710,058
Total Funding	203,036	38,294	(40,627)	194	2,355	203,251	282,300	282,830	242,847	106,685	78,810	85,938	93,915	54,533	38,535	1,469,644
Funding Deficit/(Surplus)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix 4 : 2022-32 HRA Capital Budget Strategy								
HRA Five Year Capital Investment Programme and Ten-Year Investment Strategy								
Programme Heading	1	2	3	4	5	5 Year	6 to 10	10 Year
	2022/23	2023/24	2024/25	2025/26	2026/27	Total	2027/28 to 2031/32	Total
	£m	£m	£m	£m	£m	£m	£m	£m
New Homes Development	37.724	107.049	162.503	398.595	401.714	1,107.585	837.356	1,944.941
New Home Land Costs	14.344	2.500	17.500	29.433	25.466	89.243	42.322	131.565
Tenant's Homes & Services (20-yr borrowing)	12.337	11.115	14.458	14.786	15.337	68.033	82.227	150.260
External Fabric and Estates (30-yr borrowing)	54.350	53.923	72.244	69.899	72.513	322.929	384.669	707.598
Total Expenditure	118.755	174.587	266.705	512.713	515.030	1,587.790	1,346.574	2,934.364
Prudential Borrowing	82.330	104.216	127.158	167.115	182.537	663.356	569.712	1,233.068
Capital Funded From Revenue	20.844	18.300	10.800	10.800	10.800	71.544	45.856	117.400
Capital Receipts and Contributions	5.000	7.920	37.912	39.135	48.046	138.013	129.382	267.395
Receipts from LLPs	6.444	15.567	56.437	244.445	199.967	522.860	422.517	945.377
Scottish Government Subsidy (Social)	2.537	26.664	32.158	50.258	72.720	184.337	174.307	358.644
Scottish Government Subsidy (Acquisition)	1.600	1.920	2.240	0.960	0.960	7.680	4.800	12.480
Total Funding	118.755	174.587	266.705	512.713	515.030	1,587.790	1,346.574	2,934.364

2022/23 Revised Budget Prudential Indicators**Indicator 1 - Estimate of Capital Expenditure**

The actual capital expenditure that was incurred in 2021/22 and the estimates of capital expenditure to be incurred for the current and future years:

	Capital Expenditure - General Services					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
Rolled Forward Capital Investment Programme	£000	£000	£000	£000	£000	£000
Education and Children's Services	95,726	25,342	71,215	103,555	83,314	31,563
Place	176,181	101,212	133,294	79,075	76,013	20,239
Place - Lending	4,167	20,029	62,413	70,500	41,793	10,804
Place - Trams to Newhaven	68,486	54,700	3,507	0	0	0
Place - Asset Management Works	23,236	22,102	26,441	33,677	31,484	20,473
Corporate Services	3,155	1,276	4,091	1,597	669	678
Edinburgh Health and Social Care Partnership	164	284	0	0	0	0
Contingency	0	0	0	0	5,000	5,000
General Slippage in Programme	0	-21,694	-18,660	-5,573	4,574	17,928
Total General Services Capital Expenditure	371,115	203,251	282,300	282,830	242,847	106,685

The Place - Trams to Newhaven figures include capitalised interest following a change in accounting policy approved by Finance and Resources Committee on 21 January 2021. Note that the 2022-2027 Capital Investment Programme includes slippage / acceleration brought forward based on projected capital expenditure reported at the month three stage.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Rolled Forward Capital Investment Programme						
Housing Revenue Account	64,850	118,755	174,587	266,705	512,713	515,030

Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years and the actual figures for 2021/22 are:

	Ratio of Financing Costs to Net Revenue Stream					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%
General Services	6.8%	7.3%	8.1%	8.1%	8.2%	8.2%
Housing Revenue Account (HRA)	32.0%	35.7%	37.7%	40.5%	44.2%	47.9%

Note: Figures for 2023/24 onwards are indicative at this stage as the Council has not set a General Services or HRA budget for these years. The figures for General Services are based on the current long term financial plan. HRA figures are based on the business plan which was reported to Finance and Resources Committee on 2 February 2021.

The estimates of financing costs include current commitments in the capital plans set out in Appendices 3 and 4.

Indicator 3 - Capital Financing Requirement

Estimates of the end of year capital financing requirement for the authority for the current and future years and the actual capital financing requirement at 31 March 2022 are:

	Capital Financing Requirement					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
General Services (including Finance Leases)	1,411	1,448	1,502	1,547	1,580	1,547
Housing Revenue Account (HRA)	394	458	542	646	788	941
NHT LLPs	56	32	15	15	0	0
Edinburgh Living LLPs	42	61	123	192	234	244
Total Capital Financing Requirement	1,903	2,000	2,181	2,401	2,602	2,732

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. The authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Council has, at any point in time, a number of cashflows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequences of all of the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for a capital purpose.

The capital financing requirement for the NHT LLPs includes an estimate for repayments of advances. Exit strategies are still to be finalised for the remaining three LLPs, however four have repaid their loans in full.

CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence.

In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

	Gross Debt and the Capital Financing Requirement					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Gross Debt	1,780	1,720	1,670	1,622	1,548	1,474
Capital Financing Requirements	1,903	2,000	2,181	2,401	2,602	2,732
(Over) / under limit by:	123	280	511	779	1,053	1,258

The authority does not currently envisage borrowing in excess of its capital financing requirement over the next few years. This takes into account current commitments, existing plans and assumptions around cash balances and the proposals in this budget. The figures do not include any expenditure and associated funding requirements, other than projects specifically approved by Council, for the Local Development Plan (LDP) or City Deal.

In 2022/2023, the Authority will apply IFRS 16 Leases as adopted by the Code of Accounting Practice. This will subsequently have an impact on the Capital Financing Requirement (CFR) as from the 2022/23 financial year. Therefore, it should be expected to see an increase in the CFR in future years. This will similarly have an impact on the authorised limit and operational boundary for external debt.

Indicator 4 - Authorised Limit for External Debt

The authorised limit should reflect a level of borrowing which, while not desired, could be afforded, but may not be sustainable. "Credit Arrangements" as defined by Financial Regulations, has been used to calculate the authorised and operational limits requiring both the short and long term liabilities relating to finance leases and PFI assets to be considered. In respect of its external debt, the following authorised limits for its total external debt gross of investments for the next four financial years was approved in February 2022. These limits separately identify borrowing under credit arrangements including finance leases and PFI assets. Council have approved these limits and to delegate authority to the Service Director for Finance and Procurement, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and credit arrangements, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council at its meeting following the change.

	Authorised Limit for External Debt					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
Borrowing	1,640	1,983	2,333	2,798	3,260	3,713
Credit Arrangements (including leases)	289	284	279	274	268	262
Authorised Limit for External Debt	1,929	2,267	2,612	3,072	3,528	3,975

These authorised limits are consistent with the authority's current commitments, existing plans and the proposals in this budget for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of most likely (but not worst case) scenario with sufficient headroom to allow for operational treasury management. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

Indicator 5 - Operational Boundary for External Debt

The Council has also approved, in February 2022, the following operational boundary for external debt for the same period. The proposed operational boundary equates to the estimated maximum of external debt. It is based on the same estimates as the authorised limit but reflects directly the estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and credit arrangements are separately identified. The Council has also delegated authority to the Service Director for Finance and Procurement, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and credit arrangements, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change.

	Operational Boundary for External Debt					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
Borrowing	1,640	1,933	2,283	2,748	3,260	3,713
Credit Arrangements (including leases)	289	284	279	274	268	262
Operational Boundary for External Debt	1,929	2,217	2,562	3,022	3,528	3,975

The Council's actual external debt at 31 March 2021 was £1,347m of borrowing (including sums repayable within 12 months).

Indicator 6 - Loans Charges Associated with net Capital Investment expenditure plans

Under the changes to the Prudential Code which came into force in December 2017, the requirement to measure and report on the incremental impact on the Council Tax / rents was removed from the Code. The authority can set its own local indicators to measure the affordability of its capital investment plans. The Service Director for Finance and Procurement considers that Council should be advised of the loans charges cost implications which will result from the spending plans being considered for approval. These cost implications have been included in the Council's Revenue and HRA budgets for 2022/23 and for future years will be considered as part of the longer term financial frameworks.

	Loans Charges Liability					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £001
General Services (excluding On-Lending and Tram to Newhaven) - New Loans Fund Advances						
Loans Fund Advances in year	147,789	33,525	104,556	109,420	104,671	41,993
Year 1 - Interest Only	2,997	680	2,120	2,219	2,122	851
Year 2 - Interest and Principal Repayment	8,597	1,950	6,082	6,365	6,089	2,443
Housing Revenue Account (HRA) - New Loans Fund Advances						
Loans Fund Advances in year (excl. LLP programme *)	35,364	82,330	104,216	127,158	167,115	182,537
Year 1 - Interest Only	761	1,772	2,243	2,737	3,597	3,929
Year 2 - Interest and Principal Repayment	2,120	4,935	6,247	7,622	10,017	10,941

* The loans charges associated with the borrowing required for the house building programme for onward transferred to the LLPs will be met from the LLPs and does therefore not have a net impact on the HRA or General Services revenue budget. Tram repayments are based on the income model and will commence in 2023/24 when the line to Newhaven becomes operational.

Consideration of options for the capital programme

In considering its programme for capital investment, Council is required within the Prudential Code to have regard to:

- affordability, e.g. implications for Council Tax or house rents;
- prudence and sustainability, e.g. implications for external borrowing;
- value for money, e.g. option appraisal;
- stewardship of assets, e.g. asset management planning;
- service objectives, e.g. strategic planning for the authority;
- practicality, e.g. achievability of the forward plan.

Appendix 6 - 2022/23 Capital Monitoring

General Fund Summary

Period 3

Expenditure	Adjusted		Revised Budget	Actual to Date	Projected Outturn	Projected Outturn	
	Approved Budget	Adjustments				Variance	%
	£000	£000	£000	£000	£000	£000	%
Education and Children's Services	33,040	(7,698)	25,342	11,877	25,342	-	0.00%
Place	104,983	(3,771)	101,212	13,883	101,212	-	0.00%
Place - Lending	16,972	3,057	20,029	-	20,029	-	0.00%
Place - Tram York Place to Newhaven	39,503	15,197	54,700	12,079	54,700	-	0.00%
Place - Asset Management Works	29,425	(7,323)	22,102	2,235	22,102	-	0.00%
Corporate Services	807	469	1,276	58	1,276	-	0.00%
Edinburgh Health and Social Care Partnership	-	284	284	1	284	-	0.00%
Contingency	-	-	-	-	-	-	0.00%
Slippage Assumption	(21,694)	-	(21,694)	-	(21,694)	-	0.00%
Total Gross Expenditure	203,036	215	203,251	40,135	203,251	-	0.00%
Funding	Approved Budget	Adjusted	Revised Budget	Actual to Date	Projected Outturn	Projected Outturn	Variance
	£000	£000	£000	£000	£000	£000	%
<i>Capital Receipts</i>							
General Asset Sales	3,000	-	3,000	932	3,000	-	0.00%
Ringfenced Asset Sales	-	-	-	81	-	-	N/A
Capital from Current Revenue	-	1,480	1,480	1,170	1,480	-	0.00%
Less Fees Relating to Receipts	-	-	-	-	-	-	N/A
Less Fees Relating to General Receipts	-	-	-	-	-	-	N/A
<i>Total Capital Receipts from Asset Sales</i>	3,000	1,480	4,480	2,182	4,480	-	0.00%
<i>Drawdown from/ (to) Capital Fund</i>	-	-	-	-	-	-	N/A
<i>Developer Contributions</i>	-	-	-	4,944	-	-	N/A
<i>Developers Contributions Transferred to Investments</i>	-	-	-	-	-	-	0.00%
<i>Total Developer Contributions</i>	-	-	-	4,944	-	-	N/A
Total Capital Receipts and Contributions	3,000	1,480	4,480	7,126	4,480	-	0.00%
<i>Grants</i>							
Scottish Government General Capital Grant	40,221	-	40,221	10,157	40,221	-	0.00%
Other Grants and Contributions	-	-	-	321	-	-	N/A
Cycling, Walking and Safer Streets	2,310	1,068	3,378	-	3,378	-	0.00%
Town Centre Funding / Place Based Investment Programme	1,735	-	1,735	1,741	1,735	-	0.00%
Transfer of Management of Development Funding (TMDF)	45,182	-	45,182	-	45,182	-	0.00%
Early Years and Childcare - Expansion	-	-	-	-	-	-	N/A
Regeneration Funding - Powderhall Stables	-	-	-	-	-	-	N/A
Other Government Grants	-	-	-	(4,816)	-	-	N/A
Capital Grants Unapplied Account Drawdown	-	-	-	-	-	-	0.00%
Total Grants	89,448	1,068	90,516	7,402	90,516	-	0.00%
Total Funding	92,448	2,549	94,997	14,528	94,997	-	0.00%
<i>Borrowing</i>							
New Prudential Borrowing in Year	9,340	875	10,215	-	10,215	-	0.00%
New On-Lending in Year	16,972	3,057	20,029	-	20,029	-	0.00%
New Capital Advance - Trams to Newhaven	39,503	15,197	54,700	-	54,700	-	0.00%
New Capital Advance - General Fund	44,773	(21,462)	23,311	25,607	23,311	-	0.00%
Balance to be funded through Loans Fund Advance	110,588	(2,334)	108,254	25,607	108,254	-	0.00%

Appendix 7 - 2022/23 Capital Monitoring

Housing Revenue Account

Period 3

Expenditure	Approved Budget £000	Adjustme nts £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Outturn Variance	
						£000	%
New Homes Development	43,332	(5,608)	37,724	2,948	37,724	-	0.0%
New Homes Land Costs	16,800	(2,456)	14,344	44	14,344	-	0.0%
Improvement to Council Homes and Estates	66,687	-	66,687	8,470	66,687	-	0.0%
Total Gross Expenditure	126,819	(8,064)	118,755	11,462	118,755	-	0.0%

Income	Approved Budget £000	Adjustme nts £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Outturn Variance	
						£000	%
Capital Receipts and Other Contributions	-	-	-	1,441	-	-	#DIV/0!
Capital Funded from Current Revenue	23,300	(2,456)	20,844	6,987	20,844	-	0.0%
Prudential Borrowing	87,938	(5,608)	82,330	(9)	82,330	-	0.0%
Receipts from LLPs	6,444	-	6,444	3,042	6,444	-	0.0%
Scottish Government Subsidy	4,137	-	4,137	-	4,137	-	0.0%
Specific Capital Grant	5,000	-	5,000	-	5,000	-	0.0%
Total Income	126,819	(8,064)	118,755	11,462	118,755	-	0.0%

Balance to be funded through Loans Fund Advance	-	0	-	-	-	-	0%
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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Revenue Budget Framework 2023/27: progress update

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
- 1.1.1 note the updates to financial planning assumptions set out in the report, resulting in increased overall estimated savings requirements of £70.4m in 2023/24 and £152.9m over the period to 2026/27 respectively;
 - 1.1.2 note the further risks outlined in the report, particularly those in respect of inflationary-linked pressures;
 - 1.1.3 note progress in the development of the Council's Medium-Term Financial Plan and the intention to present draft budget proposals for 2023/24 and broad programmes of activity to contribute towards future years' savings requirements at the Committee's meeting on 10 November 2022; and
 - 1.1.4 refer this report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

Richard Carr

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Revenue Budget Framework 2023/27: progress update

2. Executive Summary

- 2.1 The report updates members on the outcome of the most recent review of the Council's financial planning assumptions, resulting in an increased estimated savings requirement of £70.4m in 2023/24 and £152.9m by 2026/27. An update is also provided on the development of the Council's Medium-Term Financial Plan.

3. Background

- 3.1 At the Committee's meeting on 16 June 2022, members considered an update on the Council's revenue budget framework, including the results of a review of financial planning assumptions over the period to 2026/27. The report noted that the Scottish Government had confirmed, as part of the Resource Spending Review, that the £120m of additional Scotland-wide funding provided as part of the 2022/23 Scottish Budget's Parliamentary approval would be baselined, with Edinburgh's share of £9.7m thus representing a favourable movement relative to these assumptions.
- 3.2 In view of the range of wider inflationary risks, including but not limited to energy costs and pay, however, the report noted the likelihood that additional recurring funds would be required to manage these pressures and, as a result, the £9.7m of additional grant income noted above has been earmarked for this purpose. As such, the framework continued to show an incremental savings gap of £63m in 2023/24, increasing to £144m over the period to 2026/27.
- 3.3 The report to the June meeting of the Committee also outlined the current status of discussions with the Scottish Government concerning the basis on which the service concession "financial flexibility" might be made available to councils.
- 3.4 Given the fast-moving nature of the external environment, a further review of these assumptions has been undertaken and this report sets out the results of this consideration and the proposed next steps in developing measures to address the resulting funding gaps, particularly for 2023/24. An update on the service concession flexibility is also provided.

4. Main report

- 4.1 The report to the Committee's meeting on 16 June highlighted the main contributing factors to the gap between anticipated expenditure requirements and available funding over the period to 2026/27. The Council continues to face significant financial pressures resulting from increased demand for services, inflation, legislative reform and increased citizen expectations, as well as the on-going financial impacts of the pandemic. These factors are set against a backdrop of core grant funding (accounting for around three quarters of the Council's overall income) that is not increasing. Based on existing planning assumptions, significant cumulative recurring savings are therefore required as shown below:

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Estimated funding gap, June 2022	62.6	88.3	115.8	143.8

- 4.2 Even within this timeframe, the assumptions underpinning the above gaps are subject to considerable uncertainty with regard, in particular, to the level of required pay award provision, other inflationary pressures and grant funding. The Council's assumptions are, however, regularly reviewed against a range of independent sources and those of other Scottish local authorities, with any material variation from these considered and justified, or the assumptions revised, as appropriate.
- 4.3 Other planned structural reforms over the period of the current Scottish Parliament, including the creation of the National Care Service (NCS) and replacement of the current Council Tax system, may give rise to further changes. With this in mind, any projections beyond this timeframe are inherently speculative although, based on past years' requirements, available projections and the level of efficiencies assumed by the Scottish Government, an incremental annual requirement of £28m is assumed. This would result in a need to identify recurring savings of £172m over the five-year period to 2027/28 and £312m over the ten-year period to 2032/33 (the latter some 26% of the Council's net budget).

Inflationary pressures

- 4.4 Even since the approval of the 2022/23 budget, the wider environment within which the Council operates has also been subject to significant change. The UK is facing rates of inflation not seen for many decades, fuelled by supply chain shortages exacerbated by international events, alongside the challenges of recovering from the COVID-19 pandemic.
- 4.5 Inflation levels affect the Council's activities in a number of ways; directly through increasing prices of purchased goods and services and the level of uplifts applied to relevant contracts and indirectly through consumer spending and expectations for wage awards.

- 4.6 The rate of inflation for July 2022 as measured by the Consumer Price Index (CPI) was 10.1%, with the Retail Price Index (RPI) standing at 12.3%, the highest such rates since 1982. While the detail of forecasts varies by source, the Bank of England expects CPI to peak at just over 13% in the final quarter of 2022 and not fall back below 10% until the second half of 2023. This emphasises that the Council's assumptions on inflation levels will continue to be a key consideration, at least into the medium term.

PPP contracts

- 4.7 While in some instances (such as the ICT contract) the uplift to which the Council is exposed is capped, in a number of other cases, such as the PPP1 and PPP2 schools contracts, the applicable uplift is calculated with reference to current actual inflation rates. As the PPP uplift is based on the annual level of RPI in February, this now gives the likelihood of two successive years' significant uplifts. Although the uplift applied in February 2022 was reflected in the report to June's Committee, it is now considered prudent to increase provision for 2023/24 by a further £2.5m.

Energy costs

- 4.8 The largest single known non-pay pressure facing the Council is energy costs. The report to the Committee's meeting on 16 June estimated a cumulative pressure (relative to the approved 2021/22 budget) of £14m in 2023/24. Updated estimates, however, point to an increase of £1.9m in the likely overall level of pressure in 2023/24 (i.e. to £15.9m) and a further £4.5m in 2024/25, albeit the lower pre-purchased volumes for the later year make these projections inherently more uncertain.

Other inflationary pressures

- 4.9 Many other areas of the Council's expenditure are also affected by exceptional inflationary pressures. Requests for significant uplifts to existing contract rates have been received in respect of food and catering, fuel and home-to-school transport provision, as well as children's services contracts. While by no means exhaustive, requests across these areas alone have given rise to a £4m annual, and likely recurring, pressure in 2022/23. While service areas are being asked to mitigate these pressures wherever possible in the current year, in light of the projections for inflation to increase and continue at high levels well in to 2023/24, it is now considered prudent to introduce a general inflationary provision of £5m in 2023/24, the need for which will be reviewed as greater certainty is obtained. An element of this provision may also be retained as a contingency against increased demand for Council services.

Homelessness

- 4.10 A report elsewhere on today's agenda points to estimated pressures of £5.5m in homelessness services in 2022/23. The budget framework assumes a reduction of

£3m in the level of homelessness service investment in 2023/24 relative to 2022/23, based on an assumption that demand would begin to reduce following the relaxation of public health restrictions introduced at the outset of the COVID pandemic.

- 4.11 At this stage, however, estimated gross pressures in 2023/24 have increased to £13m above the base budget assumption, with the main elements comprising:
- (i) **households in temporary accommodation** – an anticipated in-year increase of 120 households in 2022/23, alongside an assumption of no change in the number of clients with no recourse to public funds (NRPF) being accommodated, would give rise to a combined pressure of £5.6m. There is the potential for this pressure to grow further when the removal of “local connection” takes effect from November 2022;
 - (ii) **contract inflation** – the majority of the estimated pressure of £4.5m in this area relates to the pass-through of increased utility costs from temporary accommodation providers;
 - (iii) **support for rough sleepers** – a pressure of £1.9m is projected on the assumption that costs incurred to provide the Welcome Centre at Haymarket and Housing First service will be met in full by the Council; and
 - (iv) **preventative support, advice and income maximisation services** – investment of £1.2m is required to replace time-limited funding in these areas which has delivered estimated net financial benefits of £1.27m over a twelve-month period.
- 4.12 A more detailed report, including options for the mitigation of demand-led pressures, will be considered by the Housing, Homelessness and Fair Work Committee on 29 September.

Budget framework provision for continuing COVID impacts

- 4.13 The budget framework currently provides for £11m of continuing COVID impacts in 2023/24, reducing to £9m in 2024/25 and continuing at that level thereafter. Based on an analysis of the 2021/22 outturn and relevant forward projections, it is proposed to re-align this provision as follows, the appropriateness of which will be kept under review:

	2023/24
	£m
Lothian Buses - loss of dividend	6.0
Reductions in parking income	3.0
ALEO support	2.0
Total funding for COVID impacts	11.0

- 4.14 At this stage, allocation of the £9m in 2024/25 is assumed to comprise £6m for continuing loss of the Lothian Buses dividend, £2m for reductions in parking income and £1m for ALEO support.
- 4.15 As each of these reallocations is within the existing level of provision, there is no change to the overall funding gaps in these years.

Pay award, 2022/23

- 4.16 The 2022/23 revenue budget monitoring report elsewhere on today's agenda notes that COSLA, as employer, has now made a pay offer for 2022/23 of an overall value of 5%, alongside increasing the Scottish Local Government Living Wage to £10.50 per hour. When the Council's baseline assumption of 3% and a recurring Scottish Government contribution equal to 1.5% of the overall Local Government paybill are offset against this offer, a 0.5% shortfall remains. Based on the Council's in-scope employee cost budget, this equates to a recurring shortfall of up to £3.1m, depending upon the allocation basis agreed by COSLA Leaders, subject to compounding thereafter. It is also worth emphasising that continuing high inflation rates are likely to put pressure on the level of award for 2023/24, where provision for an average increase of 3% is included in the budget framework.

Revised gap before mitigations

- 4.17 The additional pressures noted in the preceding sections would give rise to increased revised gaps before mitigations over the years of the framework as follows:

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Updated estimated funding gap, June 2022	62.6	88.3	115.8	143.8
Increases in provision:				
PPP contracts	2.5	2.5	2.5	2.5
Energy costs	1.9	6.4	6.4	6.4
Other inflationary pressures	5.0	5.0	5.0	5.0
Homelessness services	13.0	13.0	13.0	13.0
Pay award, 2022/23 – recurring impact	3.1	3.2	3.3	3.4
Revised gap before mitigations	88.1	118.4	146.0	174.1

- 4.18 In view of the extent of these additional pressures, a thorough review of corporate budgets and reserves has been undertaken, including consideration of any favourable variances apparent in 2022/23 that would be expected to recur. This consideration has resulted in the following savings being identified at this time:
- (i) **Council Tax** – a favourable variance against budget of £3m is being forecast in 2022/23. Based on an assessment of the level of buoyancy (i.e. changes in the size and profile of the Council Tax base) implicit in existing

projections, additional income of £3m is anticipated in 2023/24 relative to these assumptions, increasing to £5m by 2026/27;

- (ii) **Investment income** – following recent increases in interest rates, the Council’s available cash balances have generated additional investment income. While the level of this additional income will reduce over time as these sums are applied to support the capital programme in lieu of undertaking external borrowing, additional income of £1.5m is anticipated in 2023/24, reducing by £0.5m each year thereafter;
- (iii) **Millerhill Recycling and Energy Recovery Centre** - the Council is entitled to a share of the net income generated by the facility under a heat off-take agreement, estimated at £2m for each year of the budget framework. Additional details are included in a separate report elsewhere on today’s agenda;
- (iv) **Inflationary provisions/additional income** – a number of inflationary provisions contained within the budget framework have not yet been fully utilised or have been supplemented by the receipt of external income. These include a residual element of the sums put aside to address the increase in employer’s National Insurance rates from April 2022, sums originally earmarked to meet increases in the Non-Domestic Rates poundage (where these then decreased in 2021/22 and have only returned to 2020/21 levels in 2022/23) and a redirection of additional provision made for demographic-related demand where updated projections suggest this may not be required. Taken together, these measures provide savings of £6.2m in 2023/24, increasing to £9.2m by 2026/27; and
- (v) Application of the **budget framework risk contingency** for 2023/24, reducing the residual gap by £5m in each of the years of the framework.

4.19 The net effect of these mitigations is summarised in the table below:

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Updated estimated funding gap before mitigations, September 2022	88.1	118.4	146.0	174.1
Offset by savings as follows:				
Council Tax	(3.0)	(4.0)	(4.5)	(5.0)
Investment income	(1.5)	(1.0)	(0.5)	0.0
Millerhill heat off-take agreement	(2.0)	(2.0)	(2.0)	(2.0)
Inflationary provisions/additional income	(6.2)	(7.2)	(8.2)	(9.2)
Risk contingency	(5.0)	(5.0)	(5.0)	(5.0)
Revised gap after mitigations	70.4	99.2	125.8	152.9

- 4.20 The revenue budget outturn 2021/22 report elsewhere on today's agenda indicates that the actual net in-year call on the Council's COVID reserves was some £30m¹ less than assumed at the time of setting the 2021/22 budget. While, by definition, not a sustainable funding source, these reserves are therefore also available to offset costs or loss of income due to COVID over the period to 2026/27.

Edinburgh Integration Joint Board (EIJB)

- 4.21 The Chief Finance Officer of the EIJB presented a Finance Update to the Board's most recent meeting on 9 August 2022. While focusing primarily on achieving a balanced position for 2022/23, the need to develop a sustainable medium-term plan has been acknowledged and corresponding updates will therefore be provided to the Board as this progress develops.

Links to capital programme

- 4.22 A report elsewhere on today's agenda highlights an expectation that the current capital programme will come under further financial pressure as a result of higher tender prices caused by current market conditions. This will result in a need to consider re-profiling of priorities, reduction in scope of projects and/or additional revenue savings to fund the borrowing costs to deliver the Capital Budget Strategy to comply with the terms of the Prudential Code. This is likely to mean that later phases of the programme will be unable to be delivered within the ten-year strategy.

Service concession financial flexibility

- 4.23 The report to the Committee's last meeting confirmed that the Cabinet Secretary for Finance and the Economy had agreed to the main elements of COSLA's request on changes to accounting for service concession arrangements, thus allowing councils to spread the principal element of capital repayments over the (longer) life of the asset as opposed to the existing contract term. The Scottish Government has now issued a consultation draft Finance Circular outlining the basis of the change and good progress has been made in ensuring the intended flexibility can be effectively applied in practice. As of the time of writing, the finalised guidance has not been issued but a verbal update will be provided at the meeting.
- 4.24 While it is important to emphasise that the service concession flexibility mechanism is a timing-related one that merely spreads an unchanged overall level of liability over a longer period, modelling is continuing to determine the extent of any potential retrospective and prospective benefit to the Council and the associated required considerations and actions to demonstrate that any decision to adopt is prudent. A more detailed update will be provided in November once this modelling has been completed and necessary clarifications received.

¹ This sum comprises a combination of (i) a lower call in respect of COVID-specific impacts of £13.5m and (ii) savings in service and corporate budgets, reducing by a further £16.3m the level of funding requiring to be drawn down from reserves during the year.

Capital Accounting Review

- 4.25 The Scottish Government has now confirmed the appointment of an independent chair for the Capital Accounting Review (CAR) which will consider, amongst other things, the on-going appropriateness of statutory mitigation provisions alongside alignment to the Code of Practice on Local Authority Accounting. The Council will be represented on the CAR's working group by the Service Director: Finance and Procurement in his capacity as Chair of the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).
- 4.26 Statutory mitigation is statutory guidance issued by Scottish Ministers for the accounting treatment for specified transactions or types of transactions undertaken by a local authority. It is usually issued where the accounting practice under the Code has been determined to result in an improper charge against the General Fund in the Local Authority financial statements and thus has a consequential impact on the funding available for the provision of local services.
- 4.27 While the Scottish Government has re-emphasised that there is no predetermined outcome of the review, there is nonetheless a risk that this outcome will result in a need to review the affordability of councils' existing capital programmes. Members of the Committee will be kept apprised of progress once the review gets underway.

Future years' savings requirements and development of corresponding savings proposals

- 4.28 The urgent need to initiate a structured medium to longer-term savings programme was highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21. Since that time, a combination of the on-going impacts of the COVID pandemic and inflationary pressures resulting from global events have only re-emphasised the importance of developing this programme. While the year-on-year progress in savings delivery apparent in recent years² has been encouraging, budget implementation plans for 2023/24, particularly those relating to generic cross-cutting themes with implicit departmental savings targets, will also need to be suitably robust, with specific associated actions identified in advance of approval, for inclusion in the budget framework.
- 4.29 The Scottish Government's Resource Spending Review (RSR) set out clearly the extent of the challenge, with non-prioritised areas (including Local Government) facing significant real-terms reductions in funding over the coming years. Since its publication at the end of May, however, these inflation-driven pressures have only intensified and are anticipated to last well into 2023.
- 4.30 The Scottish Government has indicated that, in the absence of any additional block grant funding provided in recognition of these pressures, it can only improve pay deals for public sector workers in Scotland through deep cuts to public services. As has been indicated in previous reports, while opportunities for

² Some 89% of approved savings for 2021/22 were delivered during the year, compared to 80% in 2020/21, 77% in 2019/20 and 60% in 2018/19.

efficiencies will be examined in the first instance, members will therefore likely need to make increasingly difficult choices about the Council's priorities, including considering service reductions, across all service areas to maintain expenditure in line with available income.

Council's Medium-Term Financial Plan

- 4.31 Given this backdrop, work is continuing to develop the Council's Medium-Term Financial Plan (MTFP) to deliver a programme of strategic and structural change to address the four-year (medium-term) financial challenge and, more immediately, agree a set of proposals to set a balanced budget for 2023/24. The plan will be framed by a refreshed Business Plan that articulates the Administration's priorities, forms the basis of collaboration amongst political parties and sets out the narrative of a strategic case for change. It is envisaged that the plan will comprise:
- (i) a set of fully costed and assessed proposals for budget 2023/24 (year 1); and
 - (ii) a set of strategic outline business cases for the major change projects that will primarily deliver in years 2 to 4 i.e. 2024/25 to 2026/27 and contribute towards later years' savings requirements.
- 4.32 A core project team has been established to progress development of the plan, with accountable owners being clearly identified for both Directorate-specific and cross-cutting savings proposals.
- 4.33 It is the intention, at this stage, to present for members' consideration at the Committee's next substantive meeting on 10 November a set of specific budget proposals for 2023/24 and this proposed longer-term programme of work.

5. Next Steps

- 5.1 The assumptions within the budget framework will continue to be the subject of regular review and material changes reported to members as appropriate.
- 5.2 There is an urgent need to identify and develop potential options to address increasing future years' savings gaps. Given the previous low rates of delivery associated with generic Council-wide savings, these proposals need to detail specific steps and measures to support delivery within each Directorate and an update will be provided at the Committee's meeting in November.
- 5.3 Executive Directors and Service Directors will also require to continue to manage proactively risks and pressures as they relate to their respective areas of responsibility.

6. Financial impact

- 6.1 The Council continues to face significant financial pressures resulting from increased demand for services, inflation, legislative reform and increased citizen expectations, as well as the continuing financial impacts of the pandemic. These

factors are set against a backdrop of core grant funding (accounting for around three quarters of the Council's overall income) that is not increasing.

- 6.2 While the Council has approved a balanced budget for 2022/23, it faces significant financial challenges going forward. The revised projections in this report indicate a need to deliver at least £70m of recurring savings in 2023/24, increasing to £153m over the period to 2026/27.

7. Stakeholder/Community Impact

- 7.1 There is no direct relevance to the report's contents.

8. Background reading/external references

- 8.1 [Cost of Living Support – response to a motion from Councillor Biagi](#), The City of Edinburgh Council, 25 August 2022
- 8.2 [Revenue Budget Framework 2022/27: progress update](#), Finance and Resources Committee, 16 June 2022
- 8.3 [Revenue Budget Update 2022/23 – Update](#), Finance and Resources Committee, 3 March 2022
- 8.4 [Coalition Budget Motion 2022/23](#), The City of Edinburgh Council, 24 February 2022
- 8.5 [Revenue Budget 2022/23 – Risks and Reserves](#), Finance and Resources Committee, 3 February 2022

9. Appendices

None

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Potential financial flexibilities to address pay-related pressures

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to note:
- 1.1.1 the contents of this report and officers' initial assessment that the benefit of available flexibilities in addressing pay-related pressures, particularly in 2022/23, may be limited; and
 - 1.1.2 that further engagement will be undertaken, as appropriate, with relevant service areas, COSLA and the Scottish Government to determine areas where spend in future years might subsequently be redirected to address pay-related pressures.

Richard Carr

Interim Executive Director of Corporate Services

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Potential financial flexibilities to address pay-related pressures

2. Executive Summary

- 2.1 This report provides an initial overview of existing funding streams which are directly, or indirectly, linked to the delivery of national priorities and, as such, have been suggested as potentially addressing wider pressures related to the in-year and future impacts of the 2022/23 pay award.

3. Background

- 3.1 At the meeting of Council on 25 August 2022, members considered a motion from Councillor McVey and a series of amendments and addenda on on-going staff pay negotiations. The approved motion incorporated an amendment from Cllr Mumford as follows:
- Notes that the negotiations between the Scottish Government, COSLA and trade unions are currently ongoing;
 - Notes with concern that the Scottish Government has suggested use of reserves to fund the ongoing revenue cost of pay and further notes that the statement from COSLA on 19th August states that continued discussions with the Scottish Government must involve consideration of flexibilities in Local Government funding;
 - Anticipates that Edinburgh Council may soon be asked to feed in to discussions about what flexibilities we would require from Scottish Government to enable us to meet higher staffing costs;
 - **Therefore asks for a report to the next Finance and Resources Committee Meeting setting out Edinburgh's current ring-fenced and directed funding streams, and any pre-existing recommendations on flexibilities;**
 - Mandates the Council Leader to reflect the discussions and recommendations of the Committee through their role on COSLA; and

- Additionally mandates the convener of the Finance and Resources Committee to convene additional emergency meetings should this input from Edinburgh Council be required outwith the regular meeting cycle.

- 3.2 This report seeks to address the specific action highlighted in bold above, focusing on the Council's revenue budget.
- 3.3 As of the time of writing, discussions around the 2022/23 employee pay award remain in progress and a verbal update will be provided at the meeting. A report elsewhere on today's agenda estimates a recurring funding pressure, based on the most recent offer, of £3.1m, with a risk that this may increase. Continuing high levels of inflation are also expected to place significant pressure on 2023/24's pay award, where provision equal to 3% of the overall paybill is currently assumed.
- 3.4 Due to the short timescale between approval of the motion and publication of reports for this Committee, the content of this report should be seen as a first step in informing this consideration and members of the Committee will be kept apprised as the process develops.
- 3.5 It is also important to emphasise that, while of a similarly technical nature, the issues explored in this report are distinct from those related to the service concession financial flexibility referenced in the budget update report elsewhere on today's agenda. Whereas the service concession flexibility is essentially one of timing, this report examines areas where existing or planned Scottish Government funding could potentially be freed up by reducing overall expenditure demands.

4. Main report

Local Government Finance Settlement, 2022/23

- 4.1 The Local Government Finance Settlement (LGFS) for 2022/23 is based on total assumed revenue expenditure by councils of some £14 billion, with Edinburgh's share of this sum being £1.140 billion. This total comprises a series of discrete elements as noted below:

	£m
Grant-Aided Expenditure	707.5
Baselined redeterminations	155.3
Former ringfenced grants	72.4
General purpose additional funding since 2008/09	42.0
Loans charge (i.e. borrowing) support	25.3
Contribution from funding floors	19.3
Expenditure funded by ringfenced grants	56.7
Additional funding, 2022/23	61.3
	1,139.8

- 4.2 An overview of the principles underpinning the Local Government Finance Settlement was previously considered by the Finance and Resources Committee on 7 March 2019.

Constituent elements of the overall LGFS

- 4.3 **Grant-Aided Expenditure (GAE)** represents the total of a detailed and complex series of needs-based calculations covering the full range of the Council's core services. While these calculations underpin the Council's total level of external funding support, they do not prescribe how this funding is used, with this instead determined by the Council, subject to meeting relevant statutory duties.
- 4.4 **Baselined redeterminations** and **former ringfenced** grants relate, in the main, to previous national commitments and, as such, are also available to support delivery of the Council's wider priorities. Included amongst these are, however, sums previously provided to increase overall teacher numbers and, in that sense, could be considered directed in nature.
- 4.5 Following the "freezing" of most sums allocated through the GAE process in 2007/08, a further allocation of **general purpose funding** is provided to address increases in demand, inflationary and other relevant factors since that time. The Council also receives some support for **historic borrowing** and contributions from the stability and 85% per capita **funding floors**.
- 4.6 While the distinction is not absolute, the remainder of this report focuses on current ringfenced grants and monies provided in 2022/23 for the delivery of new, or expanded, commitments. Looking forward, it may also be possible to consider opportunities for redirecting future planned Scottish Government investment for priorities still to be implemented as part of a wider review of the affordability of existing commitments. Irrespective of how this is achieved, however, there are likely to be service consequences.
- 4.7 Agreement of available flexibilities may be best co-ordinated at national level to ensure consistency of approach, thereby avoiding creating a "postcode lottery" of differences in service provision depending on location, while also ensuring any required legislative changes are co-ordinated effectively. These considerations do, however, need to strike an appropriate balance between consistency and local discretion and democratic accountability.

Continuing ring-fenced grants

- 4.8 The LGFS contains a number of ring-fenced grants where funding is provided, and must be used, for a specific named purpose. For the 2022/23 Settlement, these grants and Edinburgh's respective allocations (shown in brackets) are:
- (i) **Early Learning and Childcare (ELC) expansion**, including deferral pilots - £531.0m (£41.3m);
 - (ii) **Community Justice** - £86.5m (£8.0m);

- (iii) **Pupil Equity Funding (PEF)** - £120.0m (£7.1m);
- (iv) **Gaelic** - £4.4m (£0.3m); and
- (v) **Inter-Island Ferries** (for Highland, Argyll and Bute and Orkney and Shetland Islands Councils only, therefore no allocation to the Council) - £32.1m.

- 4.9 The sums for **Early Learning and Childcare** are additional to pre-existing amounts contained within GAE and support the delivery of 1,140 hours' total provision. Following a review of the overall quantum provided for ELC expansion, the Scotland-wide sum was reduced for the 2022/23 Settlement, with a revised distribution formula also being introduced on a phased basis, resulting in a significant loss of funding for the Council. As such, the Council's existing allocation is likely to be fully utilised to support continued delivery of the current policy.
- 4.10 Any savings at national level would be unlikely to be delivered without fundamental changes to the policy, such as providing fewer hours, limiting parental choice or reviewing current entitlement to automatic funded provision from August 2023 in cases of deferred primary school start.
- 4.11 Sums provided for **Community Justice** have also been declining in real (i.e. inflation-adjusted) terms in recent years and, as such, it is anticipated that sums provided will be required in full during 2022/23, particularly as the majority of sums concerned relate to direct staffing or commissioned services.
- 4.12 **Pupil Equity Funding (PEF)** is provided at individual school level to support actions to tackle the poverty-related attainment gap. It is anticipated that the Council's overall allocation of attainment-related funding will increase over slightly over the coming years as a result of the redistribution of relevant funding from the existing nine Challenge Authorities (of which Edinburgh is not one) to all thirty-two authorities, although the corollary is a significant loss of funding within these Challenge Authorities.
- 4.13 Across Scotland as a whole, significant sums have been carried forward annually as a result of in-year PEF underspends, although activity in 2020/21 and 2021/22 was affected by the pandemic. Options for flexibility in this area might therefore include reducing the overall quantum of funding provided or managing funding on an authority-wide, more thematic basis (rather than at individual school level) although given existing staffing commitments, any savings may not be delivered until future years.

Wider potential flexibilities

- 4.14 Besides the designated ringfenced grants noted in the previous section, flexibilities might also be extended to consider either current or future Scottish Government commitments. Given the magnitude of pay-related pressures, the following analysis concentrates on higher-value funding streams, particularly those within education and health and social care.

Recruitment of at least 3,500 teachers and 500 classroom assistants/pupil support over the current Scottish Parliamentary term

- 4.15 A total of £65.5m has already been provided as part of the 2022/23 Local Government Finance Settlement to support the recruitment of 1,000 additional teachers and 500 additional classroom/pupil support assistants. It is estimated that at least £125m would be required to allow for the recruitment of a further 2,500 teachers and thus meet the current commitment in full. A wide range of permutations to reduce expenditure is possible, reflecting decreases in the respective numbers of teachers and classroom/pupil support assistants employed. Given existing staffing contracts, however, any material release of funding is likely only to be delivered over the longer term.

Baselining of £80m of additional teacher/pupil support

- 4.16 These additional sums, now incorporated in the core settlement, fund the costs of 1,400 teachers and 250 support staff initially employed on a temporary basis during the pandemic. As with the equivalent investment above, a range of options could be considered, although any material level of savings would again likely not be delivered over the short term.

Changes to pupil/teacher ratios

- 4.17 While there are no specific legislative requirements around the pupil/teacher ratio, these are implicit in guidelines or legislation on maximum class numbers. Increases in permitted class sizes would be expected to reduce teacher numbers over time but these would need to be considered in the context of their potential impact on the achievement of other education-related objectives.

Reductions in class contact time

- 4.18 The Scottish Government has indicated a commitment to reduce class contact time by an hour and a half per week during the current Scottish Parliamentary term. While this policy remains to be implemented and thus any saving would accrue in future years, this commitment could either be removed or different options (e.g. providing a non-teaching professional) considered in providing this additional cover.

Other school-related policy changes

- 4.19 The Scottish Government has also earmarked sums to support a range of targeted initiatives to foster improved inclusion within schools, including (i) removal of core curricular charges and charges for instrumental music tuition, (ii) expansion of free school meal provision to P4 and P5 (and, later in the Parliamentary term, to P6 and P7), (iii) enhanced school counselling and wider pupil health and wellbeing services and (iv) holiday support, particularly for those in more deprived areas. Taken together, this investment totals some £150m in 2022/23. The extent of any available savings in 2022/23 would be limited, however, as some sums have already been spent or commitments to do so are already in place. In a number of instances, relevant legislation would also require to be changed.

Funding for Integration Joint Boards (IJBs)

- 4.20 As part of existing funding arrangements, councils are required to maintain previous years' funding levels and pass on in full additional sums to IJBs. A total of £576m of additional funding was provided Scotland-wide in 2022/23, with the Edinburgh IJB's share being some £50m. It is possible that sums could be freed up by allowing councils greater flexibility in either the overall level of sums passed on or how these funds may then be used by IJBs, although these flexibilities would clearly need to be considered in terms of their potential service impacts.

Other areas for potential consideration

- 4.21 Significant Scottish Government funding has been made available to support employability services in recent years and while demands on these funds are likely to increase given wider economic pressures, there may be opportunities to realise savings through better use of existing funding which is often provided late in the year and accompanied by significant reporting requirements.
- 4.22 Following the removal as part of the 2022/23 Scottish Budget of specific restrictions on the level of Council Tax increases councils are able to apply, future years' assumptions around rises (where 3% annual increases are currently assumed) could also be reconsidered. Each additional 1% would raise around £3.2m of additional revenue and this could form part of a wider strategy to address cost pressures apparent within the budget framework.
- 4.23 Although use of the flexibilities would depend on local circumstances, there may also be opportunities to use capital funding to free up an element of revenue resources.

5. Next Steps

- 5.1 Following the agreement to explore potential financial flexibilities as a means of addressing pay-related pressures, initial discussions are underway between COSLA, on behalf of Scotland's councils, and the Scottish Government on areas that may be within scope and the basis on which these flexibilities could be made available. Members of the Committee will be kept updated as this process develops.

6. Financial impact

- 6.1 Based on the level of provision contained within the Council's revenue budget framework and the £140m of additional funding made available by the Scottish Government, the most recent non-teaching staff pay offer for 2022/23 would give rise to a recurring pressure estimated at £3.1m. This sum forms part of an increased overall projected funding gap for 2023/24 of £70.4m. This gap assumes

that the agreed teachers' settlement is contained within the existing net level of provision.

- 6.2 It is also anticipated that continuing high levels of inflation will give rise to pressures in respect of the 2023/24 pay award, where an increase of 3% is currently assumed.

7. Stakeholder/Community Impact

- 7.1 At this stage, there is no direct relevance to the report's contents, although any proposed changes would need to be assessed in terms of their impacts on the delivery of local and national objectives.

8. Background reading/external references

- 8.1 [Principles of the Local Government Finance Settlement](#), Finance and Resources Committee, 7 March 2019

9. Appendices

None

Finance and Resources Committee

10.00am, Thursday, 8th September 2022

Resource provision for Medium-Term Financial Plan

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To note the requirement for the Council to develop and deliver a Medium-Term Financial Plan to respond the financial challenge now facing it. This Plan will ultimately need to be approved by Council.
- 1.2 To note the resources required to enable this work.
- 1.3 To note that most of the resource required to support the development of a plan has been secured through the redeployment of existing internal staff.
- 1.4 In addition to the internal resource realigned, to note that the Interim Executive Director of Corporate Services, in consultation with the Finance and Resources Committee Convenor under urgency provisions set out in paragraph 4.1 of the Committee Terms of Reference and Delegated Functions has approved the waiver and extension of the contract for expert services to GatenbySanderson Ltd to provide specific capacity to lead this work.

Richard Carr

Interim Executive Director of Corporate Services

Contact: Richard Carr, Interim Executive Director of Corporate Services

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Finance and Resources Committee

Resource provision for Medium-Term Financial Plan

2. Main report

- 2.1 There is an urgent requirement for the Council to develop and deliver a Medium-Term Financial Plan to address the current projected budget gap not just for 2023-24 but covering the next four years.
- 2.2 This Plan needs to be aligned to a refreshed Council Business Plan reflecting the Council's priorities and set out the strategic case for change.
- 2.3 This work has already commenced to ensure the development and delivery of a Medium-Term Financial Plan which will need to be approved by Council ultimately. Given the lead in time required for the degree of likely organisational change, detailed planning and development of specific proposals is required now.
- 2.4 Most of the required resource for this work has been secured through the re-alignment of existing internal staff who have been redeployed from their substantive roles. However, in addition, there is a requirement for a role with relevant expertise to lead:
 - the development of specific options and proposals to address the projected budget gap over the next four years including through the identification of opportunities to deliver better outcomes for local people but in a way that is more efficient or minimises costs.
 - the quantification of the net value of such proposals with a plan for each setting out the key stages involved in realising the benefits and an indication of what would be required to do this.
 - The development of implementation plans to enable the Council to achieve the benefits in practice of whatever options for change are ultimately approved.
- 2.5 This role has already been appointed to, on an interim basis, so the programme of work required could start. This appointment was made with effect from 25 April 2022 by the Interim Executive Director of Corporate Services through an award to GatenbySanderson, under delegated authority, following market testing. To date this has delivered an outline framework and a case for change. This needs now to be converted into specific proposals for consideration by Members and with this in mind the Interim Executive Director of Corporate Services in consultation with the

Finance and Resources Committee Convenor has approved the waiver and extension of the contract for appropriate expert support to GatenbySanderson Ltd under urgency provisions set out in paragraph 4.1 of the Committee Terms of Reference and Delegated Functions.

3. Financial impact

- 3.1 The costs of the contract are estimated to be a further £160,000 (to calendar year end 2022) and should be more than offset by the value of the saving proposals developed

4. Stakeholder/Community Impact

- 4.1 Not applicable.

5. Background reading/external references

- 5.1 Not applicable.

6. Appendices

- 6.1 Not applicable.

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Finance and Resources Committee

10.00am, Thursday 8 September 2022

Enterprise Resource Planning (ERP) Funding

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 The Council continues to move forward with the implementation tasks to bring all aspects of the ERP Programme in to live production. The R12 upgrade programme is planned to complete in this financial year.

In order to conclude this programme this paper has set out the funding required to complete the necessary implementations.
- 1.2 The funding being requested of £0.961m one off costs and £102k recurring costs are critical as explained in this report to ensure successful operational completion of both the Finance and Debt Management upgrades. This funding has been identified within the Corporate Services budget to meet these costs; however, there are resulting risks to funding the programme in this way that will require mitigating actions.
- 1.3 The programme management team will continue to apply strict financial monitoring controls and scrutinise any additional costs to keep the contingency spend to a minimum. Contingency funding not required will be returned.
- 1.4 The Council's Change Board actively monitors and tracks progress on all Council wide programmes ensuring that targeted action is taken should timelines, benefits or costings deviate from the original business case; this includes the ERP Programme.

Richard Carr

Interim Executive Director of Corporate Services

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Customer and Digital Services Division, Corporate Services Directorate

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ERP Funding

2. Executive Summary

- 2.1 The purpose of this report is to provide an update and financial overview on the Council's ERP (Enterprise Resource Planning) Programme and request the funding that is needed to support the required infrastructure upgrade and other potential ERP commitments on both the Finance, Procurement and Debt Management elements of this programme, along with highlighting the importance to complete and finish it this financial year.
- 2.2 It should be noted that the current version of Oracle EBS has been in extended support since March 2018 and is only receiving security patching. The current support contract extends to March 2023, and there are no guarantees of extended support beyond that. It is therefore critical that this programme completes, and the finance and debt system are upgraded.
- 2.3 The current DMS system is used for both debt management and debt recovery and is nearing end of life. The system also has limited functionality compared to more modern systems. There is a requirement to complete the upgrade to ensure we can continue to provide a debt function and collect monies.
- 2.4 The financial transactions and monetary amounts that the system supports are detailed below and highlights the criticality of completing this programme and securing the additional funding requested.

Banking & Payments

The functionality for Banking and Payments will allow the team to deal with payments out and allocating income

All Invoices paid April 21 – Mar 22 - Totalling £1,155,153,188

All Income Allocated Apr 21 – Mar 22 - Totalling £2,409,846,327

Bankline Payments – Totalling £1,709,219,810

Procurement

The Oracle system supports procurement activity across the Council with the majority of third party spend processed through the system.

To put into this context, in the 2021/2022 financial year third party spend was £874,410,083 across four thousand suppliers of services, goods and works required by the Council.

Debt Recovery

System functionality is utilised by the Council's Accounts Receivable Team to recover appropriate sums owed to the Council. This functionality is required to support a range of standard financial tasks, including financial write on/offers, credit notes, refunds, remittances, maintaining instalment plans and wider aged debt actions. The system also supports the maintenance of external recovery actions such as inhibitions, summons and Sheriff Officer referrals.

The system supports over 120 debt/service types including Health & Social Care accommodation, community alarm and care at home charges. Other key activities include Common Charges, Shared Repairs, Garage Rents, Commercial Rents & Licensing.

Background Data

20/21 - total invoices raised 40502 and total Value £127m

21/22 - total invoices raised 30519 and total Value £ 94m

2.5 If the work to replace the existing Oracle EBS does not continue, the Council will be at risk from:

- Being unable to make or request payments – including payments to support our most vulnerable citizens
- Being unable to purchase goods or services
- Failure to meet new financial regulations or legislation changes from unsupported and out of date software
- System failure without the specialist support to access our data
- Security breaches and cyber threats from unpatched software

2.6 If the Debt system is not replaced, there is the risk of the Council being unable to collect monies across the organisation as the current system is at end of its support life and will run out of invoice numbers in April 2023.

2.7 Any further delay in agreeing to continue with the programme will also lead to additional costs of around £100k per month which may also be further impacted with increased costs related to current inflation on good and services. Therefore, it is critical to proceed now, not only to keep costs as low as possible but also to ensure the Council's Financial system is secure and supported with regular maintenance in place to protect us from security breaches or cyber threats.

3. Background

- 3.1 The ERP Programme will deliver a range of upgrades and improved interfaces between core systems in Finance, HR/Payroll and Banking and Payments Services and is in full delivery with contracts in place through CGI with a range of partners to support this delivery.
- 3.2 The ERP programme is delivering a technical upgrade of Oracle E-Business (EBS) to the existing Finance and Procurement system with the addition of an Oracle E-Business (EBS) debt management solution (DMS). Both are proposed to go live during this financial year. This upgrade is required as the current Oracle EBS system version is at end of life and in extended support.
- 3.3 Additionally, through testing it has become clear that further upgrades to the Frontier finance budget management system are required to support the enhanced functionality provided through the upgraded Oracle EBS.
- 3.4 The current DMS is used for both debt management and debt recovery and is nearing end of life. The system also has limited functionality compared to more modern systems.
- 3.5 Throughout the programme, confirmed programme costs have been built into the financial model, which is rigorously monitored by Finance and the programme board which meets fortnightly. Internal Audit remain fully engaged with and provide agile audit support for this programme.
- 3.6 It should be noted that our current version of Oracle EBS has been in extended support since March 2018 and is only receiving security patching. Our current support contract extends to March 2023 with no guarantees of extended support beyond that.

4. Main Report

Budget Management System

- 4.1 The Frontier system is used for budget management and reporting, has already been upgraded to enable Frontier to be compatible with the Oracle EBS version.
- 4.2 The Oracle upgrade teams in CEC and Offa (the provider of Frontier) have consistently reported performance speed issues with the infrastructure housing the instances of the upgraded solution.
- 4.3 The infrastructure was upgraded in October 2019 to support the Frontier software upgrade as part of the ERP Programme. However, it has now been identified that the processor speed should be increased to mitigate the risk of performance issues when the upgraded Frontier product goes 'live'. As the previously upgraded infrastructure would not be able to accommodate the necessary processor upgrade, the move to a Cloud hosted solution has been identified as the optimal solution to mitigate performance risk.

Storage Solution for Oracle EBS

- 4.4 CGI have identified that the hardware Storage solution which Oracle EBS sits on is nearing end of life and was due to be replaced as part of the ongoing infrastructure monitoring programme. As this may be contributing to and impacting on the performance speeds, CGI have committed to upgrading the Net Apps storage during 2022, along with decommissioning and replacing the existing unit by January 2023.
- 4.5 As with all new hardware, additional testing will be required by both the Council and our managed service partner (i.e., CGI) before this goes live.
- 4.6 It should also be noted that to accommodate the extended timeline required for the infrastructure changes, there may be a requirement to extend support for the existing DMS solution beyond its current end date of October 2022.

5. Next Steps

- 5.1 The Council continues to move forward with the implementation tasks to bring all aspects of the ERP Programme in to live production.
- 5.2 In order to conclude this programme this paper has set out the funding required.

6. Financial impact

- 6.1 The ERP financial tracker reported to the Board on 21st March reflected a programme contingency of £0.124m with a provision for £0.102m for costs associated with enhancements to Frontier infrastructure.
- 6.2 Based on current assessments, to conclude the programme additional one-off investment funding is required of between £0.761m and £0.961m, as detailed in the table below, along with associated recurring costs of £0.102m which will require approval.

	Best Case One off	Best Case recurring	Worst Case One off	Worst Case recurring
	£000's	£000's	£000's	£000's
Frontier Infrastructure	42	102	42	102
Debt Management extension - supplier	410	0	410	
Debt Management - Invoice Numbers	0		200	
Debt Management - CGI	14		14	
Change Requests inc additional supplier costs	79	0	79	
Storage Infrastructure	200		200	
Contingency/Resources	240		240	
TOTAL	985	102	1,185	102
Less Contingency already included in budget	224		224	
Net Funding required	761	102	961	102

- 6.3 The Frontier infrastructure costs above are based on additional costs for the functionality we now require.
- 6.4 Therefore, to ensure that all requirements can be funded to conclude the ERP Programme a maximum one-off funding of £0.961m is required and also that provision be made for the associated recurring costs of £0.102m. These costs are based on a delivery for Finance R12 within the current financial year.
- 6.5 The funding requirement is based on a number of assumptions:
- This is based on an assumed extension for the DMS solution with the worst-case scenario incorporating addition costs of £0.2m if an extension of the invoice numbers range is required. It should be noted that the likelihood of the programme requiring additional invoice numbers is low.
 - The costs associated with the earlier than anticipated upgrade of the storage solution to be confirmed but anticipated at £0.2m.
 - Additional Change Requests are based on future requirements of 5 x Simple Change Requests and 1 x Complex Change Request = £79,784
 - this amount is based on the average cost of the last 5 Simple Change Requests with an average cost of £2,657
 - and the average cost of the last 5 Complex Change Requests with an average cost of £66,499
 - A potential extension to the current DMS solution is estimated to be around £410,000
- 6.6 The detail below sets out how this funding gap of £961k can be met, and to acknowledge the risks that will have to be managed within Corporate / Customer & Digital Services as a result.

There are options to use one-off non-recurring potential opportunities within the Corporate Services account, these are detailed below and do come with some element of risk.

1. Corporate Services projected underspend of £0.279m if all initiatives are delivered.
2. Provision for potential legal challenges on licensing costs of £0.559. This funding is subject to successful conclusion on contract negotiations and as such comes with a risk.
3. Balance of £0.123m which still requires to be mitigated, with the view to managing and negotiating the estimated project spend with suppliers, to reduce this outstanding balance.

Pressures to be managed

Point two above was being held to offset potential risks in the Customer budget, if these recommendations are accepted the following pressures remain unfunded.

- Ukraine Crisis – Additional funding still to be confirmed £0.399m

- Cost of Living/ Covid costs - £0.258m

To mitigate these pressures, confirmation of funding from the Scottish Government is required to meet both Ukraine costs and COLA administration costs incurred within Customer. This is being progressed by the Ukraine project via Finance and the Customer team are progressing COLA funding with Scottish Government.

7. Stakeholder/Community Impact

- 7.1 The Council's Change Board actively monitors and tracks progress on all Council wide programmes ensuring that targeted action is taken should timelines, benefits or costings deviate from the original business case, this includes the ERP Programme.

8. Background reading/external references

- 8.1 [Digital & Smart City Strategy 2020-23](#)

9. Appendices

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Sustainable Procurement Strategy Annual Report - 2022

Executive Wards Council Commitments	All
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1. Recommendations

- 1.1 It is recommended that the Committee notes the contents of this report and approves the publication of the Sustainable Procurement Strategy Annual Report 2022.

Richard Carr

Interim Executive Director of Corporate Services

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Sustainable Procurement Strategy Annual Report - 2022

2. Executive Summary

- 2.1 The Council's Sustainable Procurement Strategy 2020-2025 (the Strategy) was approved by Committee on [5 March 2020](#). The Sustainable Procurement Annual Report provides the Committee with an update on the activity and outcomes that have been delivered through the Strategy from 1 April 2021 to 31 March 2022.
- 2.2 This report discharges the Council's duties in terms of the Procurement Reform (Scotland) Act 2014, to prepare an annual report on its regulated procurement activities.

3. Background

- 3.1 The Council is obliged, under Section 18 of the Procurement Reform (Scotland) Act 2014, to prepare an annual report on its regulated procurement activities as soon as reasonably practicable after the end of each financial year.
- 3.2 The monitoring and reporting requirements for this annual report follow the guidance provided by the Scottish Government, which includes a requirement to capture data which will support its overarching report on public procurement activity across Scotland.
- 3.3 In terms of this guidance, the Council's annual report must, as a minimum, include:
- A summary of regulated procurements completed during the reporting period;
 - A review of whether those procurements complied with the Council's procurement strategy;
 - To the extent that any of those procurements did not comply, a statement on how the Council intends to ensure that future regulated procurements do comply;
 - A summary of community benefits fulfilled during the reporting period;
 - A summary of steps taken to facilitate involvement of supported businesses; and
 - A summary of regulated procurements the Council expects to commence in the next two financial years.

- 3.4 The report must be published and available on the internet and details of the publication of the report must be provided to the Scottish Government.

4. Main report

- 4.1 The activity included in the Sustainable Procurement Strategy Annual Report is, further to the Council's statutory reporting obligations, focussed on the 94 regulated contracts concluded by the Council in the year to 31 March 2022. These contracts had an aggregate estimated value of approximately £819.3m. This compares to 186 regulated contracts with an aggregate estimated value of approximately £1.2bn being awarded in the previous annual report. By "regulated" the report means those contracts with a value of greater than £50,000 for goods and services and greater than £2m for works, in accordance with the terminology and thresholds as set by the relevant Scottish procurement regulations. There were over 340 other contracts awarded in this reporting period which were below the above thresholds, and so are not the subject of the same level of detail in this report.
- 4.2 The award of all contracts, whether above or below these thresholds, is subject to the Council's standard procurement processes, including the application of the Council's [Contract Standing Orders](#). In terms of the Contract Standing Orders the award of certain contracts must be approved by the Finance and Resources Committee, depending upon value. However, to ensure regular monitoring of all contracts, there is 6 monthly reporting to the Committee on all contracts awarded.
- 4.3 The Council's overall spend with third party suppliers in 2021/22 was approximately £874.4m. This is a 21.6% increase on 2020/21, where the figure was approximately £719m. A summary breakdown of the highest spend with key supplier sectors is included in the report. It is to be noted that Small and Medium Enterprise (SME) spend was approximately £393m, being 47.6% of total core spend (core spend is those suppliers the Council has spent more than £1,000 with).
- 4.4 The value of SME spend is slightly reduced from the 50% reported for 2020/21, as in previous years the percentage outcome is influenced by the large projects where large national contractors are involved, such as spend on construction work for example the Tram extension. It is also noted that 69% of the 166 suppliers awarded a new regulated contract or a place on a Council framework agreement in 2021/22 were SMEs, this is a further increase on the 65% SMEs awarded contracts in the previous reporting period.
- 4.5 The [Local Government Benchmarking Framework](#) figures for 2020/21 recorded that 40.9% of procurement spend was with local enterprises, this being the highest of those authorities solely located on the mainland. This figure was well above the average of 29.1% and placed the Council as the 3rd highest of all Scottish local authorities. 2021/22 comparative data is not yet available.
- 4.6 Fair Work practices are very important to the Council, and 87% of suppliers awarded contracts in 2021/22 state the intention to pay the Real Living Wage. This

is an increase on 2020/21, which reported a 79% figure. The number of Living Wage accredited suppliers has also increased, to 28% from 26% the previous year.

- 4.7 The report addresses the Council's statutory duties and its compliance with the objectives contained in the Strategy. Most of the objectives in the Strategy are assessed as having been met and the actions are now ongoing, with only one area requiring further action to fully meet the outcome. Some specific achievements of the Council's Commercial and Procurement Services (CPS) team, which have further secured these objectives, are referred to below, at paragraph 4.13.
- 4.8 As noted above, the Council's [Sustainable Procurement Strategy](#) was approved on [5 March 2020](#). The Strategy places sustainability at the heart of the Council's procurement programme, to ensure that the Council's considerable spending power is used to promote those economic, environmental and social outcomes that support growth, and simultaneously assist the Council in addressing the challenges that the city is facing. In addition, the Council, through implementation of the Strategy and primarily the work of CPS, also tracks updates to national procurement policies, with [Scottish Procurement Policy Notes](#) (SPPNs) issued by the Scottish Government in the reporting period, and Council procedures being revised or refreshed accordingly.
- 4.9 Community benefits are identified on a project by project basis and are embedded in the Council's processes and procedures. The relevant Scottish procurement regulations place specific requirements on the Council, for major contracts which have an estimated value above £4m, to consider whether to impose community benefit obligations. All 13 contracts the Council awarded above the £4m threshold in 2021/22 included community benefit requirements. There were an additional 26 contracts below £4m value in this period where the Council included community benefits obligations.
- 4.10 The overall volume of contracts where community benefits were newly sought or imposed was 39, in percentage terms this is an increase, with community benefits being sought in 41% of (94) regulated contracts, compared to 27% (of 186 regulated contracts) in the previous FY. Community benefits delivered in the reporting period range from apprenticeships, training, work experience and recruitment, to mentoring and community engagement. Some notable examples of community benefits delivery in 2021/22 are included in the report, such as those delivered by the Bell Group working with JET Edinburgh and Edinburgh Guarantee programmes to recruit apprentices, a further community project via the street lighting contract with Amey and a range of benefits via the Meadowbank sports centre contract with Graham. In total contractors reported 149 local jobs, 23 apprenticeships and 29 work placements delivered in the last FY as a direct result of a Council contract.
- 4.11 The delivery and reporting of community benefits is improving due to the creation of a new post within CPS to work closely with service areas and contractors. Community enhancements valued at £295,695 and sponsorship for local charities of up to £111,617 were delivered.

- 4.12 Climate change reporting obligations are now included in the Annual Report as a direct result of national policy changes made in the last year from the Scottish Government publication of SPPN1/2021 which was further updated by [SPPN 3/2022](#) this year. The emphasis in this reporting period is on the changes we have made to process and procedures and the outcomes being achieved through an increased focus on climate emergency. The Council applied climate related criteria to 38 of the contracts concluded in the last year, with some examples of climate actions achieved contained in the report. There is an increased focus on supporting net zero outcomes and continuing development as new guidance and tools to support this area are introduced.
- 4.13 CPS support all procurement activity across the Council, and lead on securing compliance with the Strategy. It is worth highlighting some of the team's more notable achievements in 2021/22, which include:
- 4.13.1 The Council making the final in two 'GO Awards Scotland' categories in 2021. The ceremony and outcome were delayed until April 2022 and the Council won the award for the Thrive mental health project and received a further special award from the judges' nomination for a Health & Wellbeing Recognition Award quoting "all procurements should be done like this";
 - 4.13.2 The Thrive project was subsequently put forward for a National GO award and won the national Continuous Improvement Award;
 - 4.13.3 Commercial procurement savings of over £34.6m having been tracked and delivered in year, £1.6m higher than forecast. In addition, new forecast savings of over £16m have been identified from contracts awarded in the reporting period to be tracked over future years, a challenge on a particularly volatile supplier market;
 - 4.13.4 The learning and development programme undertaken by CPS staff maintaining a high level (90%) of specialist procurement staff holding or working towards Chartered Institute of Procurement and Supply (CIPS) professional qualifications and continuing professional development opportunities, including undertaking carbon literacy training;
 - 4.13.5 The work of the Council's Contract and Grant Management Team being further embedded, building upon the Council wide contract management framework, including online training on contract management basics, risk and resilience, using systems to management information requirements and lessons learned to inform best practice;
 - 4.13.6 Active engagement with Scottish Local Government Procurement Forum, Scotland Excel, performance improvement groups, Scottish Government policy forum and Climate change forums; and
 - 4.13.7 The hosting of supplier events, regular engagement sessions and newsletters to promote policy and opportunities to engage with the Council.

5. Next Steps

- 5.1 The annual report will, subject to the decision of Committee, be reported to the Scottish Government and published on the Council's website.
- 5.2 Work to continue delivering the Strategy objectives and performance against the Strategy will be reported annually to the Committee. The Committee will also continue to receive its regular reports on the Council's contracting activity.
- 5.3 The Strategy is not fixed and will continue to evolve and adapt to fit further regulatory changes, and more importantly actively support the promotion of new and developing local and national priorities and the development of associated Council commitments, policies and strategies.

6. Financial impact

- 6.1 There is no direct financial impact from the approval of this report. However, implementation of the Strategy should deliver financial and non-financial benefits to the Council, as well as the city, its citizens and its businesses.

7. Stakeholder/Community Impact

- 7.1 As noted above, the Strategy identifies seven key strategic procurement objectives that will be promoted through the Council's procurement activity. These objectives were aligned to the Council's priorities and the Business Plan in 2020, and in delivery will have a positive impact upon the city, its citizens and its businesses. In particular, as noted above, the Strategy aims to make the Council's external spend more accessible to local small businesses and third sector, to improve Fair Work practices adopted by Council suppliers and to increase the community benefits delivered by Council suppliers.

8. Background reading/external references

- 8.1 [Sustainable Procurement Strategy Annual Report 2021](#)

9. Appendices

Appendix 1 –Sustainable Procurement Strategy Annual Report 2021/22

Appendix 1
Sustainable Procurement Strategy
Annual Report
March 2022



Sustainable Procurement Strategy – Annual Report

Year ended 31 March 2022

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1. Context

- 1.1 The Council's [Sustainable Procurement Strategy \(2020-2025\)](#) (the Strategy) was [approved at committee](#) on 5 March 2020, The Strategy places sustainability at the heart of the Council's procurement programme, to ensure that the Council's considerable spending power is used to promote those economic, environmental and social outcomes that support growth, and simultaneously assist the Council in addressing the challenges that the city is facing. This annual report provides information on the procurement activity completed by the Council in the 2021/22 Financial Year.
- 1.2 The Strategy identified seven key procurement objectives that would be promoted:
- Making procurement spend more accessible to local small businesses and the third sector;
 - Improving Fair Work practices adopted by suppliers;
 - Increasing community benefits delivered by suppliers;
 - Contributing to the Council's 2030 net zero target;
 - Delivering savings and Best Value outcomes;
 - Ensuring legal compliance and robust and transparent governance; and
 - Promoting innovative and best practice solutions.
- 1.3 Although the Strategy was approved before the Council's new [Business Plan \(Our Future Council Our Future City\)](#), it is clear that the Strategy is fully aligned with it, and will help drive delivery of the priorities and objectives within the Business Plan, specifically to (i) end poverty and prevent adverse outcomes, (ii) become a net zero city and (iii) ensure wellbeing and equalities are enhanced for everyone.
- 1.4 The Council's public reporting obligations under the Procurement Reform (Scotland) Act 2014 are included in this report (incorporating the period 1 April 2021 to 31 March 2022), detailing the scope of regulated procurement activity in accordance with the Strategy, set out as follows:
- A summary of regulated procurements completed during the reporting period;
 - A review of compliance with the Council's Sustainable Procurement Strategy;
 - A statement on how compliance was achieved, monitored and reported for any regulated procurements that did not comply with the Council's Sustainable Procurement Strategy;
 - Community benefits fulfilled during the reporting period;
 - Steps taken to facilitate involvement of supported businesses; and
 - Future expected regulated procurements in the next two financial years.
- 1.5 Climate reporting requirements is a new addition to the Procurement Annual Report this year. In previous years the Procurement actions and achievements regarding climate change have been included in Part 5 of the Public Bodies Climate Change Duties Report (PBCCD). Scottish Government issued [SPPN 3/2022](#) this year, replacing the previous SPPN 1/2021, to support public

procurement authorities to use procurement in addressing the climate emergency. This notice provides an opportunity to streamline reporting by using or signposting content in the annual procurement reports for PBCCD Annual Report and avoid duplication of effort. Further guidance has been provided by working with climate policy experts of the Climate Procurement Forum to establish how climate considerations should be reflected in reporting.

- 1.6 Major contracts concluded in the reporting period included a new Flexible Purchasing arrangement for Temporary Accommodation, Hard Facilities Management Services, City Centre West to East Link Project and renewal contracts for Temporary Agency Staff supply, Domestic Repair and Maintenance Framework and Blended Employability Services.
- 1.7 In addition to contracting activity, the Council continued to engage with suppliers and stakeholders through virtual meetings and events, including presenting and facilitating at the national Meet the Buyer event where the Commercial and Procurement Services (CPS) team engaged with over 160 suppliers in one day, presenting at the Edinburgh Social Enterprise (ESE) Climate Action Fringe, providing an open invitation to engage directly with CPS each month and publishing a quarterly supplier newsletter on the Council website.
- 1.8 The diversity of the services, goods and works procured by the Council requires strong commercial and procurement knowledge and skills, as well as professional support to service areas through clear controls and guidance. The Council has continued investment in learning and development, supporting new trainees and other staff in CPS to acquire relevant training and qualifications and providing Council wide learning on procurement considerations, including sustainable duties and contract management.

2. Regulated Procurements Completed

- 2.1 Regulated procurements cover contracts with a value of £50,000 for goods/services and £2 million for works. Section 18(2) of the Procurement Reform (Scotland) Act 2014 requires organisations to include: “a summary of the regulated procurements that have been completed during the year covered by the report”. Completed contracts are those where the award notice has been published or where the procurement process otherwise comes to an end. This includes contracts and framework agreements.
- 2.2 The Council maintains and publishes on its external website a record of contracts awarded. This ‘Contract Register’ provides information on current contracts and is updated on a regular basis to

remove expired contracts and include new awards as appropriate. The [register can be accessed on the Council's website](#).

- 2.3 In addition to maintaining a public register, the Council reports to the Finance and Resources Committee on new contracts with a value above £1m as a minimum, or where such reporting is otherwise required. To ensure regular monitoring of all contracts a further six-monthly report on contracts awarded through competitive and non-competitive actions is reported to the Finance and Resources Committee; all public reports to the Committee are available on the Council's website. For contracts relating to the Lothian Pension Fund similar reporting is submitted to the Pensions Committee.
- 2.4 The [summary of regulated procurements](#) completed in the relevant period is provided as Annex 1. These include procurements for goods, services and works, the total volumes and values for which are in Table 1. The regulated contracts include new projects, re-lets of recurring contracts and new contract extensions awarded in the period.

Table 1

Contract Type	Volume of New Contracts Awarded	Total Estimated Value of Contracts
Goods	15	£21,465,072
Services	72	£762,584,625
Works	7	£35,240,648
Total	94	£819,290,345

- 2.5 The number of contracts is significantly lower than the 186 awarded in 2020/21, this is due to a lower volume of new tenders being developed in the previous 2020/21 year and so fewer to complete in this last year. This reflects the reduction in commercial activity during the pandemic and subsequent recovery period.
- 2.6 There were over 340 additional contracts awarded in the period which are below the regulated threshold and not the subject of this report. These contracts are, however, included in the Contract Register along with other lower value contracts awarded by the Council.
- 2.7 Collaboration opportunities with other public bodies can ensure greater efficiencies, where appropriate, and are included in the regulated and non-regulated contracts awarded. The key collaboration is with centres of expertise such as Scotland Excel, Scottish Procurement and Crown Commercial Services. In total the Council concluded 41 regulated contracts through these centres.
- 2.8 Examples of this include: -

- Scotland Excel – in the last year the Council has utilised 45 of the 68 framework agreements that it can participate in through its membership of Scotland Excel, a decrease on the 58 utilised in the previous year.
- Crown Commercial Services and Eastern Shires Purchasing Organisation (ESPO) frameworks have also been utilised to support Council procurements during the period including five construction projects including the development of the Wester Hailes Education Centre and a renewal of the Temporary Agency and other recruitment services.
- The Council also collaborated with Midlothian Council on Weather Forecasting services.

2.9 Where appropriate, the Council has used alternative sourcing opportunities to ensure the requirement for the Council to secure Best Value has been met. These included projects where there were economic or technical issues that may have detrimentally impacted on service delivery if a new tender was sought e.g. using existing suppliers to maintain equipment originally provided by that specific supplier rather than seeking to replace equipment.

2.10 Contracts for the Edinburgh Health and Social Care Partnership and Education and Children's Services included the direct award of contracts in accordance with the statutory guidance for care and support, ensuring the needs of individuals and continuity of care were paramount and secured the quality outcomes desired.

2.11 These instances described above are deemed to fall under the term 'non-competitive action', i.e. an award without a competitive procurement process. In line with the Council's [Contract Standing Orders](#) (CSOs), there is provision to waive the standard process where it is in the Council's best interests, having regard to various factors including (i) the obligation to secure Best Value, (ii) legal compliance and any potential risk of successful legal challenge, (iii) the principles of transparency, equal treatment, non-discrimination and proportionality and (iv) impact upon service users. A record of such instances (termed 'waivers' in the CSOs) is maintained and reported to the Finance and Resources Committee on a bi-annual basis, with specific instances also being separately reported to the committee for approval where required under the CSOs. There were 69 such instances over the year in respect of regulated procurements.

2.12 The social and other care services continued to adopt a co-production approach to shape the requirements. Examples in the reporting period include work with Mental Health Service providers utilising the new [Community Mental Health](#) Fund, [Support for People in Recovery from Drug and/or Alcohol Addiction](#) and [Blended Employability Services](#).

3. Review of Procurement Compliance with Strategy

3.1 As noted earlier, the objectives in the Strategy are aligned with the Council’s current strategic outcomes, and also incorporate the general duties of the Act in:

- Making procurement spend more accessible to local small businesses and the third sector;
- Improving Fair Work practices adopted by suppliers;
- Increasing community benefits delivered by suppliers;
- Contributing to the Council’s 2030 net zero target;
- Delivering savings and Best Value outcomes;
- Ensuring legal compliance and robust and transparent governance; and
- Promoting innovative and best practice solutions.

3.2 The detailed steps taken to achieve these objectives and progress made in the reporting period are detailed at [Annex 2](#) along with an assessment of the level of compliance which was achieved for each. Over the last two years the actions set around the seven objectives have largely been achieved. The one area where more action is required is on supplier engagement to support carbon reduction actions. This is an area which we are learning about and will seek to build on over the next reporting period.

3.3 Council engagement with business has continued to be via virtual arrangements. Monthly engagement sessions continue to be offered with over 30 suppliers contacting the Council via this route and we continue to issue a quarterly supplier newsletter to keep existing and potential suppliers up to date on Council opportunities and strategic priorities, providing a platform to highlight policy changes and Council commitments such as Fair Tax and Real Living Wage. We also continue to work with Supplier Development Programme who provide training sessions and host bespoke events.

3.4 The Real Living Wage findings are summarised in the table below. The Council is pleased to record that 87% of suppliers awarded contracts state they will pay the real Living Wage rate or above, representing an 8% increase on the 79% reported in 2020/21. Living Wage Foundation Accreditation rates also saw an increase at 28%, up 2% on the 26% last FY. Accreditation cannot be mandated by the Council, and there is a charge for registration which may deter some organisations.

Table 2

Contracts Concluded with 'unique' suppliers*	Suppliers Committed to paying Living Wage	Accredited Living Wage employers
166	145	47

**counts a supplier once*

3.5 The savings that have been monitored and delivered through commercial and procurement activities have continued with over £34.6m outcomes in 2021/22. New projects tendered in the reporting period

identified future commercial savings opportunities of over £16m from regulated contracts in addition to those being tracked in the new financial year. This is a decrease of £7m, on the £23m figure reported in 2020/21 and reflective of the reduced volume of completed projects and the supply market conditions.

- 3.6 The Council was shortlisted for two 'GO Awards Scotland' for 2021, which recognise excellence in public procurement. These were for the significant supply chain efforts during the pandemic in the supply of PPE to the city's essential teams and a continuous improvement award recognising the good work involved in procuring Thrive Edinburgh's 'Get Help When Needed' mental health initiative. The award ceremony was delayed until April 2022 and the Council won the award for the Thrive project and received a further special award from the judges, that of Health & Wellbeing Recognition Award, on the night the judges quoted "all procurements should be done like this".

The Thrive project was subsequently put forward for a National GO award and won the national Continuous Improvement Award.

4. Climate Change

- 4.1 Climate change actions that can be delivered through procurement are vital in supporting scope 3 emission reductions. Through the Council supply chain, staff in key roles have continued to upskill using tools and guidance provided by Scottish Government and wider stakeholder networks, for example engagement with Zero Waste Scotland and other local authorities. The Council is a key contributor to new guidance supporting impact assessments of climate change within key sectors, taking the lead on social care and working with others on other sectors including ICT, Furniture, Food, Travel, Roads and Infrastructure.
- 4.2 The Council's procurement activities are included at the Council Sustainability Programme Board, chaired by the Chief Executive and engagement with the Council sustainability team is ongoing to support shared knowledge and insights on outcomes to support net zero targets.
- 4.3 Over the last year we have reviewed our processes and templates to provide early identification and prompts to highlight projects which have a climate impact to ensure there is an opportunity to influence the procurement and outcomes through the supply chain. Whilst work is ongoing to establish the data measurement to be applied in future tenders, we are working to ensure risk and opportunity for carbon reduction is established within key sectors such as fleet, construction and travel.
- 4.4 One such project awarded during the year was a construction project for the Development of Wester Hailes Education Centre, tenderers were asked to address reductions of emissions, efficient energy use, sustainable supply chains, minimisation of waste, addressing environment nuisance issues such as noise, and the use of materials including reuse and recycling. The accepted offer included a commitment to support the Council achieve its net zero target by 2030; detail of environmental

accreditations held; a named monitoring officer for carbon reductions; use of hybrid or electrical options for plant and equipment and low energy use cabins on site; use of local supply chains to reduce travel impact; waste management including controls on landfill and identification of secondary use; careful selection of equipment to ensure reduced noise, vibrations and maximising off-site fabrication where possible and daily inspection; and increased recovery of materials for reuse and recycling, working with suppliers on 'buy back' or donating to social enterprises or charities.

- 4.5 Other climate actions identified through procurement of services and where the market is developing actions include, for example, employability services providers confirming they had environment policies and were upskilling within their organisation using resources from Zero Waste Scotland to reduce office energy use and reducing equipment spend by refurbishing and repurposing or undertaking energy savings assessments to audit energy use in buildings and transport to identify savings measures. In mental health services providers were reducing emissions through limitations on travel, recycling of products used, reduced energy consumption via improved insulation and LED lighting and investing in e-bikes.

5. Community Benefits Summary

- 5.1 Within its processes and procedures, the Council has embedded the requirement for community benefits to be considered and where appropriate sought and delivered for each procurement.
- 5.2 The Procurement Reform (Scotland) Act 2014 places specific requirements in major contracts with an estimated value of £4m and above, for the Council to consider whether to impose the requirement as part of the procurement and include details in the contract notice summarising what it will include. Of the 13 Council contracts that were above the £4m threshold, all 13 were awarded with community benefit requirements imposed either within the tender or included within the framework that the contract was being procured through.
- 5.3 The overall volume of contracts where community benefits have been sought is 39, representing 41% of (94) regulated contracts, an increase from 27% (of 186 regulated contracts) in the previous FY. However, there were 35 'call-off' contracts awarded whereby the community benefit requirements were covered at the Framework award stage and contractors continue to update delivery of these against the Frameworks on an annual basis where they have delivered services or works in the relevant period. There were also a number of awards made for 'light touch' contracts, urgency arrangements or contract extensions where the nature of the requirement led to additional benefits not being considered appropriate. The Council continues to seek community benefits and impose the requirement when appropriate. The Strategy default weighting of 10% for community benefits in the qualitative evaluation of new tenders is being applied where appropriate to do so.

- 5.4 The community benefits fulfilled in the last year have provided 149 local jobs, 23 apprenticeships and 29 work placements, examples of this include those delivered by the Bell Group who worked with both the JET Edinburgh and Edinburgh Guarantee programmes to recruit two apprentices and a 3rd year apprentice transfer allowing them to complete their training as well as employing four previously unemployed operatives. Clark Contracts recruited a new female apprentice plasterer as a direct result of being awarded contracts from Council Frameworks. Over 900 additional activities have been delivered to support communities and schools, resulting in a range of actions including provision of community enhancements valued at £295,695, education and outreach such as mentoring via Morrison Construction and career days with Skanska, employability and skills for example work experience placements from one day up to six months. Sponsorship and funding have also been secured of £111,617 for local charities including foodbanks, school uniform banks, Edinburgh Million Tree City and the fuel bank foundation.
- 5.5 Through the street lighting contract with Amey, community engagement of local staff resulted in support to the Marie Curie Hospice where the team worked for over a week upgrading parking facilities specifically for the nursing staff, working with suppliers who donated gravel, signs and provided transport including Cloburn Quarry, Tarmac, Pudsey Diamond and Tennant Transport.



- 5.6 The Meadowbank Sports Centre project has now concluded and Graham the main contractor on the project have provided an overview (shown below) of the benefits delivered in Edinburgh alongside the contract.



6. Supported Businesses

- 6.1 The Council recognises the important role of businesses that support social and professional integration of disabled or disadvantaged persons (termed ‘Supported Businesses’) and has continued to reserve contracts where appropriate to ensure the stepping stone into mainstream employment for disabled or disadvantaged persons provided by these businesses continues.
- 6.2 The Council continues to call-off from the Scottish Government Framework for Supported Factories and Businesses, with a new contract awarded to Matrix (Fife) for Re-upholstery of Rise and Recline chairs, supporting the sector and circular economy outcomes.
- 6.3 Total actual spend with Supported Businesses in the reporting period is shown in Table 3. The spend shows a decrease on 2020/21, when £133k was spent with 6 organisations. The Council will continue to explore and look to increase the use of Supported Business, we are engaging with Business Growth and Inclusion team to meet more business in disadvantaged sectors, many small and specialist suppliers have been in recovery throughout 2021/22 and now able to pick up on public sector engagement.

Table 3

Supported business	Actual spend
North Lanarkshire Industries	£45
Matrix (Fife)	£70,106
St Jude’s Laundry	£2,723
Grassmarket Community Project	£5,725
The Lady Haig’s Poppy Factory	£2,107
Total actual spend	£80,706

7. Future Regulated Procurements

- 7.1 Over the next two years the Council will have a mix of recurring requirements and one-off projects to take to the market. A few of our Framework Agreements are due for renewal including Education and Health & Social Care Transport, Legal Services, Homelessness Prevention Services, Decriminalised Parking Services and Contractor works which is already out to market. Other significant procurements will include new Learning therapies and counselling services, sports and activities coaching and Residential care.
- 7.2 A summary of regulated procurements anticipated in the next two years is provided in [Annex 3](#).

8. Finance

Financial Outlook

- 8.1 The Council continues to face significant financial challenges resulting from greater demand for services, inflation, legislative reform and increased citizen expectations, as well as the continuing financial impacts of the pandemic. These factors are set against a backdrop of core grant funding (accounting for around three quarters of the Council's overall income) that is not keeping pace.
- 8.2 While the Council has approved a balanced budget for 2022/23, it faces significant financial challenges going forward. Current projections indicate a need to deliver at least £63m of recurring savings in 2023/24, increasing to £144m over the five-year period to 2026/27.
- 8.3 Since 2012/13, the Council has delivered over £380m of recurring annual savings, equivalent to more than a third of its current budget. These savings have mainly been delivered through a combination of making our processes more efficient, improving our procurement practices and use of buildings, effective treasury management and raising more income where we can. Given the scale of these savings, however, the ability to make further incremental savings is correspondingly limited. There has, in recent years, also been an unsustainable reliance on savings from non-service budgets.
- 8.4 The urgent need to initiate a structured medium to longer-term savings programme was highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21. In recognising this urgency, Directorates have been asked to develop potential options, captured by means of a standard template detailing service and performance impacts, risks and dependencies, with reference to the priorities set out in the Council's business plan. These proposals will be subject to a process of co-design between the incoming administration and officers and form the basis of public consultation in Autumn 2022. Given the extent of the challenge noted above, members will likely need to make increasingly difficult choices about the Council's priorities, including considering service reductions, across all service areas to maintain expenditure in line with available income.

Council savings

8.5 Commercial savings targets which include efficiency savings, value for money and non-cash savings continue to be achieved by the Council. In 2021/22 the delivered savings through existing and new commercial projects achieved £34.6m against a forecast of £33m, this is an overall reduction on the previous achievements but a good outturn and above the forecast. The forecast for the next and subsequent years continue to reduce from the above £40m levels in past years, as a number of legacy projects conclude, and where the Council has already taken advantage of improvements in its procurement activity. The current forecast for delivered savings in 2022/23 is set at £37m. In addition, contracts awarded in 2021/22 have secured provisional savings of £16m against a target in the Strategy of £10m. However, it will require robust contract management by Directorates/Divisions to ensure these savings are delivered.

Council expenditure with third parties

8.6 In 2021/22 the Council expenditure with third parties was £874,410,083.

8.7 The third party spend has increased by 21.6% up £155,308,493 on last year (£719,101,590 in 2020/21).

8.8 It is important to understand the Council's supplier base in more detail. In terms of the use of local suppliers, the Council's third party spend included a total of 3,995 suppliers, of which 653 were classified as local, accounting for 37.8% of the total supplier spend (excluding spend through purchase card), this being a decrease in percentage terms on 2020/21 where 41% of spend was with local suppliers. In terms of SMEs, the Council had 1,848 SME suppliers accounting for 47.6% of total core spend of £826,760,535 (core spend being suppliers we have spent over £1k with), this being a decrease on 2020/21, where that SME figure was 50%. These percentages are influenced by high and increasing spend on construction work, where for those larger projects it is likely that only larger national contractors are able to deliver the outcome the Council is seeking. A specific example would be the Tram extension. Despite this, the Council always seeks to ensure suitable opportunities for local SMEs elsewhere in the supply chain.

8.9 By way of the most recent comparative data on the use of local suppliers, the [Local Government Benchmarking Framework](#) figures for 2020/21 recorded the Council's 41% percentage of procurement spend with local enterprises as being the highest of similar size Councils, well above the average of 29.1% and improving to the 3rd highest of all Scottish local authorities. The comparative figures for 2021/22 are not yet available.

8.10 In addition, of the 166 suppliers awarded a new regulated contract or a place on a Council framework agreement in the 2021/22, 114 (or 69%) were SME and 52 of 166 (or 31%) were 3rd sector organisations.

8.11 The supplier spend categories cover around 30 different description types (e.g. construction, professional services and so on) and a summary of category spend with the Council's top 20 suppliers is presented below in Figures 1 & 2. Construction remains the dominant spend with a 40% increased spend in the top 20 when compared to last year in Figure 2. Other increases can be seen across indicators in ICT, homelessness and social care services and so on, with waste services and Temporary staff services showing reductions in the last year.

Figure 1 2021-22

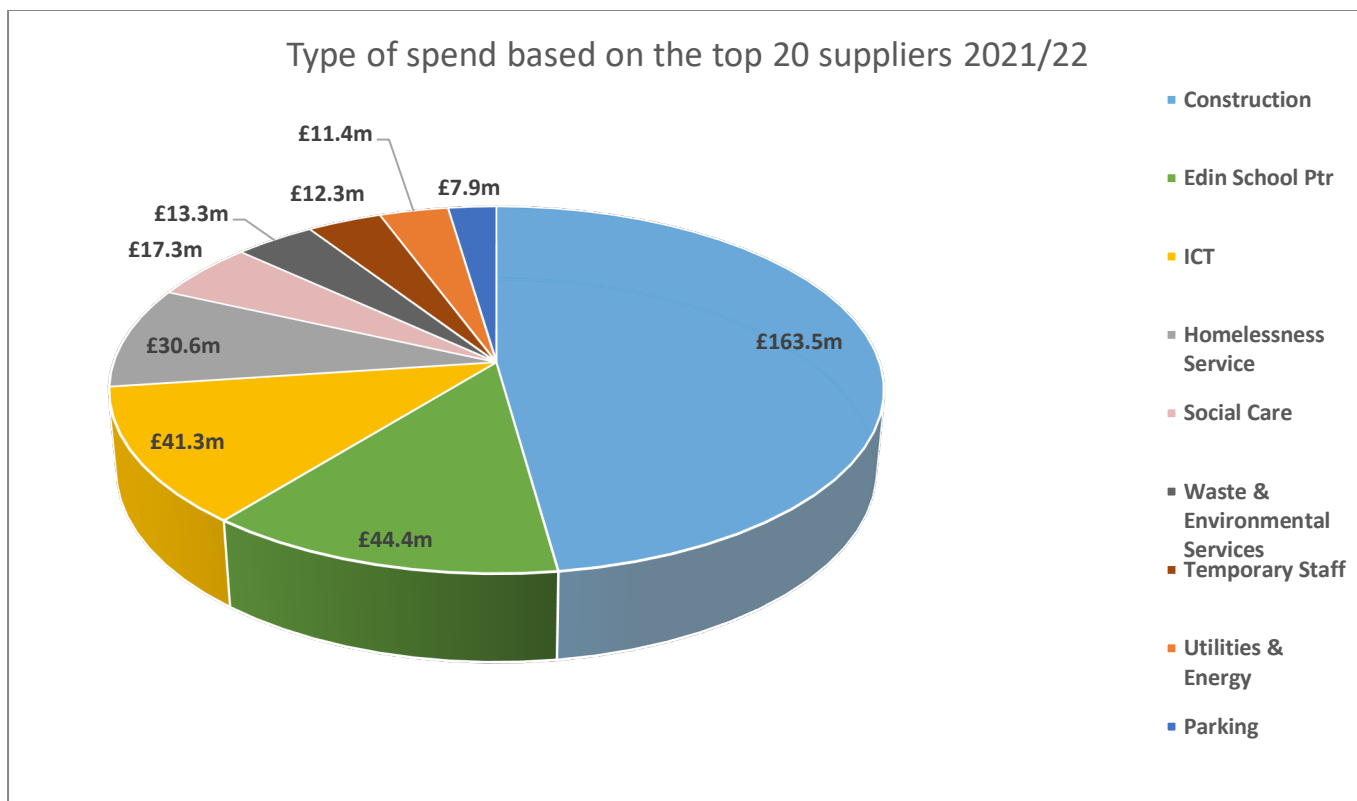
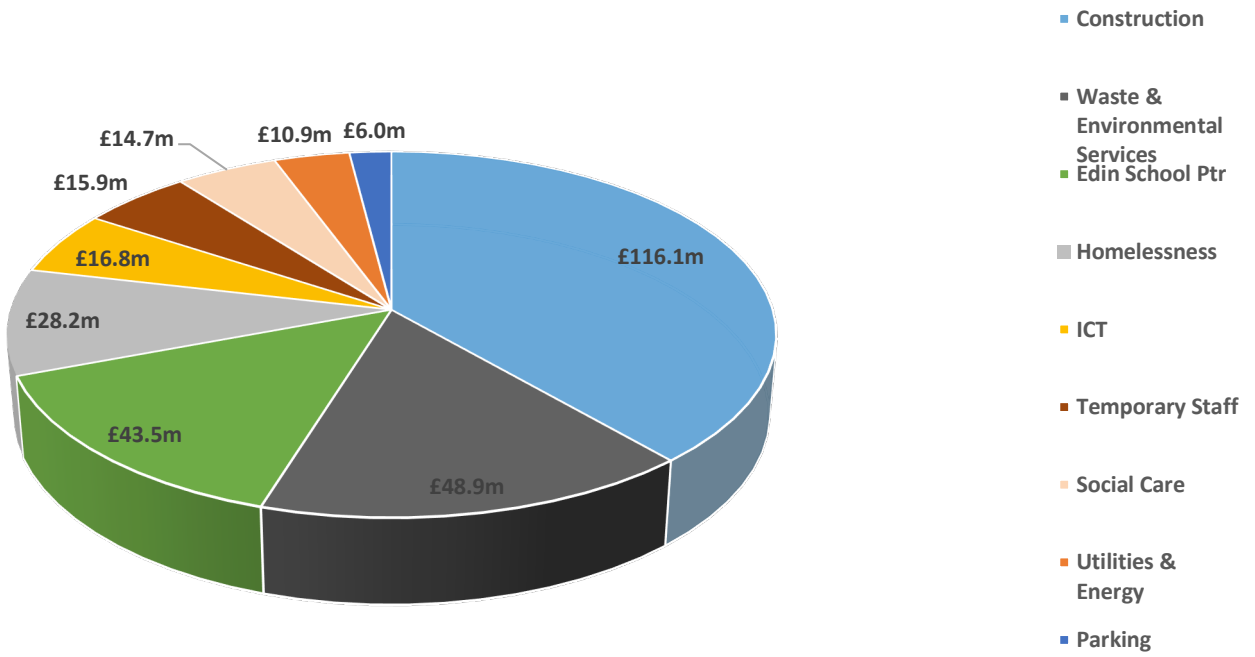


Figure 2 2020-21

Type of spend based on the top 20 suppliers 2020/21



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Annex 1 – Regulated Procurements

GOODS CONTRACTS AWARDED – 15

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
01/04/2021	Cosy	Clothing and Equipment for Children's Forest Kindergarten	£85,000	01/04/2021	31/03/2023
10/06/2021	Fraser C Robb	Supply of 40 Self-Propelled Pedestrian Mowers	£253,000	17/06/2021	16/06/2022
03/07/2021	Landcare Solutions (Scotland) Ltd	Supply and Installation of Play Park Equipment & Surfacing Fauldburn Play Park Edinburgh	£77,185	03/07/2021	20/06/2022
18/08/2021	Nottingham Rehab Limited	Aids for Daily Living - Equipment Supply (& Associated Services)	£798,000	01/02/2022	31/05/2022
18/08/2021	Tennent Caledonian Breweries Wholesale Ltd	Alcohol and Associated Beverages	£1,000,000	18/08/2021	09/10/2025
20/09/2021	CF Services Ltd	Furnishings and Furniture for Temporary Accommodation	£4,000,000	20/09/2021	13/09/2024
21/09/2021	Hako Machines Ltd	Precinct & Midi Sweepers	£1,600,942	22/09/2021	01/12/2026
08/10/2021	Landcare Solutions (Scotland) Ltd	Supply & Installation of Play Park Equipment & Surfacing at Glenvarloch Cres Play Park	£66,617	14/12/2021	06/03/2022
18/10/2021	Bryson Tractors Ltd	35 HP 4 Wheel Drive Tractors	£145,779	18/10/2021	17/04/2022
18/10/2021	Bryson Tractors Ltd	100 HP 4 Wheel Drive Tractors	£269,241	18/10/2021	17/04/2022
22/10/2021	Straight Manufacturing Limited / Craemer UK Ltd / MGB Services Ltd	Kerbside Bins	£1,823,000	25/10/2021	24/10/2023
27/10/2021	A&D Sutherland Ltd / Tradstocks Ltd	Natural Stone Paving and Road Products	£2,400,000	01/11/2021	31/10/2023
28/10/2021	Swarco UK Ltd	Bankhead Electric Charging Infrastructure	£143,800	01/11/2021	31/10/2022
17/12/2021	MAN Truck & Bus UK Ltd	Tipper via Scotland Excel Framework Heavy Vehicles Lot 1	£3,000,000	10/01/2022	09/01/2024
25/02/2022	Trustmarque Solutions Ltd	Software Licences for Microsoft and associated products	£5,802,508	01/04/2022	31/03/2025

SERVICES CONTRACTS AWARDED – 72

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date
01/04/2021	Ashurst LLP	Legal Support for Edinburgh Trams	£60,000	01/04/2021	31/03/2023

01/04/2021	Circle	Support for Families where Children and Young People are Affected by Parental Substance Use	£419,365	01/04/2021	31/03/2023
01/04/2021	Faithful & Gould	Multi-Disciplinary Design Team Services for George Street, Edinburgh	£779,786	09/08/2021	08/08/2022
01/04/2021	British Telecommunications plc	Telecom line for ATEC24 alarm system	£95,000	01/04/2021	31/03/2023
01/04/2021	Galliford Try Construction Limited t/a Morrison Construction	Principal Contractor of Maybury Primary School - Pre-Construction Services	£100,000	01/04/2021	01/10/2021
01/04/2021	SOLACE	Senior Executive Recruitment	£50,000	17/05/2021	17/11/2021
01/04/2021	Team Netsol Limited	Award of Extension to Existing Phishing Support Contract	£57,600	01/04/2021	31/03/2023
01/04/2021	SPIE Scotshield Limited	Extension to Existing CCTV Maintenance Contract	£93,000	01/04/2021	31/10/2022
01/04/2021	TESGL Limited t/a SSE Enterprise Energy Solutions	Extension to Contract for Building Energy Management System (BEMS) Servicing & Maintenance	£375,000	01/04/2021	31/12/2021
01/04/2021	Saltire Roofing & Building Ltd / Response Building Maintenance Services (Scotland) Ltd / James Breck Ltd / Gas Call Services Ltd / Firstcall Trade Services / Clark Contracts / Saltire Facilities Management Ltd / Form Access Ltd / J.B.BELL & co / Lanes Group Plc	Domestic Repair and Maintenance Contingency Framework	£20,000,000	01/04/2021	30/04/2025
01/04/2021	Caring in Craigmillar / Lochend Neighbourhood Centre / North Edinburgh Dementia Care / LifeCare (Edinburgh) Limited / with YOU / Eric Liddell Centre / Prestonfield Neighbourhood Project / Libertus Services / The Open Door / Oxgangs Care / Queensferry Care / Corstorphine Dementia Project / DRYLAW RAINBOW CLUB DAY CENTRE / LifeCare (Edinburgh) Limited / Milan Senior Welfare Organisation	Day Opportunities for Services	£4,934,000	01/04/2021	31/03/2022
12/04/2021	MetDesk Limited	Weather Forecasting Bureau and Associated Services	£168,500	01/10/2021	30/09/2024

15/04/2021	Atkins / Jacobs / Sweco UK Limited	Local Development Plan Action Programme - Development of Transport Priority Actions	£640,495	15/04/2021	14/03/2022
26/04/2021	Highland Centre Limited	Hire of Venue to Support Election Count	£75,000	26/04/2021	09/05/2021
26/04/2021	Pertemps Recruitment Partnership Ltd	Temporary Agency Staff, Permanent, Fixed Term Contract and Short-Term Supply	£56,000,000	12/06/2021	11/06/2024
16/05/2021	CALM Training	CALM Training	£120,000	17/05/2021	16/05/2024
20/05/2021	Faithful + Gould	Multi-Disciplinary Design Team Services for Currie High School, Edinburgh	£3,580,863	20/05/2021	19/05/2023
25/05/2021	Deloitte	Regional Growth Framework	£50,000	25/05/2021	30/12/2021
27/05/2021	PayPoint Network Ltd	Cash Out	£260,000	27/05/2021	31/03/2024
31/05/2021	Portakabin Ltd	Temporary Classroom installation	£207,136	02/08/2021	17/10/2022
07/06/2021	CGL	Edinburgh & Midlothian Offending Recovery and Support Service	£2,080,000	07/06/2021	26/04/2024
15/06/2021	Enable	Personal Home Care for a Young Person with Complex Disabilities	£95,157	15/06/2021	31/08/2022
17/06/2021	The Yard	Holiday and Term time Support for Children and Young Peoples with Disabilities	£344,760	05/07/2021	13/08/2021
23/06/2021	Alzheimer Scotland	Edinburgh Day Opportunities for People Diagnosed with Young Onset Dementia	£361,504	01/07/2021	31/03/2023
28/06/2021	Mott MacDonald	Engineering Services for Flood Prevention	£547,142	29/06/2021	28/06/2023
28/06/2021	AECOM	Engineering Services for Road Design and Delivery	£1,618,116	29/06/2021	28/06/2023
28/06/2021	Forth Resource Management Ltd	Receipt and Composting of Garden Waste	£2,400,000	01/07/2021	31/07/2023
29/06/2021	Mott MacDonald	Engineering Services for Structures	£977,448	30/06/2021	29/06/2023
05/07/2021	Cyrenians	Support for people in recovery from drug and/or alcohol addiction	£1,400,000	01/09/2021	31/08/2026
08/07/2021	Atkins Ltd	Estate Improvements Murrayburn, Hailesland and Dumbryden	£100,076	19/08/2021	01/05/2022
19/07/2021	Turner & Townsend	Wester Hailes Regeneration Plan	£97,500	19/07/2021	28/02/2023
30/07/2021	PricewaterhouseCoopers	Internal Audit Co-Source	£952,880	31/07/2021	30/07/2023
13/08/2021	Federated Hermes	Engagement and Voting Services	£562,500	13/08/2021	01/08/2025

18/08/2021	North Edinburgh Childcare / City Of Glasgow College / Fife College / Rewards Training Recruitment Consultancy (Scotland) / SHARE / Training for Care / West Lothian College	Qualifications and Apprenticeships learning provision	£864,520	30/08/2021	29/08/2023
31/08/2021	ISS Facility Services / Caledonian Maintenance Services Ltd / Perfect Clean Edinburgh Ltd	Stair Cleaning for Council Owned and Mixed Tenure Blocks	£1,015,123	01/09/2021	01/09/2023
16/09/2021	Barclays Bank Plc	Merchant Services	£630,303	16/09/2021	30/01/2026
17/09/2021	North SV Ltd / BT plc	IP Video Surveillance System	£3,519,000	22/09/2021	21/09/2026
20/9/2021	AECOM	Design services for Corstorphine Connections, Low Traffic Neighbourhood	£191,980	20/09/2021	31/03/2023
01/10/21	Skanska Facilities Manager (GB) / Mitie Technical Facilities Management (GB)	Hard Facilities Management Services Delivery Partners	£180,000,000	01/10/2021	30/09/2028
11/10/2021	Matrix Fife	Reserved Contract for the Re-upholstery of Rise Recline Chairs	£110,000	11/10/2021	10/10/2024
11/10/2021	Home Link Family Support / Circle / Canongate Youth / The Broomhouse Centre / The Junction Young People Health and Wellbeing / Barnardo's / Tailor Ed Foundation	Community Mental Health Fund	£5,675,100	11/10/2021	10/10/2024
14/10/2021	McLaughlin & Harvey	Pre-Construction Contract for the Granton Gas Holder, Edinburgh	£248,934	18/10/2021	31/01/2022
21/10/2021	TESGL Limited t/a SSE Enterprise Energy Solutions	BMS Installation - Clocktower (Sirius & Vega)	£159,384	01/12/2021	30/04/2022
21/10/2021	Edible Estates CIC	Community Gardens	£500,000	01/11/2021	31/10/2023
29/10/2021	RON Services	Operational Fogging and Electrostatic Delivery	£4,311,516	01/11/2021	31/10/2023
30/10/2021	Holyrood Care (Edinburgh) Ltd	Interim Care Places at Elsie Inglis Nursing Home	£1,188,857	30/10/2021	29/10/2022
02/11/2021	Faithful & Gould	Multi-Disciplinary Design Team for Trinity Academy Phase 2	£3,000,000	02/11/2021	31/03/2026
01/11/2021	3A Solutions Ltd trading as Maple Leaf Group; Ardblair Guest House; MS Properties Edinburgh) Ltd T/A AAA Guest House; Bainfield Ltd; Benchmark4 LLP; Ibrahim Joulak; Camstone (Scotland) Ltd; Canadale Ltd; Clarin	Temporary Accommodation & Associated Services Flexible Purchasing System	£430,000,000	01/11/2021	31/10/2026

	<p>Guest House; County Private Client Ltd; Dick Li; Easylet Scotland Ltd; Edinburgh Apartments Ltd; Edinburgh Thistle Guest House; A & D leisure ltd; Hillcrest Futures; Josephs Accommodations Ltd; K&S Mir Ltd T/A Cameron Guest House Group; Leamington House; Leonard Property Group; Merith House; Playfair Hotel Edinburgh Ltd; R1 Properties; Rowan Alba Ltd; S & S APARTMENTS; St. Albans Lodge; The Housing Network; Thrums Hotel; Zara Apartments; Barnardo's Scotland; CrossReach (the operating name for The Church of Scotland Social Care Council); Wheatley Care; Scottish Veterans Residences; Simon Community Scotland; The No1 Care Agency; The Rock Trust; The Salvation Army; Bethany Christian Trust; One Parent Families Scotland; Sacro; Salvation Army Trading Company Ltd</p>				
08/11/2021	ENABLE Scotland; Access to Industry; Community Renewal Trust	Edinburgh's Blended Employability Services	£12,894,204	01/04/2022	31/03/2025
24/11/2021	Changeworks	Housing Energy and Sustainability Consultancy Services	£951,000	24/11/2021	21/11/2024
01/12/2021	University of Edinburgh	Post Grad ASW (Mental Health Officer Award) Training	£102,500	01/12/2021	30/11/2024
01/12/2021	Aire Valley Gas Ltd T/A Recovercyl	Collection and Disposal of Pressurised Gas Containers	£52,241	01/12/2021	30/11/2023
02/12/2021	McSence Communication Ltd	Manual Handling Training	£78,000	01/04/2022	31/03/2023
06/12/2021	Let's Talk (Young People) CIC	Community Mental Health Services	£575,000	06/12/2021	31/10/2022
14/12/2021	Kier Construction	Pre-Construction Services for Currie Community High School, Edinburgh	£300,000	14/12/2021	13/12/2022
14/12/2021	People Asset Management Ltd	Mini Competition for Occupational Health	£2,800,000	01/04/2022	31/03/2025

		Services utilising CCS Framework.			
22/12/2021	AMC Removals UK / Doree Bonner International / Pickfords Move / CBRE / MovePlan Limited / Space Solutions	Furniture Removal Storage, Design and Move Management	£3,660,000	10/01/2022	09/01/2026
14/01/2022	Ross Quality Control Limited / Hickton Consultants / Sentinel Clerk of Works Ltd	Clerk of Works Framework Agreement	£3,000,000	17/01/2022	16/01/2024
31/01/2022	GatenbySanderson	Interim Recruitment Service	£100,000	14/02/2022	31/07/2022
03/02/2022	Changeworks	Energy Advice Services	£796,000	03/02/2022	02/02/2025
14/02/2022	Progressive Partnership	Local Traffic Surveys-Low traffic neighbourhood project	£69,736	14/02/2022	18/03/2023
22/02/2022	Atkins	Quantity Surveying for Dean Park PS Rising Rolls Building	£74,540	22/02/2022	22/04/2025
24/02/2022	SP Dataserve	Half Hourly Meter Operator	£372,800	01/03/2022	28/02/2027
25/02/2022	Aecom	Transport Design services - North Edinburgh Active Connections	£114,287	07/03/2022	07/03/2023
01/03/2022	Charles Taylor General Adjusting Services Limited	Claims Handling Agents - Tram Insurance	£50,000	02/03/2022	01/08/2023
07/03/2022	Pinsent Masons LLP	Legal advice and investigation support	£200,000	07/03/2022	31/12/2022
09/03/2022	CHAI	Court Representation Services	£372,812	01/04/2022	31/03/2025
09/03/2022	Faithful+Gould	Professional Design Services for Wester Hailes School	£892,500	09/03/2022	31/01/2025
14/03/2022	Arcadis LLP	Project Management and design services for New Liberton High School	£3,904,460	14/03/2022	19/08/2026
21/03/2022	Hymans Robertson LLP	Project Forth project management services	£66,000	21/03/2022	31/07/2022
21/03/2022	Built Intelligence Ltd	FastDraft Contract and Project Management System for structures and roads	£91,000	21/03/2022	20/03/2024
29/03/2022	Minton, Treharne and Davies Limited	Public Analyst services to support Council statutory duties	£50,000	29/03/2022	31/03/2023

WORKS CONTRACTS AWARDED – 7

Date of Award	Name of Supplier	Subject Matter	Estimated Value of the Contract	Start Date	End Date

12/04/2021	Galliford Try Construction Limited t/a Morrison Construction	Re Development of WHEC (Wester Hailes Education Centre), PHASE 1	£7,090,694	12/04/2021	31/07/2022
09/06/2021	A.C. Whyte & Co. Ltd.	Construction Works via Council Framework	£4,370,871	16/08/2021	30/09/2022
19/07/2021	Openview Group Ltd	Secure Door Entry Systems - North East	£2,800,724	16/08/2021	31/03/2022
18/10/2021	CCG (Scotland) Ltd	Enabling Works for Western Villages Housing Project	£3,407,425	18/10/2021	26/05/2022
18/11/2021	JGM - John G Mackintosh	Smoke Vent Replacement - Moredun Multi Storey Flats	£3,530,043	21/12/2021	31/01/2023
22/11/2021	Cruden Homes East Limited and Tarras Park Properties Ltd	Development Partner including Pre Development Period for Fountainbridge, Edinburgh	£1,109,937	22/11/2021	01/08/2022
21/12/2022	Balfour Beatty	City Centre West to East Link (CCWEL) Delivery Agreement	£12,930,954	01/01/2022	18/07/2023

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Annex 2 – Compliance with Sustainable Procurement Strategy

1. Making Procurement spend more accessible to local small businesses and third sector (and we will do this by):		
What we said we would do	What we have done	Status
<p>Page 229</p> <p>Increasing engagement, working with key business and third sector to support “meet the buyer” events, workshops and awareness of contract opportunities</p>	<ul style="list-style-type: none"> ➤ Supplier Newsletters, to support engagement with suppliers, and raising awareness of how to do business with the Council, including encouraging registration with Public Contracts Scotland (PCS) and what the Council’s strategic procurement objectives are. Issued to suppliers, and available on Council’s website, and distributed to Business Gateway/Federation of Small Businesses. ➤ Supplier Engagement Sessions with potential suppliers through virtual meeting provided monthly, to support engagement with suppliers and assist them in doing business with the Council. ➤ Regular use of Prior Information Notices on Public Contracts Scotland, co-production events on the Edinburgh Compact website and market engagement events to raise awareness of upcoming procurement exercises and help shape procurement approach, such as for tenders relating to IP Video Surveillance, Community Mental Health Fund and Court Representation Services. ➤ Working with Supplier Development Programme (SDP) to facilitate market engagement events for particular procurement exercises, such as in June 2021 for the Council’s new Flexible purchasing arrangement for Temporary Accommodation. Alongside specific contract engagement the Council engages SDP to deliver ongoing training and support for the SME sector with around four webinars available each month. ➤ The Council continued to regularly engage with Federation of Small Businesses, EVOC and First Port and procurement officers liaise with Business Support & Inclusion team in Place Development to highlight opportunities and plan targeted events. ➤ As included in foregoing report, Council spend with SMEs during 2021/22 was 48% of total core spend, and local spend was 38% of total core spend. ➤ Contract Standing Orders include the provision to support the use of local SMEs for purchasing under £50,000. At least one SME from the City of Edinburgh or a significant employer within the City of Edinburgh shall be invited to tender in any process for purchases/ contracts of an estimated value of £50,000 or less. 	<p>Fully Complied</p>

1. Making Procurement spend more accessible to local small businesses and third sector (and we will do this by):		
What we said we would do	What we have done	Status
<ul style="list-style-type: none"> ➤ Working with wider Council delivery organisations such as Edinburgh Leisure to support these objectives 	<ul style="list-style-type: none"> ➤ Close working and support provided to Edinburgh Health & Social Care Partnership, including on ongoing contracting and commissioning, sourcing of PPE and monthly Procurement Board meetings. ➤ Regular meeting now established with Edinburgh Leisure colleagues to review potential for collaborative outcomes as well as additional ad hoc support on specific projects and community benefits opportunities, including links to One City Trust and the new benefits portal supported via City deal funding. ➤ Working with Capital City Partnership and others on SDP organised virtual Meet the Buyer event in June 2021, with Community Wealth Building theme focused on City Region Deal. 	Fully Complied
<p>Page 230</p> <ul style="list-style-type: none"> ➤ Exploring alternative advertising routes to reach those not registered on Public Contracts Scotland 	<ul style="list-style-type: none"> ➤ Working with Supplier Development Programme on specific projects to help promote new opportunities, e.g. to support delivery of Temporary Accommodation flexible purchasing city businesses were provided with training on using the tender system to apply for opportunities. ➤ Supplier newsletter and ongoing engagement sessions, referred to above, to help increase awareness of opportunities to supply services to the Council. The newsletter past and present provides direct links into the Council advertised opportunities. ➤ A link to the supplier information pages is also provided via the Edinburgh Social Enterprise website. 	Fully Complied
<ul style="list-style-type: none"> ➤ Continuing to apply lotting strategies that support small business 	<ul style="list-style-type: none"> ➤ Established in Council procurement procedures and Contract Standing Orders that contracts are lotted appropriately to support SMEs in bidding for goods, services and works aligned to their business model and to support our local supply chain in securing Best Value for the Council. ➤ Some of the tenders key to supporting small business through lotting strategies in this report period include Temporary Accommodation and Associated services, Community Mental Health fund, Domestic Repair and Maintenance, Edinburgh Blended Employability Services. 	Fully Complied

1. Making Procurement spend more accessible to local small businesses and third sector (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Collaborative bids supported and training is provided where the market indicates this would be preferred to ensure a valued and compliant bid is secured. The Edinburgh Blended Employability Service provided longer advert period to help secure consortia bid outcomes. 	
<ul style="list-style-type: none"> ➤ Supporting facilitation of sub-contract opportunities by suppliers 	<ul style="list-style-type: none"> ➤ Established in Council procurement procedures that sub-contracting opportunities are facilitated, to support SMEs, including bidder events, and where appropriate, contractors are obliged to advertise sub-contracting opportunities on PCS. Further example is an event published via Supplier Development Programme for the Maybury Primary School construction. ➤ Embedded into contract specifications where appropriate, for example in the new Hard Facilities Management Services contract which required SME supply chain opportunities and was supported through Supplier Development Programme events. 	Fully Complied
<p>Page 231</p> <ul style="list-style-type: none"> • Exploring the use of speedy payment options for small business 	<ul style="list-style-type: none"> ➤ Adoption of standard terms and conditions for all regulated procurements to ensure the requirement for the Council to pay undisputed invoices within 30 days of receipt. ➤ All regulated procurements in period included terms and conditions regarding the prompt payment of Contractors making payment to their nominated sub-contractors. ➤ 96.2% of invoices met the KPI and were paid within 30 days during the reporting period ➤ In view of 'Construction Policy Note 01/2019: Project Bank Accounts - Revised Thresholds and Procedures', roles and responsibilities identified and communicated across relevant Council Directorates to ensure continued adherence to those revised, as these requirements become more commonplace across the Council, reinforced by CPN 7/2020. ➤ The Council moved to daily payment runs and changed payment timescales so that invoices were paid within 10 days and where they were made aware of suppliers having cash flow issues they looked to assist by processing invoices immediately and arranging urgent payments once approved by service areas in response to Covid-19, this arrangement continued through the last reporting period. 	Fully Complied

1. Making Procurement spend more accessible to local small businesses and third sector (and we will do this by):		
What we said we would do	What we have done	Status
<ul style="list-style-type: none"> ➤ Considering longer contract advertising periods where consortia opportunities exist 	<ul style="list-style-type: none"> ➤ This is established in the Council's procurement procedures that collaborative bids are supported, and training is provided where the market indicates this would be preferred to ensure a valued and compliant bid is secured. ➤ Specific examples where longer period provided than statutory minimum in the reporting period includes the Blended Employability Services, alongside this Prior information notices (PINs) are used to engage the market earlier prior to setting the timeline and considering support needs. 	Fully Complied

2. Improving Fair Work Practices Adopted by Suppliers (and we will do this by):		
What we said we would do	What we have done	Status
Page 232 <ul style="list-style-type: none"> ➤ Improving training and awareness for Council staff and bidding organisations 	<ul style="list-style-type: none"> ➤ Supplier Newsletters continue to support engagement with suppliers and raising awareness of how to do business with the Council and what the Council's strategic procurement objectives are. Issues in the last year have included awareness of Fair Tax, real Living Wage and Fair Work and Fair trade. ➤ Council procurement procedures (including Contract Standing Orders (CSOs), CSOs waiver form and template procurement requirement form/procurement plan) refreshed to make explicit reference to these strategic objectives and CSOs cascaded to Council staff with further information on this. ➤ Incorporating the updated Fair Work First Guidance published by the Scottish Government in September 2021 (and the related procurement policy note SPPN 6/2021) into updated procedures and templates, with training being given to relevant procurement staff and a guidance document issued to assist bidders. 	Fully Complied
<ul style="list-style-type: none"> ➤ Seeking to apply the Fair Work criteria to every tender with a wider focus on ethical practices 	<ul style="list-style-type: none"> ➤ Regulations and statutory guidance embedded into the CSOs and Council procurement procedures, with explicit reference to Fair Work First and strategic objective around improving adoption of fair work practices by suppliers. 	Fully Complied

2. Improving Fair Work Practices Adopted by Suppliers (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ New Fair Work First Guidance in September 2021, resulted in further updates to Council procedures and templates to reflect new guidance around Fair Work First (FWF), and SPPN 6/2021, with training being given to relevant procurement staff and a guidance document issues to assist bidders from lessons learned. FWF now extends to seven criteria addressing flexible and family friendly working from day one and opposing the use of fire and rehire practices. ➤ Relevance of Fair Work Practices is considered for all regulated procurements, and adequately addressed where appropriate, with need for this embedded in the relevant procurement documentation templates including the Procurement Plan, Invitation to Tender, Evaluation Questions and the Terms and Conditions. ➤ Findings from Fair Work Convention Inquiry shared and highlighted sector specific practice considerations such as emphasis on collective voice with the construction sector. 	
<p>Page 233</p> <p>Applying appropriate weightings in the evaluation of tenders</p>	<ul style="list-style-type: none"> ➤ Application of appropriate weightings is embedded in Council procurement procedures, and as set out in Sustainable Procurement Strategy a minimum weighting of 5% is applied in evaluation of tenders however this weighting is increased where appropriate, projects with a higher 10% weighting included Temporary Accommodation and Associated Services, Edinburgh Blended Employability Service, Stair Cleaning and Operational Fogging. ➤ Compliance demonstrated through contract awards reported regularly to Finance & Resources Committee. 	Fully Complied
<ul style="list-style-type: none"> ➤ Delivering Council commitments to modern slavery and construction industry practices 	<ul style="list-style-type: none"> ➤ Council's adoption of Charter against Modern Slavery and Construction Charter established in Council's procurement procedures. ➤ Training delivered to Council staff during the year included an awareness session by TARA & Migrant Help on Human Trafficking and Exploitation. Specialist procurement staff also attended an awareness session on the findings and recommendations of the Fair Work Convention inquiry into the construction sector. 	Fully Complied

2. Improving Fair Work Practices Adopted by Suppliers (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Where appropriate suppliers agree to adopt the Construction Charter, such as on frameworks recently awarded, including Hard Facilities Management Services, Early Years and Rising School Rolls Programme. ➤ A senior staff member in CPS represented the Council on the Fair Work Convention's review into fair work in the construction industry, this review being supported by the Scottish Government. The remit of the short life working group was to inform, guide and support the work of the Fair Work Convention in relation to the construction industry and to make recommendations to address the challenges of implementation of the Fair Work Framework across public sector procurement in construction. The inquiry published its recommendations in April 2022. 	
Page 234 Adopting new Fair Work First guidance and other tools which support raising awareness and delivery of best practice	<ul style="list-style-type: none"> ➤ Council procedures and templates have been updated to reflect new guidance around Fair Work First, and SPPN 6/2021, with training being given to relevant procurement staff. ➤ Fair Work First guidance and new requirements have been highlighted to suppliers in the April 2021 Supplier Newsletter and real Living Wage update in November 2021. ➤ Compliance demonstrated through contract awards reported regularly to Finance & Resources Committee. 	Fully Complied
<ul style="list-style-type: none"> ➤ Promoting Fair Trade suppliers/products 	<ul style="list-style-type: none"> ➤ Supported annual review of Council's Fair Trade policy ensuring views of Edinburgh Fairtrade City Steering Group were represented. ➤ Supported promotion of Fair Trade Fortnight, to promote suppliers of Fairtrade Mark, WFTO guaranteed and fairly traded products across Scotland including securing discount from one supplier on fair trade uniforms which cascaded to service areas. ➤ Represented on the Edinburgh Fairtrade City Steering Group and working with the Steering Group, the Scottish Fair Trade Forum and Edible Edinburgh Economy Working Group to forge links between the organisations and examine how procurement can further their aims. ➤ Ongoing work with the Scottish Fair Trade Forum to review potential Fair Trade products for the Council, monitor annual spend on Fair Trade products and help them support fair trade 	Fully Complied

2. Improving Fair Work Practices Adopted by Suppliers (and we will do this by):		
What we said we would do	What we have done	Status
	<p>suppliers in accessing public contracts through potential lotting and sub-contracting opportunities and introducing ethical supply chain considerations in contract.</p> <ul style="list-style-type: none"> ➤ Edible Edinburgh Sustainable Food City Plan is referenced in our procurement documents when buying foods. 	

3. Increasing Community Benefits Delivered by Suppliers (and we will do this by):		
What we said we would do	What we have done	Status
<p>Page 235</p> <p>Increasing awareness and education of community benefits through early engagement in tender opportunities</p>	<ul style="list-style-type: none"> ➤ Council procurement procedures (including Contract Standing Orders (CSOs), CSOs waiver form and template procurement requirement form/procurement plan) refreshed to make explicit reference to these strategic objectives, and CSOs cascaded to Council staff with further information on this. ➤ Contract Managers contacted to raise awareness among service areas, including the benefits that can be secured through community benefits, and recording of delivered outcomes through Cenefits software, with Newsbeat article following in April 2021, additional support also provided through Contract Management Compliance Reviews. ➤ Supplier newsletter highlights community benefit outcomes and suppliers provided guidance on community benefits and sources of support as part of the tender packs and registration link for the Cenefits portal to report outcomes. ➤ Addressed in Bidder Days where relevant. 	Fully Complied
<ul style="list-style-type: none"> ➤ Working with stakeholders such as City Region Deal partners to ensure consistency in application and priorities 	<ul style="list-style-type: none"> ➤ Working with Capital City Partnership (CCP) and others on SDP organised virtual Meet the Buyer event in June 2021, with Community Wealth Building theme focused on City Region Deal. 	Fully Complied

3. Increasing Community Benefits Delivered by Suppliers (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Regular meetings with CCP, representatives of City Region Deal, to discuss and review activity on council contracts, and opportunities to support community requests submitted in the new community portal through the council's supplier community benefit programme. ➤ Hosting of community benefits discussions with other public bodies to identify opportunities for benefits that support net zero outcome and liaison with Scotland Excel on future community benefits programme. 	
<p>Page 236</p> <p>Tailoring the community benefits being sought to the sector involved and the priorities for the Council with an emphasis on outcomes that can easily be delivered</p>	<ul style="list-style-type: none"> ➤ Community Benefits imposed in all contracts over £50,000 where appropriate for supplies, services and works. ➤ Guidance for staff updated on seeking community benefits, including consideration of options that meet priorities and improve community benefit deliverables through alternative means. ➤ Default weighting of 10% for community benefits, which % can be higher or lower as appropriate. ➤ Successful delivery of a number and range of different community benefits within period, as referred to in the foregoing report and reported to Finance & Resources Committee in contract award reports ➤ Use of model questions for contracts and frameworks to encourage appropriate and preferred benefits linked to our communities. ➤ Quarterly engagement with partners such as Capital City Partnership, Developing Young Workforce and third sector. ➤ 6 monthly Meet the Suppliers online presentations from all employability, education and third sector partners and other community groups, enabling early engagement connections with suppliers to enable improved delivery of benefits in the community 	Fully Complied
<ul style="list-style-type: none"> ➤ Monitoring ratio of spend against community benefits offered to inform the 	<ul style="list-style-type: none"> ➤ Established in Council procurement procedures that menu of community benefits used, with over 60 available benefits listed each with a point value associated, the value of the contract determines the amount of points that the supplier is required to deliver, which will occur for every framework call-off. 	Fully Complied

3. Increasing Community Benefits Delivered by Suppliers (and we will do this by):		
What we said we would do	What we have done	Status
minimum requirement level imposed by the Council	<ul style="list-style-type: none"> ➤ Community benefit officer has been in post since August 2021 to focus on community group, third sector, service area and supplier support to ensure delivery of benefits is maximised. 	Fully Complied
<ul style="list-style-type: none"> ➤ Reviewing scoring methodologies and applying best practice to achieve added value outcomes for the city 	<ul style="list-style-type: none"> ➤ Default weighting of 10% for community benefits, which % can be higher or lower as appropriate. ➤ Use of model questions for contracts and frameworks to encourage appropriate and preferred benefits linked to our communities. ➤ Successful delivery of a significant number and range of differing community benefits within period - 324 contracts with over 2200 committed community benefits logged, tracked and monitored for maximised delivery. 980 community benefits have been delivered including 172 new jobs including apprenticeships and employment for vulnerable groups and protected characteristics, 29 work experience placements, a rang of community enhancements, charitable/community projects supported by supplier volunteers, education and outreach sessions and supply chain third sector opportunities, sponsorships including; lunches for Jet Placement pupils on work placements, foodbank donations, Fuel Poverty Foundation, Breakfast Clubs, School Uniform Bank and Million Tree City project. 	

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4. Contributing to the Council's 2030 net zero carbon target (and we will do this by):		
What we said we would do	What we have done	Status
<ul style="list-style-type: none"> ➤ Seeking expert support such as from Zero Waste Scotland in educating and awareness raising for Council staff involved in tendering and managing contracts 	<ul style="list-style-type: none"> ➤ Zero Waste Scotland held a session in the last year with senior managers in procurement to highlight good practice and opportunities for circular economy outcomes via procurement activity. ➤ Keep Scotland Beautiful – delivered training sessions for council staff on understanding climate emergency and exploring the specific actions that the council can take to reduce emissions, including through the tendering of contracts. 	Fully Complied

4. Contributing to the Council's 2030 net zero carbon target (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Council procurement is represented on cross sector Climate and Procurement Forum, supported by Scottish Government, as Scottish local authority representative, with information cascaded to wider CPS team and other colleagues. ➤ Shared resources with public sector colleagues from government, universities, colleges, prison service, NHS and other authorities via the Knowledge Hub with examples of collaborative projects reviewed to identify opportunity. ➤ Production and input to Primary Impact Area for Climate Change (PIACC) guides shared with the internal team and wider public sector organisations. ➤ Procurement staff have completed carbon literacy training, through Scottish Government sustainable procurement toolkit. This toolkit has now been extended for use by non-procurement staff. 	
<p>Page 238</p> <p>Engaging with suppliers and experts to understand carbon-reducing actions that can be delivered in different contract sectors and building into specifications</p>	<ul style="list-style-type: none"> ➤ Appointment of Changeworks as Council's Housing Energy Projects Delivery Partner, to help manage grant funding programmes linked to energy retrofit and installation of low zero carbon technologies. ➤ As highlighted above the Council is making use of resources that share details of collaborations to provide insight on how we can progress better outcomes. Climate actions are included in appropriate tenders. ➤ We are engaging with suppliers to better understand what opportunities can be delivered both as part of the specification and through community benefits. 	Partially Complied
<ul style="list-style-type: none"> ➤ Increasing whole-life costing approach to evaluation criteria and learn from others through best-practice forums 	<ul style="list-style-type: none"> ➤ Whole life cost considered early at the time of strategy development, with evaluation focused on a balanced cost, quality and sustainability threshold. ➤ Focus shifting from 'price only' evaluation, to Whole Life Costing procurement supporting the local economy. ➤ Whole Life costing included within procurement service templates, to be considered on every appropriate opportunity. 	Fully Complied

4. Contributing to the Council's 2030 net zero carbon target (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Continual monitoring on the use of whole-life costing within our tender approach, with Best Practice shared and recorded for future reference, making use of the Scottish Government toolkits to prepare suitable tenders and shared information on the knowledge hub. 	
<ul style="list-style-type: none"> ➤ Considering potential for reuse, repair and recycling of goods and materials in scoping requirements on a routine basis to prevent waste 	<ul style="list-style-type: none"> ➤ Assessing the potential for reuse, repair and recycling is now embedded in the procurement planning stage with further examples of this included in the new Furniture Removal Storage, Design and Move Management Framework ethical disposal and reuse for example WarpIT is adopted in the scope. ➤ Kerbside bins procured use recycled materials as standard, moving away from previous virgin materials, the contract also allows for replacement lids as opposed to the whole bin. ➤ Furnishings and Furniture for Temporary Accommodation makes use of recycled timber in bedroom furniture, furniture donations to support groups and a reduction in non-recyclable packaging. ➤ Re-upholstery contract awarded saving on replacement chairs. ➤ Stair cleaning contract included waste requirements to address reduction in waste to landfill and seeking options for reuse and donations were possible. 	Fully Complied
<ul style="list-style-type: none"> ➤ Adopting industry standards to ensure consistency in approach with the market and clear measurement tools understood by all 	<ul style="list-style-type: none"> ➤ Established in Council's procurement procedures that suitable standards and certifications sought in tender exercises. ➤ New Schools to be built to passivhaus standard. ➤ Application of Housing Service's net zero design guide for new home developments, including at Western Villages Granton. The Design Guide was refreshed in November 2020 and sets a high standard in quality design, placemaking and sustainability. The design approach to homes follows fabric first principles supplemented by the provision of renewable heat and onsite renewable electricity. In addition, KPI targets for all Housing construction projects adhere to guidance set by Zero Waste Scotland in relation to targeting on site levels of waste. 	Fully Complied

5. Delivering Savings and Best Value Outcomes (and we will do this by):		
What we said we would do	What we have done	Status
<ul style="list-style-type: none"> Working together to identify opportunities and challenge current models of delivery 	<ul style="list-style-type: none"> Long established Business (Commercial) Partnering approach in relation to procurement matters, with regular dashboard reporting to Directorate management teams including on P2P compliance, expiring contracts and procurement pipeline activity, and regular Procurement/Project boards to support services areas and projects, as well as other cross-Council groups, such as Sustainability Board and Strategic Development and Investment Board. Close working with 'customers' across the organisation to identify new and innovative solutions – challenging the existing, striving for improvement, as markets continue to be challenging this includes working with suppliers to identify alternative models. Services considered on a cross-directorate (Council wide) basis to deliver holistic solutions, this approach, and early intervention, being embedded in procurement procedures and Procurement Planning templates. Best Value efficiencies generated from within the Commercial and Procurement Services team and by Directorates, captured within the Commercial Pipeline tracker, with savings secured in 2021/22 included in the foregoing report. 	Fully Complied
<ul style="list-style-type: none"> Challenging the demand for goods and services and seeking to rationalise core requirements 	<ul style="list-style-type: none"> PPE Centralised Store facility continued in 2021/22, enabling focused sourcing of urgently needed core items to support vital front line services, and mitigate risks including around pricing, fragile supply chains and procurement fraud, including savings of over £300,000 from this approach and driving competitive tension amongst suppliers. Continuing to work closely with Schools to seek to consolidate purchasing requirements. Have secured £16m of new savings in 2021/22 through procurement activity, which is in excess of the £10m figure in the Strategy, as noted in foregoing report. 	Fully Complied
<ul style="list-style-type: none"> Engaging markets, benchmarking values and collaborating when appropriate with city partners or wider 	<ul style="list-style-type: none"> Market engagement and benchmarking established in Council's procurement procedures, including use Prior Information Notices and Supplier Events, including examples noted elsewhere. 	Fully Complied

5. Delivering Savings and Best Value Outcomes (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Engagement with partner organisations to better understand market capability/capacity, and opportunities for collaboration, such as with Scottish Futures Trust and EVOC. ➤ Regular engagement on user intelligence groups on national frameworks sharing information on market challenges such as commercial meeting with Scotland Excel and work with Scottish procurement and Crown Commercial colleagues. 	
<p>Page 241</p> <p>Supporting robust contract management actions to ensure contracts deliver to financial and non-financial performance requirements, including contractual commitments around social value and community benefits</p>	<ul style="list-style-type: none"> ➤ The Contract and Grants Management (CAGM) team oversees strategy and Council-wide best practice. ➤ Contract management framework is used by contract managers in all Council service areas. It is a toolkit for contract management activities throughout a contract's lifecycle and has a strong focus on supplier management and compliance) and was co-produced with corporate teams across the Council (including Risk, Resilience, Information Governance, Health and Safety and Internal Audit) as well as contract managers. ➤ The CAGM team support service areas to identify operational efficiencies, reviewing the Council's spend with the top suppliers, securing better outcomes, Best Value and improved performance. ➤ Programme of Contract Management Compliance Reviews commenced, on Tier 1 and Tier 2 contracts, with themes fed back to senior managers/ and contract managers. Targeted training is provided to support delivery of any compliance review recommendations. ➤ Training provided to service area colleagues in the last 12 months, on topics covering all aspects of contract management including use of systems PCST and Cenefits, Contract Management and Community Benefits evidence and reporting and new Risk matrix. ➤ Supplier performance is tracked and monitored by the relevant contract manager with innovations and lessons learned recorded in contract records and community benefits measured using our bespoke Cenefits system. Full roll out of the PCST system use to support contract management is ongoing after a successful pilot in quarter 3 of 2021/22. ➤ The standard supplier agenda template includes a standing item on supplier innovation and developments encouraging ongoing dialogue focused on continuous improvement. 	Fully Complied

5. Delivering Savings and Best Value Outcomes (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Key performance indicators are used, particularly on higher value and high risk contracts, to ensure suppliers perform and continually improve. ➤ Development of relationships with major framework providers and counterpart teams in other local authorities, public sector and third sector organisations. Identifying best practice to secure Best Value and drive continuous improvement across sectors, including launch of Supplier Engagement Sessions and Supplier Newsletter. 	Fully Complied
<ul style="list-style-type: none"> ➤ Applying whole life costing models to ensure end-to-end requirements are included 	<ul style="list-style-type: none"> ➤ Whole life costing approach is embedded in Council's procurement procedures and considered early at the time of strategy development, with evaluation focused on a balanced cost, quality and sustainability threshold; ➤ Ensuring a shift from 'price only' evaluation, to Whole Life Costing procurement supports the local economy; ➤ Whole Life costing is included within procurement service templates, to be considered on every appropriate opportunity; and ➤ Continual monitoring on the use of whole-life costing within our tender approach, with best practice shared and recorded for future reference. 	

6. Ensuring Legal Compliance and Robust and Transparent Governance (and we will do this by):		
What we said we would do	What we have done	Status
<ul style="list-style-type: none"> ➤ Training officers in the procedures and policies which must be considered to ensure compliance requirements are met 	<ul style="list-style-type: none"> ➤ Variety of promotional, training and engagement sessions using internal website and drop in sessions, and specialist legal training also delivered by commercial law firms e.g. national white paper event. ➤ Regular Schools Business Managers forums, and learning and support opportunities for Business Managers, Head Teachers and Lifelong Learning teams - nine virtual events in the financial year, with approximately 145 attendees. 	Fully Complied

6. Ensuring Legal Compliance and Robust and Transparent Governance (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Contract Management online learning has been developed to improve commercial awareness and improve supplier relationships/delivery of service, with over 170 staff completing back to basics training. ➤ Contract Standing Order training events provided on a planned programme and ad hoc on demand to service areas. ➤ 'Quick Quote' training. learning and development programme extended to wider Council to support tender document development. ➤ Intranet regularly updated with library of support documentation and changes such as modifications to the Contract Standing Orders, Grants Standing Orders, Contract Management Framework and relevant policies and charters e.g. Construction Charter and community benefits. ➤ Regular meetings Council wide to raise awareness of commercial performance, compliance and support future contract planning, e.g. Schools' Business Managers Forum, and Procurement Boards across a variety of Directorates within the Council. 	
<ul style="list-style-type: none"> ➤ Providing regular updates for specialist staff on changes to regulations, case law, statutory guidance, policy and social value outcomes 	<ul style="list-style-type: none"> ➤ Encouragement, mentoring and support to staff to embrace learning opportunities and undertake appropriate CIPS training, resulting in over 90% of specialist procurement staff holding or working towards professional qualifications. Three staff secured full membership in the last reporting period. ➤ Support to a procurement apprentice working on SVQ and up to three procurement trainees in specialist development with on the job and study opportunities provided. ➤ Staff study towards and attainment in CIPS Level 4 Diploma and Level 5 and 6 advanced Diploma. ➤ Development and Implementation of Commercial Training Plan for staff, covering variety of different training opportunities e.g. refresh on savings methodologies, demand management, and procurement systems. 	Fully Complied

6. Ensuring Legal Compliance and Robust and Transparent Governance (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Training and CPD events undertaken from external providers and legal experts, including updates on case law and a session on fraud risk to public sector procurement. 	
<p>Page 244</p> <ul style="list-style-type: none"> ➤ Reviewing standard documentation to reflect regulatory changes and best practice 	<ul style="list-style-type: none"> ➤ Regulations and statutory guidance embedded into the Contract Standing Orders and reviewed on an annual or as required basis. ➤ Council standard contract terms and conditions reviewed annually. ➤ Standard core templates reviewed annually, including PRF, Procurement Plan and CSOs Waiver Form to reflect changes to CSOs, legislation, Council objectives and best practice. ➤ Contract Standing Orders have provided the policy to amend and improve processes and procedures utilised to support compliance of commissioning for goods, works and services required. ➤ Regulated procurements tendered via PCS website. ➤ Standard documentation updated to reflect new Fair Work First guidance as noted above. ➤ Case Law under the new regulations is reviewed to incorporate good practice and learning into own processes and documentation. ➤ Council Procurement Handbook updated as required updated to reflect guidance changes. 	Fully Complied
<ul style="list-style-type: none"> ➤ Reviewing and improving controls within the procurement remit to ensure compliance with purchase systems and procedures, including the Contract Standing Orders 	<ul style="list-style-type: none"> ➤ Purchase to Pay (P2P) process continues to be strictly controlled by both Commercial & Procurement Services and Banking & Payment Services, ensuring payment to suppliers occurs in a timeous fashion. ➤ As part of the City of Edinburgh Council 2020/21 External Audit, Azets reviewed and audited the processes and controls in place relating to the Council's Oracle system to ensure these remain robust. ➤ The requirement to consider IFRS16 legislation relating to leases defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration, is incorporated into a number of our templates and Terms and Conditions to satisfy this forward requirement. ➤ Statistics in relation to purchase orders in Oracle are collated and communicated monthly to Directorates across the Council. Purchase Card spend and CSOs waivers are also captured 	Fully Complied

6. Ensuring Legal Compliance and Robust and Transparent Governance (and we will do this by):		
What we said we would do	What we have done	Status
	<p>within regular Management Information performance statistics and communicated to Directorates accordingly.</p> <ul style="list-style-type: none"> ➤ Oracle requisitions that can be defined as Shadow IT now have an additional check to ensure that the supplier is on the new Shadow IT register. Similarly HMRC IR35 compliance continues to be monitored and policed accordingly as part of processing any Purchase Orders. ➤ 'Vendor form' captures required information including 'micro businesses', GDPR legislative compliance (relating to privacy statement and secure transfer of sensitive data) and links to the Council's key policies as available on the external website. ➤ Robust bank account change process, to ensure that when a supplier alters bank details on multiple occasions in short time period, a review of the financial stability of the supplier will be triggered. This process raises awareness of potential supplier instability and ensures up to date review of supplier financial evaluation is undertaken. ➤ The Oracle e-Business suite (Oracle) has been updated to include a Contracted supplier and Waiver Store. These stores are directly linked to the Contract Register and Waiver Register. This improves visibility of contracted suppliers. Additional prompts are also being used to monitor and control spend level on a contract or agreement basis. ➤ CPS is actively supporting the Oracle upgrade as part of the Council's ERP programme, inclusive of User Acceptance testing and has completed a number of "quick wins" and learning processes, to improve efficiency of our systems, as well as a review of purchasing categories to improve the quality of management information. 	
<ul style="list-style-type: none"> ➤ Ensuring regular reporting of procurement activity and compliance to committee. 	<ul style="list-style-type: none"> ➤ Annual report submitted to Finance & Resources Committee, Scottish Government and available on the Council's website. ➤ Council's Contract Register available on the Council's website. ➤ Regular reporting of contract awards to Finance & Resources Committee for approval. ➤ 6 Monthly reports to Finance & Resources Committee and Pensions Committee (in respect of spend and contracts relating to the Lothian Pension Fund) in respect of contracts awarded under delegated authority. 	Fully Complied

7. Promoting Innovative and Best Practice Solutions (and we will do this by):

What we said we would do	What we have done	Status
<p>Engaging with clients at early stages of identification of need and scoping</p>	<ul style="list-style-type: none"> ➤ Long established Business (Commercial) Partnering approach in relation to procurement matters, with monthly dashboard reporting to Directorate management teams including on P2P compliance, expiring contracts and procurement pipeline activity, and regular Procurement/Project boards to support services areas and projects. ➤ Future contract planning 'horizon scanning' with Directorates of expiring contracts and opportunities to consider change. ➤ Close working with 'customers' across and external to the organisation to identify new and innovative solutions – challenging the existing, striving for improvement. ➤ Services considered on a cross-directorate (Council wide) basis to deliver holistic solutions, this approach, and early intervention, being embedded in procurement procedures and PRF/Procurement Plan templates. ➤ Best Value efficiencies developed from within the Commercial and Procurement Services team and by Directorates, captured within the Commercial Pipeline tracker. 	<p align="center">Fully Complied</p>
<ul style="list-style-type: none"> ➤ Seeking relevant examples of market innovations and sharing models and best practice 	<ul style="list-style-type: none"> ➤ Regulated procurements embrace market engagement, research and benchmarking in order to maximise quality and value. Frequent working with business and third sector engagement organisations such as Scottish Care, Supplier Development Programme, Partnership4Procurement and Edinburgh Voluntary Organisations Council (EVOC). ➤ Regular collaboration with other local authorities and/or public-sector partners, benchmarking undertaken to establish baseline and learn of best practice within the sector, including with Scottish Futures Trust and other authorities on proposals for future construction work framework and work with NHS Lothian, University of Edinburgh and Scottish Enterprise on Edinburgh BioQuarter procurement exercise. 	<p align="center">Fully Complied</p>

7. Promoting Innovative and Best Practice Solutions (and we will do this by):		
What we said we would do	What we have done	Status
	<ul style="list-style-type: none"> ➤ Use of output-based specifications to drive market innovation and new technology where suitable. ➤ Ongoing commitment and active contribution to Scotland Excel collaborative approach with all our local authority partners and with Scottish Procurement. ➤ Active engagement with Scotland Excel, the Council being the first local authority to agree an SLA with Scotland Excel to help secure Best Value from its membership, including sharing of lessons learned from Scotland Excel's work with other local authorities. ➤ Regular engagement through Scottish Government Local Procurement Forum (SGLPF), Scotland Excel user groups and Scottish Procurement Policy Forum, where share knowledge and best practice. 	
➤ Allowing the opportunity for variant bids where there is potential technological and market advancement	<ul style="list-style-type: none"> ➤ Council's established procurement procedures permits variant bids where appropriate, something that is assessed through the development of the project, including use of Prior Information Notices, Bidder Days and engagement with the market to assess scope for such potential. 	Fully Complied
➤ Challenging the status quo	<ul style="list-style-type: none"> ➤ Supporting new and ongoing dynamic purchasing system for securing additional temporary accommodation for vulnerable citizens and assessing suitability for use in other services. ➤ Engagement with Suppliers on price and other market pressures ensuring information is shared with others to improve market awareness and opportunities to secure better value. ➤ Proactive reporting and challenge to services areas on use of CSOs waivers, to assist improvements in compliance and value for money ➤ Introduction of Contract Management compliance reviews as noted above. 	Fully Complied

Annex 3 – Future Procurement Activity

New Procurements				
Brief Contract Description	Contract Estimated Value	Expected Contract Notice Date	Expected Award Date	Expected Start Date
Vehicle Recovery	£200,000	03/10/22	31/01/23	01/03/23
Laboratory Equipment Purchase	£750,000	01/11/22	13/03/23	31/03/23
Learning Communities Framework - Accredited Pathways, Play and Art Therapy, Speech & Language Therapy and Counselling & Coaching	£16,000,000	16/01/23	16/11/23	15/01/24
Sports and Activities Coaching for Active Schools	£1,000,000	16/01/23	16/11/23	15/01/24
Schools and Lifelong Learning Resources - Uniforms, Outdoor Clothing, Gym Equipment, Maintenance & Repairs	£800,000	01/10/23	01/08/24	01/10/24
Recurring Procurements				
Brief Contract Description	Contract Estimated Value	Expected Contract Notice Date	Expected Award Date	Expected Start Date
Management and Maintenance of Edinburgh Living LLP Homes	£3,000,000	15/09/2022	14/03/2023	01/05/2023
Domestic Abuse	£3,000,000	01/10/2022	01/02/2023	01/04/2023
Independent Living Advice - Info service - Outreach and Advisory (Physical Disability)	£5,700,000	01/10/2022	10/03/2023	05/06/2023
Homelessness Prevention: Young People's Visiting Support Service	£2,343,440	01/10/2022	01/02/2023	01/04/2023
Homelessness Prevention, immediate intervention for young people presenting as homeless	£161,000	01/10/2022	01/02/2023	01/04/2023
Support for Families where Children and Young People are Affected by Parental Substance Use	£3,200,000	01/10/2022	01/02/2023	01/04/2023
Inclusive Childcare Support Services	£1,100,000	01/10/2022	01/02/2023	01/04/2023

24 hour Accommodation with Support for Women experiencing Domestic Abuse	£927,267	01/10/2022	01/02/2023	01/04/2023
Accommodation with Support for BME Women experiencing Domestic Abuse	£560,000	01/10/2022	01/02/2023	01/04/2023
24-hour Accommodation with Support for Women Suffering Domestic Abuse.	£1,243,200	01/10/2022	01/02/2023	01/04/2023
Care and Repair provision	£483,676	01/10/2022	01/02/2023	01/04/2023
Early Intervention Services	£150,000	01/10/2022	01/02/2023	01/04/2023
Assessment Data Provider for Schools	£280,000	01/10/2022	01/02/2023	01/04/2023
Advice and Information Services	£200,000	01/10/2022	01/02/2023	01/04/2023
Support of Children with Additional Needs	£426,216	01/10/2022	01/02/2023	01/04/2023
Provision of Services for a Child in the Care System	£260,000	01/10/2022	01/02/2023	01/04/2023
Support for UAMs who are seeking leave to remain and have been assessed as having the skills to live in accommodation without the requirement of 24-hour staff support.	£213,096	01/10/2022	01/02/2023	01/04/2023
Support, information and advice to autistic adults in Edinburgh	£155,110	01/10/2022	01/02/2023	01/04/2023
Adoption Services	£2,000,000	01/10/2022	01/02/2023	01/04/2023
Holiday and Term Time Support for Children	£1,400,000	01/10/2022	01/02/2023	01/04/2023
Leasing Advisors	£55,000	01/11/2022	01/04/2023	01/06/2023
Framework Agreement for Supported Bus Services	£4,800,000	01/11/2022	01/04/2023	02/07/2023
Syrian Refugee English Language Teaching and Cultural Integration Support	£400,000	01/12/2022	01/02/2023	02/04/2023
Insurance Broking & Risk Management	£370,000	01/12/2022	01/02/2023	01/05/2023
External Offsite Revenues Processing Service in respect of Council Tax and National Non-Domestic Rates	£665,000	01/01/2023	01/06/2023	09/09/2023
Family Support Volunteer Service	£720,000	01/01/2023	01/05/2023	01/07/2023
Legal Services Framework	£12,000,000	15/01/2023	15/11/2023	21/12/2023
Delivery of Taxicard Scheme for subsidised Taxi Journeys	£3,500,000	01/02/2023	01/05/2023	24/07/2023

Homeless Prevention Group Work	£73,350	01/02/2023	01/05/2023	02/07/2023
Education and Health & Social Care Transport Framework Agreement	£32,000,000	01/02/2023	01/05/2023	03/07/2023
Forestry & Arboricultural Works	£280,000	01/02/2023	01/05/2023	01/09/2023
Transport Traffic Management	£400,000	01/02/2023	01/06/2023	01/08/2023
Claims Handling Agents - Trams	£50,000	01/02/2023	01/06/2023	02/08/2023
Tablet Repairs	£400,000	01/02/2023	01/05/2023	01/09/2023
Webcasting Services	£140,000	01/02/2023	01/06/2023	01/08/2023
Tree Planting framework	£400,000	01/04/2023	01/10/2023	06/01/2024
Single Occupancy Discount Review Service	£150,000	01/04/2023	01/08/2023	01/10/2023
Driver Medicals for Taxi and Private Hire	£450,000	01/04/2023	01/08/2023	01/10/2023
Back to Laboratory Saliva - Based Test Kits and Screening for Controlled and Illegal Drugs	£380,000	03/04/2023	03/10/2023	19/11/2023
Residential Care, Special Schools and Supported Accommodation	£12,000,000	01/05/2023	31/03/2023	08/07/2024
Secure Care Transport	£4,000,000	01/05/2023	01/08/2023	01/04/2024
Supply & Maintenance of Stairlifts, Ceiling Track Hoists & Bidet Toilets	£1,200,000	01/06/2023	01/09/2023	01/11/2023
Specialist Event Support Crew & Equipment hire	£600,000	01/06/2023	01/10/2023	01/06/2024
Subsidised Childcare for Working Parents	£4,300,000	01/08/2023	01/12/2023	01/04/2024
Independent Advocacy and Children's Rights Service	£1,010,000	01/08/2023	01/12/2023	01/04/2024
Residential Care for Young People	£6,845,778	01/08/2023	01/12/2023	01/04/2024
Temporary Security Alarm Systems	£960,000	01/08/2023	01/12/2023	01/04/2024
Edinburgh Dementia Post Diagnostic Support Service	£1,886,871	01/08/2023	01/12/2023	01/04/2024
Mediation Service for Children with Additional Support Needs	£80,000	01/08/2023	01/12/2023	25/03/2024
Provision of a Rent Deposit Guarantee Service	£500,000	01/09/2023	01/11/2023	28/01/2024
Cleaning Services for Cultural Performance, Conferencing and Events Venues	£1,000,000	01/09/2023	01/02/2024	03/06/2024
Day Opportunities and Support for older people	£5,000,000	01/10/2023	01/02/2024	01/04/2024
Trauma Clean and Final Clean of Homes	£140,000	01/11/2023	10/02/2023	31/03/2023
Empty Homes: Estates Clearance, Garden Maintenance & Minor	£3,500,000	01/12/2023	01/04/2024	12/07/2024

Works, Property Protection				
Tram Track Maintenance	£6,100,000	01/12/2023	01/03/2024	09/07/2024
Aids for Daily Living Goods and Services	£8,600,000	01/01/2024	01/04/2024	01/06/2024
Through care and After Care (TCAC) Service additional support to young people and their families	£880,000	01/01/2024	01/04/2024	01/08/2024
Housing Capital Works Framework	£200,000,000	01/02/2024	01/09/2024	01/12/2024
Lift Servicing & Maintenance for Housing	£720,000	01/02/2024	01/09/2024	22/11/2024
Housing Consultancy Framework Agreement	£1,100,000	01/02/2024	01/05/2024	01/09/2024
Commercial and Residential Property Advisory Services	£500,000	01/02/2024	01/05/2024	03/09/2024
Decriminalised Parking Services	£60,000,000	01/03/2024	01/08/2024	01/10/2024
Civic Clocks Maintenance	£110,000	01/05/2024	01/02/2024	24/04/2024
Homelessness Prevention: Street Outreach, Support Hub and Complex Needs Visiting Support Service	£7,167,400	01/10/2022	01/02/2023	01/04/2023

Glossary

Term	Description
Best Value	The legal duty to secure continuous improvement in the performance of the Council's functions as set out in section 1 of the Local Government in Scotland Act 2003.
CIPS	The Chartered Institute of Procurement and Supply (CIPS) is the leading body representing the field of procurement and supply chain management.
Collaboration	When two or more groups of people or organisations engage in procurement work together for mutual benefit.
Commercial Awareness	Evidence of commercial acumen. Awareness of the need for efficiency, cost-effectiveness, customer/stakeholder support, a knowledge of the sector and the services the organisation provides and will provide in the future, considering the strategic objectives, current economic climate, etc. A track record of appropriate procurement skill and experience, evidence of on-going/continual training and development. (desirable and post/org specific) professional qualification/undertaking or willingness to undertake as appropriate.
Contract Management	The process of monitoring the performance of a supplier to contract.
Co-production	The real and meaningful involvement of the citizens of Edinburgh including future recipients of the service and key stakeholders and suppliers (both current and potential) in how and what community services and related goods and works are delivered with regard to the National Standards for Community Engagement.
Demand Management	To take costs out of an organisation by addressing the drivers for spend, aligning spend to business need and eliminating unnecessary consumption. Demand management examples: Challenging requirements that specify brand or other over specification.
Framework Agreement	An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.
Procurement strategy	Strategy for procurement within an organisation (can be called policy).
Small Medium Enterprise (SME)	The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro.
Stakeholder	Any person or group who has a vested interest in the success of the procurement activity, i.e. either provides services to it, or receives services from it.
Supplier; Provider; Contractor	An entity who supplies goods or provides services or execution of works.
Supply Chain	All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.

**Supported
Business**

Either the organisation's main aim should be the social and professional integration of disabled or disadvantaged persons, or the contract should be performed within a sheltered employment programme.

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Finance & Resources Committee

10:00am, Wednesday, 7 September 2022

Award of Engineering Inspection Services

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
- 1.1.1 Approves the award of a contract for Engineering Inspection Services to Zurich Insurance PLC.
 - 1.1.2 Approves the commencement of the contract in October 2022 for a period of five years with the option to extend at twelve-month intervals up to a total of 24 months with a total estimated value of £1,263,165.

Richard Carr

Interim Executive Director of Corporate Services of Corporate Services

Contact: Ruth Kydd, Insurance Manager • Corporate Services.

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Award of Engineering Inspection Services

2. Executive Summary

- 2.1 This report seeks approval to award the Engineering Inspection Services to Zurich Insurance PLC (trading as Zurich Municipal), to commence in October 2022 for a period of five years with the option to extend at twelve-month intervals up to a total of 24 months, undertaken at the sole discretion of the Council at a total estimated value of £1,263,165.
- 2.2 The award of this contract will facilitate the continued Health and Safety requirements of the Councils facilities.

3. Background

- 3.1 The Council has a duty under the Health & Safety Act 1974 to test and inspect all lifting and related engineering equipment across the Council estate.
- 3.2 The Council requires an organisation to deliver the Engineering Inspection services on all lifting and related engineering equipment as inspections of equipment must be carried out by a qualified organisation which is independent of the Council; this cannot be provided inhouse.
- 3.3 There is currently a contract in place to deliver these services until 30 September 2022.
- 3.4 The Council's asset register needed to be appropriately updated ahead of going to market.

4. Main report

- 4.1 Commercial and Procurement Services (CPS) conducted a mini competition utilising the Crown Commercial Services (CCS) Framework 'Insurance and Related Services 3' (IS3), which contains a Dynamic Purchasing System (DPS) for Insurers and Brokers (ref: RM6138).
- 4.2 Prior to their appointment to the CCS framework, all suppliers were pre-vetted to ensure that they satisfied the requirements necessary for the delivery of the goods

and services, including consideration of financial probity (relating to insurance and financial standing), health and safety and environmental management.

- 4.3 On 24 May 2022, a selection process was run through the CCS IS3 DPS seeking insurers who were able to deliver Engineering Inspection Services without requiring a Broker.
- 4.4 This pre-selection provided two potential suppliers, who were invited to quote for the requirement via a min-competition on Public Contracts Scotland (PCS).
- 4.5 In order to identify the most economically advantageous tender(s) submissions were assessed on the basis of 70% Quality and 30% Cost. Given the high degree of regulation on prices within the industry, Quality was weighted highly to ensure the technical capacity of the suppliers was considered sufficiently.
- 4.6 The tender results, combining the quality scores and the price evaluation to derive an overall score for each provider out of a maximum of 100%, are:

Bidder	Price	Quality	Total
Zurich Insurance PLC	30	46.38	76.38
Bidder B	Did not submit a bid		

- 4.7 A summary of the tender evaluation criteria is provided in Appendix One.

5. Next Steps

- 5.1 Subject to Committee approval, the contract will commence on 01 October 2022.
- 5.2 The Contracts and Grants Management team (CAGM) and the Contract Manager will ensure that effective contract management is delivered throughout the contract lifecycle. A Contract Management and Handover Report, detailing the necessary steps and measures, will be produced and agreed.
- 5.3 It is envisaged that proactive contract management lead by the Insurance Department (to include robust monitoring of all appropriate management information, key performance indicators and budget/savings tracking) will assist in the delivery of an effective and efficient service for the City of Edinburgh throughout the duration of the contact.

6. Financial impact

- 6.1 The estimated value of this contract over the seven-year period is £1,263,165; year one has been estimated at £180,452 based on current equipment on the Council's asset register.

- 6.2 All rates are detailed within the contract, and any potential price increases are index linked, and subject to agreement from the Council, which should ensure prices are kept within budget.
- 6.3 The full cost of the contract will be determined by the number of items that require statutory inspections. As the Council updates and / or replaces the quantities of lifting equipment within its estate, the value of Engineering Inspection services required will increase or decrease accordingly.
- 6.4 Financial assessments have been carried out, and the supplier has demonstrated acceptable financial status and considered limited risk to the council.
- 6.5 During the contract period the Contract Manager will be responsible for the tracking “actual” savings, which will be dependent on contract usage.
- 6.6 Prior to the tender process being undertaken, a review of all items was requested by all services to ensure that the Council was paying for the correct number of items. This led to a reduction in items, as some had been disposed of or replaced. As part of the ongoing contract management, all services will be required to have a programme in place to ensure regular updating of the system used by Zurich Insurance PLC to ensure compliance with Health & Safety law.
- 6.7 The current contract has a value of £220,000 annually. The new contract indicates an annual figure of £180,452 indicating a potential annual saving of approximately £39,000 per annum, with a potential saving of £273,000 over the seven years, if the Asset register remains constant.
- 6.8 While savings are anticipated as a result of the procurement process, this full potential savings total is unlikely, due to the historical spending pattern and the likely increase in equipment covered by the Health and Safety regulations over the contract’s term.
- 6.9 Further savings have been achieved by ensuring through the Tender process that added value measures such as the Provision of Written Schemes of Examination (WSE) as required by the Pressure Systems Safety Regulations (PSSR) 2000 are included within the contract price. Currently, the Council have 371 WSEs which would cost £55,650plus VAT per annum, but this is included in Zurich Insurance PLC fee automatically, thanks to the required added value criteria of the contract.
- 6.10 The costs associated with procuring this contract are estimated to be between £20,001 and £35,000.

7. Stakeholder/Community Impact

- 7.1 Zurich Insurance PLC have committed to delivering community benefits in line with expenditure in this contract, they have committed to extending their apprenticeship scheme into Edinburgh for the life of the contract
- 7.2 Zurich Insurance PLC pay the Real Living Wage and have committed to progressing towards adopting the Fair Work First criteria for workers in the delivery of this contract

- 7.3 Zurich Insurance PLC have committed to a 50 percent and 70 percent reduction in their Co2 emissions as an organisation in 2025 and 2029 respectively, and are seeking to do this through the contract by increasing their usage of renewable electricity and electric vehicles, embracing hybrid working and purchasing carbon removal certificates.

8. Background reading/external references

- 8.1 N/A

9. Appendices

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

Contract	CT1053 – Engineering Inspection Services	
Contract period (including any extensions)	Seven years (five years + 12 months + 12 months)	
Estimated Contract Value (including extensions)	£1,263,165	
Procurement Route Chosen	Mini-competition from a Framework (Crown Commercial Services RM6138 Insurances 3 DPS)	
Tenders Returned	1	
Name of Recommended Supplier(s)	Zurich Insurance PLC	
Price / Quality Split	Price (30%)	Quality (70%)
Evaluation Criteria and Weightings	PROJECT MANAGEMENT & IMPLEMENTATION	10.00
	MANAGEMENT OF ASSETS	15.00
	ACCOUNT MANAGEMENT	30.00
	REGULAR MEETINGS AND DATA	10.00
	EXIT STRATEGY	10.00
	ADDED VALUE	5.00
	BUSINESS CONTINUITY	5.00
	THE ENVIRONMENT	5.00
	COMMUNITY BENEFITS	5.00
	FAIR WORK PRACTICES	5.00
Evaluation Team	The evaluation was undertaken by a team consisting of the Council's Officers.	

Finance & Resources Committee

10.00am, Thursday 8 September 2022

Update on the implementation of the Construction Charter

Executive
Wards - All
Council Commitments –

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
- 1.2 notes the ongoing work of the Council in promoting the Construction Charter Commitments; and
- 1.3 notes that the since the Construction Charter is fully embedded that a further implementation update is no longer required.

Richard Carr

Interim Executive Director of Corporate Services

Contact: Lynette Robertson, Interim Head of Commercial and Procurement Services,
Finance and Procurement Division, Corporate Services Directorate

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Finance and Resources Committee

Update on the implementation of the Construction Charter Commitments

2. Executive Summary

- 2.1 On 16 August 2018, the Council adopted the Construction Charter Commitments (“the Charter”), which set out the expectations the Council has for those contractors who undertake construction work on the Council’s behalf.
- 2.2 The Charter comprises eight separate commitments to promote the adoption of fair work practices, and high standards in respect of workmanship, employment status, health and safety and apprenticeship training, amongst other matters.
- 2.3 This report provides an update to the Committee on the Council’s promotion of the commitments set out in the Charter.

3. Background

- 3.1 At the Finance and Resources Committee on 16 August 2018, the Committee agreed that the Council adopt the Charter. A link to the Committee report, and the Construction Charter Commitments themselves, can be found in Section 8 of this report.
- 3.2 As stated above, the Charter is intended to promote the adoption of fair work practices, and high standards in respect of workmanship, employment status, health and safety and apprenticeship training, amongst other matters.

4. Main report

- 4.1 In delivering the Council’s new [Business Plan](#) (Our Future Council, Our Future City), the Council will be investing significantly in the building of new assets and infrastructure, and major refurbishment and improvement works, right across the city. This investment includes new schools and nurseries, an additional 10,000 affordable homes, strategic active travel schemes, the Edinburgh Trams to Newhaven project, as well as significant investment in existing roads, pavements and Council buildings. The Council’s capital strategy includes planned spend of £4.4bn over the next 10 years.

- 4.2 Procurement legislation imposes an obligation on the Council to comply with the sustainable procurement duty, to improve the economic, social and environmental wellbeing of the authority's area. Linked to this, the Council also complies with Scottish Government guidance on addressing fair work practices in procurement, and where appropriate secures community benefits from contractors. As such, the promotion of the central principles of the Charter are already embedded in the Council's procurement processes, including its Contract Standing Orders.
- 4.3 Making sustainable procurement business as usual, together with those linked objectives as referred to in this report, is also a key element of the Council's [Sustainable Procurement Strategy](#) (the Strategy). The Strategy was adopted by the Council at the [5 March 2020](#) meeting of the Finance & Resources Committee. The Strategy has 7 key strategic procurement objectives, one of those being to improve fair work practices being adopted by suppliers. In securing this objective, one of the actions being undertaken by the Council is to ensure the application of the Charter to Council procurement activity.
- 4.4 The Council, through Commercial and Procurement Services, was also represented on the Fair Work Convention's review into fair work in the construction industry, this review being supported by the Scottish Government., which completed and published its [report](#) on 7 April 2022.
- 4.5 The Council's Annual Procurement Report for 2021/22 is considered elsewhere on the agenda for this meeting. However, that report details a number of related community benefits that were secured in the last financial year and which are of relevance, including the creation of apprenticeships, work placements and community engagement, as well as 87% of suppliers awarded contracts confirming that they pay a real living wage and an embedding of the Fair Work First guidance into the Council's procurement activity.
- 4.6 Since the Charter's adoption, and considering that a number of the commitments were already the subject of established practice and legal obligations on the Council, the Council's Commercial and Procurement Services have been further promoting, and embedding, the Charter principles in ongoing activity.
- 4.7 This work can be demonstrated by a number of contract award reports that have been considered by the Committee, where contractor commitments around the Charter have been specifically highlighted. These include high value contracts, such as the [Hard Facilities Management Services Delivery Partners](#), [Early Years and Rising School Rolls Programme](#), [Pre-Development Partner for Meadowbank](#), and [Edinburgh Shared Repair Service](#).
- 4.9 The Charter is included on the Supplier pages on the Council's [external website](#), to provide clarity and promotion of the manner in which the Council expects its contractors will operate. Council staff in those Divisions that most commonly deal with such matters, including Sustainable Development, Housing operations and Roads and Infrastructure, have also been reminded of the Charter and its commitments, and asked to promote it to their contractors.

- 4.10 In general terms, it is to be noted that there are certain aspects of the Charter where the Council's approach is relevant to more than one commitment within it. However, an update on the Council's compliance with the Charter commitments is provided as follows:

Commitment 1: High Working Standards

- 4.11 This commitment covers a number of aspects around contractors' approach to employment status, health and safety, standards of works and apprenticeship training, amongst other matters. As the Committee will be aware, in procurement exercises, the Council continues to set selection and award criteria that recognise and encourage fair work practices. This covers matters such as whether a contractor pays a living wage and its approach to the promotion of health and wellbeing, and inclusion within the workplace. Tender submissions are assessed and scored in line with the weighting percentages set for the tender in question. Whilst there are standard terms and conditions for all contracts, commitments given as part of a tender submission would also form part of the formal contract awarded to the winning tenderer. Commercial and Procurement Services keep the Council's approach to such matters under review, to ensure it maximises the outcomes that can be delivered but does so in a proportionate manner that still secures value for money and is compliant with the relevant regulations.

Commitment 2: HMRC Compliance

- 4.12 This commitment encourages HMRC compliance by contractors. The standard contract terms and conditions provide that contractors must comply with all relevant legislative requirements. In addition, the Supplier page on the Council's external website also makes it clear that contractors and subcontractors within the construction industry must be registered with HMRC's Construction Industry Scheme before they can be paid by the Council. The Council has also improved its procedures around the application of the IR35 regulations since the Charter was adopted.

Commitment 3: Health and Safety

- 4.13 This commitment highlights that the health and safety of workers on all the Council's construction projects is paramount. Through its tender selection and award criteria process referred to above, the Council ensures the contractors are able to meet the required standards in relation to health and safety. Where appropriate, this assessment reviews the volume of any health and safety breaches, as well as the number of reportable instances and near misses. Contractors' performance in relation to health and safety and related legislative compliance would also be monitored closely by project managers through the Council's contract management framework.

Commitment 4: Excellence in Skills and Training

- 4.14 The commitment relates to the promotion of construction industry skills and training, and the expectation that contractors will engage in this, to ensure the highest possible standards in Council projects. Adherence to this commitment is established via the Council's tender assessment and selection process. In particular, mandatory

criteria can be set to ensure that the Council is using contractors who promote excellence in skills and training, which would be evidenced by the holding of certain relevant specialist qualifications. The Council also works with its contractors to identify appropriate training programmes and secure the use of community benefits in all regulated procurements. Through community benefits proposals, the Council has secured apprenticeships, training opportunities and work placements for disadvantaged and long-term unemployed people.

Commitment 5: Trade Union Recognition

- 4.15 The Council cannot mandate its contractors to engage with trade unions in a particular way. Further, some contractors may not recognise trade unions, or if they do will have their own local/national agreements in place. However, it is to be expected that the benefits that trade unions can bring to the construction workplace will be separately promoted through the Council's wider approach to tender assessment, and the sustainable procurement duty, specifically fair work practices as summarised elsewhere in this report. As an organisation, the Council has in place agreed and established mechanisms for consultation and negotiation with its recognised trade unions. This is underpinned by the agreed Working Together Protocol which has been in place since July 2014, and which sets out the way that we will work together to achieve our shared interests. There are also a number of formal meetings which are in place at an organisational and Directorate level, at which relevant matters are raised and discussed, these include the Council Health and Safety Forum, the Directorate Joint Consultative Groups and Joint Consultation Committees and Partnership at Work. If the trade unions had concerns over the manner in which the Council's contractors were complying with the Charter then these could be raised via these arrangements. It is understood that since the Charter's adoption no concerns have been so raised.

Commitment 6: Recruitment

- 4.16 This commitment promotes the adoption of fair and transparent recruitment practices by contractors. Again, this is something that would be promoted and overseen by the Council's tender assessment and selection process.

Commitment 7: Blacklisting

- 4.17 This commitment makes it clear that the Council considers blacklisting to be unacceptable. Blacklisting is prohibited by the Employment Relations Act 1999 (Blacklists) Regulations 2010. In line with procurement legislation, all tenderers are required to provide information on any blacklisting activity within their organisation. If a contractor was to admit to any such activity during a tender process, the Council would have the ability to reject its bid. In the period since the Charter was adopted there have been no known instances of Council contractors having been found to have breached the blacklisting regulations.

Commitment 8: Government Buying Standards

- 4.18 This commitment requires all relevant construction contracts to comply with Government buying standards. Council contracts require contractors to ensure they comply with all relevant legal obligations and hold a BSEN ISO 9001 (or equivalent)

accreditation, or else satisfy the Council that relevant arrangements are in place. This accreditation relates to quality management and ensures that the contractor's workforce is sufficiently skilled and that it has established satisfactory training arrangements.

5. Next Steps

- 5.1 The Council will continue to promote the Charter to its contractors, which is now embedded into the Council's procurement procedures, as such the annual update on implementation can end.
- 5.2 The application of the charter will continue to be reported in the individual construction contracts awarded by the Council similar to those referenced in the report at para 4.7.

6. Financial impact

- 6.1 There is no direct financial impact associated with this report. As reported at the time of the adoption of the Charter, there will, however, be indirect costs associated with the ongoing promotion and monitoring of the Charter, especially if concerns were raised over compliance by Council contractors.

7. Stakeholder/Community Impact

- 7.1 The Charter should help secure positive impacts on the employees of those contractors who are working on the Council's construction projects, by ensuring they experience fair work practices, ongoing training and development and have the ability to access support through trade unions and trade bodies.
- 7.2 The Charter should also help secure positive impacts on those staff members and members of the public who are affected by Council construction projects, including through increased vigilance around health and safety.
- 7.3 The trade unions were consulted at the time of the adoption of the Charter, and they will be able to provide ongoing feedback on it through the normal Council engagement framework.

8. Background reading/external references

- 8.1 [Item 7.15 - Construction Charter.](#)
- 8.2 [Finance & Resources Committee, Sustainable Procurement Strategy, 5 March 2020](#)

9. Appendices

None.

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Edinburgh Living LLPs: Acquisition of Homes 2022/2023

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
- 1.1.1 Agrees the transfer of 14 homes constructed at Dumbryden as part the Council's housebuilding programme, from the Housing Revenue Account (HRA), to Edinburgh Living mid-market rent LLP, once completed in 2022;
 - 1.1.2 Notes the intention for Edinburgh Living to purchase 80 homes from the National Housing Trust (NHT) Fruitmarket LLP;
 - 1.1.3 Delegates Authority to the Executive Director of Place to complete the purchase of homes on behalf of the Council as Member of the Edinburgh Living Mid-Market Rent LLP.
 - 1.1.4 Notes the requirement for the Council:
 - 1.1.4.1 to make available up to £4.9m from the Council Tax Discount Fund (CTDF) to support the purchase of homes at Fruitmarket at Market Value;
 - 1.1.4.2 to lend to the mid-market rent LLP to enable the purchase of all 94 homes;
 - 1.1.4.3 to provide corresponding capital advances from the Loans Fund based on a repayment profile using the funding/ income method, as set out in Appendix 1; and

1.1.5 Refer this report to Council for approval of the recommendations at 1.1.4.

Paul Lawrence

Executive Director of Place

Contact: Elaine Scott, Head of Housing Strategy and Development

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Edinburgh Living LLPs: Acquisition of Homes 2022/2023

2. Executive Summary

- 2.1 Each year the Finance and Resources Committee is asked to approve the transfer of mid-market rent homes currently being constructed through the Council's housebuilding programme from the Housing Revenue Account (HRA) to Edinburgh Living, the Council's mid-market rent housing delivery partnership established by the Council in 2018.
- 2.2 In line with Council governance, Committee is also asked to note the funding required for Edinburgh Living to purchase the homes on completion at a price based on total development costs, leaving the HRA in a cost neutral position. The report is then referred to Council to approve the funding.
- 2.3 This report seeks approval for the intended transfer of a further 14 homes due to complete at the Council's Dumbryden development in 2022/2023, bringing the total number of mid-market rent homes approved through this route since 2019 to 514 homes.
- 2.4 The report also sets out the intention for Edinburgh Living to purchase 80 homes from the Fruitmarket NHT LLP, a Limited Liability Partnership (LLP) established under the Scottish Government's NHT initiative. The LLP is made up of the Council, Scottish Futures Trust Investments Limited (SFTi) and Ediston Properties Limited ("Ediston"). The purchase at Fruitmarket provides an opportunity for Edinburgh Living to increase its portfolio with the addition of a popular development in a well-connected location. It secures long-term affordable rented homes for the City; provides assurance to sitting tenants that their homes will be available to them to rent for as long as they need; and the original funds loaned by the Council to the NHT LLP to purchase the homes on completion in 2017 will be repaid in full.
- 2.5 Finance and Resources Committee is being asked to provide the necessary approvals within their remit to progress the completion of both purchases and to refer the report to Council for the approval of funding.

3. Background

- 3.1 Edinburgh Living was formed as a housing delivery partnership between the City of Edinburgh Council and SFT in March 2018, following the inclusion of a funding package for the initiative as part of the Edinburgh and South-East Scotland City Region Deal (City Region Deal). Edinburgh Living consists of two Limited Liability Partnerships (LLPs), one for mid-market rent homes, which is currently active, and a second for any market rent homes delivered on larger mixed-tenure sites in the future. The Council's partner in the public sector led Edinburgh Living LLPs is SFT, with the Council owning 99% of the market rent LLP and 99.999% of the mid-market rent LLP.
- 3.2 Under the governance structure approved by Council in 2018, the Finance and Resources Committee is asked to approve the transfer of those mid-market rent homes being constructed through the Council's mixed-tenure housebuilding programme to Edinburgh Living from the HRA. As stated above, homes are purchased by Edinburgh Living on completion at a price based on total development costs, including design and construction cost, project management costs, land value and related short-term funding costs, leaving the HRA in a cost neutral position. The background to the financial arrangements for the transfer of homes is set out in Appendix 1.
- 3.3 Committee has already approved the transfer of 500 homes on completion to Edinburgh Living with 370 of these homes now completed and under ownership. The remaining 130 homes approved for transfer are scheduled to be purchased by Edinburgh Living by the end of December 2022.
- 3.4 Edinburgh Living also has the ability to purchase homes directly from the private market and an opportunity to purchase homes at the NHT Fruitmarket development is currently subject to due diligence.
- 3.5 In 2010, the Scottish Government and Scottish Futures Trust (SFT) launched the NHT initiative to deliver homes for mid-market rent in areas of high demand, while at the same time stimulating house building activity following the market crash of 2008. The Council agreed to participate in the initiative in August 2010 and has since provided on-lending to support the delivery of over 800 affordable homes across the city. Appendix 2 provides further information on the NHT initiative.
- 3.6 Council officers are working with the NHT developers to plan and manage developer exit from LLPs across the City. The aim is to provide stability for tenants through agreeing options which enable them to continue to rent their existing home, or be supported to move into alternative rented housing, where they are unable to take up the option to purchase their home. The Fruitmarket NHT LLP homes were completed in 2017 and have now reached their first potential exit point at year five.
- 3.7 The Finance and Resources Committee is being asked to agree the transfer of those mid-market rent homes being constructed through the Council's mixed-tenure housebuilding programme to Edinburgh Living from the HRA. Also, to note the intention for Edinburgh Living to purchase 80 mid-market rent homes from

Fruitmarket NHT LLP, subject to Council approving funding, and to delegate authority to the Executive Director of Place (on behalf of the Council as Member of the Edinburgh Living LLP) to agree the conclusion of the transactions for Dumbryden and Fruitmarket.

4. Main report

- 4.1 The purpose of this report is to seek Committee approval to continue the growth of Edinburgh Living by providing the required approvals for a further tranche of 94 mid-market rent homes, 14 at Dumbryden and 80 at Fruitmarket.

Dumbryden

- 4.2 The Council currently has 816 homes under construction as part of the mixed tenure council house building programme. Fourteen of the 49 new homes being constructed at the second phase of the Dumbryden development are being delivered for mid-market rent and will be purchased by Edinburgh Living on completion in 2022.
- 4.3 The homes are a mix of one, two and three-bedroom flats and the purchase will be funded through a combination of on-lending and Scottish Government grant.

Fruitmarket

- 4.4 The eighty homes at the Fruitmarket development were completed in 2017 by Hart Builders for the developer Ediston under the NHT initiative. As these homes are approaching the end of their fifth year since completion and under the terms of the NHT contract, the Developer has informed the Council that they would like to sell the homes and exit from the LLP. At the time of writing, with the exception of three homes being marketed for re-let, the homes are currently all tenanted. Tenants have private residential tenancies with their Landlord (Fruitmarket NHT LLP). All homes purchased by Edinburgh Living will continue be let at mid-market rents to existing tenants.
- 4.5 The purchase delivers a positive outcome for tenants, providing them with the security of a long-term rental option at affordable rates under an institutional Landlord, as Edinburgh Living aims to grow its stock and provide long-term affordable housing. Following the purchase, homes that become available would be let by Edinburgh Living to tenants on low to moderate incomes in accordance with Edinburgh Living's lettings policy. It also ensures that tenants who wish to purchase their homes, in-line with the provisions set out within the NHT LLP agreements, will be offered that opportunity within the original ten-year timeframe. There has so far been limited interest from tenants in relation to purchase of the homes.
- 4.6 The sale of these homes to Edinburgh Living this year will allow the winding up of the Fruitmarket NHT LLP and the repayment of the £9,153,123 loan which the Council agreed to lend to the Fruitmarket NHT LLP for the purchase of the homes on completion.

- 4.7 For Edinburgh Living, it offers an opportunity to increase the portfolio more rapidly, reducing the impact of overheads on the business. It is a popular development, with a low void turnover, and is also well-located, being close to amenities and good transport links. There is an established market and high demand for mid-market rent homes across the city and Edinburgh Living mid-market rent homes are expected to be attractive to those seeking a new home.
- 4.8 The alternative option is that the Fruitmarket NHT LLP continues to exist and a standard exit is commenced, with all homes being sold either to sitting tenants or on the open market (initially on void, but over time tenants would have to be issued with notices to quit to ensure the loan is repaid by year 10). As the Council does not hold the majority of the votes on the LLP, there would be limited influence on the structure or timescales of this exit route. This option would reduce the number of affordable homes available in the city and if the developer wished to progress the exit process quickly, it could restrict the opportunity for tenants to fully explore the option of purchasing their home, should they wish to do so, or find other suitable housing if they chose not to or could not afford to purchase or rent a home in the private market.
- 4.9 Estates officers have led on the negotiation of the purchase price. This has been assisted by the instruction of an independent valuation and building survey of the block. The purchase price that has been agreed is in line with the independent valuation figure, dated 15 February 2022, and the results of the building survey which did not reveal any issues that would lead to a recommendation not to proceed with the acquisition.
- 4.10 Despite increasing house prices in Edinburgh, estimated to be 1.5% -2.0% per quarter, the purchase will complete in line with the figure reported in February. This negotiated position represents a saving to the Council of at least £250,000 in comparison to a valuation undertaken at the time of purchase completion.
- 4.11 The opportunity to access grant funding and CTFD to support this purchase has made Edinburgh Living a viable and positive exit option in this instance. In order for Edinburgh Living to acquire the homes at Market Value, the purchase will be supported by Scottish Government (SG) Grant of £4.1m (in line with current mid-market rent benchmark levels) and Council Tax Discount Fund (up to £4.9m).
- 4.12 Once transferred, the homes will be owned by Edinburgh Living and let and managed by the existing management and maintenance supplier, Touchstone. This will offer continuity for tenants following the sale and while the Council (acting on behalf of Edinburgh Living) undertakes the tender process for appointing a lettings, management and maintenance provider for Edinburgh Living homes. The procurement process has commenced and is expected to complete in early 2023.
- 4.13 Rents at both Fruitmarket and Dumbryden are set at below 100% of Local Housing Allowance, in line with Scottish Government grant terms. Rents will be managed in accordance with Edinburgh Living's rental increase policy securing long-term affordability for tenants.

Update on lending previously approved for Edinburgh Living

- 4.14 Officers carry out regular financial due diligence which includes tracking the actual and proposed lending amounts against the approval limits set by Scottish Government. Up to the end of May 2022 actual lending was £45.659m against a limit of £110m for mid-market rent homes. Combined with the current approved transfers and the purchases at Dumbryden and Fruitmarket, on-lending by the end of 2022 is expected to reach £72.081m which is still comfortably within the approval limit.

5. Next Steps

- 5.1 Following this Committee's agreement, the report will be referred onto the City of Edinburgh Council on 22 September 2022 for approval of the lending and capital advances required to fund the purchases.
- 5.2 A report will be prepared for the Finance and Resources Committee in relation to transfer of homes due to complete in 2023/2024, with the inclusion of a financial reconciliation of the on-lending which has taken place in previous years.

6. Financial impact

- 6.1 The Fruitmarket development will be purchased for £16.954m and the estimated total acquisition costs at Dumbryden is £2.346m. As with all Edinburgh Living acquisitions from the Council's housebuilding programme, the purchase costs at Dumbryden will be subject to a final viability test run on the day of purchase once total construction costs have been accounted for.
- 6.2 The total lending required for the additional 14 homes at Dumbryden is £2m, based on the current estimated figures. Modelling demonstrates that the viability test will be passed for Dumbryden with the use of Scottish Government grant funding secured through the City Deal arrangements. However, alternative funding will be required to support the purchase of the homes at Fruitmarket.
- 6.3 In addition to on-lending, funding from the CTDF and Scottish Government grant funding from the Affordable Housing Supply Programme (AHSP) will be required. Funding is available in the Council's 2022/2023 AHSP and Scottish Government is supportive of this purchase. The on-lending required to support the Fruitmarket acquisition is estimated to be between £8m and £8.6m depending on interest rates at the time of purchase. £4.1m of funding from the AHSP will be made available (in line with current benchmarks). A contribution of between £4.2m and £4.9m will also be required, based on the aforementioned interest rates.
- 6.4 The CTDF is funding secured from Council tax paid for second homes and, in accordance with Scottish Government guidance, the budget is ring fenced for affordable housing. The CTDF opening balance for 2022/2023 is £11.3m and can accommodate the funds required for this purchase; funds are replenished on an

annual basis. The remaining CTDF balance will be used to support the delivery of affordable homes, including new Council homes.

- 6.5 The Fruitmarket development was delivered as part of the third phase of the NHT programme. The NHT model is structured as a short-term investment (10 years) and does not include a sinking fund for future lifecycle works. In addition, the third phase of the NHT programme included a cap on rental increases at CPI rather than CPI + 1% used in previous phases which limited the ability of this LLP to accumulate any surplus funds. As part of the due diligence undertaken a building survey has identified key areas of work to be carried out over the next ten years. This has been taken into account while assessing the viability of the purchase as well as ensuring the long-term financial health of the wider Edinburgh Living portfolio. All homes purchased by Edinburgh Living will continue be let at mid-market rents to existing tenants. Fruitmarket NHT LLP increased rents on 1 April 2022 therefore no further rent rise can take place until 1 April 2023. Rents at Fruitmarket are below 100% of Local Housing Allowance.
- 6.6 There is no impact to the General Fund as a result of lending to the LLPs. The rental income generated by the homes owned by the LLPs is sufficient to cover loan repayments. As all development cost are covered as part of the acquisition price paid by the LLPs, there is no impact on the HRA as a result of this initiative, it is cost neutral.
- 6.7 As set out in paragraph 4.7, tenants will have the option to buy their homes between years five and ten. In the event that tenants buy homes the borrowing, grant and funding from the CTDF will be repaid. The Members Agreement sets out the order in which proceeds are to be applied

7. Stakeholder/Community Impact

- 7.1 Edinburgh Living will continue to support the delivery of new homes on brownfield sites, reducing pressure on Edinburgh's green belt.
- 7.2 Homes at both the Dumbryden and Fruitmarket development are constructed to high standards in terms of energy efficiency and sustainability, supporting a reduced requirement for energy use within the homes.
- 7.3 The completion of homes at Dumbryden will positively impact the local community through the delivery of another phase of the regeneration taking place across the wider South-West area. Edinburgh Living will also ensure that the local environment at Fruitmarket will continue to be maintained to a high standard, supporting the mixed-use regeneration and development of a sustainable community at that site.
- 7.4 An integrated impact assessment (IIA) has been carried out in relation to the Council's housebuilding programme. A range of positive impacts have been identified.

These include:

- 7.4.1 More accessible homes that are suitable for people who have mobility difficulties;
 - 7.4.2 More affordable homes to enable people to have a good standard of living;
 - 7.4.3 More people able to access housing which enhances rights in relation to privacy and family life; and
 - 7.4.4 Community benefits secured through housing contracts can enhance rights to education and learning through development of links with schools.
- 7.5 The purchase of homes at Fruitmarket will secure homes for long-term affordable rent while offering those that wish to, a step on to the housing ladder within a well-managed community, as set out in the integrated impact assessment for Fruitmarket.

8. Background reading/external references

- 8.1 [City Deal – New Housing Delivery Partnership Implementation](#), Housing and Economy Committee, Thursday 18 January 2018.
- 8.2 [City Deal – New Housing Delivery Partnership Implementation](#) – Referral from the Housing and Economy Committee, City of Edinburgh Council, 1 February 2018.
- 8.3 [City Deal New Housing Delivery Partnership Acquisition of Homes 2018/2019](#), Finance and resource Committee, Thursday 12 June 2018.
- 8.4 [Edinburgh Living LLPs: Acquisition of Homes 2019/2020](#) - Finance and Resources Committee, Tuesday 4 December 2018.
- 8.5 [Edinburgh Living LLPs: Acquisition of Homes 2019/2020](#) – referral from the Finance and Resources Committee, Tuesday 4 December 2018.
- 8.6 [Edinburgh Living: Management, Maintenance and Letting Services](#) – Award of Contract Under Delegated Authority, Finance and Resources Committee, Thursday 11 October 2018.

9. Appendices

- 9.1 Appendix 1: Financial background on the transfer of homes to Edinburgh Living LLPs.
- 9.2 Appendix 2: Background to National Housing Trust (NHT) Initiative.

Appendix 1: Financial background on the transfer of homes to Edinburgh Living Mid-Market Rent LLP

The Edinburgh Living Mid-Market Rent LLP purchases homes with a combination of borrowing received through Council lending and, for the mid-market rent LLP, Scottish Government grant funding. Approval is required from the City of Edinburgh Council to lend funds to the LLP in order to fund the purchase of these homes. The costs associated with the lending are recharged to the LLP. The LLP meets these costs from net rental income generated from letting the properties.

The loans to the LLP will generally be a 40-year annuity repayment structure, similar to a mortgage. The rate of interest on the loan is based on the Public Works Loan Board (PWLB) 40-year annuity rate available to the Council on the day each loan is advanced.

A viability test is carried out to ensure that the homes purchased are capable of generating a sustainable income stream that can cover running costs and repayment of principal and interest on the lending provided by the Council's General Fund. A prudent allowance is also required to be earmarked to cover future life-cycle maintenance.

The test is run on the day of purchase for every acquisition made by the LLPs, using the final costs and actual interest rate. Lending will only go ahead if the test is passed. Based on the current estimated costs, rent levels and interest rates and an element of contingency, the viability test requirements for this tranche of acquisitions by both LLPs were met. Appendix 3 sets out the detailed figures.

In order to support the purchase of homes from the private market and secure a positive exit from the Fruitmarket LLP, an additional sum from the CTDF over and above grant and borrowing is required as part of the funding package.

General Fund

The LLPs generate sufficient net rental income to repay the Loans Fund capital advances relating to borrowing provided for the acquisition of homes. The LLPs monitor the actual operating position and adapt their business plan on an ongoing basis to ensure that this remains the case. It should be noted, however, that should the LLPs fail to make their loan principal or interest repayments, the Council's General Fund will need to fund the shortfall from elsewhere in its own budget.

Financial risk to the General Fund in the event of LLP default is mitigated by the Council having first ranking security on the homes after repayment of the Scottish Government Grant provided for the mid-market rent LLP.

Housing Revenue Account

The financial impact on the HRA from the transfer of land at Dumbryden is cost neutral as the capital receipt received from the LLPs includes construction costs, land value and short-term funding costs. The capital expenditure associated with funding the construction forms part of the approved Housing Revenue Account Budget Strategy for 2019/20 to 2023/24. The purchase of the homes at Fruitmarket has no impact on the HRA.

Appendix 2: Background to National Housing Trust (NHT) Initiative

In 2010, the Scottish Government (SG) and the Scottish Futures Trust (SFT) launched the NHT initiative to deliver homes for mid-market rent in areas of high demand, while at the same time stimulating house building activity following the market crash of 2008. The Council agreed to participate in the initiative in August 2010 and has provided on-lending to support the delivery of over 800 high quality homes, with affordable and stable rents, at eight NHT developments across the city.

Under the NHT model, the Council procures a developer to build the homes and enters into a Limited Liability Partnership (LLP) with the developer and Scottish Futures Trust Investments Limited (SFTi). In the NHT delivery model, the developer supplies the land and builds the properties to a specified standard and timescale. The Council, developer and SFTi all sit on the LLP board which oversees the development programme. The LLP purchases the completed homes using a loan from the Council, which is guaranteed by the SG and must be repaid in full, with interest, by year ten.

The homes are let as mid-market rent for a minimum of five years, with the developer given the option to exit the vehicle between years five and ten. The contracts contain an exit process with provision for sitting tenants and local authority nominees to purchase homes prior to homes being sold on the open market.

Rents are set at mid-market rent level and limited to an annual increase of either CPI or CPI + 1%. This varies for different NHT LLPs and is set out in the LLP Members Agreement specific to each LLP.

Tenants have Private Residential Tenancies (PRTs) if they became an NHT tenant after 1 December 2017, when PRTs were introduced. Prior to this date tenants were given Short Assured Tenancies.

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Finance and Resources Committee

10.00am, Thursday 8 September 2022

Lauriston Castle: Operational and Governance Arrangements

Executive/routine Wards Council Commitments	Executive Almond Creating a Vibrant City
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1. Recommendation

- 1.1 Finance and Resources Committee is asked to:
- 1.1.1 Note the information provided on the governance of the Lauriston Castle Trust (LCT) and the operational arrangements in place for day-to-day decision making in respect of Lauriston Castle, its Gardens and wider Estate;
 - 1.1.2 Agree the proposal to delegate authority to Council officers for day-to-day operational decisions (as set out in paragraphs 4.6.1 and 4.6.2);
 - 1.1.3 Agree that all other decisions on the day-to-day operational arrangements for Lauriston Castle, its Gardens and wider Estate should be reported to Finance and Resources Committee for approval until such time as new governance arrangements for LCT are implemented; and
 - 1.1.4 Approve the decisions outlined in Appendix 1.

Paul Lawrence

Executive Director of Place

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Lauriston Castle Trust: Operational and Governance Arrangements

2. Executive Summary

- 2.1 The governance arrangements for the Lauriston Castle Trust (LCT) are currently being reviewed and the outcome of this review will be reported to a future Committee.
- 2.2 Until such time as any changes to the governance arrangements are approved and implemented, Committee is asked to agree delegated authority to Council officers to take operational decisions on the basis of urgency and/or where the value of the action is up to £5,000. For operational decisions which are not urgent and where the value is greater than £5,000, it is proposed to seek Committee approval.

3. Background

- 3.1 Following questions raised at the Finance and Resources Committee of 5 November 2020, a review of the governance arrangements of LCT is currently being progressed. A link to the report '*The City of Edinburgh Council Charitable Trusts – Report to those charged with Governance on the 2019/20 Audit*' – can be found [here](#).
- 3.2 Within the Council, the delegated responsibility for the day-to-day administration of LCT presently rests with the Finance and Resources Committee. This has been the case since 2012 when the predecessor committee (the Finance and Budget Committee) assumed responsibility from the former Pensions and Trusts Committee.
- 3.3 Day-to-day operational decisions and service delivery is currently spread across a number of service areas, predominately: Heritage, Cultural Venues and Museums, who manage the Castle and its collections; Neighbourhood Environmental Services, who manage the grounds of the Castle; and Facilities Management, who manage the day to day maintenance of the operational buildings on the Estate.
- 3.4 In advance of any changes to the governance arrangements for LCT, officers feel that it would be appropriate to seek approval for decisions which affect the day to day operation of the Castle and the wider Estate.

4. Main report

- 4.1 As set out in the background section of this report, the delegated responsibility for the day-to-day administration of LCT presently rests with the Finance and Resources Committee and the day-to-day operational activities for the management and maintenance of the Castle and Grounds mainly sit with the Place Directorate.
- 4.2 To date, operational decisions have been taken by individual services within their individual operational remits. However, recognising the questions raised in respect of the operating arrangements at LCT and in advance of a decision on the future governance arrangements for LCT, officers are seeking approval to put in place formal arrangements for operational decisions relating to the Castle and/or the wider Estate.
- 4.3 In setting out proposals for how and when decisions are taken, officers have sought to take account of the existing operating context and enable a balance to be struck between the delegated decisions made in the day-to-day operation of the Lauriston Castle Estate, as well as defining what decisions the Committee will consider relating to wider service delivery recommendations.
- 4.4 To support the decision-making arrangements set out, it is proposed that a single operating plan is created. This will combine details of the individual service area annual operating budgets for the Lauriston Castle Estate and will enable officers to approve day-to-day decisions - such as operational spend in line agreed delegated authority in order to keep Lauriston Castle open, accessible and trading.
- 4.5 An officer working group has been established to co-ordinate details of the operational requirements. The information gathered will be collated and presented by the Council's Heritage, Cultural Venues and Museums team.
- 4.6 Committee is asked to agree that, in respect of Lauriston Castle, the Estate and Gardens:
 - 4.6.1 Any works required urgently (for example, to address immediate safety or trading concerns) should be progressed by the Executive Director of Place (or their nominee) and be retrospectively reported to Committee for noting; and
 - 4.6.2 Any non-urgent works which are valued at £5,000 or less can be progressed by officers until such time as Trust Governance arrangements are updated and implemented and be retrospectively reported to Committee for noting; and
 - 4.6.3 All other operational decisions will be reported to Finance and Resources Committee at the earliest opportunity for approval.

5. Next Steps

- 5.1 Subject to approval of the report recommendations, officers will progress with the actions required to create a single operating plan for the Lauriston Castle Estate and will prepare reports, as set out in paragraph 4.6.

6. Financial impact

- 6.1 There is no financial impact arising from this report. The costs of each individual activity will be considered as and when decisions are required but should be contained within existing budgets.

7. Stakeholder/Community Impact

- 7.1 The changes proposed in this report are operational and therefore no relevant impact is envisaged.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 N/a

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Millerhill Energy from Waste Plant Heat Offtake Unit

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 Agree to progress with the construction of the energy plant, noting that all the contractual conditions have been met;
 - 1.1.2 Agree to the payment of sum totalling £5,200,000 to be paid for this construction;
 - 1.1.3 Refer this report to Council for the approval of prudential borrowing required to make this payment; and
 - 1.1.4 Note that approval is also being sought by Midlothian Council in accordance with the Inter Authority Agreement that governs the Energy from Waste contract.

Paul Lawrence

Executive Director of Place

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Millerhill Energy from Waste Plant Heat Offtake Unit

2. Executive Summary

- 2.1 The Council is requested to approve expenditure relating to capital works for the addition of plant/equipment at the Millerhill Energy from Waste facility that will enable the facility to provide heat to the Midlothian Energy Heat Network. These works were foreseen at the time of contract signature in 2016 but could not be quantified or realised without the development of a nearby heat network which was outside of the Council's or Contractor's control. The requirement to connect is a condition of the facility's Environmental Permit without which the facility cannot operate.

3. Background

- 3.1 The Council, for itself as Lead Authority and on behalf of Midlothian Council, signed a Contract (the "Project Agreement") with FCC (E&M) Limited (FCC) in 2016 for the disposal of residual waste which involved the construction of the Millerhill Energy from Waste facility. FCC will operate the facility for 25 years then return the facility to the Councils (Council owned asset). This is year 4 of operations.
- 3.2 As a waste facility, the plant operates under an Environmental Permit (PPC) regulated by SEPA (Scottish Environment Protection Agency). The Permit required the facility to be built as a Combined Heat and Power plant and governs the operation of the facility to ensure it causes minimal environmental impact.
- 3.3 The facility currently only produces power which is sold to National Grid and provides a revenue to the Councils. When it was built, there was no heat network to take the heat so the facility was designed to allow a heat connection to be added at a later date. Specific plant/equipment was not constructed as it was dependent on network requirements. The Contract Project Agreement was written accordingly and sets out a change process to be followed.
- 3.4 It is a PPC Permit requirement that the facility connects to a heat network within 7 years of first operation unless there is no network available. If the facility fails to connect, then the Environmental Permit can be removed by SEPA and the facility can no longer operate. The Councils would have no waste disposal outlet

available, but would still be required to make contractual payments or a significant compensation payment for the facility.

- 3.5 A heat network is now being developed by Midlothian Energy Limited (a joint venture between Midlothian Council and Vattenfall) adjacent to the site to serve Shawfair and has approached FCC to provide the heat from the facility.
- 3.6 As required by the Contract Project Agreement, FCC has approached the Council to provide the capital funding to allow the additional plant to be provided (a heat exchanger) that will transfer heat from the facility to the network. They have also been in discussions with Midlothian Energy to ensure that the Heat Supply Agreement results in no detrimental effect on the existing revenue stream (electricity) from connecting to the heat network (a contractual requirement).

4. Main report

- 4.1 The Millerhill EfW facility was constructed between 2016 and 2019 under a Design, Build, Finance and Operate Contract (the Project Agreement) procured between the Council and Midlothian Council (with the Council as lead Authority) and FCC following competitive tender. FCC will now operate the facility for 25 years then hand back the facility to the Councils.
- 4.2 The facility accepts up to 135,000 tonnes of residual waste from the Council and Midlothian Council with the Council providing around 80% of the input. The capital cost of the facility was £136.9 million which was funded by FCC (the Contractor) with a £36.9 million contribution from the Councils. The Councils repay the capital cost through a “gate fee per tonne of waste delivered” which also covers the operation and maintenance of the facility. At the end of the Contract Project Agreement the Councils will own the facility. The Councils also receive 50% of income from the sale of electricity from the facility.
- 4.3 A condition of the Environmental Permit (PPC Permit) issued by SEPA is that the facility is built as a Combined Heat and Power plant and can provide heat to a heat network where this exists within 7 years of initial operation. If the operator (FCC) fails to connect, the PPC Permit can be removed by SEPA and the facility can no longer legally operate. The PPC Permit is provided as background (Paragraph 2.7 describes the heat conditions).
- 4.4 When the contract Project Agreement was signed in 2016, no heat network existed so it was not possible to include the necessary heat plant/equipment in the original design (a heat exchanger) which needs to be sized to meet the needs of a network, or the capital cost. Instead, the facility was built as “heat ready” which meant that heat offtake valves were provided at appropriate sections of pipework and planning permission included a heat offtake building. This meant that works relating to a heat connection would have minimal disruption on the facility’s operation when undertaken. The Project Agreement was written to allow connection at a later date (Schedule 34). Specifically, Schedule 34 allows the operator (FCC) to enter into a Heat Supply Agreement where there is no adverse effect on the Unitary Charge to

the Councils (the Gate Fee) under a “better or no worse” test. It clearly states that the capital expenditure is assumed to be paid by the Councils (paragraph 7.6). Where there is an adverse effect on the Unitary Charge, the Authority can object and if the PPC Permit is lost as a result of the Councils not agreeing to fund the heat works, this is an Authority Default with significant compensation to the Contractor. (Schedule 34 provided).

- 4.5 Midlothian Energy Limited has been progressing plans for a heat network at the Shawfair development adjacent to the EfW facility. It has approached FCC to provide the heat and negotiated a Heat Supply Agreement that compensates FCC for any losses such that the “better or no worse” test within the EfW Contract is being met. FCC has also sought competitive tenders for the design and build of the plant/equipment that will make the link from the facility to the network, namely the heat exchanger and the heat exchanger building. Two quotations were received and following technical and financial evaluation, a recommendation was made to the Council (as Lead Authority). The quotations are indicative and subject to a detailed design stage that takes place once a preferred supplier has been identified.
- 4.6 Documentation relating to the competitive tendering exercise undertaken by FCC is provided with this report. The Council has undertaken its own technical diligence of the tenders and agrees with FCC’s recommendation. The capital cost involved is made up of a number of elements:
- 4.6.1 Preliminary design works and the design, build and commissioning of the Heat Exchanger. The preferred D&B estimated cost is £2.9 million;
- 4.6.2 The Authority’s share of the Connection Works to enable heat to be made available at the site boundary (a preliminary quotation from Midlothian Energy Limited states £836,000 but this includes the pipe outside the facility boundary, so the contribution from the Councils should be less than this).
- 4.6.3 The life cycle works required to maintain the Heat Interface Unit (HIU) and any associated Connection Works for the duration of the Project Agreement:
- Capital costs still to be finalised include:
- 4.6.4 The Contractor’s project management costs and required technical support (an initial quotation of £1m has been refused by FCC as being too expensive);
- 4.6.5 The Connection Works costs as mentioned above; and
- 4.6.6 The life-cycle works.
- 4.8 Finalising these costs are subject to the appointment of a Design and Build (D&B) Contractor and further discussion with the Authority and the Heat Off-Taker.
- 4.9 A separate arrangement is being sought regarding the connecting pipework from the Shawfair site to the Heat Exchanger within the EfW facility site boundary. This is because there is one continuous pipe that will extend from the Shawfair Heat Network building across the boundary to the Heat Exchanger. The Shawfair Heat Network building is located on land being sold by the Council.

5. Next Steps

- 5.1 Following approval, a necessary variation to the Project Agreement (the Contractors Change notice) and Heat Offtake Agreement will be signed by the Council.
- 5.2 Construction of infrastructure including ground works, heat interchange unit, pipeline and Midlothian energy centre are scheduled to commence in October 2022.
- 5.3 Costs will be closely monitored to ensure aligned with agreed budget.
- 5.4 Performance of existing EFW plant will be closely monitored to ensure maximum efficiency is maintained throughout construction of Heat Interchange Unit and associated infrastructure.

6. Financial impact

- 6.1 This report sets out capital expenditure of £5.200m. This will be partially offset by a 20% contribution from Midlothian Council of £1.040m, resulting in a requirement of £4.160m in loans fund advances. The loans charges associated with this over a 20-year period would be a principal amount of £4.160m and interest of £2.074m, resulting in a total cost of £6.234m based on an assumed loans fund interest rate of 4%. This represents an annual prudential borrowing cost of £0.312m to be met from the Place revenue budget. Borrowing will be carried out in accordance with the Council's Treasury Management Strategy.
- 6.2 The annual cost of prudential borrowing can be met from the Council's share of third-party income generated by FCC at the Millerhill plant. This income is largely due to electricity sales in excess of what was assumed in the original business case. It is currently estimated that the Council will receive around £4m in respect of 2022/2023 and while the amount will vary from year to year, it is expected to be sufficient to meet prudential borrowing costs.

7. Stakeholder/Community Impact

- 7.1 Whilst this development is within Midlothian Council area, not Edinburgh, the heat network project clearly has benefits for the community. The FCC plant manager is actively reaching out to the community and has recently contacted the local Community Council (Danderhall) and awaits a response.

- 7.2 CEC staff have consulted with legal, finance, risk and insurance services within CEC. Health and Safety issues would be the responsibility of FCC not CEC. CEC has full access to all of FCC's H&S procedures and records.
- 7.3 The heat offtake unit will enable the provision of heat to the new Shawfair town on the outskirts of Edinburgh, thus reducing reliance on fossil fuels. This heating solution also provides energy security and protects consumers from the volatility of fossil fuel prices.
- 7.3.1 Generating both heat and electricity improves the efficiency of the plant, compared to electricity only. According to Zero Waste Scotland, converting electricity-only EfW plants to CHP systems is estimated to reduce their carbon intensity by 30% (source: [The climate change impacts of burning municipal waste in Scotland, Zero Waste Scotland, June 2021](#)).
- 7.3.2 Generating both heat and electricity improves the efficiency of the plant, compared to electricity only. According to Zero Waste Scotland, converting electricity-only EfW plants to CHP systems is estimated to reduce their carbon intensity by 30% (source: [The climate change impacts of burning municipal waste in Scotland, Zero Waste Scotland, June 2021](#)).
- 7.3.3 The district heating network for Shawfair is expected to save over 2,000 tonnes of CO2 per year, the equivalent of taking 1,200 petrol/diesel cars off the road.

8. Background reading/external references

- 8.1 Award of Residual Waste Treatment Contract – Delegated Authority paper; discussed by the Finance and Resources Committee on [17 March 2016](#).

9. Appendices

- 9.1 None.

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Macmillan Hub – update on funding position

Executive/routine Wards Council Commitments	Executive Almond/Forth
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1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 Notes the progress made with the project from the previous report to Committee on 3 March 2022; and
 - 1.1.2 Approves Option 3, as identified in the report, to forward loan fund the remaining project budget shortfall subject to the cost recovery arrangements being agreed with North Edinburgh Arts.

Paul Lawrence

Executive Director of Place

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Macmillan Hub – update on funding position

2. Executive Summary

- 2.1 This report provides an update on the construction of the Macmillan Hub project following its conditional approval by Finance and Resources Committee on [3 March 2022](#). It provides details of North Edinburgh Arts (NEA) fundraising to date and requests approval to proceed with the work as planned in order to preserve the overall intended outcomes of the project.

3. Background

- 3.1 On 3 March 2022, the Finance and Resources Committee approved the award of a construction contract for the delivery of a new community hub at Macmillan Square Edinburgh. The hub is being delivered in partnership with NEA, a local charitable organisation and key community stakeholder.
- 3.2 The hub is the focal point of the regeneration of Pennywell and Muirhouse, a long term local and national objective with the root aim of tackling significant deprivation in the area. The new hub will include an early years centre for 185 children, a library and skills hub, affordable homes and an expanded NEA facility.
- 3.3 The construction works commenced in April 2022 and are programmed to be complete in Autumn 2023. Good progress is being made with the construction with the foundations and main drainage in place and the partial demolition of the NEA existing building complete.
- 3.4 The contract award report of 3 March 2022 identified a gap in NEA funding of £1.87m which took into account funding already secured, for example, through the Scottish Government's Regeneration Capital Grant Fund (£2m). Of the £1.87m, £0.994m related to the overall structure of the building and it was agreed that the Council would front loan fund this element in order that any issues with NEA funding would not impact on delivery of the other elements. The remaining £0.876m refurbishment costs were required to be raised by NEA and they have engaged a professional fundraiser for this purpose.
- 3.5 The construction contract award was subject to conditions on NEA funding whereby if they were unable to raise the full amount of funding (£1.87m) by a given date then the refurbishment element of their project (£0.876m) would be omitted from the

contract. In these circumstances, a standard security would also be required in order that the Council would hold an asset of equivalent value to any shortfall in the front loan funding element (£0.994m) to allow that debt to be recovered in the future.

4. Main report

- 4.1 NEA were invited to present to the hub project board on 14 July 2022. At that meeting, NEA detailed their progress with fund raising to date. 113 applications are pending with charitable trusts and foundations, and meetings with key city philanthropists have been arranged for late August and September. The City Wide cultural bid to the Levelling Up Fund is also pending a decision with a value of £1.295m, however, the determination timescales for this and other current fund raising activity is beyond the cut-off date for de-scoping the NEA works from the contract. The amount secured at this time is approximately 20% (£0.365m) of the total £1.87m. This leaves an overall shortfall of £1.505m. The Council has already agreed to forward loan fund £0.994m although the expectation was that any funding secured would be used to cover these costs in the first instance.
- 4.2 The deadline to request the de-scoping of the refurbishment works is principally driven by the contractor and was set as 8 August. This was to allow the contractor to make any required changes to designs and orders whilst maintaining the target date and cost for overall completion of the project. Engagement with the contractor is ongoing to secure an extension to allow the full implications to be considered by Committee.
- 4.3 The de-scoping of the refurbishment works could threaten the overall project aims as it would leave large areas of the NEA facility incomplete and, most likely, incapable of beneficial use. It would have a negative impact on the wider user experience of the new hub with potential accessibility implications if parts of the building are not considered safe for occupation.
- 4.4 There is also a high risk that if the works are de-scoped and then re-scoped once funding is secured, that NEA will incur significant cost increases along with time implications. The cost consultant for the project has indicated that the costs could double and around 38 weeks would be added to the build programme.
- 4.5 In the light of the above challenges, work has been ongoing with both NEA and the contractor to explore alternative approaches which has resulted in three options being identified:
- 4.6 Option 1 – De-scope as originally envisaged – The contractor has agreed that the decision on whether or not to proceed with the original savings package can be taken following this Committee decision although cancellation fees of approximately 5% may apply in relation to some aspects of the work to be removed from the contract. Proceeding with this option would result in the challenging situation stated above where completing the project retrospectively will become even more difficult.

- 4.7 Option 2 – Proceed with reduced de-scoping package – This would, for example, remove floor finishes and painting and decorating elements from the contract. The savings are limited as a result and are estimated at £250k. This would, however, be a more practicable arrangement than Option1 as it would be easier to revisit these elements later in the project or after the current contract is complete. It would likely, to a degree, mitigate some of the impact of Option1 but it is still a less than efficient way of delivering the project.
- 4.8 Option 3 – Proceed with the full project scope – Under this option the Council would agree to forward loan fund the whole project and revise the development agreement with NEA accordingly to introduce a repayment plan. This would allow the building to be properly completed and, in the event of failure by NEA to repay the amount due, the Council would have an asset that could be let to another party.
- 4.9 Accordingly, it is recommended that the funds raised by NEA to date should be put towards the project with the Council front loan funding the remaining elements of the project. The Council will set a long stop date for the loan to be repaid, for example, 24 months from the signing of the development agreement between the Council and NEA.
- 4.10 The Council and NEA will continue to work closely to secure funding in the interim with an aim of covering the loan costs as soon as possible.

5. Next Steps

- 5.1 Subject to Committee approval the contractor will continue to build out the original plans.
- 5.2 NEA will report monthly to the Council on fundraising progress.
- 5.3 Updates will be provided to Committee via the Business Bulletin.

6. Financial impact

- 6.1 This report sets out additional capital expenditure of £0.876m for the unfunded costs of the NEA refurbishment. This will be offset by existing fundraising income of £0.365m, resulting in a requirement of £0.511m to be met initially from the General Fund capital budget. NEA will be required to repay this amount to the Council and the standard security provisions will remain in place to offset this financial risk.
- 6.2 In the event that the NEA payment is not received, the loans charges associated with the capital expenditure over a 30-year period would be a principal amount of £0.511m and interest of £0.419m, resulting in a total cost of £0.930m based on an assumed loans fund interest rate of 4.25%. This represents an annual cost of £0.031m. Borrowing will be carried out in accordance with the Council's Treasury Management Strategy.

7. Stakeholder/Community Impact

- 7.1 NEA are an anchor community organisation in the area. Consultation has been ongoing on the regeneration of Pennywell Town Centre and improvements to the community facilities since around 2008, with demonstrable support for the new building and services it will deliver.
- 7.2 The new building will form part of the General Fund and HRA Capital Programmes, addressing Council commitments on affordable housing, sustainability, poverty and prevention. It will ensure growth and regeneration and delivered in a way that supports place making and inclusive growth.
- 7.3 The delivery of the building will support the Council to move towards sustainable construction. The designs for the building are focussed on energy efficiency and carbon reduction. This is primarily achieved through enhanced fabric and building air tightness in order to minimise heat loss and reduce heating requirements. The current strategy proposes a non-fossil fuel heating and hot water system driven primarily by air source heat pumps. The energy performance rating for the building is expected to be 'A'. Cycle access and storage is provided with minimum parking to encourage the use of walking and cycling to and from the building.
- 7.4 A tailored package of community benefits will be delivered from employability, skills, education and outreach categories.
- 7.5 The contractors and all sub-contractors will pay the Real Living Wage, and this is reflected in Delivery Agreement paperwork.
- 7.6 An integrated Impact Assessment (IIA) has been completed identifying the positive impact of the project on the Community and protected characteristics.

8. Background reading/external references

- 8.1 [Approval to Proceed to Construction Works Stage at Macmillan Hub, Pennywell](#) - Finance and Resources Committee, 3 March 2022.

9. Appendices

- 9.1 None.

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Finance & Resources Committee

10:00am, Thursday, 8 September 2022

Education and Children's Services Waiver Extension

Executive
Wards All
Council Commitments [34](#)

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 Notes the authorisation awarded to extend the waiver for Gold and Gray Soccer Academy by £120,000, as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions by the Director of Education and Children's Services, in consultation with the Convenor of Finance and Resources.

Amanda Hatton

Executive Director of Education and Children's Services

Contact: Laura Zanotti, Operations Manager - Children's Services

E-mail: laura.zanotti@edinburgh.gov.uk

Education and Children's Services Waiver Extension

2. Executive Summary

- 2.1 This report sets out the current Education commissioning activity and how this is expected to impact on contractual arrangements including the requirement to waive the Contract Standing Orders to allow continuity of the services in the best interest of the children and young people.

3. Background

- 3.1 In line with the Promise, the strategic plan and direction from the Edinburgh Children's Partnership, Education and Children's Services Directorate was actively procuring a range of services supporting education, early intervention and prevention when the COVID-19 pandemic struck. This impacted both on the ability of the Service to progress the procurement activity according to initial timescales and the scope for providers to provide services in line with service specifications.
- 3.2 Ongoing Commissioning projects have been heavily impacted by the realignment of services to better respond to emerging needs in the community and education settings. Previously commissioned services could not be delivered as planned, whilst additional services, although required, could not be commissioned. Partnership working with the voluntary sector, through a relationship – based approach, has supported the delivery of services during the pandemic. The work carried out with our partners will inform the co-production and market engagement for future procurement activities.
- 3.3 As services slowly resume safely, in the spirit of mutual sustainability, and in the best interest of the children and the young people in our community, Committee approval is being sought to waive the Council's Contract Standing Orders and extend the current waiver for Gold & Gray Soccer Academy to ensure continuity of support in light of post Covid-19 circumstances and emerging needs of children and young people.
- 3.4 Urgency powers to authorise the departure from Contract Standing Orders to award a contract to Gold & Gray Soccer Academy were sought and granted by the Convenor of this Committee on 24 August 2022. The urgency procedure under 4.1 of the Committee Terms of Reference and Delegated Functions states that '*If a decision*

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

4. Main report

- 4.1 Education Senior Leadership Team, in partnership with the Planning and Commissioning Team and Commercial and Procurement Services, are currently redesigning services to more closely align with place-based approaches to improve outcomes for children and their families and to provide opportunities to deliver best value.
- 4.2 Learning Communities and the Teams Around the Learning Communities will be required to take a place-based approach to the management of Finance for Equity (for example PEF) to achieve best value and improved outcomes for children and young people impacted by poverty, with a focus on tackling the poverty related attainment gap.
- 4.3 This is a radically different approach for schools: up until this point they rarely pooled resources, thus often duplicating services and missing economies of scale. In addition, the cluttered landscape of waivers rendered the organisation vulnerable to breaching Contract Standing Orders.
- 4.4 The initial approach, in line with the direction set by the Scottish Government, was to delegate decision making around third-party provisions to Head Teachers who are best placed to assess what is needed in the interest of the children. Most of this spend was compliant, procured via the PEF framework, however the accumulative spend on some of the non-contracted providers has increased over the years, creating more pressure on resources and on our ability to remain compliant.
- 4.5 The new approach will consider the resources required to address the priority of non-contracted spend and identify needs for appropriate frameworks such as sports and physical activities, counselling, specific training and online resources.
- 4.6 It is estimated that the first phase of this project will take approximately nine months, to allow a full co-production exercise involving Head Teachers, Voluntary and Community Sector Providers and Service Users. A further six months will be required for market engagement and competitive procedures to be progressed where appropriate. This would also allow for the bedding in of the current spend on other funding streams across the Council and the mapping of provisions already commissioned by colleagues within and beyond the Directorate
- 4.7 In the transition to the new framework agreements, approval was sought to waive Contract Standing Orders for 22/23 academic year and award a contract to Gold & Gray Soccer Academy to a maximum value of £120,000 to continue the delivery of the following

- 4.7.1 Group football sessions during school holidays and after school as part of the Active Schools offer supporting physical wellbeing
- 4.7.2 Group football sessions during term time as part of the focus on mental health and wellbeing including alternative education
- 4.7.3 Short term (max 6 weeks) 1:1 football sessions as part of a highly targeted intervention with the aim to reintegrate in groups
- 4.8 Given the significant difficulties in the past and the complex landscape, careful consideration should be given to ensure we balance the need for dedicated bespoke provisions in individual schools with the risk of not being compliant with CSOs and procurement legislation. Consideration, however, should also be given to how Education can work with wider local services, such as Community Learning and Development, Social Work or Family Services, and with community or third sector partners to support the health and wellbeing, attainment and outcomes of children and young people impacted by poverty.
- 4.9 Gold & Gray Soccer Academy has delivered football sessions and camps in Edinburgh schools for nearly three years, offering 1:1 coaching, group play, club sessions, development sessions and holiday camps. The Academy also supports parts of Edinburgh's Active Schools programme working with several schools across Edinburgh's east at both primary and secondary level.
- 4.10 During the Covid-19 pandemic many children in primary, secondary, special schools and children's homes have taken part in these football sessions, adapted to their physical ability for added confidence, and benefitted significantly from being socially connected through groups and outdoor activities. The sessions promote health and wellbeing and provide continuity of support via a trusted key adult who is available to meet regularly and is able to reflect on their physical and social development.
- 4.11 The learners have engaged well in these sessions, building confidence and self-esteem. Trusted relationships have also encouraged perseverance, goal setting and a growth mindset which the Council wants to preserve and prioritise in the young people's recovery from Covid-19.

5. Next Steps

- 5.1 Extension to the arrangements with the current provider will ensure continuity of the services.
- 5.2 Each School will be responsible for their own payments with additional support being provided through a joint contract management approach which will inform the new framework agreements.
- 5.3 Education Senior Leadership Team, in partnership with the Planning and Commissioning Team and Commercial and Procurement Services, will explore the possibility to build on a model of partnership working and include the consideration of resources required to identify needs for appropriate contracts for the below themes.

The themes are known as ‘the Edinburgh Imperatives’:

- Maximising Attendance
- Closing the Poverty Related Attainment Gap
- Accredited Pathways
- Health and wellbeing

6. Financial impact

- 6.1 The estimated waiver value is £120,000, based on the spend for 21/22 academic year. All proposed arrangements are within existing budgetary provision levels.
- 6.2 A number of waivers for Gold & Gray Soccer Academy has been approved within Delegated Authority limits, however the estimated spend for 22/23 academic year will take the value above, hence the need for Committee approval.
- 6.3 The requested waiver extension secures Best Value in its ultimate balance between quality and cost, ensuring the best outcomes for the children and the young people in the interest of the Local Authority and its community.

7. Stakeholder/Community Impact

- 7.1 A short life working group is being formed to consider and take forward the revised way of working with the aim to co-produce an innovative and compliant framework of commissioned services for Schools and Lifelong Learning.
- 7.2 Market engagement and coproduction with providers, voluntary sector, partner agencies and service users will be progressed according to the set timescales for each requirement.
- 7.3 Where co-production has not been possible due to the pandemic, projects have been placed on hold until an accurate assessment of the requirement and an enhanced level of engagement can be progressed.

8. Background/External Reading

9. Appendices

- 9.1 Appendix 1 – Case studies and achievements

Appendix 1

Case Study 1

P1 Readiness to Learn Group at risk of Part time. Last session welcomed in three P1 classes. It became obvious early on that there was significant need in the cohort, and many were simply not yet ready for formal learning. They lacked social and listening skills to successfully access the learning in a play based P1 environment. Each morning a small group from P1 had active time in the gym hall with the Gold & Gray coaches. The focus was on ball games which involved turn taking and being in a team. This active morning session was important for these children as it helped to set the scene for the rest of their day and helped to develop the crucial listening and social skills required to access the curriculum. It gave them a chance to burn off some excess energy and channel it in a positive way. Only one of the ten P1 pupils in this group was on a part time timetable by the end of the session.

Case Study 2

P7 disengaged Boys Group at risk of exclusion. Last session we had a small group of P7 boys who had come become disengaged in school and learning. They loved to play football and loved working with the Gold & Gray coaches. It seemed like they could relate to the coaches. Time with the Gold & Gray coaches was built into their timetable twice a week. This was used as a reward for the boys for following their timetables. As the relationships developed the boys naturally opened up about things going on for them and gave them a safe place to talk about stuff going on for them from friendship fall out to a grandparent dying. Just the same as a PSA who are not trained in counselling the coaches were simply a kind empathetic ear. At our P7 leavers assembly our pupils are asked to pick a member of staff to speak about them and their journey through school. These boys all picked the coaches. One boy has shared he would like to be a Gold & Gray coach when he grows up. Relationships work. There were no exclusions last session.

Case Study 3

Engaged in additional P7 – S1 Transition activities (32 pupils) using football and other physical activity to reduce anxiety of transition to high school, developed self-confidence and independence, brought together young people from a variety of schools to make positive social connections. Particularly those pupils who had additional support needs (SEBN) from out of catchment who through the programme were able to make positive connections for starting high school.

Case Study 4

16+ positive destination – a young person on a Flexible Timetable/GIRFEC plan at risk of not achieving a positive destination and now upskilled and put through relevant coaching awards and now taken on as an apprentice – he started engaging with Gold

& Gray when he was part of a group of disengaged pupils in the Wellbeing Hub who have social, emotional and behavioural needs. It supported his HWB and attainment.

Case Study 5

Rainbow Inclusion Group. In our mainstream school there is a growing need to support inclusion for all. There is a national/city agenda for inclusion. This is a very challenging task. At our school our staff are well trained and skilled in using ASL inclusion supports such ensuring there is routine and consistency. The visual support project, providing a nurturing environment and support planning such as SCERTs and GIRFEC. Even with all this in place it sometimes is still not enough. We have created our own Enhanced Support Bases and at times our Gold & Gray coaches are timetabled to these sessions to provide an outdoor learning active alternative for pupils. The Gold & Gray coaches take direction from the Inclusion support teaching staff. The children in the groups need to complete individual focused tasks with the teacher. The environment can feel and be busy. The Gold & Gray coach is able to offer an outdoor fun alternative such a football or sporting activity to enable pupils to then engage with L&T with teaching and support staff. Our work in our Enhanced Support Bases was commended by the Principle Educational Psychologist in June.

Case Study 6

Pathways. We welcome the concept that there is straightforward path through school. Not everyone will take the 'normal' path through school. Not everyone will achieve the same as others, but everyone should have a chance to achieve. We have used our Gold & Gray coaches to support the achievement and attainment of learners by supporting some to achieve a Hi5 SCQF Level 2 Award. The Gold & Gray Coaches support the learners to plan and deliver football skills session to younger pupils. This builds self-esteem for pupils, and they can achieve a recognised award.

Case Study 7

Enhanced Support Base (8 pupils) engaged young people with severe complexed learning needs – ASD – provided opportunities for them to:

- Engage in additional physical activity through adapted programmes to support their health and wellbeing. They were able to join in physical activity, learn about sport and nutrition through a small supported group, specifically tailored to their needs as they were not able to do through mainstream classes. This also built up their Flexible timetables allowing a fully enriched and enhanced curriculum for our most vulnerable young people.
- Developed their social interactions and achievement through Gold & Gray who allowed a support space to celebrate success of working collaboratively with other pupils and staff whom which they would not have had the opportunity to do so in mainstream education.

Case Study 8

Wellbeing Hub – (15 pupils) engaged young people with social emotional and behavioural needs re-engage back into education, increased attendance, support more positive social interactions with peers, enhanced their behaviour within the school and wider community – engaged them in positive activities in school to help support reduce the risk of exclusion through their Flexible timetables.

Finance and Resources

10:00, Thursday, 08 September 2022

Health and Social Care Contract Extension Report

Executive/routine
Wards
Council Commitments

1. Recommendations

It is recommended that the Finance and Resources Committee:

- 1.1 Approve the extension of the Health and Social Care contracts outlined in 4.1.

Judith Proctor

Chief Officer, Edinburgh Integration Joint Board

Contact: Emma Gunter, Interim Contracts Manager, Edinburgh Health and Social Care Partnership

E-mail: emma.gunter@edinburgh.gov.uk

Health and Social Care Contract Extension Report

2. Executive Summary

- 2.1 This report sets out the current Edinburgh Health and Social Care Partnership (EHSCP) commissioning activity and how this impacts on contractual arrangements including the requirement to waive the requirement of Contract Standing Orders to allow contracts to be extended at the expiry of the current contract duration.

3. Background

- 3.1 In line with the strategic plan and direction from the Edinburgh Integration Joint Board (EIJB), the Edinburgh Health and Social Care Partnership (the Partnership) commission and procure a range of social care services. These services are then contracted for via the Council.
- 3.2 On 6 December 2021 the Scottish Government published “Preparing to Transition Towards a National Care Service for Scotland: SPPN 7/2021”. This Scottish Procurement Policy Note advises public bodies involved in the commissioning of social care services of the actions they can and should take in preparation for the transition to a National Care Service in Scotland. Councils are asked to review strategic commissioning plans and to consider the impact of decisions on resources and the social care market and consider the use of contract modifications or extensions where feasible to enable the collective focus to be on implementation. This review is now in progress and a number of contractual arrangements have been recommended, following consideration by the Health and Social Care Partnership Procurement Board, for extension.
- 3.3 This paper sets out, on a service-by-service basis, the proposed contractual arrangements and recommended extensions with supporting rationale.

4. Main report

- 4.1 The contractual arrangements covered by this paper, annual values, contract end dates and recommendations are summarised in the table below:

Contract	Value 2022-23 (£m)	Value 2023-24 (£m)	Contract End Date	Recommendation - contracts to be extended until
Alzheimers Scotland -Young Onset Dementia Service	0.2	0.2	31 March 2023	31 March 2024
Day Opportunities for Older People	3	3	31 March 2023	31 March 2024
Payroll Support Services Framework Agreement	0.09	0.09	31 December 2022	31 December 2023

4.2 These are discussed individually in paragraphs 4.3 to 4.22 below

Alzheimer Scotland - Young Onset Dementia Service

4.3 The Young Onset contract provides for specialist services delivering centre-based and out-reach support to people diagnosed with dementia under the age of 65. People living with young onset dementia have complex needs and require specialist support to maintain employment, and cope with personal and family responsibilities. The contract also provides for social and emotional wellbeing activities, alongside providing and support to carers through identified short breaks and breaks from caring.

4.4 The current contract expires in March 2023. Work had taken place pre-pandemic to revise the service specification however this had received no interest from the market. As such, at the start of the pandemic the existing arrangements were extended to the end of March 2023.

4.5 Following the publication of a PIN in May 2022 there has been greater interest from the market than anticipated. Given the longer lead-in associated with an open tender this is not expected to be published until September 2022 at the earliest. As a result, it will not be possible to assess tenders and give the current provider appropriate notice if there is to be a change in provider before a new contract commences in April 2023.

4.6 In addition, following initial discussions with the current provider opportunities to develop the service specification have been identified, so it is also proposed to conduct additional stakeholder and service user consultation during the commissioning process.

4.7 The original commissioning and procurement timeline is expected to be:

- Informal conversations with all providers who have expressed interest, giving them the opportunity to comment on potential for the future service - July 2022
- Feedback from current service users - July 2022.
- Revision to specification if required and development of procurement strategy - August 2022
- Publication of tender - September 2022
- Assessment of tenders - November 2022
- Contract award recommendations will be presented to Finance and Resource Committee before the end of March 2023

4.8 Given that the above is subject to change and is a guide only, approval is sought for a 12-month extension to allow for a longer commissioning and procurement process.

4.9 Budget is available, therefore there are no financial risks.

Day Opportunities for Older People

4.10 The Registered Day Opportunities contract is key to centre-based, remote or outreach support services supporting older people, and, in turn, providing support for their families and unpaid carers, to have a short break and break from caring. The provision will enable people to have a good quality of life across their communities, through a reduction in social isolation, meaningful activity and/or a short break from caring for the carer.

4.11 There is an ongoing requirement for this provision as older people are becoming increasingly frail and require to be supported well within the community. People who will benefit from the day opportunities in Edinburgh will:

- require support with personal care needs and/or serious mobility difficulties, and/or frailty and/or have complex needs that cannot be met in other services, and who are unable to access universal or preventative services; and/or:
- require support with behaviours associated with dementia, cognitive impairment or mental health difficulties and:
- require social stimulus to mitigate social isolation – i.e. people who have very limited social contact with friends or family or other social networks, which has been compounded during the covid pandemic and:
- have carers who are experiencing high levels of stress or distress associated with caring responsibilities.

4.12 Current delivery is through fifteen 3rd sector partner services registered with the Care Inspectorate, to provide 'support services' as defined in Schedule 12 of the Public Reform Act 2010.

4.13 The previous review and subsequent commissioning process resulted in providers submitting tenders, which were duly evaluated, with contract award recommendations being prepared to be heard at Finance and Resources committee. This process was paused in light of the covid 19 pandemic, with renegotiated terms being agreed, and subsequent extensions in place up till March 2023.

4.14 Initial discussions have taken place with key providers, with a programme of involvement and engagement currently underway. Thus far there is a willingness from everyone, to have new contracts in place for April 2023, with a clear programme of activities indicated:

- Publish a PIN as a call for competition to be published for 35 days, through CPS who will complete this via Public Contracts Scotland – September/October 2022
- This will entail providers to complete a note of interest and a Single Procurement Document (SPD) which will have mandatory requirements attached to the service

with finance requirements etc. We can also include evidence of experience. Options can be a further negotiation with those approved providers, or a further light touch restricted tender depending on market interest. If new market interest this is likely to lengthen the process

- Contract specifications can include variation clauses for further development with providers over the term of the contract.
- Contract award recommendations will be presented to Finance and Resource Committee before the end of March 2023

4.15 A prolonged procurement process for the renewal of these contracts may impact day opportunities commencing in time for new contract award, from April 2023, therefore approval is sought for a 12-month extension to allow for a longer commissioning and procurement process if required.

Payroll Support Services Framework Agreement

4.16 The current framework agreement has been in place since January 2017 and was extended until 31st December 2022. The purpose of the agreement is to offer payroll services for Direct Payment recipients who choose to employ their own Personal Assistants. This is to support independent living, in keeping with the values, principles and legislative duties of the Social Care (Self-directed support) (Scotland) Act 2013.

4.17 An additional Enhanced Financial Management Service is also funded for those individuals who are assessed and authorised as needing it.

4.18 The framework was awarded to three suppliers; Fife Business Services, Accountability Ltd and Lothian Centre for Inclusive Living, to allow Direct Payment recipients greater choice.

4.19 In response to the Covid19 pandemic and an increasing focus on personalisation, there been an increased demand for greater flexibility and responsiveness from SDS related services and therefore a greater uptake in the use of the Payroll Service.

4.20 Its recognised that the provider organisations costs have fluctuated/increased over time; however, no rates increase for payroll support services have been agreed the since the start of the framework agreement 5 years ago and there has been an increased demand in the type of services provided by the organisations.

4.21 Therefore, approval is sought for a 12 month extensions to allow this essential service to continue to be provided to Direct Payment recipients whilst a full review of the service is carried out and a full procurement exercise to take place with a view to having a new framework agreement in place by January 2024.

4.22 Budget is available, therefore there are no financial risks.

5. Next Steps

If the recommendations in this paper are accepted Officers from the Partnership will work with colleagues in Commercial and Procurement Services to make the appropriate

contractual arrangements which take account of the recommendations in the Scottish Government's SPPN.

6. Financial impact

- 6.1 The total value of the contract extensions detailed in this report is £3.29m in financial year 2023/24.
- 6.2 Funding associated with the extension of the contracts will be delegated by EIJB to the Council, along with the funding associated with the interim care beds.

7. Stakeholder/Community Impact

- 7.1 Each of the ongoing procurement exercises has been co-produced with service users, providers and other relevant stakeholders.

8. Background reading/external references

[Preparing to Transition towards a National Care Service for Scotland SPPN 7/2021](#)

9. Appendices

Appendix 1 Health and Social Care - Recommended Contract Extensions

HEALTH AND SOCIAL CARE – RECOMMENDED CONTRACT EXTENSIONS

Individual Block Contracted Providers

Contract Register Unique Key	Contract Reference	Contract Name	Supplier Name	Recommended Contract End Date	Contract Value	Annual Value
100015710	CT2833	Edinburgh Day Opportunities for People Diagnosed with Young Onset Dementia	Alzheimer Scotland-Action on Dementia	31/03/2024	£594,819	£233,315

Framework for Day Opportunities

Contract Register Unique Key	Contract Reference	Contract Name	Supplier Name	Recommended Contract End Date	Contract Value	Annual Value
100015493	CT2833	Framework for Day Opportunities	Caring in Craigmillar	31/03/2024	£789,409	£282,509
100015494	CT0559	Framework for Day Opportunities	Eric Liddell Centre	31/03/2024	£605,551	£216,711
100015495	CT0559	Framework for Day Opportunities	Libertus Services	31/03/2024	£988,868	£353,890
100015496	CT0559	Framework for Day Opportunities	Drylaw Rainbow Club Day Centre	31/03/2024	£486,169	£173,987
100015497	CT0559	Framework for Day Opportunities	With You Limited	31/03/2024	£322,697	£115,485
100015498	CT0559	Framework for Day Opportunities	Lifecare (Edinburgh) Limited	31/03/2024	£987,847	£353,167
100015499	CT0559	Framework for Day Opportunities	Milan Senior Welfare Organisation Ltd	31/03/2024	£364,256	£130,358

100015500	CT0559	Framework for Day Opportunities	Lochend Neighbourhood Centre	31/03/2024	£312,232	£111,740
100015501	CT0559	Framework for Day Opportunities	North Edinburgh Dementia Care	31/03/2024	£908,753	£325,219
100015502	CT0559	Framework for Day Opportunities	Oxgangs Care	31/03/2024	£500,568	£179,140
100015503	CT0559	Framework for Day Opportunities	Corstorphine Dementia Project Limited	31/03/2024	£426,250	£152,544
100015504	CT0559	Framework for Day Opportunities	Prestonfield Neighbourhood Project	31/03/2024	£313,764	£112,288
100015505	CT0559	Framework for Day Opportunities	Queensferry Churches' Care in the Community	31/03/2024	£498,211	£178,297
100015506	CT0559	Framework for Day Opportunities	The Open Door Edinburgh	31/03/2024	£180,282	£64,518
100016585	CT2835	South West (Canalside) Older People's Day Opportunities	Libertus Services	31/03/2024	£492,339	£243,210

Payroll Support Services Framework Agreement

Contract Register Unique Key	Contract Reference	Contract Name	Supplier Name	Recommended Contract End Date	Contract Value	Annual Value
100009097	CT0378	Payroll Support Service Framework Agreement	Fife Business Centre Lothian Centre for Inclusive Living Accountability	31/12/2023	£658,658	£94,094

Finance and Resources Committee

10:00, Thursday, 08 September 2022

Award of Contract: EADP – Counselling and Psychological Therapies Services

Routine	
Wards	All
Council Commitments	4,12,13,14

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
- 1.1.1 Approves the award of a contract for Counselling and Psychological Therapies Services to Edinburgh Lothian Council on Alcohol (ELCA).
 - 1.1.2 Approves the commencement of the contract on 1st October 2022 for an initial period of 3 years with the option to extend for a further 3 years, with a total estimated value of £3,971,000.

Judith Proctor

Chief Officer, Edinburgh Health and Social Care Partnership

Contact: David Williams, EADP Joint Commissioning Officer

E-mail: David.Williams@edinburgh.gov.uk | Tel: 0131 553 8217

Award of Contract: EADP – Counselling and Psychological Therapies Services

2. Executive Summary

- 2.1 This report seeks approval to award a contract to Edinburgh Lothian Council on Alcohol (ELCA) leading a consortium comprising Crew 2000 and CrossReach to deliver Counselling and Psychological Therapies Services. The service is to commence on 1st October 2022 for an initial period of 3 years with the option to extend for a further 3 years, at an estimated total cost of £3,971,000.

3. Background

- 3.1 Edinburgh Alcohol and Drug Partnership (EADP) oversees the development and implementation of an alcohol and drug strategy for the city. It is a partnership between the City of Edinburgh Council, NHS Lothian, Police Scotland, the third sector and those with lived experience of addiction and recovery.
- 3.2 EADP invests in a range of services that are intended to stop or reduce substance misuse, including an adult counselling and psychological therapies service.
- 3.3 The contract is expected to focus directly on the following outcomes:
- 3.3.1 Abstinence from drug and alcohol use (achieving and maintaining);
 - 3.3.2 Control of drug and alcohol use; and
 - 3.3.3 Improved mental health and wellbeing.

4. Main report

- 4.1 The current contractual format was reviewed and redesigned in 2014/15. The review reduced the number of individual provider contracts from 6 to 1, however the successful contract was a consortia bid from three members; Edinburgh & Lothian Council on Alcohol (ELCA), CrossReach and Crew 2000. Together they have been able to deliver the requirement across the city and within the prison service.
- 4.2 This proposed new contract shall build on work that has taken place over the past 6 years. This includes aspects such as learning from the pandemic including

utilising alternative methods to connect with communities using a combination of online, telephone and face to face support techniques.

- 4.3 Views were provided from stakeholders within the NHS, the Health and Social Care directorate and people in recovery. Development of the specification considered the feedback and now includes an increased offer of online and electronic interventions, an area that was highlighted as needed going forward.
- 4.4 A Prior Information Notice (PIN) was issued on 7th January 2022; this was issued to aid market engagement and to understand the volume of interest. Initially 10 providers indicated interest. A provider's event was held on 23rd February 2022 and three providers attended the event.
- 4.5 A contract Notice was published on Public Contracts Scotland (PCS) on 19th April 2022 and the tender was subsequently run on PCS-tender.
- 4.6 As this is a Social Care service the tender was published in accordance with the Public Contracts (Scotland) Regulations 2015 with the Light Touch Regime applied.
- 4.7 One tender was received, and evaluation was based on the most economically advantageous tender (MEAT), with a weighting of 80/20 quality/price. Details of the evaluation can be found in Appendix 1.
- 4.8 As this is a services contract, TUPE implications were also applicable and may have been a deterrent for further competition.
- 4.9 To ensure the tender was considered by those who would use the service, the evaluation panel included Council Officers and representatives of the recovery community.
- 4.10 ELCA achieved a score of 68.1% and are recommended for award of the contract.
Further due diligence was conducted with ELCA through seeking feedback, discussions and clarification questions. This further due diligence has reassured the evaluation panel of the quality of the service that will be provided through the contract.

5. Next Steps

- 5.1 Subject to approval, the new contract will commence on the 1st October 2022.
- 5.2 The contract will be handed over to the Edinburgh Health and Social Care Partnership Contracts team and will be added to PCS tender for contract monitoring and management.

6. Financial impact

- 6.1 The total cost of the contract including any extensions is £3,971,000 against a budget of £3,974,898 with a difference of £3,898. At point of extension consideration will need to be given regarding the value of extension against budget.
- 6.2 The costs associated with procuring this contract are estimated to be between £20,001 and £35,000.

7. Stakeholder/Community Impact

- 7.1 An Integrated Impact Assessment has been completed and all recommendations have been addressed throughout the tender process.
- 7.2 No significant adverse environmental impacts are expected to arise from this contract.
- 7.3 This procurement has been taken forward in accordance with the Council's Sustainable Procurement Strategy, including the objectives of making procurement spend more accessible to local small businesses/third sector, through the co-production with organisations and the promotion of consortium bids, working together to create a service which is accessible to all substance misusers. Improving Fair Work First practices adopted by suppliers and increasing community benefits delivered by suppliers. In connection with this, the tenderer confirmed a number of community benefits which will add value to their service and the community.
- 7.4 ELCA provided evidence of Fair Work Practice in line with the Scottish Government Fair Work Practice Framework and have confirmed they pay all staff the Real Living Wage and are committed to becoming an accredited employer.
- 7.5 The success of this contract will be measurable against Key Performance Indicators which are detailed in the Specification.

8. Background reading/external references

- 8.1 None

9. Appendices

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	EADP – Counselling and Psychological Therapies Services																																											
Contract period (including any extensions)	1 st October 2022 to 31 st August 2025 with the option to extend for a further 3 years.																																											
Estimated contract value	£3,971,000 (Total including extensions)																																											
Procurement Route chosen	Light touch with open procedure.																																											
Tenders returned	1																																											
Price / Quality ratio	20/80																																											
Evaluation criteria and weightings	<table border="1"> <thead> <tr> <th>Question</th> <th>Max Score</th> </tr> </thead> <tbody> <tr> <td>Experience</td> <td>2.0%</td> </tr> <tr> <td>Methodology and Organisation</td> <td>7.0%</td> </tr> <tr> <td>Organisational quality and strategic contribution</td> <td>7.0%</td> </tr> <tr> <td>Implementation Plan</td> <td>0.0%</td> </tr> <tr> <td>Fair Work First</td> <td>2.0%</td> </tr> <tr> <td>Community Benefits</td> <td>2.0%</td> </tr> <tr> <td>Quality</td> <td>20.0%</td> </tr> <tr> <td>Process Map Community</td> <td>2.5%</td> </tr> <tr> <td>Process Map Prison</td> <td>2.5%</td> </tr> <tr> <td>Effective Therapists</td> <td>10.0%</td> </tr> <tr> <td>Additions</td> <td>10.0%</td> </tr> <tr> <td>Use of evidence based psychological therapies</td> <td>15.0%</td> </tr> <tr> <td>Plans for ensuring online/ telephone access</td> <td>2.5%</td> </tr> <tr> <td>Case Study</td> <td>7.5%</td> </tr> <tr> <td>Service Quality</td> <td>50.0%</td> </tr> <tr> <td>Understanding Needs</td> <td>15.0%</td> </tr> <tr> <td>Pathway</td> <td>15.0%</td> </tr> <tr> <td>Presentation</td> <td>30%</td> </tr> <tr> <td>Total</td> <td>100%</td> </tr> <tr> <td>Weighted</td> <td>80%</td> </tr> </tbody> </table>		Question	Max Score	Experience	2.0%	Methodology and Organisation	7.0%	Organisational quality and strategic contribution	7.0%	Implementation Plan	0.0%	Fair Work First	2.0%	Community Benefits	2.0%	Quality	20.0%	Process Map Community	2.5%	Process Map Prison	2.5%	Effective Therapists	10.0%	Additions	10.0%	Use of evidence based psychological therapies	15.0%	Plans for ensuring online/ telephone access	2.5%	Case Study	7.5%	Service Quality	50.0%	Understanding Needs	15.0%	Pathway	15.0%	Presentation	30%	Total	100%	Weighted	80%
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Total	100%																																											
Weighted	80%																																											
Evaluation Team	Council Officers Recovery Community Representatives																																											

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Finance and Resources Committee

10.00am, Thursday 8 September 2022

Appointments to Joint Consultative Group

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 To appoint the membership of the Joint Consultative Group as set out at Appendix 1.
- 1.2 To appoint the Convener of the Joint Consultative Group.

Richard Carr

Interim Executive Director of Corporate Services

Contact: Rachel Gentleman, Committee Officer

Email: rachel.gentleman@edinburgh.gov.uk | Tel: 0131 529 4107

Appointments to Joint Consultative Group

2. Executive Summary

- 2.1 The Finance and Resources Committee is invited to appoint the membership of the Joint Consultative Group.

3. Background

- 3.1 The appointment of committees, joint committees and joint boards is a reserved matter for full Council.
- 3.2 At its meetings of 19 May 2022 and 30 June 2022, the Council appointed the membership and Convener of the Finance and Resources Committee.

4. Main report

- 4.1 The Committee is required to appoint the membership of the Joint Consultative Group for 2022/23.
- 4.2 While there is no requirement for the membership of working groups to be proportionate to that of the Council, it is suggested that this is good practice. The proposed membership therefore reflects the overall political balance on the Council. It is, however, open to the Committee to alter the membership where it feels this is warranted.
- 4.4 The current membership structure and remit of the Joint Consultative Group is set out in Appendix 1. Previously the Convener of the Finance and Resources Committee has been appointed as the Convener of the Joint Consultative Group. The Vice-Convener is a representative of the Joint Employees' Side members.

5. Next Steps

- 5.1 Not applicable.

6. Financial impact

- 6.1 Not applicable.

7. Stakeholder/Community Impact

7.1 Not applicable.

8. Background reading/external references

8.1 None.

9. Appendices

Appendix 1 – Joint Consultative Group Membership and Remit

Joint Consultative Group (JCG)

Membership – 7 members

2 SNP, 2 Labour, 1 Green, 1 Conservative and 1 SLD.

Other Members

15 representatives appointed by the recognised Trade Unions as follows:

- UNISON (5 representatives)
- UNITE (4 representatives)
- GMB (1 representative)
- Educational Institute of Scotland (3 representatives)
- Scottish Secondary Teachers' Association (1 representative)
- National Association of Schoolteachers/Union of Women Teachers (1 representative)

Remit

The Joint Consultative Group (JCG) is constituted with the purpose of providing a means of regular consultation between the City of Edinburgh Council and its employees and, where appropriate, submitting views to the Finance and Resources Committee of the Council for consideration.

The functions of the JCG are:

- To inform employee representatives on the activities, economic situation and development of the Council and to consult on the structure and development of employment within the Council
- To inform and consult employee representatives on any proposals made by the City of Edinburgh Council involving substantial changes in the organisation of work and their effects on employment relations
- To consider any matter relating to the employment of Council employees which may be referred to the JCG by the City of Edinburgh Council or by any of the Trade Unions, including matters referred for consideration by directorate Joint Consultative Committees; provided that no question of an individual's employment circumstances (e.g. pay, wage, grading, discipline, promotion, efficiency, etc) shall be within the scope of the JCG.

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Contract Awards and Procurement Programme (Period 1 January to 30 June 2022)

Item number	
Executive/Routine	Routine
Wards	All
Council Commitments	

1. Recommendations

- 1.1 It is recommended that the Committee notes the contents of this report and the contract awards made by officers under delegated authority, in accordance with the Council's Contract Standing Orders (CSOs). A further report will be submitted to the Committee in approximately six months' time.

Richard Carr

Interim Executive Director of Corporate Services

Contact: Lynette Robertson, Interim Head of Commercial and Procurement Services,
Finance & Procurement Division, Corporate Services Directorate

E-mail: lynette.robertson@edinburgh.gov.uk | Tel: 0131 469 3810

Contract Awards and Procurement Programme (Period 1 January to 30 June 2022)

2. Executive Summary

- 2.1 This report updates the Finance and Resources Committee on the scope of contracts awarded across the Council in the period 1 January to 30 June 2022. This provides visibility of contracts awarded by officers under delegated authority, including direct contract awards not openly tendered due to specific circumstances permitted in the relevant procurement regulations and those awarded following a waiver of the Council's CSOs. This report also seeks to provide the Committee with visibility of the forthcoming procurement programme in relation to expected higher value contracts across the Council.

3. Background

- 3.1 The Commercial and Procurement Services (CPS) team, within the Finance & Procurement Division, is responsible for fostering commercial and procurement efficiency, enabling Best Value to be secured across the Council. In support of this approach CPS:
- supports Directorates to procure goods, works and services (with the focus primarily on contracts in the value of £25,000 and above); and,
 - provides governance, process and operational oversight for contracting and purchasing (including the Council's CSOs).
- 3.2 The commercial and procurement programme comprises significant volumes of both activities and stakeholders across the breadth of the Council. The scope of this function includes working with services in relation to:
- £826m of third party spend across the Council during 2021/22;
 - Management of the Council's Contract Register – 1,328 live contracts (at 11 July 2022); and
 - Approximately 7,120 suppliers, 1,210 requisitioners and 740 approvers on the Council's Oracle purchasing system (at 11 July 2022).
- 3.3 Directorates are responsible for ensuring that contract information is regularly updated on the Council's Contract Register (accessible through the Orb and

publicly). CPS regularly provides a list of expiring contracts and waivers to Directorates for their review, to enable Executive Directors and Service Directors to fulfil their responsibilities for all contracts tendered and subsequently awarded by their Directorates/Divisions. Commercial Partners within CPS work alongside divisional management and procurement delivery teams, as business partners, to support the contract planning process and compliance with procurement regulations.

- 3.4 The Council's CSOs outline contract approval thresholds for goods, works and services, identifying both the level of award which can be undertaken and those with the authority to award. The current version of the CSOs was approved by Council on 4th February 2021.
- 3.5 In specific circumstances, direct awards can be undertaken, where it is not practically viable or in the Council's best interests to 'tender' the requirement.
- 3.6 A waiver of CSOs to allow a contract to be awarded or extended without competitive tendering may also be required in certain circumstances. Inevitably, there will always be a need for a select number of waivers, however each is evaluated on its own merits and approval given only if fully justifiable and in the best interests of the Council. Such circumstances continue to be tightly controlled and scrutinised and will continue to be reported to Committee through this report.
- 3.7 This report also provides a summary of forthcoming procurement activity for expected higher value contracts across the Council.

4. Main report

- 4.1 This report updates the Finance and Resources Committee on the scope of contracts awarded by officers under delegated authority across the Council in the period 1 January to 30 June 2022 and provides visibility of the forthcoming procurement programme in relation to expected higher value contracts across the Council. Information with regards to contract awards is as recorded on the Council's Contract Register as of 11 July 2022.
- 4.2 It is noted that the Covid-19 pandemic, associated recovery period and other factors such as the invasion of Ukraine, inflationary pressures, etc have and continue to impact on the Council's procurement activity. In response to this, actions and control measures have been undertaken to support existing and new contracting requirements, and in turn mitigate the associated risks.
- 4.3 This ongoing position is however continuing to present a number of challenges to the Council and its suppliers. CPS is working closely with Directorates to support them through this period. It is though noted that in some cases there has been a requirement to seek approval to waive CSOs in Committee or through delegated officer approval as a result of these ongoing challenges. As ever, such approvals continue to be constructively challenged and subject to robust scrutiny, to ensure such actions are in the Council's best interests and secure Best Value.

- 4.4 The CSOs state that contracts above a threshold of £1m for supply of goods and services and £2m for works require approval from the Committee prior to award. A summary of contracts awarded by officers under delegated authority is presented in Table 1 below.

Table 1 Contracts Awarded under Delegated Authority

Directorate	Total Contract Value 1 January – 30 June 2022
Education and Children’s Services	£816,734
Health and Social Care	£9,019,262
Place	£134,135,715
Corporate Services	£12,013,559
De Minimis Value Contracts (Under £25,000)	£694,229
	£156,679,499

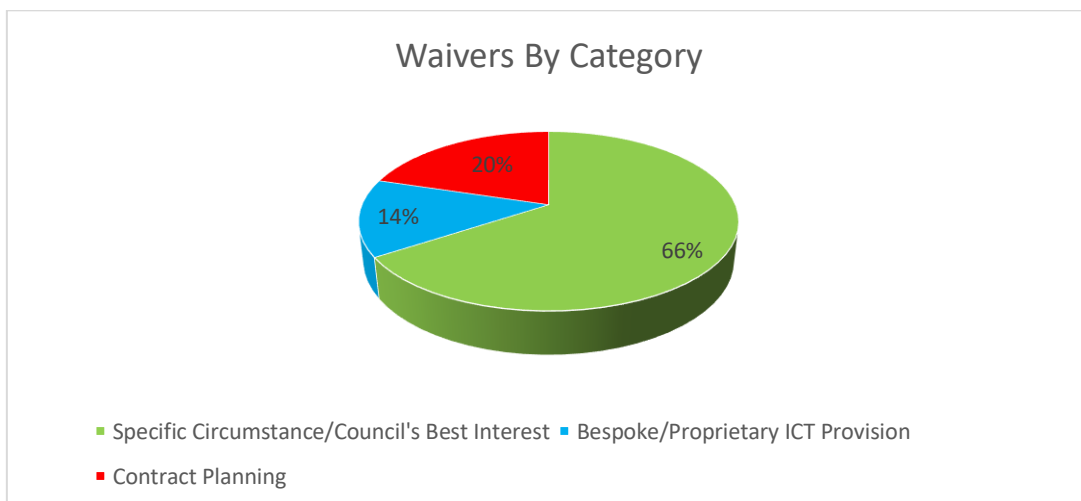
- 4.5 A full breakdown of contracts awarded by officers under delegated authority in this period is provided in Appendix 1. It is noted that given their de minimis value, contracts under the value of £25,000 have not been individually listed. For information, there were a total of 69 contracts awarded in the report period with a value of less than £25,000.
- 4.6 National Framework awards under Standing Order 12 of the CSOs are also included in Appendix 1. The title or description identifies where such a Framework has been utilised.
- 4.7 The report also offers insight in respect of those contracts awarded under waiver of the Council’s CSOs, both under delegated authority and through Committee approval, these are summarised by Directorate in Table 2 on the following page.

Table 2 Contracts Awarded under the Waiver of Standing Orders

Directorate	Total Value of Waivers 1 January – 30 June 2022	
	Delegated Authority	Committee Approval
Education and Children's Services	£1,264,696	£4,773,864
Health and Social Care	£490,535	£13,330,948
Place	£2,664,367	£23,775,191
Corporate Services	£806,391	£250,000
Total	£5,225,989	£42,130,003

4.8 Appendices 2 and 3 provide the detail and financial value of contracts awarded under waiver of Council CSOs.

4.9 To enable greater understanding of the background to waivers across the Council, CPS records relevant management information. The chart below details reasoning (based on the background and justification provided by the service area) for the waivers in period, noting that a limited percentage (20%) primarily relate to contract planning. The majority (66%) of waivers recorded relate to specific circumstances where services required at a certain point in time dictate that a direct award is in the Council's best interests. It is noted that the remaining 14% relate to bespoke/proprietary ICT. Given the breadth of services delivered across the Council, the reasons for these are numerous and varied, with further detail of requirement for each waiver listed within Appendix 2.



4.10 With regard to the value of waivers, the majority continue to be of a relatively low to moderate value, with 17% of waivers £10,000 or less, 49% of waivers £25,000 or less and 76% below the £50,000 (£2M for works) regulated threshold.

- 4.11 CPS continues to monitor and challenge waivers to ensure continuing compliance with the CSOs. The Waiver and Contract Registers provide the required visibility of spend enabling CPS to highlight to Directorates where plans for procurement require to be put in place without delay, to help achieve compliance and Best Value.
- 4.12 To enable greater insight into the forthcoming procurement programme in relation to higher value contracts across the Council, the top twenty five as well as an indication of the quantity of lower value procurements currently in development, is detailed within Appendix 4. It should be noted this is based on current knowledge and is subject to change as each individual procurement strand progresses.

5. Next Steps

- 5.1 A further report will be submitted to the Committee in approximately six months' time.

6. Financial impact

- 6.1 Through a robust procurement approach, proactive management of contract cycles, aggregating spend and carrying out competitive procurement where appropriate, this should continue to support commercial efficiency and achieve Best Value for Council contracts.

7. Stakeholder/Community Impact

- 7.1 Directorates have been consulted in relation to their expiring contracts, waivers and suppliers in preparation for the collation of this report. On an ongoing basis, the CSOs outline the appropriate measures of consultation and approval that must be sought from officers or Committee for each waiver, dependent on expected value.
- 7.2 Due to the significant volumes of activity and numbers of stakeholders involved in purchasing and procuring goods, services and works, CPS relies on service areas to provide accurate information through their Contract Register entries and timely requests for procurement support. To mitigate against any risks in this area, data is reviewed for accuracy and reliability in consultation with services.
- 7.3 A waiver denotes a departure from the CSOs. There may be an increased risk if the Council has departed from the procurement regulations. However, each waiver is scrutinised on its own merits in this context and requires appropriate checks and balances both within the Directorate concerned and corporately and is only approved if justifiable given the circumstances or permitted in accordance with the relevant legislative framework.
- 7.4 Co-production resource and timescales require to be fully considered in planning overall timescales for services to re-procure contracts to ensure early planning and avoidance of waiver requirements.

- 7.5 There are no equalities or sustainability impacts directly arising as a result of this report.

8. Background Reading/External References

- 8.1 [Contract Awards and Procurement Programme \(Period 1 July - 31 December 2021\)](#)
– Report to Finance and Resources Committee, 3rd March 2022.

9. Appendices

- 9.1 Appendix 1 - Contracts awarded under Delegated Authority
- 9.2 Appendix 2 - Contracts awarded under the Waiver of CSOs by Delegated Authority
- 9.2 Appendix 3 - Contracts awarded under the Waiver of CSOs by Committee approval
- 9.4 Appendix 4 - Procurement Programme – Anticipated High Value Procurements Across the Council

Appendix 1 – Contracts awarded under Delegated Authority

The following relate to the period 1 January – 30 June 2022.

Supply of Goods and Service Contracts

Date	Directorate	Education and Children's Services	
	Supplier	Contract Description	Value
03/01/2022	Sportex Group Ltd	Maintenance and inspection of school synthetic pitches.	£238,018
14/01/2022	Scotland Yard Adventure Centre Ltd t/a The Yard	Term time support for children and young people with disabilities.	£48,000
25/02/2022	TES Global Limited	Educational 'Classcharts' app for schools.	£25,000
13/04/2022	Sacro	Travel service for friends and families of offenders in Scottish prisons.	£86,204
20/04/2022	Warners Solicitors LLP	Property purchase for foster carers who require a larger home for accommodated children.	£65,480
09/05/2022	Victim Support Scotland	Provision of victim support for victims and witnesses of crime in Edinburgh.	£108,108
08/06/2022	Edinburgh Community Food Limited	Support to vulnerable people in the justice system to prevent them falling into food poverty during the Covid-19 recovery period.	£40,924
16/06/2022	Multi-Supplier Framework	Adoption of Scotland Excel (SXL) Musical Instruments Framework.	£205,000
			£816,734

Date	Directorate	Health and Social Care Partnership	
	Supplier	Contract Description	Value
31/03/2022	Volunteer Centre Edinburgh	Accommodation for people who have complex needs including a mental health diagnosis (Firhill).	£170,132
11/04/2022	Libertus Services	Day opportunities and support for older people.	£249,130
18/05/2022	Nottingham Rehab Ltd t/a NRS Healthcare	Supply of Aids for Daily Living (ADL) equipment and the servicing, maintenance and repair of ADL equipment, via Framework. (Award under Delegated Authority previously approved at Committee).	£8,600,000
			£9,019,262

Date	Directorate	Place	Value
	Supplier	Contract Description	
05/01/2022	Ross Quality Control Limited	Appointment of clerk of works via Council Framework.	£45,000
07/01/2022	Aecom Limited	Design engineering services for Corstorphine Connections, Low Traffic Neighbourhood, via SXL contract.	£191,980
12/01/2022	Thomas & Adamson	Programme management and project delivery support to Housing Service processes and programmes via Professional Services Framework (PSF).	£310,643
13/01/2022	Faithful and Gould	Professional services, Granton Gas Holder restoration and public realm via PSF.	£27,328
13/01/2022	Atkins Limited	Moredun hard and soft landscaping project (design).	£59,750
14/01/2022	Josephs Accommodations Limited	Temporary accommodation (Private Rented) via Council's dynamic purchasing system. (Award under Delegated Authority previously approved at Committee).	£3,833,530
25/01/2022	Jacobs UK Ltd	Design engineering services for active travel links on the periphery of Meadowbank mixed-use development.	£68,259
27/01/2022	Easylet Scotland Ltd	Temporary accommodation (Private Rented – 166 properties, up to 10 year contract) via Council's dynamic purchasing system. (Award under Delegated Authority previously approved at Committee).	£28,675,050
31/01/2022	Agilent Technologies LDA UK Limited	High performance liquid chromatography.	£45,117
03/02/2022	Changeworks Resources for Life Ltd	Housing energy and sustainability advice services.	£796,000
07/02/2022	The Audience Agency	Digital engagement strategy for museums.	£38,100
09/02/2022	Faithful and Gould	Redevelopment of Leith Walk via PSF.	£931,479
10/02/2022	Faithful and Gould	Gracemount civic square - mural design and delivery via PSF.	£26,362
10/02/2022	D Li	Temporary accommodation (Home Share) via Council's dynamic purchasing system.	£700,800
10/02/2022	D Li	Temporary accommodation (Private Rented Accommodation) via Council's dynamic purchasing system. (Award under Delegated Authority previously approved at Committee).	£1,029,290
14/02/2022	Progressive Partnership Ltd	Local traffic surveys, low-traffic neighbourhood project.	£69,736
18/02/2022	Bruntsfield Management Ltd	Temporary accommodation (Home Share) via Council's dynamic purchasing system.	£329,489

21/02/2022	Currie & Brown UK Limited	West Edinburgh Link active travel project management services via PSF.	£49,500
21/02/2022	Currie & Brown UK Limited	Meadows to George Street active travel project management services via PSF.	£49,500
22/02/2022	Atkins Limited	Dean Park Primary School building and quantity surveying services via PSF.	£74,540
24/02/2022	Dataserve UK t/a SP Dataserve Ltd	Supply and operation of energy meters to Council properties.	£372,800
25/02/2022	Faithful and Gould	Whole House Retrofit (WHR) design engineering and survey pilots via PSF.	£523,000
25/02/2022	Aecom Limited	Transport design services - North Edinburgh Active Connections, via SXL Framework.	£114,288
28/02/2022	Benchmark4 LLP	Temporary accommodation (Home Share) via Council's dynamic purchasing system. (Award under Delegated Authority previously approved at Committee).	£1,849,181
01/03/2022	William Waugh (Edinburgh) Limited	Disposal of mixed scrap metals and lead acid batteries (income contract).	-£85,000
02/03/2022	Gleeds Building Surveying Ltd	Kirkliston Primary School Annex via PSF.	£34,210
03/03/2022	Bainfield House	Temporary accommodation (Home Share) via Council's dynamic purchasing system.	£590,692
04/03/2022	Atkins Limited	Professional services for Green Blue Neighbourhoods Project - Phase One Craigmyleth, via PSF.	£40,000
08/03/2022	Faithful and Gould	Professional services for mixed use housing development west Edinburgh via PSF.	£873,780
08/03/2022	Will Rudd Davidson Edinburgh Ltd	Professional structural engineering services to assist with emergency works via PSF.	£49,995
08/03/2022	Summers-Inman Construction And Property Consultants LLP	Professional services regarding adaptation design solutions to support people to remain in their homes, via PSF.	£49,995
09/03/2022	Faithful and Gould	Professional services for Wester Hailes High School via PSF.	£892,500
09/03/2022	The Community Help and Advice Initiative - CHAI	Court representation services.	£372,812
10/03/2022	Nivensknowe Boarding Kennels	Provision of kennelling services for pets of homeless people in temporary accommodation.	£440,000
10/03/2022	Ardblair Guest House	Temporary accommodation (Shared House) via Council's dynamic purchasing system.	£528,840
10/03/2022	MS Properties Edinburgh Limited t/a AAA Guest House	Temporary accommodation (Shared House) via Council's dynamic purchasing system.	£597,240

10/03/2022	Leamington House	Temporary accommodation (Shared House) via Council's dynamic purchasing system.	£721,440
10/03/2022	St Albans Lodge	Temporary accommodation (Shared House) via Council's dynamic purchasing system.	£296,640
10/03/2022	The Travellers Rest	Temporary accommodation (Shared House) via Council's dynamic purchasing system.	£582,048
10/03/2022	Bainfield House	Temporary accommodation (Shared House) via Council's dynamic purchasing system.	£973,440
10/03/2022	BR Hallworth Ltd	Continuation of system hardware/software support for the Council's tram priority system.	£45,000
11/03/2022	Faithful and Gould	Gracemount Civic Square - mural design and delivery, via PSF.	£26,362
11/03/2022	Summers-Inman Construction And Property Consultants LLP	Professional services, building surveying for housing Financial Year 22/23 programme via PSF.	£49,995
11/03/2022	Summers-Inman Construction And Property Consultants LLP	Professional services, building surveying for capital projects via PSF.	£49,995
11/03/2022	Summers-Inman Construction And Property Consultants LLP	CAD design and drawing service to support housing programme, via PSF.	£49,995
14/03/2022	Sentinel Clerk of Works Limited	Housebuilding programme, mechanical and engineering clerk of works via Framework.	£83,200
14/03/2022	SP Energy Networks	Connection for Electric Vehicle Charging Point (EVCP) East London Street.	£25,195
16/03/2022	Sweco UK Limited	Professional services for Cameron Toll to BioQuarter active travel project, via PSF.	£45,166
16/03/2022	Cameron Guest House Group t/a K & S Mir	Temporary accommodation (Shared House Rapid Access) via Council's dynamic purchasing system.	£444,342
16/03/2022	Cameron Guest House Group t/a K & S Mir	Temporary accommodation (Shared House – 10 properties – 2 year contract) via Council's dynamic purchasing system. (Award under Delegated Authority previously approved at Committee).	£8,440,586
21/03/2022	Built Intelligence Ltd	'FastDraft' contract and project management system for structures and roads.	£91,000
22/03/2022	Muller UK and Ireland Group LLP	Adoption of best value supplier for supply and delivery of milk. (This is not a single contract – multiple small value purchases / transactions).	£3,600,000
25/03/2022	DJM Audio Solutions Ltd	Usher Hall upgrade to in-house sound system.	£25,000
28/03/2022	Imperial Portfolios Limited t/a The Housing Network	Temporary accommodation (Private Rented – 180 properties, up to 10 year contract) via Council's dynamic purchasing system. (Award under Delegated Authority previously approved at Committee).	£31,799,823

31/03/2022	GoCardless Ltd	Garden waste management – direct debit collection.	£240,000
31/03/2022	Chargemaster Limited	Supply and installation of electrical vehicle charging infrastructure at numerous sites within Edinburgh.	£723,874
31/03/2022	Turner & Townsend Project Management Limited	Review of vulnerable road user safety at major junctions via PSF.	£45,090
06/04/2022	Leonard Property Holdings Ltd	Temporary accommodation (Private Rented) via Council's dynamic purchasing system.	£153,528
08/04/2022	Phoenix Properties Edinburgh Ltd	Temporary accommodation services.	£231,420
13/04/2022	TRL Ltd	ECO Stars Technical Management Support Framework.	£90,068
18/04/2022	Currie & Brown UK Limited	Quantity surveying services via PSF.	£100,000
19/04/2022	Jupiter Hotels Ltd	Temporary accommodation services.	£134,400
21/04/2022	Queensgate Hotel Edinburgh Ltd	Temporary accommodation services.	£140,700
21/04/2022	Holmes Miller Limited	Professional services relating to Kirkliston Primary School Annex, via PSF.	£30,884
21/04/2022	Jewel Smith	Sale of original artworks during City Art Centre exhibition.	£50,220
27/04/2022	Portakabin (Scotland) Limited	Hire of temporary toilet facilities for The Meadows, Inverleith Park and Leith Links.	£86,000
27/04/2022	Currie & Brown UK Limited	Employers agent and quantity surveying services for Macmillan Hub via PSF.	£95,860
28/04/2022	7N Architects LLP	Granton lighthouse conceptual design via PSF.	£27,357
29/04/2022	Atkins Limited	Professional services for Queensferry High School Link, via PSF.	£35,270
03/05/2022	Minto Street Guest House Ltd	Temporary accommodation services.	£69,300
03/05/2022	EDF Productions/Ellen De Faux Ltd	Live performance films of musical artists.	£46,000
04/05/2022	Cairn Hotel Edinburgh	Temporary accommodation services.	£92,400
09/05/2022	Sentinel Clerk of Works Limited	Macmillan Hub clerk of works services via Framework.	£30,400
10/05/2022	Faithful and Gould	Professional services, Portlee accommodation, via PSF.	£503,331

12/05/2022	Currie & Brown UK Limited	Professional services relating to Meadowbank mixed-use development via PSF.	£150,000
12/05/2022	Lothian Buses PLC	Supported bus contract, service 38.	£176,232
13/05/2022	Multi-Supplier Framework	Framework relating to specialist event support crew and equipment hire for cultural venues.	£600,000
23/05/2022	Currie & Brown UK Limited	Professional services relating to replacement of Thorn lanterns, via PSF.	£49,500
30/05/2022	Turner & Townsend Project Management Limited	Provision of NEC4 Project Management Services relating to City Centre West East Link (CCWEL) via SXL Framework.	£254,600
31/05/2022	Faithful and Gould	Professional services for Leith Connections cycle active travel improvements via PSF.	£316,878
01/06/2022	William Waugh (Edinburgh) Limited	Disposal of mixed scrap metals and lead acid batteries (income contract).	-£89,500
08/06/2022	Robertson Partnership Homes Limited	Pre-construction services for a new build housing development at Greendykes, via Framework.	£963,977
10/06/2022	Multi-Supplier Framework	Adoption of SXL Grounds Maintenance Framework.	£70,000
14/06/2022	Cameron Guest House Group t/a K & S Mir	Temporary accommodation (Shared House – Rapid Access) via Council’s dynamic purchasing system.	£66,435
16/06/2022	Nationwide Data Collection (Scotland) Ltd	Speed surveys, junction, pedestrian and cycle counts.	£48,900
20/06/2022	Multi-Supplier	Adoption of SXL Framework for Personal Protective Equipment (PPE).	£1,524,000
20/06/2022	Harley Haddow Ltd	Mechanical and engineering services for housing operations teams via PSF.	£50,000
20/06/2022	Thomson Gray Limited	Building surveying services for housing operations teams via PSF.	£50,000
20/06/2022	D Li	Temporary accommodation (Home Share) via Council’s dynamic purchasing system.	£416,520
27/06/2022	Instock Ltd / Lovats Catering Engineering Services Limited	Supply, delivery and installation of commercial catering equipment.	£49,000
** Excludes Income Contracts			£99,742,157**

Date	Directorate	Corporate Services	
	Supplier	Contract Description	Value
11/01/2022	Halo Service Solutions Ltd	Service desk Customer Relationship Management (CRM) system.	£252,667
28/01/2022	Jacobs UK Ltd	Edinburgh's Draft Climate Strategy - Strategic Environmental Assessment via SXL Framework.	£49,885
31/01/2022	GatenbySanderson	Interim recruitment services.	£100,000
11/02/2022	Royal Mail Group Ltd	Postal Services (This is not a single contract – multiple small value purchases / transactions).	£4,240,000
24/02/2022	Ringlink Services Limited	Various training for parks and greenspace staff.	£40,400
25/02/2022	Trustmarque Solutions Ltd	Software licences for Microsoft and associated products. (Award under Delegated Authority previously approved at Committee).	£5,802,508
01/03/2022	Charles Taylor General Adjusting Services Limited	Claims handling agents - tram insurance.	£50,000
07/03/2022	Pinsent Masons LLP	Legal advice and investigation support.	£200,000
21/03/2022	Pinsent Masons LLP	Legal services for redress scheme.	£200,000
04/04/2022	Field And Lawn Limited	Hire of marquee with power, heating, lighting, furniture etc used as welcome centre for Ukrainian refugees.	£140,000
20/04/2022	GatenbySanderson Limited	Consultancy services via Local Government Resourcing Partnership Framework (LGRP).	£49,999
20/04/2022	Gillespie People Solutions	Development of new behavioural framework and recruitment approach to support culture change.	£25,000
31/05/2022	Gosta Training Limited	Provision of pesticide awareness and handling training to new and existing staff.	£38,100
01/06/2022	Computacenter UK Limited	Technology peripherals and infrastructure framework.	£800,000
07/06/2022	Lumus360 Ltd	Provision of leadership development training.	£25,000
			£12,013,559

Works Contracts

It is noted the following works contracts were awarded under Delegated Authority in the Place Directorate only.

Date	Directorate	Place	Value
	Supplier	Contract Description	
05/01/2022	Bell Decorating Group Ltd	Stronger North Phase 2, external redecoration and other works, via Housing Capital Works Framework (HCWF).	£496,405
10/01/2022	Cruden Building (East) Limited	Site investigation works Powderhall Mixed Tenure (waste transfer site) via New Build Housing Framework (NBHF).	£1,156,213
19/01/2022	McTear Contracts Limited	Supply and installation of new kitchens and bathrooms to domestic properties via HCWF.	£1,208,473
24/01/2022	VolkerLaser Ltd	Balerno bridge and Fillyside Road bridge refurbishment.	£169,358
24/01/2022	Maclay (Civil Engineering) Limited	Carriageway resurfacing to Newmills Crescent and Newmills Grove via Transport Infrastructure Framework (TIF).	£94,574
25/01/2022	Kiely Bros Ltd	Surface treatment schemes, micro-asphalt, citywide, via TIF.	£824,706
27/01/2022	Maxi Construction Limited	Trinity Primary School gym hall screen replacement works via Contractor Works Framework (CWF).	£73,700
03/02/2022	MP Group UK Limited	Roof replacement and common area works Dumbryden Gardens via Framework.	£897,675
04/02/2022	Everwarm Ltd	Installation of cavity wall insulation and solar equipment to houses via Framework.	£1,798,200
07/02/2022	MP Group UK Limited	Installation of cavity wall insulation and solar equipment to housing via Framework.	£1,921,361
09/02/2022	Maclay (Civil Engineering) Limited	Carriageway improvement works and replacement of traffic signals at Telford Road/Groathill Avenue, via TIF.	£831,435
09/02/2022	MP Group UK Limited	Roof replacement and common area works Dumbryden Gardens via Framework. (separate properties from above).	£1,472,088
09/02/2022	Tarmac Trading Limited	Maybury Road, Maybury Drive, Whitehouse Road and Barnton Grove, carriageway resurfacing via TIF.	£1,562,290
15/02/2022	P1 Solutions Ltd	NEPs delivery and external work via HCWF.	£381,122
15/02/2022	Aggregate Industries UK Ltd	Ferry Road, Silverknowes Road East and Silverknowes Road carriageway resurfacing via TIF.	£664,652
22/02/2022	Nicholson Bros (Electrical Contractors) Limited	Electrical Heating 2022 via HCWF.	£1,255,826
22/02/2022	Maxi Construction Limited	Gracemount Civic Square renovation project via HCWF.	£396,702

24/02/2022	T. & N. Gilmartin (Contractors) Limited	Newbattle Terrace public realm works via TIF.	£1,036,914
28/02/2022	P1 Solutions Ltd	Northfield Drive and Northfield Grove landscape improvements via HCWF.	£1,481,896
02/03/2022	Luddon Construction Limited	Footways reconstruction project via TIF.	£581,117
07/03/2022	Maclay (Civil Engineering) Limited	Mountcastle Drive North and Mountcastle Drive South carriageway resurfacing works via TIF.	£863,670
08/03/2022	Story Contracting Limited	Essential repair works to six masonry bridge structures.	£249,850
10/03/2022	Maclay (Civil Engineering) Limited	Resurfacing of footways on Warriston Drive and Warriston Terrace, replacement of lighting columns, via TIF.	£263,734
10/03/2022	Cornhill Building Services Ltd	Portobello Town Hall stonework via CWF.	£340,184
15/03/2022	Maxi Construction Limited	Extension of Sciennes Primary School via Crown Commercial Services (CCS) Framework. (Award under Delegated Authority previously approved at Committee).	£2,731,254
16/03/2022	Markon Ltd	Planing and disposal of road construction materials.	£28,865
17/03/2022	V.H.E. Construction PLC	Removal of waste material from Meadowspot woodland following landslide at Craiglockhart.	£106,444
21/03/2022	Landcare Solutions (Scotland) Limited	Supply and installation of play equipment and surfacing for a number of playparks.	£333,000
22/03/2022	Servest Arthur McKay Limited	Leith Academy mechanical installation works via CWF.	£150,150
22/03/2022	Murdoch MacKenzie Construction Ltd	Contract for cleaning Hawes and LongCraig pier.	£133,734
24/03/2022	Luddon Construction Limited	Cockburn Crescent carriageway resurfacing via TIF.	£589,025
25/03/2022	P1 Solutions Ltd	Ferry Road Drive front and rear garden redevelopment via HCWF.	£116,851
30/03/2022	P1 Solutions Ltd	Glenogle Road footpath improvement works via HCWF.	£38,131
31/03/2022	Luddon Construction Limited	Carriageway resurfacing and traffic signals upgrade on A89 at Newbridge, via TIF.	£818,417
01/04/2022	Zenith Property Conservation Ltd / Thomas Menzies (Builders) Ltd / Go-Wright Ltd	Masonry and de-vegetation Framework.	£400,000
13/04/2022	Livingston Building Services Limited	City Chambers heating works via CWF.	£523,518
21/04/2022	Bell Decorating Group Ltd	Fire damage reinstatement via HCWF.	£85,596

21/04/2022	Dieselec Thistle Generators Ltd	Repair and maintenance of emergency generators via HCWF.	£120,000
21/04/2022	Eden Services (Scotland) Ltd	Repair and maintenance of communal TV aerials via HCWF.	£250,000
21/04/2022	Ferrier Pumps Ltd	Repair and maintenance of water pumps via HCWF.	£80,000
21/04/2022	Thain Commercial Ltd	Communal laundrettes repairs and maintenance via HCWF.	£80,000
26/04/2022	JCJ (Demolition & Construction) Limited	Enabling works to the existing school at Deanbank House via HCWF.	£257,331
27/04/2022	Markon Ltd	Planing and disposal of road construction materials, Tantallon Place	£30,493
27/04/2022	Markon Ltd	Planing and disposal of road construction materials, Chalmers Crescent.	£25,702
29/04/2022	CCG Scotland Ltd	Niddrie Mains Road development works via NBHF.	£699,349
06/05/2022	Maxi Construction Limited	Boroughmuir High School - classroom reconfiguration works via CWF.	£193,297
13/05/2022	Luddon Construction Limited	Carriageway and footway resurfacing to Newhaven Road, Stanley Road, Park Road, Derby Street via TIF.	£422,018
18/05/2022	Bell Decorating Group Ltd	Scaffolding works in conjunction with consultancy and surveying works via HCWF.	£46,555
19/05/2022	Luddon Construction Limited	Bo'ness Road, new pedestrian crossing via TIF.	£77,924
23/05/2022	Luddon Construction Limited	Carriageway resurfacing works at Wester Hailes Road and Murrayburn - Park, Garden, Green, Grove via TIF.	£656,669
26/05/2022	Atalian Servest AMK Limited	Longstone Primary School, electrical and associated works via CWF.	£567,721
26/05/2022	Clark Contracts Ltd	Flora Stevenson Primary School, masonry, windows, sanitary and electrical works via CWF.	£603,920
01/06/2022	Cornhill Building Services Ltd	Holy Cross Primary School, asset management works via CWF.	£241,249
21/06/2022	Dacoll Electrical Contracting Ltd	Usher Hall fire alarm upgrade works via CWF.	£147,759
27/06/2022	Everwarm Ltd	Domestic Gas Heating 2022 – West via HCWF.	£1,819,261
27/06/2022	Gas Call Services Ltd	Domestic Gas Heating 2022 – East via HCWF.	£1,997,180
			£34,393,558

Appendix 2 – Contracts awarded under the Waiver of CSOs by Delegated Authority

The following relate to the period 1 January – 30 June 2022.

Waiver No.	Directorate	Education and Children's Services	
	Supplier	Description / Justification for waiver	Value
Waiver 2807	OneFile Ltd	Continuance of the OneFile electronic folio system for training, best interests.	£5,512
Waiver 2815	The Sleep Charity	Sleep training for children and young people as an early care intervention measure.	£29,000
Waiver 2816	Adoption Focus	Inter-agency fee for matching children registered for adoption with prospective adopters, best interests	£32,400
Waiver 2817	J Ross	Mandatory professional learning programme for senior leaders and practitioners across schools, best interests.	£20,000
Waiver 2821	Career Ready	Specific career support for school pupils, best interests.	£17,350
Waiver 2823	Cairngorm Mountain (Scotland) Ltd	Ski passes for snow-sports lessons as part of the outdoor learning residential experiences for schools.	£20,000
Waiver 2824	PH electrical / P Hamid	One off solar installation project for Benmore Outdoor Centre property, third party funded, urgency.	£35,000
Waiver 2826	Lecht Ski Company Ltd	Ski passes for snow-sports lessons as part of the outdoor learning residential experiences for schools.	£20,000
Waiver 2828	Fresh Start Independence Project Ltd	Continuation of specialist supported accommodation for vulnerable young person, best interests.	£17,914
Waiver 2829	VTO (Volunteer Tutors Organisation)	Support with learning and teaching for children and young people in care, best interests.	£27,000
Waiver 2850	Linguascope	Language learning website to support education in a number of schools across a five year period, best interests.	£9,300
Waiver 2851	Tivoli Group Limited	Specialist repair to school volleyball court by original installer.	£11,000
Waiver 2853	Bridge 8 Hub CIC	Community based project offering outdoor learning experiences to children and young people, best interests.	£14,600
Waiver 2857	Edinburgh Community Food Initiative	Continuity of support to vulnerable women in the justice system, third party funded, best interests.	£30,000
Waiver 2864	GL Education Group Ltd	Continuity of assessment materials to learners, best interests.	£132,500
Waiver 2866	Street League	Football focused employability support and development, best interests.	£32,023
Waiver 2867	Basil Paterson Middle School	Continuation of specialist support for two children in mainstream education with additional support needs.	£30,000
Waiver 2870	Dr S Ross	Appointment of independent chair for significant case review.	£5,500
Waiver 2872	The Bike Station	Goods and training for the Council's bicycle workshop to support people in the justice system undertaking unpaid work.	£39,082
Waiver 2873	South East Scotland Regional Scout Council	Venue for adventurous activity days for primary school children.	£50,000

Waiver 2875	She Scotland CIC	Support programme for young women particularly impacted by covid-19 pandemic with regard to health and wellbeing.	£40,000
Waiver 2877	Gold and Gray Soccer Academy Ltd	Continuance of football academies to end of educational year to support attainment, best interests.	£49,500
Waiver 2880	TOK (Scotland) Ltd	Motivational programme for young people to help establish reflection and positive culture, best interests.	£49,000
Waiver 2881	BE Uniforms Ltd	Continuity of supplier for school blazers for Queensferry High School.	£20,000
Waiver 2913	J Lee	Specialist skills for balance of care review.	£48,000
Waiver 2920	Learning Journals Ltd	Continuity in provision of parental engagement system for children's learning and development attainment.	£120,000
Waiver 2927	Air Products Plc	Supply of gases to operate swimming pools within secondary and primary schools, SXL Framework no longer in place, best interests.	£25,000
Waiver 2928	ClickView Limited	Cloud-based multimedia content, aligned to Curriculum for Excellence, already in use across schools, continuity.	£167,072
Waiver 2936	Brenntag UK Limited	Supply of chemicals for swimming pools, SXL Framework expired, short-term until new contract in place, best interests.	£40,000
Waiver 2937	Intercultural Youth Scotland	Anti-racism education project for schools, best interests.	£7,700
Waiver 2945	Tivoli Group Limited	Additional works related to specialist repair to school volleyball court by original installer already working on site, best interests.	£14,551
Waiver 2948	Gold and Gray Soccer Academy Ltd	Continuity of PEF funded football academies to support attainment for vulnerable and challenged pupils, best interests.	£49,692
Waiver 2950	Access Parkour Ltd	Coaching in Parkour and other movement classes to all ages and abilities to develop the skills they need to overcome both physical and mental barriers in their life, best interests.	£8,000
Waiver 2954	Edinburgh Community Food Initiative	Provision of food and drink supplies relating to Ukrainian refugee welcome, urgency of requirement, third party funded.	£48,000
			£1,264,696

Waiver No.	Directorate	Health and Social Care Partnership	
	Supplier	Description / Justification for waiver	Value
Waiver 2818	Storm Skills Training CIC	Short term delivery of specialist online suicide prevention training (safety planning), best interests.	£7,365
Waiver 2825	Volunteer Centre Edinburgh	Volunteer engagement to assist people with complex needs including mental health diagnosis, third party funded.	£170,132
Waiver 2837	L.O.M Training	Specialist face to face suicide prevention training, urgency and best interests.	£10,000
Waiver 2845	JLA Total Care Ltd	Extension to care home laundry service to permit alignment with other Council contracts moving forward, best interests.	£11,100
Waiver 2862	UK Smart Recovery	Continuity with provider for licence and support in developing addiction support intervention locally, best interests.	£26,400
Waiver 2886	Autism Initiatives UK	Wide range of support, information and advice to autistic adults in Edinburgh, best interests.	£81,744
Waiver 2892	Newcross Healthcare Solutions Limited	Agency staff for care homes where contracted suppliers are unable to support staffing requirements, best interests.	£50,000
Waiver 2896	Spearhead	Care home furniture required to be consistent with existing.	£10,764
Waiver 2919	H1 Healthcare Group Limited	Agency staff for care homes where contracted suppliers are unable to support staffing requirements, best interests.	£100,000
Waiver 2955	Legrand Care	Ongoing maintenance and support for life critical nurse call system, best interests	£23,030
			£490,535

Waiver No.	Directorate	Place	Value
	Supplier	Description / Justification for waiver	
Waiver 2803	Williams Commerce Ltd	Necessary ICT security and other related upgrades to cultural websites, ICT proprietary.	£10,000
Waiver 2810	P1 Solutions Ltd	Urgent works required to Stirling Road, contracted suppliers unable to undertake, best interests.	£27,000
Waiver 2811	Facultatieve Technologies Ltd	Short extension providing continuity for ongoing servicing and maintenance of cremators until new contract in place.	£13,056
Waiver 2813	Groundwater Dynamics Ltd	Specialised drainage solution for Inverleith Park, negating requirement for access to the Scottish Water sewage network, best interests.	£144,820
Waiver 2814	The Edinburgh Coach and Truck Park	Temporary storage of site caravans whilst development works undertaken at North Cairntow, best interests.	£80,000
Waiver 2827	Edinburgh International Conference Centre Ltd	EICC services relating to business events for the City to support the Visitor Economy, as agreed at Policy and Sustainability Committee.	£30,000
Waiver 2830	Alcohol Focus Scotland	Mandatory training for new members of the City of Edinburgh Licensing Board, sole provider.	£18,900
Waiver 2833	Survey Solutions Scotland (Sales)	Specialist surveying equipment, consistent with existing, best interests.	£30,181
Waiver 2834	Under One Roof Scotland	Impartial advice on repairs and maintenance for flat owners and advisers working with owners in Scotland, sole supplier.	£17,340
Waiver 2835	Hillside Agency Ltd	Short extension to graphic design work relating to Thriving Green Spaces strategy, externally funded, best interests.	£15,000
Waiver 2836	Currie & Brown UK Limited	Continuance of technical services to ensure successful completion of the Energy Efficient Street Lighting Programme, best interests.	£13,500
Waiver 2838	Faithful and Gould	Continuity of existing technical advisory team for Castlebrae High School, best interests.	£64,000
Waiver 2839	Citylets	Provision of specific data relating to private, agency and housing association letting across Edinburgh to support service understanding and delivery, best interests.	£15,000
Waiver 2840	Lisson Grove Benefits Program Ltd	Ongoing subscription to advice service for benefit checking software, ICT proprietary.	£5,600
Waiver 2841	The Whin Marketing Company Ltd	Support and development for the Edinburgh Guarantee website, best interests.	£12,500
Waiver 2854	Flexible Power Systems Ltd	Additional vehicle charging infrastructure, as part of research project, utilising induction wireless technology by provider leading this initiative, third party funded.	£17,000
Waiver 2856	D Stewart Fencing	Supply, erection and maintenance of street nameplates to allow time for competitive tender to be undertaken.	£10,000
Waiver 2858	Kerrs Removals	Ongoing storage costs for tenant, until property adaptations are complete, best interests.	£10,000
Waiver 2860	Hickton Consultants Limited	Clerk of work services to five ongoing housing construction projects, continuity of service.	£75,000

Waiver 2876	Bethany Christian Trust	Continuity of link worker service for the Haymarket Holyrood Hub Financial Year 22/23, third party funded.	£29,000
Waiver 2878	Capita Property & Infrastructure Ltd	Continuation of existing supplier for Granton Waterfront Core Path project, best interests.	£24,500
Waiver 2879	Minton, Treharne and Davies Limited	Provision of Public Analyst services to support Council statutory duties in this regard, best interests.	£50,000
Waiver 2883	Essential Edinburgh	Partnership working, coordinated by Essential Edinburgh, to support the future model of Visitor Economy delivery in Edinburgh.	£34,000
Waiver 2885	Aecom Limited	Continuity of provider for completion of design stages on West Edinburgh Link active travel project, best interests.	£68,337
Waiver 2887	BESA Publications	Annual subscription to BESA publications, proprietary rights.	£17,000
Waiver 2889	J Sives Surfacing Ltd	Urgent road junction remedial works to improve safety of vulnerable road users, contracted suppliers unable to undertake.	£109,381
Waiver 2890	Owned and Operated	Additional design work by original creator for the 'Forever Edinburgh The Story Never Ends' summer 2022 campaign.	£20,000
Waiver 2891	FMS Fire & Security Ltd	Interim measure relating to alarm signals prior to relocation, best interests.	£7,295
Waiver 2893	WDM Ltd	Extension to existing asset management system for transport structures until migration to Council's 'Confirm' system is undertaken.	£6,000
Waiver 2894	Bridge Systems Limited	Radio system for Tram to Newhaven project, compatible with existing equipment.	£243,170
Waiver 2895	Karen Jacques Sales and Marketing Solutions Ltd	Event sales specialist to support the Assembly Rooms, best interests.	£18,000
Waiver 2897	Williams Commerce Ltd	Hosting and website support for cultural venues.	£50,000
Waiver 2900	TESGL Limited	Continuance of current service for current metering system and data provision whilst tender being developed.	£7,901
Waiver 2901	Healthmatic Limited	Ongoing monitoring of footfall in public toilets for additional short period and inclusion of three further locations to support the Public Conveniences Strategy for the City.	£13,800
Waiver 2902	Changeworks Recycling Ltd	Continuing service for disposal of confidential waste whilst service review ongoing.	£25,000
Waiver 2903	Vivedia Limited	Extension of contract to supply music and audio services to crematoriums, continuity.	£49,000
Waiver 2904	CACI Ltd	Comprehensive information regarding household income, specific to the needs of the Council, to support strategy and policy decisions regarding housing affordability.	£17,928
Waiver 2905	Changeworks Recycling Ltd	Continuance of common refuse contract at various non-operational sites, best interests.	£13,920
Waiver 2906	Constantine Ltd	Specialist transportation art handling services for City Art Centre.	£12,500

Waiver 2907	Metro Production Group Limited	Conference support and sound equipment for Assembly Rooms, delayed due to covid, best interests.	£22,000
Waiver 2908	Metro Production Group Limited	Conference support and sound equipment Assembly Rooms delayed due to covid, costs recoverable. (Separate event from the line above)	£30,000
Waiver 2910	James Breck Ltd	Additional works to Usher Hall stage flooring and frontage by contractor already working on site, best interests.	£11,427
Waiver 2911	M and A Landscaping	Continuance of landscaping contract at various non-operational sites, best interests.	£39,850
Waiver 2912	S Allen	Specialist expertise to support development of robust Council application for UK 'Levelling-Up Fund' monies, urgency.	£9,375
Waiver 2915	Facultatieve Technologies Ltd	Continuity of services for crematoria maintenance until new contract in place, best interests.	£15,231
Waiver 2917	Corgi Technical Services Limited	Completion of physical inspections regarding gas auditing services, postponed as a result of covid-19 pandemic.	£68,000
Waiver 2918	Dutchview Information Technology Limited	Annual licence and maintenance support for digital software tool relating to construction quality 'snagging' process, ICT proprietary.	£7,440
Waiver 2921	RSP Consulting Engineers LLP	Continuity of supplier for completion of further works relating to Powderhall redevelopment, best interests.	£38,129
Waiver 2922	R & A Software Systems Ltd	Annual software licence for Ezytreev, the Council's tree risk management database, continuity of service.	£7,320
Waiver 2924	Paul Cunningham	Specialist works to Canongate Kirk paths relating to historical burials, best interests.	£38,750
Waiver 2925	North SV Limited	Relocation of facilities management security services ICT requirements into City Operations Centre by existing supplier, best interests.	£217,456
Waiver 2926	Ironside Farrar Ltd	Continuation of supplier for extension of work relating to Town Centre regeneration project, Queensferry High Street, best interests.	£74,602
Waiver 2929	Agrovista UK Ltd	Propriety weed control chemical compatible with existing equipment, continuity of need until new contract in place.	£49,999
Waiver 2930	MTS Nationwide Ltd	Short-term hire of electric utility vehicle to service bins on Portobello prom as a trial to move away from traditional diesel vehicles and offer cost efficiency, sole supplier.	£12,000
Waiver 2931	Vodafone Limited	Annual provision of internet link from Council's traffic systems servers to on-street and remote equipment, line in-situ, best interests.	£7,211
Waiver 2932	British Telecommunications PLC	Telecoms lines associated with ATEC24 alarm systems for Council tenants in sheltered accommodation, continuance.	£47,500
Waiver 2933	Spotless Commercial Cleaning Ltd	Continuance of commercial cleaning contract at various non-operational sites, best interests.	£39,590
Waiver 2934	North SV Limited	Urgent replacement of air conditioning units to support programme for the development of the City Operations Centre, best interests.	£220,828

Waiver 2935	Matta Products UK	Supply of specific recycled plastic safety surfaces meeting the necessary safety standards and requirements, best interests.	£49,995
Waiver 2941	Pinnacle Housing Limited	Guidance and support to the Council's Housing Property team to support service improvement, best interests.	£22,000
Waiver 2942	Zipporah Ltd	Extension to online training booking and management system for applicants of taxi and private hire car licences, until new licensing system in place, continuity.	£21,600
Waiver 2946	Pool Training Services	Specialist swimming pool operational services training for facilities management staff, health and safety.	£10,000
Waiver 2947	Atalian Servest Security Limited	Additional electrical vehicle charging infrastructure works for Waverly Court, by supplier already undertaking the works, third party funded.	£10,995
Waiver 2951	Volker Gruppe Limited	Pilot for recycling of expanded polystyrene from Household Waste Recycling Centres (HWRC), sole supplier.	£6,000
Waiver 2952	Dunedin Canmore Housing Ltd	Match funding payment for resettlement flats providing 'move on' accommodation for homeless or rough sleeping, best interests.	£30,000
Waiver 2953	RMG Scotland	Continuity of service for management and maintenance of Vista Park (play park) until new factoring contract tendered and in place.	£11,440
Waiver 2957	It Is On Limited	Extension to business support package (vouchers) relating to Tram extension to encourage footfall, construction programme delayed as a result of volume of utility works, best interests.	£75,000
Waiver 2960	Fen-Bay Services Ltd	Servicing, maintenance and repair of roller shutter doors at the Council's Waste transfer stations by manufacturers agent, best interests.	£45,000
			£2,664,367

Waiver No.	Directorate	Corporate Services	
	Supplier	Description / Justification for waiver	Value
Waiver 2801	Ledingham Chalmers LLP	Specialist legal services relating to historic insurance cover, best interests.	£10,000
Waiver 2802	Caps Cases Limited	Supply of cardboard polling booths to meet specific requirements, best interests.	£6,370
Waiver 2806	S Tanner QC	Supporting independent inquiry, best interests.	£75,000
Waiver 2809	Keep Scotland Beautiful	Carbon literacy training for staff across the Council by sole accredited provider, urgency.	£40,000
Waiver 2812	Travelers	Extension to tram property insurance to allow alignment with other insurance policies, offering potential for future economies of scale at time of tender, best interests.	£218,240
Waiver 2820	Iron Mountain UK Limited	Short term extension for continuity of service with regard to records provision until tender process finalised.	£84,000
Waiver 2831	Pinsent Masons LLP	Specialist leadership e-learning in diversity and inclusion, best interests.	£20,000
Waiver 2832	Green Cross Training Ltd	First aid training, restricted capacity within market, new framework to be developed.	£41,310
Waiver 2847	Logotech Systems	Business continuity of ICT system for treasury and lease transactions, best interests.	£21,000
Waiver 2852	Eversheds LLP	Specialist legal advice relating to Trinity Academy, best interests.	£20,000
Waiver 2868	British Telecommunications PLC	Telephone line provision at traffic signal installations to provide bus priority.	£75,000
Waiver 2869	Wolters Kluwer UK Limited	Continuity, bespoke Internal Audit ICT software system and related licences, until new contract in place.	£30,000
Waiver 2871	G Goulden	Specialist diversity, empowerment and inclusion training, best interests.	£15,000
Waiver 2874	Neatebox Ltd t/a WelcoMe	Technology system pilot to evaluate access constraints to Council buildings to support citizens with disabilities.	£9,264
Waiver 2882	A Knudsen	Specialist support to Electoral Management Board for Scotland for e-counting solution for the Scottish Local Government Elections in 2022, third party funded.	£22,419
Waiver 2884	Specialized Signs Limited	Supply of new screens and related supports, for polling stations at the Scottish Local Government Elections in May 2022, compatible with existing.	£10,424
Waiver 2888	Elior UK	Murrayfield venue hire to support postal voting process, best interests.	£39,457
Waiver 2914	Team Netsol Ltd	Extension to digital processing of housing benefit and Council tax benefit forms, continuity until new contract in place.	£33,907
Waiver 2943	Deaf Action	Short term extension for continuity in provision of a British Sign Language service, best interests.	£10,000
Waiver 2956	Ashgrove Trading	Supply of specific printing equipment to support internal printing service provision, until new Scottish Government Framework is in place, best interests.	£25,000
			£806,391

Appendix 3 – Contracts awarded under the Waiver of CSOs by Committee approval

The following relate to the period 1 January – 30 June 2022. It is noted there were no Committee approved waivers for Corporate Services Directorate.

Waiver No.	Directorate	Education and Children's Services	
	Supplier	Description / Justification for waiver	Value
Waiver 2849	Multiple Suppliers	Extension to a number of Education and Children's Services contracts, continuity of provision, outcomes, best interests.	£4,773,864
			£4,773,864

Waiver No.	Directorate	Health and Social Care Partnership	
	Supplier	Description / Justification for waiver	Value
Waiver 2848	Multiple Suppliers.	Extension to a number of Health and Social Care contracts, continuity of provision, outcomes, best interests.	£5,360,948
Waiver 2939	Multiple Suppliers.	Extension to a number of Health and Social Care contracts, continuity of provision, outcomes, best interests.	£7,970,000
			£13,330,948

Waiver No.	Directorate	Place	Value
	Supplier	Description / Justification for waiver	
Waiver 2843	Turner & Townsend	Continuing provision of Programme Management Office (PMO) support for the Active Travel Investment Programme (ATIP) and for continuing provision of project management support for the Local Development Plan Action Programme (LDPAP), best interests.	£150,000
Waiver 2844	Multiple Suppliers	Extension of current contracts for the provision of temporary accommodation for the period 1 April 2022 to 30 June 2022, using a spot purchase arrangement as well as extension to the current contract for the Haymarket Hub to meet ongoing demand for temporary accommodation to end of March 2023 inclusive of option for venue use as the Welcome Centre, best interests.	£8,400,764
Waiver 2909	SPIE Scotshield Ltd	Extension to community alarm system and sheltered housing alarm repair, maintenance and installation contract until new contract in place, continuity.	£100,000
Waiver 2938	Dem Master Demolition	Urgent demolition of the former Castlebrae High School to manage emerging health, safety and related liability risks.	£750,000
Waiver 2940	Multiple Suppliers	Provision of temporary accommodation for the period 1 July 2022 to 31 March 2023, using a spot purchase arrangement, initially as a result of Covid-19 pandemic and to comply with statutory duty to accommodate people who are homeless.	£14,374,427
			£23,775,191

Waiver No.	Directorate	Corporate Services	Value
	Supplier	Description / Justification for waiver	
Waiver 2842	Clyde & Co.	Continuance of services relating to defence in civil litigation claims, best interests.	£250,000
			£250,000

Appendix 4 – Procurement Programme – Anticipated Regulated Procurements Across the Council

Note: the names of the projects are working titles only. The projects are at different stages of development and therefore subject to change.

Project / Requirement	Services/ Goods/ Works S/G/W	Directorate	Anticipated Value (Range)	Estimated Award Date
Business Gateway Training Service	S	Place	Between £1m and £5m	Nov-22
Unescorted Passenger Journeys	S	Place	Between £1m and £5m	Nov-22
Bankhead ERS Depot Remodelling	W	Place	Between £1m and £5m	Nov-22
School Meal Transportation - 2022	S	Place	Between £1m and £5m	Nov-22
Electric Waste Refuse Vehicles	G	Place	Between £1m and £5m	Nov-22
Communal Heating Systems – Management and Maintenance services	S	Place	£5m and above	Dec-22
Lettings, Management and Maintenance Services	S	Place	Between £1m and £5m	Dec-22
Inclusive Childcare Support Services	S	ECS	Between £1m and £5m	Jan-23
Independent Advocacy Services	S	HSCP	Between £1m and £5m	Jan-23
Client Event Catering & Associated Services at the Assembly Rooms	S	Place	Between £1m and £5m	Jan-23
Care and Repair Services for Disabled and Older People	S	HSCP	Between £1m and £5m	Jan-23
Garden Aid & Ad Hoc Grounds Maintenance	S	Place	Between £1m and £5m	Feb-23
West Edinburgh Link Active Travel Project	W	Place	£5m and above	Feb-23
Insurance and Assurance Services	S	Corporate	Between £1m and £5m	Feb-23
Partnership & Planning Service Domestic Abuse Contracts	S	ECS	£5m and above	Feb-23
Blood Borne Virus Care and Treatment Support	S	HSCP	Between £1m and £5m	Mar-23
Contractor Works Framework	W	Place	£5m and above	Mar-23

(Independent Living Advice) - Info service - Outreach and Advisory (Physical Disability)	S	HSCP	£5m and above	Mar-23
Children and Young People Affected By Parental Substance Abuse	S	ECS	Between £1m and £5m	Mar-23
Care Homes	S	HSCP	£5m and above	Mar-23
Global Custody Services	S	Corporate	Between £1m and £5m	Mar-23
Review of Subsidised Childcare Contracts	S	Place	Between £1m and £5m	Mar-23
Modular Temp Accommodation Project	W	Place	£5m and above	Mar-23
Homelessness Prevention	S	Place	£5m and above	Mar-23
Over 80 additional projects at early engagement stage	S/G/W	Various	From £25k and £1m	

Finance and Resources Committee

Thursday 8th September 2022

Workforce Dashboard with Wellbeing and Absence Deep dive

Item number	
Executive/routine	Routine
Wards	All
Council Commitments	

1. Recommendations

- 1.1 To review and note the information contained in the
 - Workforce Dashboard (April to June 2022)
 - Wellbeing and absence deep dive (July 2021 to June 2022).
- 1.2 To note the progress which has been made in delivering the commitments in the Councils Wellbeing Strategy.

Richard Carr

Interim Executive Director of Corporate Services

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 Human Resources Division, Corporate Services Directorate

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Finance and Resources Committee

Workforce Dashboard with wellbeing & absence deep dive

2. Executive Summary

- 2.1 This report provides the Council's Workforce Data (April to June 2022) and 'deep dive' data and analysis relating to the wellbeing and absence trends of our workforce (July 2021 to June 2022).
- 2.2 A number of service areas are experiencing service capacity issues generally, but these are compounded by increasing employee absence, turnover & an inability to recruit to an increasing number of 'hard to fill' roles due to challenging employment. In turn this affects utilisation of agency workers and overtime.
- 2.3 It is paramount that there is clear and firm prioritisation of service delivery as part of the current review of the Council Business Plan. This in turn will frame the prioritisation and approach to developing and delivering the Council's Medium Term Financial Plan and year on year council savings.
- 2.4 The Council, along with many organisations, have seen an increase in employee absence particularly related to stress, depression, anxiety and/or psychological conditions. The lasting impacts of the pandemic on our workforce will mean it is likely that there will be a continued elevated absence for the foreseeable future and our absence rate may well go up before we experience a reduction.
- 2.5 We continue to adapt how we can support our employees and leaders and focus on prevention.
- 2.6 To note that whilst there is always more to be done to support our workforce, the Council won the Chartered Institute of Personnel & Development (CIPD) award for 'Best Health and Wellbeing Initiative, Public Sector' in 2021 which is a reflection of the hard work and commitment across our organisation to support colleagues' wellbeing.

3. Background

3.1 Workforce dashboard data

The Workforce Dashboard provides data and insight for the period April to June 2022 including:

- the number of Full Time Equivalent (FTE) staff employed and breakdown of role grading by directorate
- the cost of the quarters' pay bill, including our flexible workforce (agency, overtime and casual)

- recruitment and selection information for the quarter
- trends on absence rates
- organisational leaver information
- Insight from Directorates on the last quarter and workforce context for the next quarter.

3.2 **Absence and wellbeing deep dive**

The UK as a whole has seen increases in absence related to 'stress, depression, anxiety and/or psychological conditions' during 2019/20¹ and according to recently released Office for National Statistics (ONS) data, sickness absence in the UK in 2021 was at the highest it's been since 2010 (149.3 million days lost)².

These trends are currently reflected within the Council's workforce and we anticipate that this will continue to be the case for some time to come. Our intention is to adapt and tailor our employee wellbeing support within the resource (people and budget) constraints we operate within.

4. **Main report**

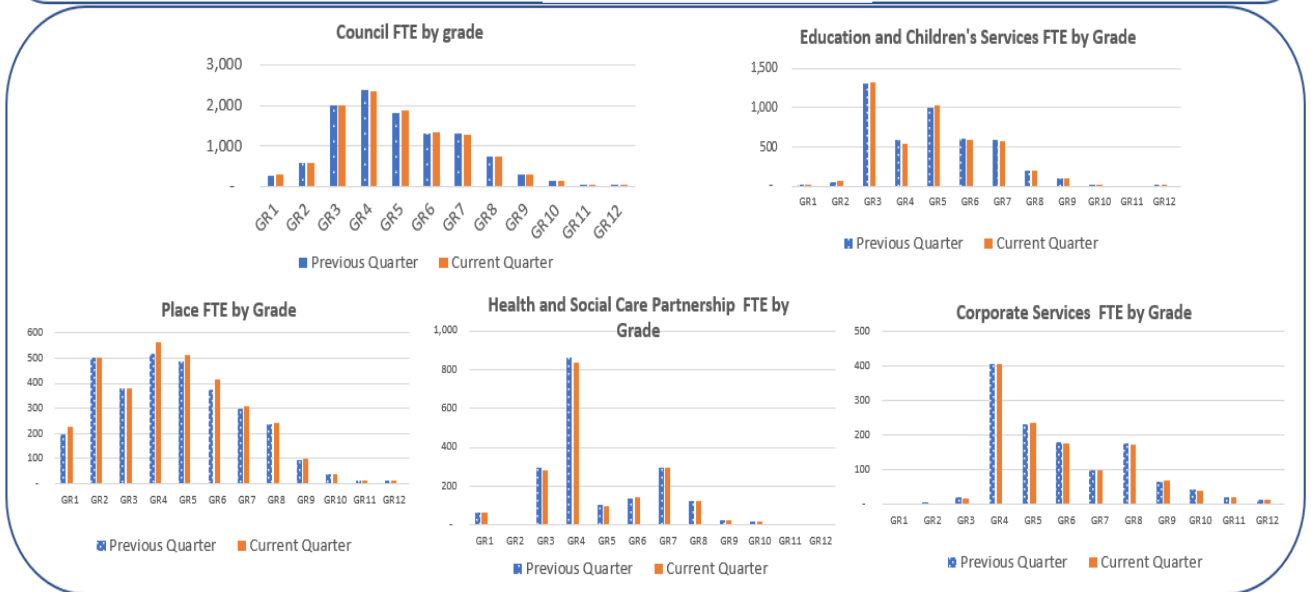
4.1 **Workforce Dashboard - Key workforce data:**

¹ Coronavirus (COVID-19): Mental health support for employees, CIPD (December 2021)

² Sickness absence in the UK labour market: 2021, Office for National Statistics (April 2022)

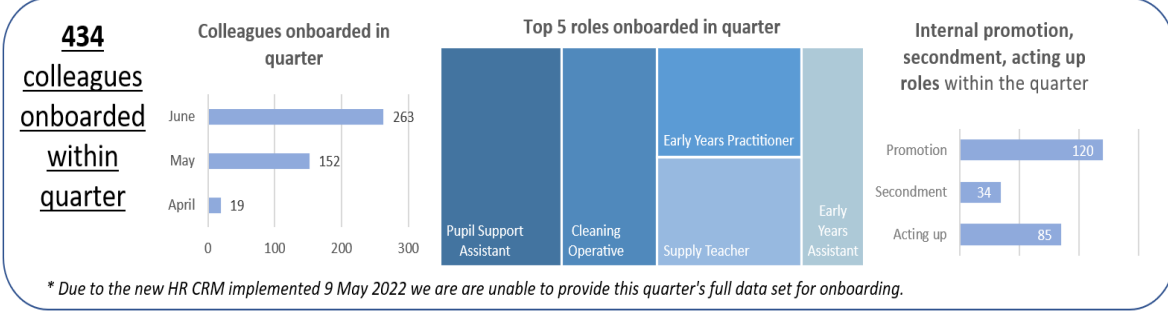
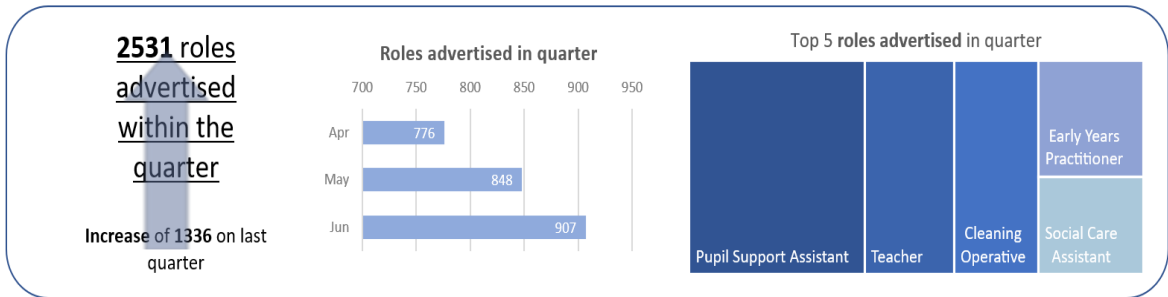
Quarterly workforce dashboard (April 2022 - June 2022)

<p>15,063 FTE Council employees average</p> <p>Increase of 69 from last quarter's average</p> <p><small>*excludes agency staff</small></p>	<p>Average monthly pay bill for quarter £40.4 million</p> <p>Increase of £661K from last quarter's average</p> <p><small>*excluding flexible workforce</small></p>	<p>Average monthly flexible workforce spend</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Agency</td> <td style="width: 50%; text-align: right;">£1.7M</td> </tr> <tr> <td>Overtime</td> <td style="text-align: right;">£1.6M</td> </tr> <tr> <td>Casual</td> <td style="text-align: right;">£869.3K</td> </tr> </table>	Agency	£1.7M	Overtime	£1.6M	Casual	£869.3K	<p>Agency has increased by £109K on last quarter</p> <p>Overtime has increased by £752K on last quarter</p> <p>Casual has increased by £134K on last quarter</p>
Agency	£1.7M								
Overtime	£1.6M								
Casual	£869.3K								



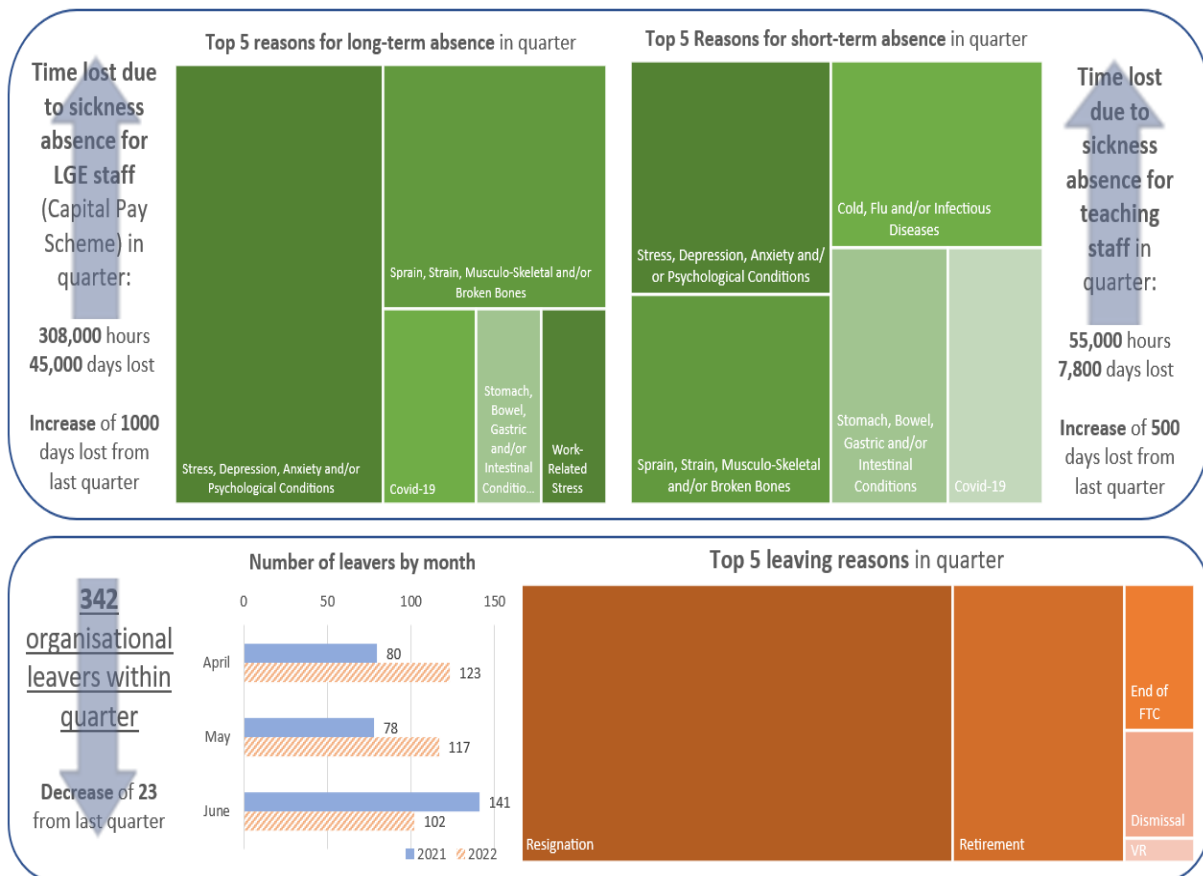
The impact of increased absence and inability to recruit to some vacancies has led to an increased expenditure on agency, overtime and supply.

As at mid-July the Council had a salary overpayments balance of £1.04m (893 employees affected). The majority of the balance is in Education and Children's Services (£0.64m with 531 colleagues affected).



The level of vacancies advertised over the period is the highest which has been experienced by the Council for some time – 1,336 increase on the last quarter. The majority of these vacancies are in Education and many are of a fixed term nature.

Over the contract year 1 April 2021 to 31 March 2022, we supported a total of 177 apprentices. There has been significant recruitment taking place over the last month with a view to new apprentices commencing their employment and training at the beginning of the new college year.



The current Council's sickness absence trends stands at 4.4%, and for the period April to June 2022 we lost 52,800 days to sickness absence which represents an increase of 1,500 days lost from the last quarter.

From 1st July 2021 to 30 June 2022, we lost 197,656 days to sickness absence which is equivalent to 718 FTE. This is an increase on the same period in 2019/20 which was 166,725 days.

4.2 Narrative from Directorates for the last quarter (April to June 2022)

4.2.1 Corporate Services

- Limited movement in overall FTE
- Organisational reviews across the Directorate over the last 12 months have resulted in some movements within our colleague demographic e.g. Facilities Management and Cleaning employees transferring to Place Directorate.
- There have been ongoing challenges with recruitment to critical vacancies, particularly within our Finance, Human Resources, Customer Contact, Transactions and Business Support teams where the external market is strong.
- Workforce planning is underway (or is already completed) to understand and address workforce opportunities and challenges e.g. age demographic, future skills/capabilities
- Workforce capacity continues to be a challenge across a number of teams.

- Work continues to support projects such as delivering additional Grants, cost of living payments, Ukraine response and work to address the outcomes of the Independent Inquiry and Whistleblowing Culture Review.

4.2.2 **Edinburgh Health and Social Care Partnership**

- The past 12 months, throughout the covid pandemic has been incredibly challenging for the workforce as a whole, but as is nationally recognised, particularly within Health and Social Care. A lack of capacity within the system, staff leaving care as salaries increased in other industries and reopened once covid restrictions were lifted has created a further gap between levels of need and capacity to meet increased levels of complex care. Increased leavers across the system has put increased pressure on the remaining workforce.
- Feedback from the workforce is that the Covid pandemic has had a detrimental impact on employees' wellbeing – mentally and physically. Many colleagues are often exhausted due to increased overtime or working more hours than normal given the higher levels of staff absences and staffing shortages.
- Comparison between May and June 2021 with the same months in 2022 show a similar picture, with higher levels of sickness absence in both years being predominantly within Homecare and Care Homes. This reflects those services under most pressure, where there are higher levels of vacancy and use of overtime.
- Several actions have been taken to address the wellbeing of staff within these sectors. As a priority, we are looking to recruit more staff that will reduce the capacity pressures. Since November 2021 we have only been successful in recruiting 6.75 WTE staff to our internal Homecare Service despite a recruitment campaign. We have recently advertised again offering a range of shift patterns to see if this flexible approach will be more attractive to a wider group of people. The initial response rate has been significantly more positive with interviews currently taking place.
- With regard to care homes, we have targeted adverts at individual care homes as this results in more successful recruitment. In the past year we have had 42 adverts for posts and successfully appointed 21 people. We currently have several vacancies live and further interviews in train.
- There is already use of agency staffing, particularly within care homes to help relieve pressure.
- To help manage the high sickness levels in Homecare, we have recently appointed an additional post to support Homecare Managers with actively managing sickness absence. This is in early stages but appears to be having a positive impact. We will continue to monitor the impact of this role and look to extend the remit if adding value.
- With regards to support for staff and staff wellbeing, managers continue to promote and ensure regular supervision, 'looking back/forward' conversations and informal support. We have also enacted a 'Teams Together' grants initiative as part of our staff wellbeing programme and funded 75 proposals for teams to undertake team-building activities that they enjoy. The impact of these grant awards is currently being reviewed.

4.2.3 **Education and Children's Services**

- There were 60.8 FTE new Fixed Term appointments for the period April to June 2022 and 121.5 Permanent FTE Appointments. The challenge remains to move to a more permanent model of recruitment – to improve employee’s experience, to support recruitment and to reduce the work involved in managing the high percentage of fixed term contracts.
- There were 152.8 FTE Leavers in April 2022 down from 171.7 in April 2021. Although the leaver number is lower from 2021, the largest section for those leaving is via resignation.
- Human Resources are currently reviewing Exit Interviews (as part of the Inquiry and Review actions) which will help to provide further insight.
- Absence increased from just over 6.69% in Quarter 1 2021-22 to 8.26% in Quarter 1 2022-23 with the top reason for absence being Stress, followed by Musculo Skeletal and thirdly Covid-19.
- Recruitment markets remain challenging particularly in respect of Pupil Support Assistants and Pupil Support Officers in our Special Schools.
- Focus on supporting colleagues through what has been a challenging time with the additional impact of the Inquiry and Review.

4.2.4 **Place**

- Services have continued to be impacted by COVID-19, particularly in respect of absence and service delivery changes. This will continue to be monitored and there has been on-going engagement with Trade Union colleagues on the impacts and possible mitigations of this. The current trend is that of a gradual reduction in COVID-19 caused absence.
- However, general sickness absence has seen a slight increase during the quarter from 6.07% in April to 7.04% in June and will continue to be monitored.
- A number of services were transferred into Place from other parts of the Council in 2021/22 including Homelessness and Housing Support, Facilities Management (FM), Estates, Strategic Asset Planning, Construction Delivery and Family and Household Support and a review of the Extended Senior Leadership team for Place was completed in December 2021. The implementation of the agreed changes is progressing and will continue through the next quarter.
- Recruitment remains a challenge, with services struggling to attract suitable candidates in an increasingly competitive external market. A targeted approach with additional promotional methods has been successful in filling Facilities Management cleaning vacancies thus reducing dependency on agency and overtime spend. A similar approach is being explored to target pressures in Waste & Cleansing.
- Place Senior Management Team (SMT) members receive regular exception reports on overtime where pressures have been exacerbated by recruitment challenges and the requirement to reduce backlogs caused by COVID-19 service delivery changes.
- Place has an annual programme of essential learning which has been delivered virtually through 2021/22. However, towards the end of that financial year it was possible to reinstate in-person training (e.g. for activities such as manual handling training).
- The Directorate worked with Internal Audit in the period to ensure that the Employee Wellbeing audit was able to reach non-desk-based employees. A

sample of frontline staff from the Place directorate attended focus groups and their views will be reflected in the audit report once published.

4.3 Looking forward over the next 12 months – Directorate’s narrative

4.3.1 Corporate Services

- Continuing to review our organisational structures to ensure that we are ‘right sized’ to deliver the ongoing challenges facing us as an organisation.
- We expect to see our use of agency staff remaining steady but may see an increase if we continue to experience difficulties in recruiting to roles or absence rises but this is being kept under review.
- There are also continued risks on those teams where additional work is being delivered with a note of caution raised on the capacity of these teams should there be any further additional delivery requests made.
- Work has started to recruit to some senior roles within the Directorate including Head of Internal Audit and Executive Director Corporate Services.

4.3.2 Edinburgh Health and Social Care Partnership (EHSCP)

- Over the next 12 months, the EHSCP will focus on stability within the workforce, recruitment to critical posts and staff retention. A proposal is currently being considered to build upon the Local Employability Partnership model by bringing together services and offers under a collective and coordinated single point of contact, putting together a continuous programme to significantly increase the volume of applications and successful candidates, and increase job retention.
- A specific example of what this will include is the Neighbourhood Recruitment Programme has been created to encourage people to apply and achieve employment with Edinburgh Health and Social Care Partnership and will initially comprise of 6 recruitment drives across the city. The recruitment drives will be held in local trusted places with food and creche facilities. There will be a wide range of input from EHSCP staff side and HR colleagues, occupational therapists, and frontline managers to talk with people about the job opportunities available and hear from people about what would make some of the jobs more attractive to people. This might be different shift patterns being able to work to work in a place closer to home rather than having expense of travel. The first event led by Whale Arts at Broomhouse Space took place on 6 May 2022.
- Over the summer months, we can see increased pressures due to summer annual leave, therefore we would expect to see continued higher levels of agency during this period. We will continue to review the impacts of staff recruitment for Homecare and the increased activity to support those people experiencing sickness absence through the increased support for managers from HR. We have also appointed a HR specialist on a temporary basis to help us with our absence levels.
- In addition to the above, a Staff Engagement and Experience Delivery has been developed and is being submitted to the EHSCP Partnership Forum

for approval. The plan outlines the key priorities for the coming year to support staff and their wellbeing. Sickness and absence will be one of several key factors for measuring success of the plan.

4.3.3 **Education and Children's services**

- The Directorate still remains under significant pressure due to high levels of demand but also vacancies in key posts. There is ongoing work on how we tackle this over the next 12 months.
- Tighter management of overtime has demonstrated a significant number of anomalies – this has brought the monthly spend down. This will produce budget savings this year.
- The recruitment campaign for Pupil Support Assistants in Special Schools is on track with positive results anticipated.
- There is an actual and further anticipated demand upon the children and families social work service due to the need to (i) support traumatised children and young people from Ukraine and (ii) to assess hosts in respect of unaccompanied children and young people from Ukraine travelling through the unaccompanied UK route.
- In addition support to the Dnipro children is drawing on existing staff within both the residential estate and the Head of Service for the Locality Practice teams.

4.3.4 **Place**

- A reduction in overtime and agency spend will be targeted using various measures, including the ongoing implementation of organisational reviews and associated new ways of working. Additional recruitment approaches, such as those already used successfully to help fill FM cleaning positions, will also be utilised where pressures exist.
- An easing of COVID-19 related restrictions allows for backlogs to be tackled where these have accumulated. In some cases, short-term overtime spend may be necessary to help to achieve this and ensure efficient future working and balanced workloads for employees.
- With support from SMT, line-managers will continue to be encouraged to complete looking back/forward conversations incorporating a focus on employee wellbeing.
- Looking beyond the current quarter, working with colleagues across the Council, Place will be prioritising development of plans to meet the Council's budget challenge. The Extended Place Senior Leadership team will engage with service teams on the development of proposals and on the proposed plans for implementation at the appropriate time.

4.4 **Wellbeing and absence deep dive (July 2021 to June 2022)**

- #### 4.4.1
- Sickness absence in the UK in 2021 was at the highest it's been since 2010 (149.3 million days lost)³. It's acknowledged that the pandemic has affected sickness absence in many ways: absence directly related to contracting the virus, the mental and physical impacts of the pandemic and imposed

³ Sickness absence in the UK labour market: 2021, Office for National Statistics (April 2022)

lockdowns on people and the backlog of treatments in hospitals etc. While some of these mental and physical health issues will be resolved in the short-term post-pandemic, a significant amount are expected to persist and continue to impact the lives of people.⁴

- 4.4.2 Additionally, an enduring theme of feedback from Council colleagues effecting wellbeing and absence is the effects of a reducing workforce but with no corresponding reduction in service demand. Further, feedback from a number of services is that there has even been an increase in service demand against this reduced workforce.
- 4.4.3 The current Council's sickness absence trends (Appendices 1 and 2) stands at 4.4%, and for the period 1st July 2021 to 30 June 2022, we lost 197,656 days to sickness absence. This is equivalent to 718 FTE. This is an increase on the same period in 2019/20 which was 166,725 days. . Almost two-thirds of our absence is long-term absence and the top reason for this continues to be 'Stress, Depression, Anxiety and/or Psychological Conditions'.
- 4.4.4 The only colleague age group in the organisation where 'Stress, Depression, Anxiety and/or Psychological Conditions' is not the top reason for absence is age 61+ where 'Sprain, Strain, Musculoskeletal and/or Broken Bones' is the top absence reason; but with 'Stress, Depression, Anxiety and/or Psychological Conditions' second.
- 4.4.5 Musculoskeletal problems are the second top reason for sickness absence in all employee age groups between age 22 and 60. This is reflected in the UK statistics as a whole (looking at both long and short-term absence together) and has been for a significant period of time.⁵ For our over 60 age group it is the top reason for absence.
- 4.4.6 Sickness absence is by far the highest in the Edinburgh Health and Social Care Partnership with days lost per FTE at 13.22 days due to long term absence and 5.77 days per short term absence (totalling 18.99 days lost per FTE overall). Place has the second highest rate with the long-term absence rate of 10.54 days lost per FTE pushing up their figure. With the pressure these areas have been under during the pandemic – particularly the Edinburgh Health and Social Care Partnership – it is perhaps unsurprising that there is higher absence.
- 4.4.7 The top two causes of stress at work in the UK are heavy workloads and management style⁶, both of which have been highlighted repeatedly as issues by our people.
- 4.4.8 The spans of control in these areas are also higher, coupled with 'remote' working, means that there is less opportunity for one-to-one management support for team members. Typically the nature of these roles tend to be structured around fixed rotas therefore making it more challenging for colleagues to attend colleague sessions e.g. Wellbeing roadshow events. Additionally, circa 5,000 of our colleagues continue to have no access to our digital learning platform (with wellbeing support) or Orb information (relating to Employee Assistance, employee benefits platform, employment policies etc).

⁴ Unequal pandemic, fairer recovery, The Health Foundation (July 2021) [and](#) Public mental health and wellbeing and COVID-19, Local Government Association (2022)

⁵ Sickness absence in the UK labour market: 2021, Office for National Statistics (April 2022)

⁶ Coronavirus (COVID-19): Mental health support for employees, CIPD (December 2021)

- 4.4.9 There is a clear pattern in the data that shows the hours lost per FTE (particularly in relation to long term absence) are higher among colleagues at lower grades (standard Local Government Employees grades G1-5).
- 4.4.10 The data shows that the absence rate of part-time colleagues (excluding part-time sessional workers) is about 67% higher than that of full-time colleagues: 17.7 days lost per part time FTE compared to 10.5 days lost per full time FTE. Many of our part-time workers have more than one contract or regularly work additional paid hours. There is some anecdotal evidence from engagement sessions to suggest that part time colleagues are being asked to do more than their full-time colleagues within their contracted hours. Additionally, some of these colleagues will make up the workforce who have no HR systems access, nor access to the Orb content or perhaps the awareness of wellbeing support available.

4.4.11 Wellbeing Activity and Insight to date

Wellbeing resources and support provided to colleagues across the Council can be viewed in Appendices 3 and 4.

The impact of the pandemic called for adjustment and reprioritisation of aspects of the Council's Wellbeing workplan and additionally impacted on the do ability of delivering certain aspects. Critical was keeping our workforce safe and adhering to ongoing changes to UK and Scottish Government guidance and legislation.

We considered the range of challenges faced by our colleagues and developed tools and resources to be easily available and accessed to:-

- Remove stigma associated with emotional and mental health issues. We're all affected and we need to talk about it
- Encourage ongoing dialogue at all levels through team check-ins, one to one check-ins and our Let's Talk helpline
- Raise awareness of all the resources available, initially through Wellbeing Focus on our managers.

We recognised that individual managers have the most influence and play a key role for their team members and more than ever during COVID where other support mechanisms have changed or are missing.

- 4.4.12 Previous employee opinion survey data suggests that our people generally trust their line managers. Our managers were telling us they were struggling – juggling additional demands to deliver services to citizens and providing greater support to their people. In response we established a people manager forum and invited all managers to a 'Leading through Change' workshop. Senior Leader led, an opportunity for managers to learn new skills, discuss and share experiences and support each other. We developed the 'Be Well to Lead Well' workshop which continues to be offered and allows participants to explore how they're feeling and provides practical ways to support them. We developed a range of resources and practical tools including the 'Energy

MOT' which focuses on managing your energy at work rather than managing your time.

4.4.13 Additionally, we recognised there was an opportunity to encourage greater employee involvement and to start to include everyone in conversations around wellbeing through:-

- Wellbeing roadshows, including some workshops delivered by our employees
- Lunchtime events e.g. men's health
- Wellbeing hub and newsletter – people sign up
- Wellbeing Wednesday – articles on wellbeing, resources and how to access them
- Senior Leader stories about how they were coping in the pandemic
- Greater focus on wellbeing in performance conversations so that the main focus of discussions was on how people were more than achievement of goals.

Additionally, we developed a tailored approach to specific wellbeing needs in response to requests from service areas.

4.4.14 The wellbeing resources we've provided have been well received where our colleagues have been able to access them. However, through engagement we've learned that there are a number of barriers to access and that there are some fundamental issues which need to be addressed. Some examples of the feedback we've received can be found in Appendix 5. Key themes that have emerged include:-

- We rely on our people managers to provide information about wellbeing and to support individuals on a daily basis. In many frontline service areas our current organisation design means that some managers have very large spans of control which makes this challenging.
- We also recognise from engagement with colleagues that there are issues relating to some management / leadership in the organisation (which are a mix of behavioural and a lack of time to manage/lead properly due to workload pressures).
- Feedback from colleagues and managers has highlighted the additional pressures and workload created by the pandemic. Our engagement with our employees has repeatedly highlighted serious and unsustainable workload concerns. Dedication to ensuring our services have continued to be delivered has resulted in exhaustion for many of our people.

4.4.15 Anecdotal feedback and insight we've received through surveys, workshops and event feedback (which is supported by a recent Wellbeing Audit) highlights the following:-

- Employees who do not have a Council email address are far less likely to know what health and wellbeing support is available. This includes access to physiotherapy, counselling and other resources aimed at preventing ill health and absence. There's a gap in cascaded information between senior managers and front-line employees.

- There's inconsistency in wellbeing approaches across Directorates and in general employees working from home felt better supported than our front-line workers.
- There was consistent feedback regarding capacity and workload and for many people on the front line it felt that the demands of the service meant that wellbeing was neglected.

5. Next Steps

- 5.1 The UK data and our internal insight points to the potential for continued elevated absence for the foreseeable future and our absence rate may well go up before we experience a reduction.
- 5.2 There's a need to take a wellbeing centric and supportive approach to managing absence and wellbeing. This includes seeing through culture change work already in progress as well as creating an improved working environment for our people.
- 5.3 With the predicted post pandemic health outcomes coming to the fore, the answer to our absence issues lies in putting our focus on making things better at work. We must also avoid the mistake of assuming that things can just 'get back to normal' because the pandemic is over and should not look at absence statistics in isolation, as there are many complex factors at play.
- 5.4 Our actions to improve our sickness absence therefore need to be centred around addressing the causes of workplace stress, continuing to provide supportive wellbeing resources and focusing on long term cultural change. Areas for specific attention include:-
- Organisational design – as services are re-designed, we review the job design of our frontline people manager roles to ensure that they focus less on the technical aspects and enable effective leadership and management. We need to recognise that colleagues who have less contact with their manager are more likely to have higher absence. Spans of control are too high in some areas but to reduce them will have budget consequences.
 - Workload – we identify services where workload pressures are excessive and address these with short and long-term solutions. Key is clear direction on prioritisation of service delivery and ensuring we continue to modernise as an employer.
 - Musculoskeletal health concerns – we introduce additional targeted support for colleagues in manual roles and in our older age group.
 - Leadership – a renewed our approach to appointing and developing new leaders to be effective in their leadership role is underway.
 - Our Future Work – giving colleagues the support to help shape what the world of work could look like post pandemic, where we move to a stronger culture of empowerment, better work life balance and inclusivity.

Towards the end of the year, we will be introducing our new organisational behaviours of 'Respect', 'Integrity' and 'Flexibility' and engagement with colleagues in agreeing these behaviours has strongly signalled the importance of them to support cultural transformation. We will begin embedding them through all touch points of employee experience e.g. recruitment, leadership, employment policies, training, performance management etc. They're also in alignment with the principles of Trauma Informed Practice and the essence of these principles will be included within our behavioural descriptors.

6. Financial impact

- 6.1 To note the budgetary implications of workforce costs (both direct and indirect).
- 6.2 Direct and indirect costs related to absence (salary, overtime and agency).

7. Stakeholder/Community Impact

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

8. Background reading/external references

Sickness absence in the UK labour market: 2021, Office for National Statistics (April 2022)

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2021>

Tackling the mental health impact of the COVID-19 crisis: An integrated, whole-of-society response, OECD (May 2022) <https://www.oecd.org/coronavirus/policy-responses/tackling-the-mental-health-impact-of-the-covid-19-crisis-an-integrated-whole-of-society-response-0cca0b/>

The State of Health and Care 2022, Institute for Public Policy Research, Chris Thomas, Victoria Poku-Amanfo and Parth Patel (March 2022)

<https://www.ippr.org/files/2022-02/state-of-health-and-care-march22.pdf>

Health and Wellbeing at Work 2022, CIPD in partnership with Simply Health (April 2022) https://www.cipd.co.uk/Images/health-wellbeing-work-report-2022_tcm18-108440.pdf

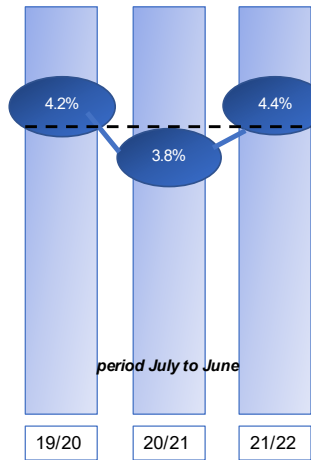
Public mental health and wellbeing and COVID-19, Local Government Association (2022) <https://www.local.gov.uk/public-mental-health-and-wellbeing-and-covid-19>

Coronavirus (COVID-19): Mental health support for employees, CIPD (December 2021) <https://www.cipd.co.uk/knowledge/culture/well-being/supporting-mental-health-workplace-return>

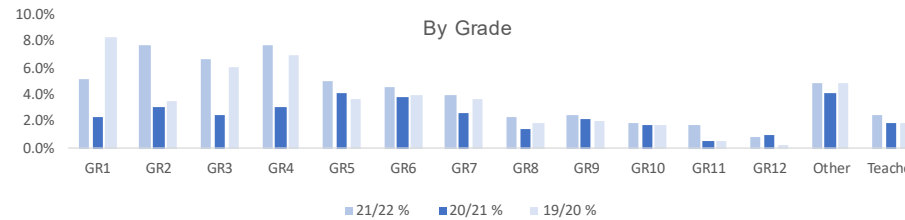
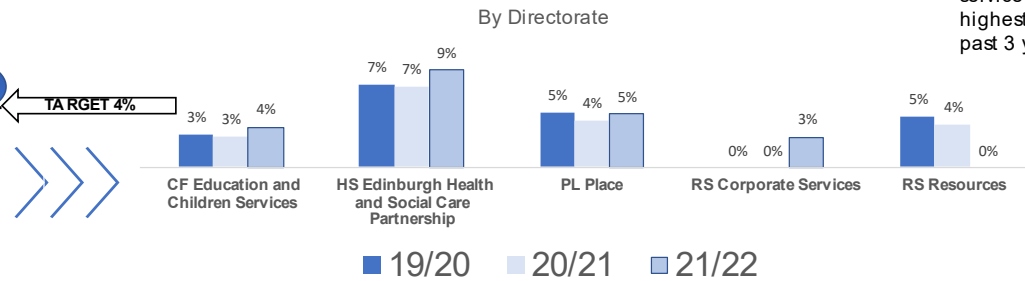
9. Appendices

Appendix One - Sickness Absence for the period June 2021 to June 2022

22/22 absence data compared to same period in previous years(excluding COVID)



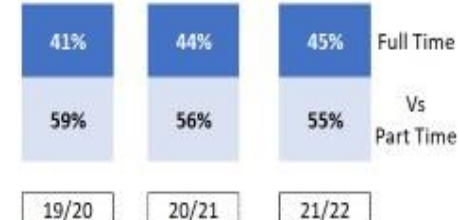
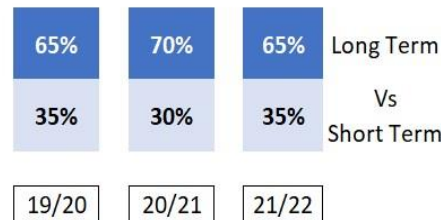
HOT SPOT Health and Social Care Localities service has had the highest absence % for the past 3 years



HOT SPOT posts with the highest number of hours lost to absence; Social Care Worker (Home Care) Pupil Support Assistant Teacher

TOTAL HOURS LOST
 19/20 >1,152,197
 20/21 >1,058,732
 21/22 >1,348,795

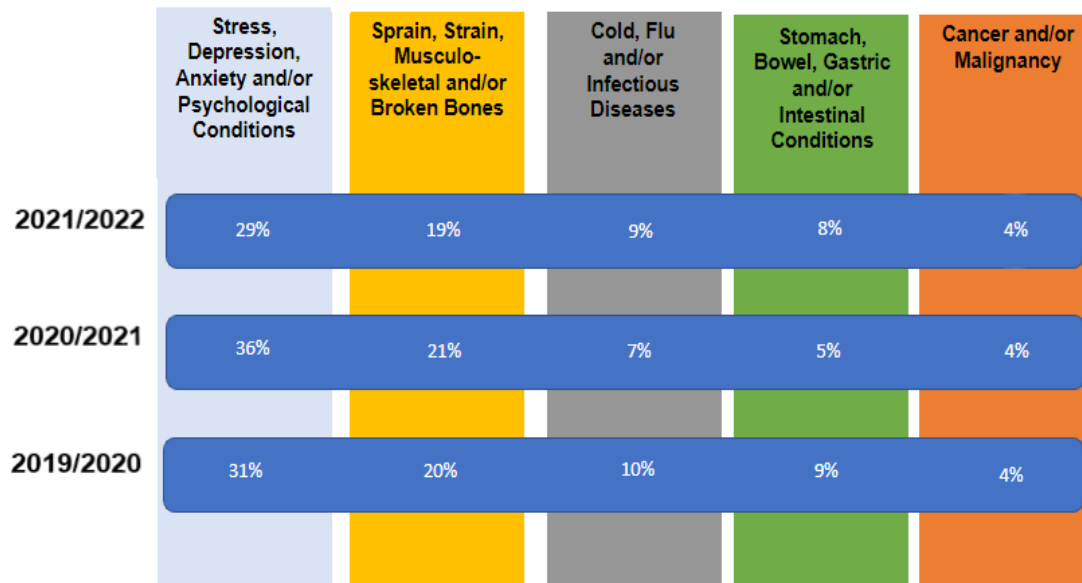
Equivalent in FTE
 19/20 >614
 20/21 >564
 21/22 >718



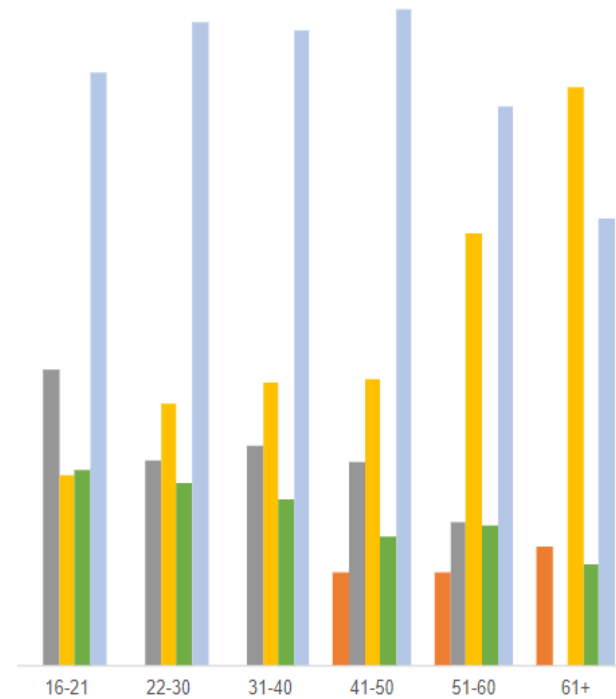
Appendix Two - Sickness Absence Reasons 2019 to 2022



The most common top 5 causes

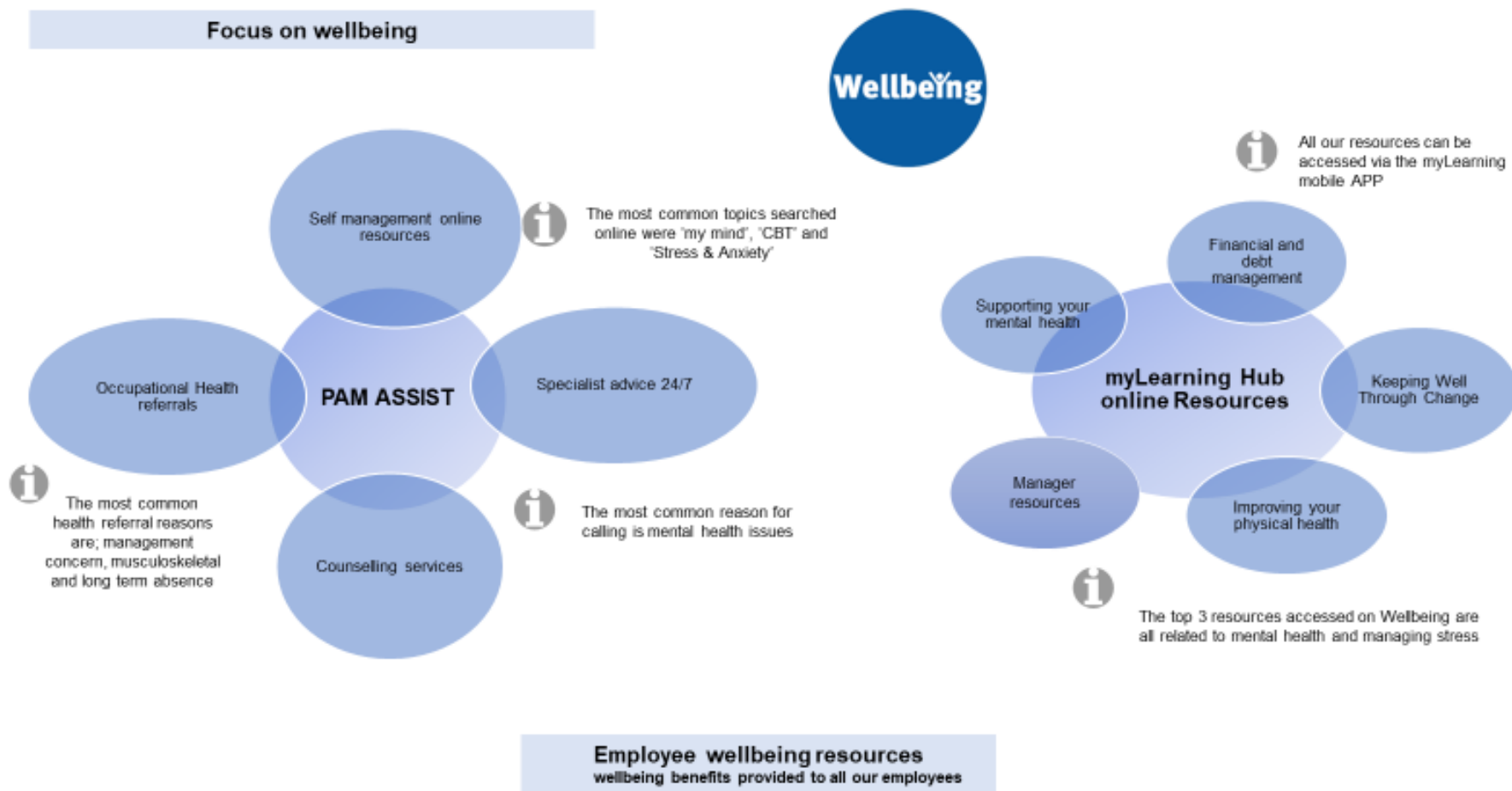


Causes by age group



Appendix Three - Access to wellbeing resources and support

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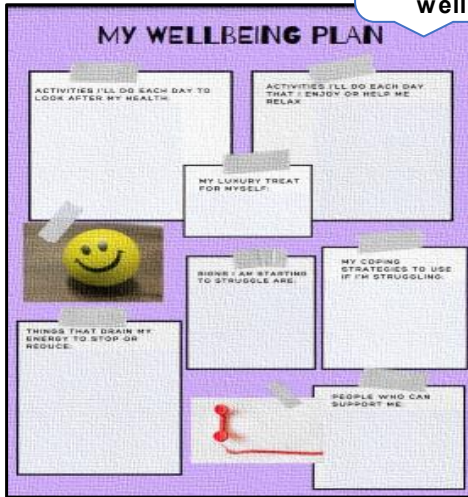
Appendix Four - Examples of wellbeing resources

Tools and resources to support personal wellbeing

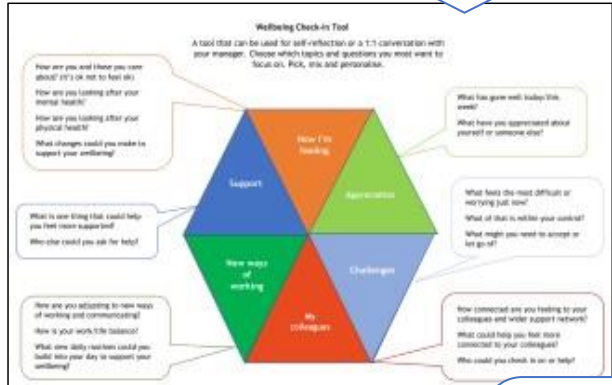
Tools and resources to support our leaders

Page 372

Encourage self reflection and to take time for wellbeing



Check in with each other - lets keep talking



Be Well to Lead Well sessions

- Focus 1: Our state of mind and others' states of mind
- Focus 2: Getting to know our inner batteries
- Focus 3: What recharges you?
- Focus 4: What gets in the way of us recharging?
- Focus 5: It's not all down to you!



Support for Leaders

Wellbeing roadshows – 7 virtual roadshows have taken place since 2020



Wellbeing roadshows – have tackled topics including; mental health, the menopause, financial planning and relaxation techniques

Team Wellbeing Check -in Tool



Appendix Five - Feedback from colleagues



what our colleagues are telling us about our Wellbeing Resources

Fabulous choice of events on offer with something on offer for everyone. Brilliant content, professionally run.

Really dynamic, relevant, engaging and practical and reflective.

Presented a fresh way of thinking. Found the workshop sessions restorative and energizing.

Really impressed that CEC arranged this candid, supportive, informative discussion about the menopause.

Felt safe environment. Some 'me' time great to get thinking and allows actions.

A chance to acknowledge health, wellbeing and stress and need to do something about it. Great to have ways to tackle this and learn more about myself.

Just everyone was so helpful and positive.

what our colleagues are telling us about Wellbeing and Absence

unhealthy working practices around back to back meetings

should be more recognition and support of wellbeing

need for support where employees are dealing with difficult and distressing situations in their role

"unacceptable levels of work stress, work is out of control"

need to see managers/leaders role modelling good wellbeing practices

desire for flexible work options for an improved work/life balance

unprepared and untrained to deal with colleagues dealing with extreme mental health issues

"lack of resource, leads to a lot of stress"

nature of the work and older machines, some colleagues have work related issues like "White Finger"

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Ravelston Pavilion and Surrounding Parkland – Community Asset Transfer

Executive/routine Wards Council Commitments	Routine 5 – Inverleith
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Approves the disposal of Ravelston Park Pavilion and surrounding land, Craigmock Road, Edinburgh, to Blackhall Community Trust on the terms set out in this report and on such other terms and conditions to be agreed by Executive Director of Place.

Paul Lawrence

Executive Director of Place

Contact: Brian Paton, Senior Surveyor

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

Ravelston Pavilion and Surrounding Parkland – Community Asset Transfer

2. Executive Summary

- 2.1 This report seeks authority to dispose of Ravelston Pavilion and surrounding land to Blackhall Community Trust on terms as specified in the Community Asset Transfer (CAT) request which are outlined in this report. The proposed sale is a Community Asset Transfer under Part Five of the Community Empowerment (Scotland) Act 2015.

3. Background

- 3.1 Immediately following the introduction of Part 5 of the Community Empowerment (Scotland) Act 2015 in January 2017, Blackhall Community Trust (BCT) approached the Council to pursue a community asset transfer of Ravelston Pavilion and surrounding land under the Act.
- 3.2 BCT was formed to explore the improvement of Ravelston Park Pavilion to better meet the needs of the community and nursery. Their aim is to create a fit for purpose space, owned and run by the community, which will provide facilities for use by local people of all ages together with suitable space for Blackhall Nursery to expand its provision to meet new Scottish Government requirements for Early Learning and Childcare.
- 3.3 From the outset, BCT was aware that there were protection issues surrounding the park in terms of removing the area of sale from common good, which required Court of Session approval, and gaining Fields in Trust permission for the proposed sale. These are addressed separately below.
- 3.4 The CAT request was processed in accordance with Council policy with a Stage 1 Panel granting approval to proceed to Stage 2 on 21 August 2017. BCT then worked up a detailed business plan, consulted with the community on their proposals and submitted a valid Stage 2 application on 21 November 2018. The Stage 2 Panel met on 20 December 2018 and recommended the request be considered by Finance and Resources Committee. Committee met on [7 March 2019](#) and approved the CAT request.

- 3.5 Following the CAT approval, work commenced on altering the common good status of the proposed sale area. This required a submission to the Court of Session by the Council with fees underwritten by BCT. A prescribed process was followed under Part 8 of the Community Empowerment (Scotland) Act, which involved an eight-week public consultation. Over 300 responses were received in response to the consultation and these were summarised and included in the Court submission. The court granted permission for the common good status to be altered in March 2021.
- 3.6 Following the Court approval of changing the common good status, the Council received a formal complaint in respect of the handling of the CAT request and Court submission. Following investigation, through the proper process, the complaint was partially upheld, finding that the initial consultation on the CAT request was shorter than the 20 working days stipulated in the Act. Consequently, a revised CAT request has been resubmitted by the applicant for a smaller area of land and the process rerun.
- 3.7 With regard to Fields in Trust dedication, a report is being presented to Culture and Communities Committee on 16 August, which, if approved, will allow for a further 12-week consultation to determine the community's views on whether to dedicate Orchard Brae Park to Fields in Trust as replacement for lost ground in Ravelston Park. The transaction will be conditional on the sale area being removed from the Fields in Trust dedication.

4. Main report

- 4.1 BCT submitted a valid CAT request under Part Five of the Community Empowerment (Scotland) Act 2015 to purchase the property.
- 4.1 The proposal was assessed by the Operational Estates Team in accordance with the CAT policy scoring matrix. The result was a strong submission. The stage 2 panel was held on 2 August 2022 to consider the submission and after deliberation, made the following recommendation:-
- 4.2.1 *The stage 2 CAT panel has considered the request from Blackhall Community Trust for the community asset transfer of Blackhall Pavilion and Surrounding Parkland and agrees that a report be prepared for consideration by Finance and Resources Committee on 8th September and a Council decision on the request made at that meeting.*
- 4.3 The terms provisionally agreed for the disposal of the property are as follows:-
- 4.3.1 Purchaser: Blackhall Community Trust;
- 4.3.2 Price: £11,750;
- 4.3.3 Suspensive Conditions: the offer is conditional upon the sale area being removed from the Fields in Trust dedication;

- 4.3.4 Costs: the purchaser is to meet the Council's reasonable legal fees and a Estates Surveyor's fee.

5. Next Steps

- 5.1 Should Committee approve the transfer request, a decision notice will be issued in accordance with the terms of the Community Empowerment (Scotland) Act 2015, setting out the terms noted above and inviting BCT to offer to purchase the property on the agreed terms. The applicant is then afforded a minimum statutory period of at least six months in which to make their offer. Any sale would be conditional on the outcome of removing the Fields in Trust dedication from the sale area.
- 5.2 Should Committee determine to reject the asset transfer request or significantly alter the terms of the request, the applicant has a statutory right to have the decision reviewed by the Council and, should the review be unsuccessful, a subsequent right of appeal to Scottish Ministers

6. Financial impact

- 6.1 A capital receipt of £11,750 will be received and the Council will be relieved of future maintenance costs. The financial year in which the receipt will be received is dependent upon the removal of Fields in Trust dedication from the sale area.
- 6.2 The applicant obtained an opinion on market value of the property in the amount of £12,500. The Council commissioned their own valuation from framework consultants, which gave a market value of £19,000. In addition to providing comparable sale evidence, the valuers assessed the premises as a commercial nursery and provided the following commentary on the market value figure:
- 6.2.1 We have applied a Multiplier of 3.00 to the EBITDA (Earnings before interest, tax, depreciation and amortization) of £6,301 equating to a rounded Market Value of £19,000, in line with our vacant possession Market Value. This underlines the poor trading performance of the existing business which is trading with very low profit or loss making and is being run as a registered charity; and
- 6.2.2 This is not to say an efficient commercial operator would not be able to achieve a higher level of trade, predominantly by increasing the current fee rates to a level more in line with the local nursery market. However, any commercial operator would be required to spend significant capex on the property to bring it up to a high standard of business, including upgrading the heating system, insulation, window replacements and additional storage space. Having regard to the time and costs of refurbishment, we are of the opinion that a commercial operator would view the business as closed.
- 6.3 The proposed sale price has also been considered in relation to The Disposal of Land by Local Authorities (Scotland) Regulations 2010, which provides that where the disposal (or lease) is for a consideration less than the best that can reasonably

be obtained, a Local Authority can dispose of the asset, provided it follows certain steps.

6.3.1 It appraises and compares the costs and dis-benefits of the proposal with the benefits;

6.3.2 It satisfies itself the proposed consideration for the disposal in question is reasonable; and

6.3.3 It determines that the disposal is likely to contribute to the promotion or improvement of any one of: economic development or regeneration, health, social well-being, or environmental well-being, of the whole or any part of the area of the local authority or any person in the local authority area.

6.4 The proposals align with Council commitments and contributes to these criteria therefore the proposed sale price is justifiable and that a sale price of £11,750 is acceptable in this instance.

7. Stakeholder/Community Impact

7.1 Consultation was undertaken through the CAT advisory panel. Stakeholders involved in the CAT Panel comprised all ward members and council officers involved with the project, including representatives from Estates, Lifelong Learning and Parks and Greenspaces.

7.2 As part of the CAT Stage 2 Business Case Submission, BCT have consulted widely in the community with regards to the future use of their property. Detail on the consultations undertaken can be found in the BCT Business Case which is available for reading using the link at 8.1 below.

7.3 In August 2019, an eight-week public consultation was held on the alteration to common good status of the area of sale. At the conclusion of the consultation, over 300 responses were received and the results were used to inform the application to the Court of Session. A link to the consultation is provided at 8.4 below.

7.4 On receipt of the Stage 2 application, legislation stipulates that there is a 20-day consultation period to receive public comments on the request. In addition, the applicant can respond to the representations. 79 responses were received and the applicant has commented on these. The comments are publicly available on the Council's CAT webpage. A link is provided in 8.5 below.

7.5 The ward members have been informed of the recommendations contained within this report.

7.6 The impact on sustainability has been considered. There is no negative impact on the environment as the result of the proposed sale.

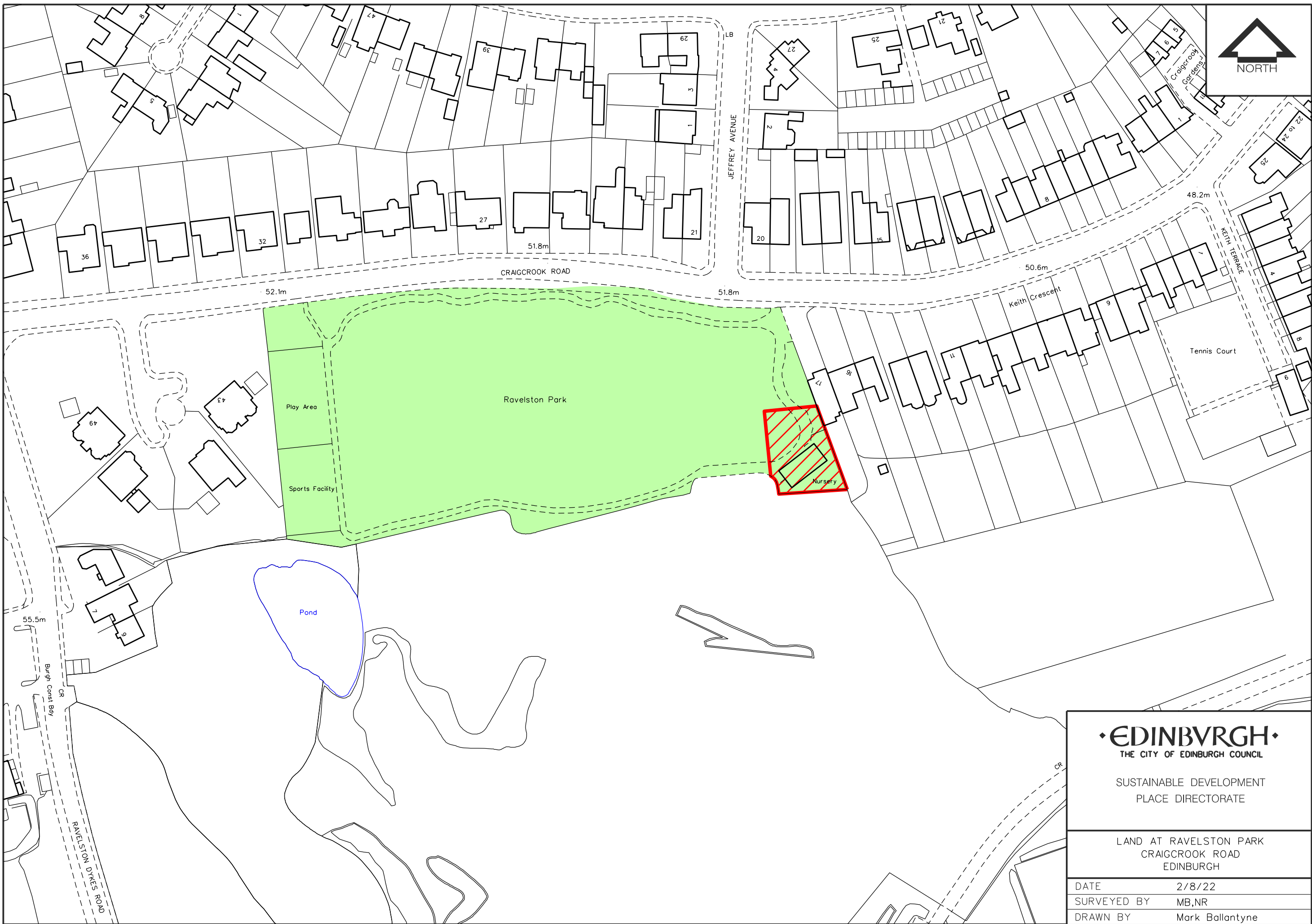
8. Background reading/external references

8.1 [CAT Stage 2 Submission:](#)

- 8.2 [Community Asset Transfer Policy:](#)
- 8.3 [Finance and Resources Committee Report 7 March 2019](#)
- 8.4 [Common good Consultation August 2019](#)
- 8.5 [Representations to CAT request April 2022](#)

9. Appendices

- 9.1 Appendix 1 – Location plan.



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EDINBURGH
THE CITY OF EDINBURGH COUNCIL

SUSTAINABLE DEVELOPMENT
PLACE DIRECTORATE

LAND AT RAVELSTON PARK
CRAIGCROOK ROAD
EDINBURGH

DATE	2/8/22
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/2057a

SITE PLAN

SCALE 1:1250

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Land at Millerhill, Edinburgh – Proposed Disposal

Executive/routine	Routine
Wards	N/A
Council Commitments	

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Approves the disposal of 1.09 hectares (2.69 acres) of land, and grant of servitude rights, at Millerhill to Midlothian Energy Limited, on the terms and conditions outlined in this report.

Paul Lawrence

Executive Director of Place

Contact: Craig Dalgliesh, Development & Disposals Manager

E-mail: craig.dalgliesh@edinburgh.gov.uk | Tel: 0131 529 3173

Land at Millerhill, Edinburgh – Proposed Disposal

2. Executive Summary

- 2.1 Midlothian Energy Ltd require a site to construct a District Heating Centre, to utilise heat from the Millerhill Recycling and Energy Recovery Centre, and has approached Edinburgh and Midlothian Council (as joint landowners) to purchase 1.09 hectares (2.69 acres) at Millerhill together with seeking servitude right of access to install and maintain a pipe network.

3. Background

- 3.1 On 22 January 2010, the Council, in partnership with Midlothian Council, acquired 14.44 hectares (35.68 acres) at Millerhill (Edinburgh Council acquiring 80% share of the land acquired) for the development of a Zero Waste Project.
- 3.2 In September 2019, the Millerhill Recycling and Energy Recovery Centre was formally opened.
- 3.3 Vattenfall is a Swedish multinational power company who specialise in renewable energy including the design and construction of district heating systems. Vattenfall has been selected by Midlothian Council as its energy partner in a 50/50 joint venture known as Midlothian Energy Ltd (MEL). They will provide an innovative district heating network to new homes at Shawfair with capability of delivering a 75% carbon saving against conventional heating systems.
- 3.4 To utilise heat offtake from the Millerhill Energy Centre, MEL has approached the Council to acquire an area of adjoining land. The area identified, shown outlined red on the plan attached, extends to approximately 1.09 hectares (2.69 acres) and forms part of the site that was acquired in 2010.
- 3.5 In addition to the land purchase, servitude rights are required to install the infrastructure to the centre. These areas, which again fall within the site acquired in 2010, are shown shaded blue on the plan.

4. Main report

- 4.1 Following negotiations, terms have been provisionally agreed for the sale of land, and grant of servitude rights, to Midlothian Energy Ltd as follows:
 - 4.1.1 Subjects: 1.09 hectares (2.69 acres) at Millerhill, Edinburgh;
 - 4.1.2 Purchaser: Midlothian Energy Limited;
 - 4.1.3 Purchase Price: £219,000 (split with Midlothian Council in terms of ownership),
 - 4.1.4 Servitude Price: £341,000 (split with Midlothian Council in terms of ownership)
 - 4.1.5 Conditions of purchase: the sale is subject to planning consent for a district heating centre and associated infrastructure works; and
 - 4.1.6 Costs: Midlothian Energy Ltd will reimburse the Council's reasonable fees and expenses.
- 4.2 The Council instructed an independent valuation of the site. The agreed purchase price is based on that valuation and allows for site and other infrastructure works required for the development.

5. Next Steps

- 5.1 Following Committee approval, Legal Services will be instructed to progress with drafting the essential documentation for the proposed conditional disposal and grant of servitude rights.

6. Financial impact

- 6.1 The Council will receive £448,000, for the disposal of land and granting the servitude rights, pro rata based on site ownership, in financial year 2022/2023.

7. Stakeholder/Community Impact

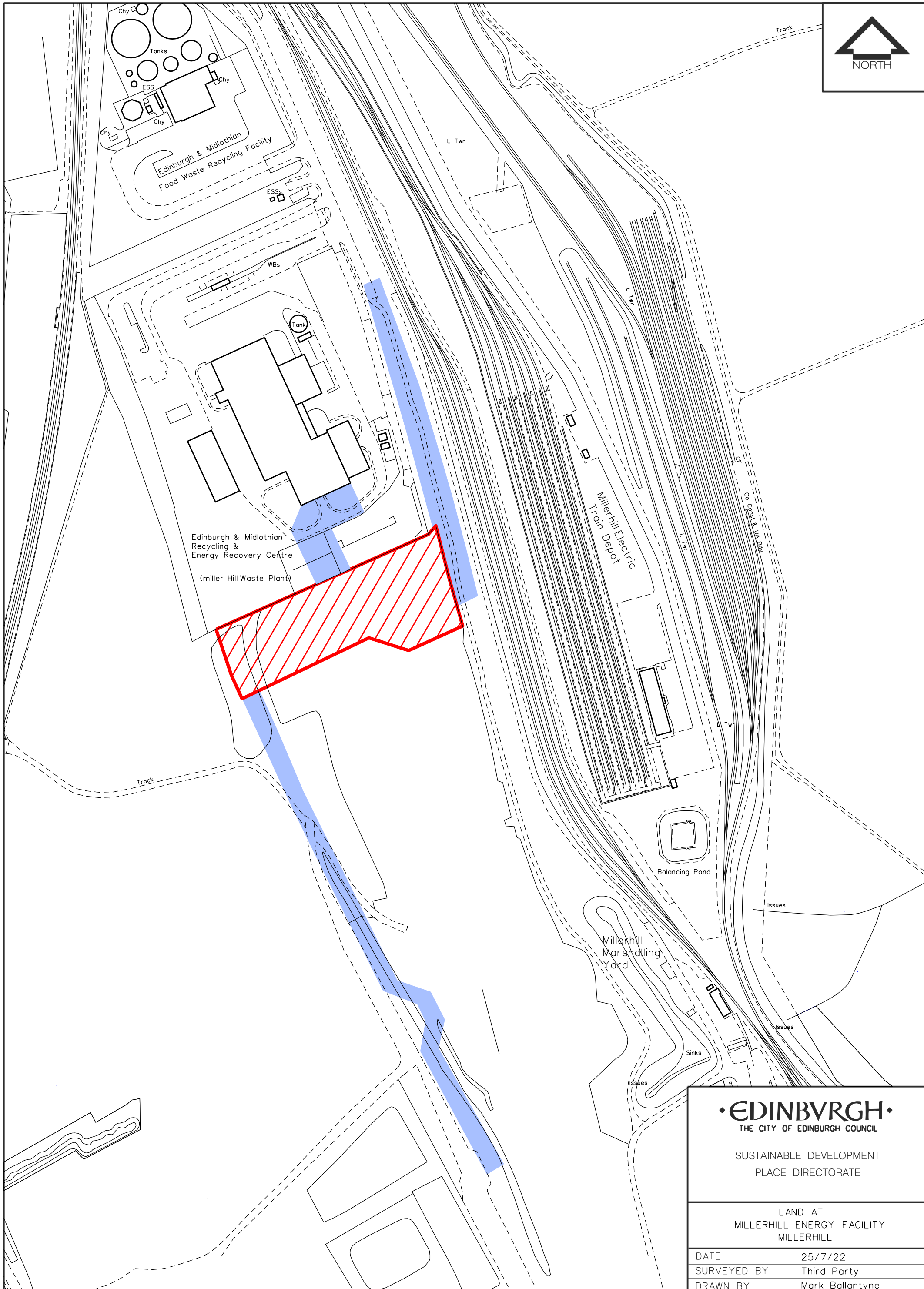
- 7.1 Midlothian Council has been made aware of the recommendations of the report and the sale of their interest can be completed under delegated authority.

8. Background reading/external references

- 8.1 None.

9. Appendices

9.1 Appendix 1 – Location plan.



SITE PLAN

SCALE 1:1250

EDINBURGH
THE CITY OF EDINBURGH COUNCIL

SUSTAINABLE DEVELOPMENT
PLACE DIRECTORATE

LAND AT
MILLERHILL ENERGY FACILITY
MILLERHILL

DATE	25/7/22
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:2500 @ A3 SIZE
NEG. NO.	A3/2388a

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Land at Rannoch Terrace, Clermiston, Edinburgh – Proposed Disposal

Executive/routine Wards Council Commitments	Routine Drum Brae/Gyle
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Approves the disposal of 247 sq m of land at Rannoch Terrace to AMA Homes, on the terms and conditions outlined in this report.

Paul Lawrence

Executive Director of Place

Contact: Craig Dalgliesh, Development & Disposals Manager

E-mail: craig.dalgliesh@edinburgh.gov.uk | Tel: 0131 529 3173

Land at Rannoch Road, Clermiston, Edinburgh – Proposed Disposal

2. Executive Summary

- 2.1 AMA Homes purchased the former Clermiston health clinic site in 2021 as a redevelopment opportunity. To create a more regular shaped development site AMA Homes approached the council to purchase an area of adjoining land, extending to 247 sq m, next to Rannoch Terrace. This report seeks approval to dispose of the land to AMA Homes on the terms and conditions outlined in the report.

3. Background

- 3.1 AMA Homes purchased the former health clinic site in 2021 with the intention to demolish the building and develop ground floor active frontage with affordable housing above.
- 3.2 Due to the irregular shaped nature of the site, AMA approached the Council with a request to purchase an area of adjoining land to complete a more regular shaped development site.
- 3.3 The Council land, which is broadly L-shaped, surrounds the north and west boundary of the former health clinic site, and extends to approximately 247 sq m as shown outlined in red on the attached plan.
- 3.4 The land is currently not used for any purpose, being primarily covered in grass and separated from a footpath by hedging. It has no alternative market value.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- 4.1.1 Subjects: 247 sqm at Rannoch Terrace, Edinburgh;
 - 4.1.2 Purchaser: AMA Homes;
 - 4.1.3 Purchase Price: £38,000;

- 4.1.4 Condition of sale: Planning permission being obtained by the purchaser for the proposed residential development; and
- 4.1.5 Costs: the purchaser is to meet the Council's reasonable legal fees and Property Costs of 2% of the purchase price.
- 4.2 The Council instructed the District Valuer to provide a valuation of the site. The agreed purchase price is based on this valuation and is comparable to similar disposals in Edinburgh.

5. Next Steps

- 5.1 Following Committee approval, Legal Services will be instructed to progress with drafting the essential documentation for the conditional disposal.

6. Financial impact

- 6.1 A capital receipt of £38,000 will be achieved in financial year 2022/23, assuming planning permission for the proposed development is achieved.

7. Stakeholder/Community Impact

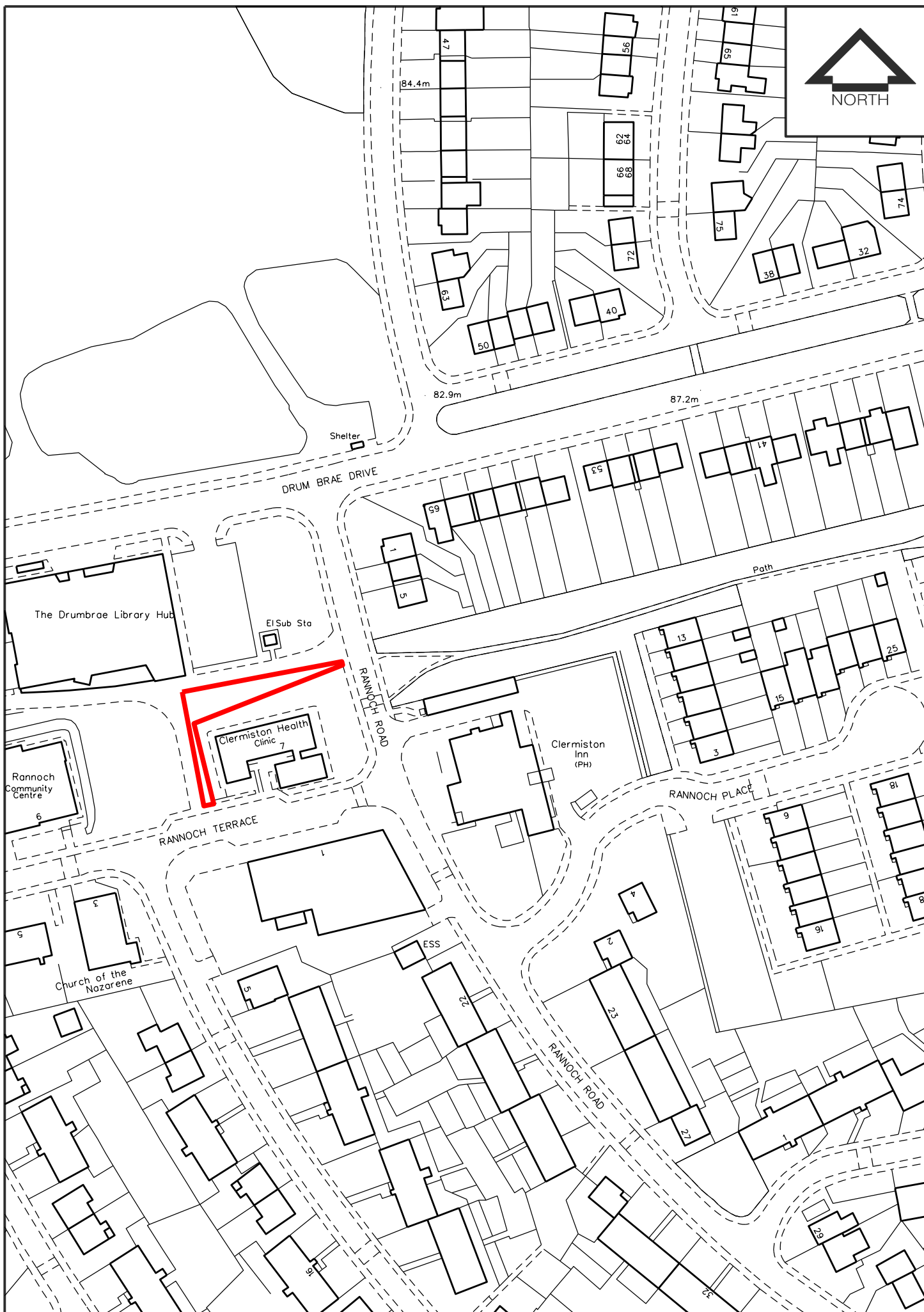
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 None.

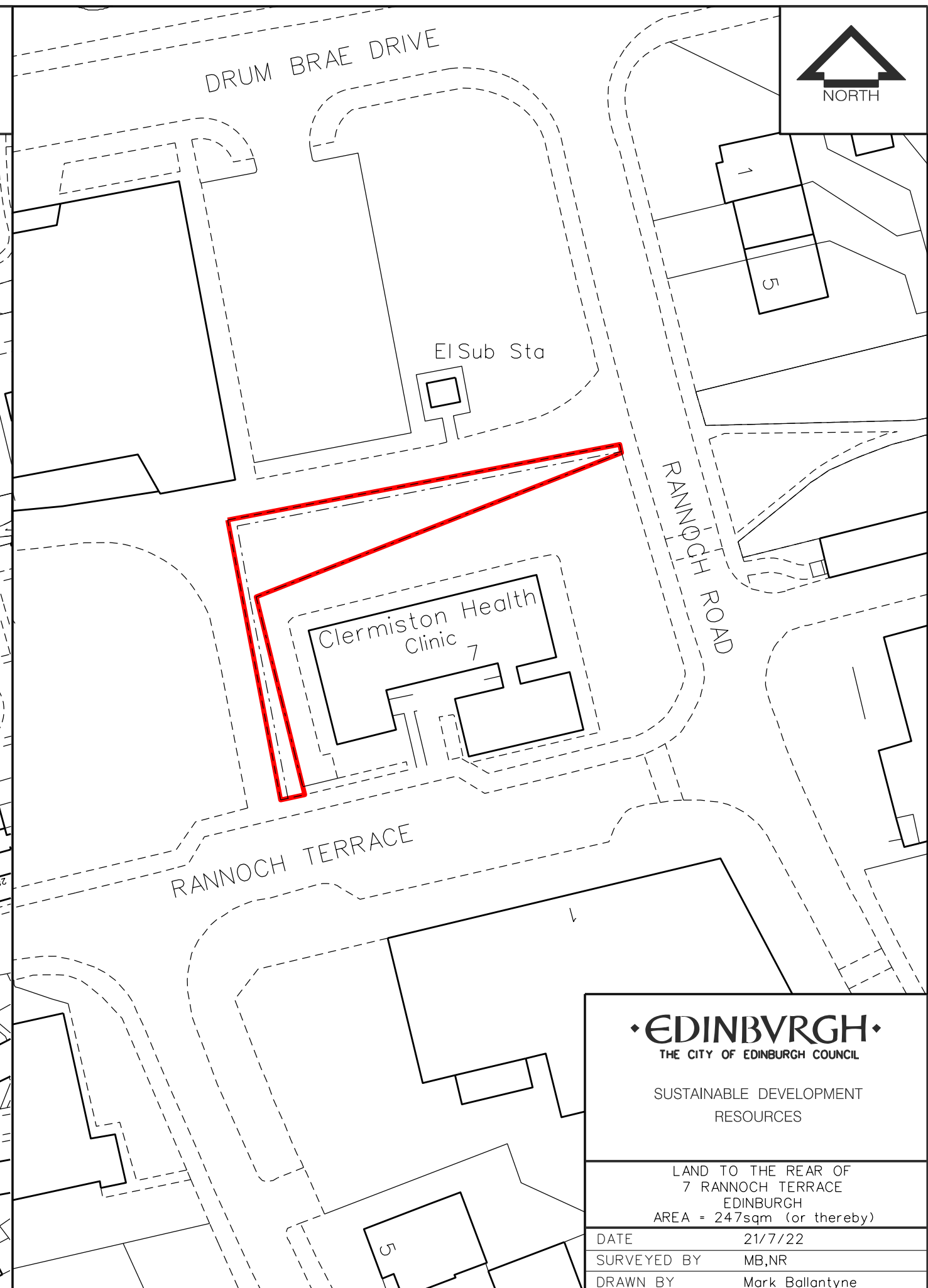
9. Appendices

- 9.1 Appendix 1 – Location plan.



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
SUSTAINABLE DEVELOPMENT RESOURCES	
LAND TO THE REAR OF 7 RANNOCH TERRACE EDINBURGH AREA = 247sqm (or thereby)	
DATE	21/7/22
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/2444a

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Depot Rationalisation Programme – Bankhead Depot Refurbishment Award of Contract

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 Approves the award of a contract for Bankhead Depot Refurbishment to Tilbury Douglas Construction Limited at a value of £3,402,119.74; and
 - 1.1.2 Notes that it is anticipated the contract will commence in October 2022 and have a programme duration of 11 months.

Paul Lawrence

Executive Director of Place

Contact: Gareth Barwell, Service Director, Operational Services

E-mail: Gareth.barwell@edinburgh.gov.uk | Tel: 0131 529 5844

Depot Rationalisation Programme – Bankhead Depot Refurbishment Award of Contract

2. Executive Summary

- 2.1 This report seeks approval to award a contract for the Bankhead Depot Refurbishment to Tilbury Douglas Construction Limited, to commence in October 2022 for a period of 11 months at a total value of £3,402,119.74.
- 2.2 The Bankhead Depot refurbishment works form part of the larger depot rationalisation programme.

3. Background

- 3.1 On [2 February 2016](#), Finance and Resources Committee approved a report setting out the investment strategy for the Council's depot estate. Revised at Finance and Resources Committee on [4 December 2018](#), the Depots Gateway Review went much further than previously proposed, consolidating from 16 to 6 depot sites. This included the disposal of Murrayburn Depot for mixed tenure housing.
- 3.2 The Depots Strategy is a self-funding depot rationalisation programme based on the savings achieved delivering the necessary funding for new investment. This is achieved through the reduction in the number of depot sites delivering those property savings. The strategy has a "domino" effect, in that the exit of properties is reliant on new investment being delivered at the receiving sites. Should new investment not be available, the depot rationalisation strategy cannot be delivered.
- 3.3 The Bankhead Depot Refurbishment Project facilitates the exit of Russell Road Depot and Murrayburn Depot. Both facilities require major maintenance and are no longer fit for purpose. The Bankhead Depot Refurbishment Project unlocks opportunities to enhance and share support services, such as fleet maintenance, reducing dead mileage and associated staff time with transporting vehicles to a single workshop facility on the west of the city.

4. Main report

- 4.1 Commercial and Procurement Services (CPS) conducted a mini competition utilising the Crown Commercial Services (CCS) Framework RM6088 – Construction Works and Associated Services Framework (Lot 2.4 - Construction Works and Associated Services – Scotland (Value band £3 - £10m).
- 4.2 To identify the tender offering best value the tender evaluation included an emphasis on quality as well as price and submissions were assessed to determine the most economically advantageous tender.
- 4.3 Framework suppliers were invited to participate in the mini competition on 20 June 2022.
- 4.4 Two suppliers submitted a bid via Public Contracts Scotland for this contract opportunity.
- 4.5 Prior to their appointment to the CCS Framework, all suppliers were pre-vetted to ensure that they satisfied the requirements necessary for the delivery of the Works, including consideration of financial probity (relating to insurance and financial standing), health and safety and environmental management.
- 4.6 In order to identify the most economically advantageous tender, submissions were assessed on the basis of 70% Quality and 30% Cost. Given the high degree of regulation on prices within the industry, Quality was weighted highly to ensure the technical capacity of the suppliers was considered sufficiently.
- 4.7 The tender results, combining the quality scores and the price evaluation to derive an overall score for each supplier out of a maximum of 100, are:

Bidder	Price	Quality	Total
Tilbury Douglas	30.00	55.30	85.30
Supplier 2	26.78	38.50	65.28

- 4.8 A summary of the tender evaluation criteria is provided in Appendix One.

5. Next Steps

- 5.1 Subject to Committee approval, the contract will commence in October 2022.
- 5.2 Once established, the contract will be managed by Strategic Asset Planning, the Contract Manager will ensure that effective contract management is delivered throughout the contract lifecycle. A Contract Management and Handover Report, detailing the necessary steps and measures, will be produced and agreed.
- 5.3 It is envisaged that proactive contract management, to include robust monitoring of all appropriate management information, key performance indicators and

budget/savings tracking) will assist in the delivery of an effective and efficient delivery of the works throughout the duration of the contact.

6. Financial impact

- 6.1 The contract value of £3,402,119.74 is similar to that estimated within the Depots Rationalisation Programme Business Case and the sum falls within subsequent budget allocation.
- 6.2 Financial assessments have been carried out, Tilbury Douglas Construction Limited has demonstrated acceptable financial status and appointment is considered to be of limited risk to the council.
- 6.3 During the contract period the Contract Manager will be responsible for the tracking the budget. The contract is a fixed sum however in the current economic climate cost certainty surrounding other project aspects should be closely monitored.
- 6.4 The costs associated with procuring this contract are estimated to be between £20,001 and £35,000.

7. Stakeholder/Community Impact

- 7.1 Tilbury Douglas Construction Limited has committed to delivery of appropriate localised Community Benefits and have signed the Council's construction charter. Potential community benefits will include:
- 7.2 Employability and Skills – facilitating training, work experience, jobs and apprenticeship opportunities which create employment, promote local economic growth and skills development, such as:
 - 7.2.1 Creating apprenticeships to help increase levels of youth employment;
 - 7.2.2 Creating jobs for unemployed people and priority groups;
 - 7.2.3 Providing work placements and training opportunities to unemployed people, to help them gain work experience to aid their job search; and
 - 7.2.4 Providing work experience to students and pupils to help them make career choices.
- 7.3 Community Engagement and Improvement – supporting resident and community projects and improvement schemes across a range of themes. This could include donations of materials, equipment, facilities, goods, staff time, volunteering, or expertise:
 - 7.3.1 Support for local recreational, environmental, health, wellbeing, arts, heritage, or sports activity – such as community enhancement (i.e., community landscaping projects), improvements to local physical infrastructure (i.e., repair works to community spaces), contributing to public art projects or city dressing/streetscape enhancements; and

- 7.3.2 Contributions to agreed projects supporting local capacity building and services which address challenges associated with inequalities.
- 7.4 Education and outreach – developing business partnerships with schools and colleges which contribute to their curriculum and help promote an integrated and inclusive society such as:
- 7.4.1 Construction curriculum support programmes in schools and colleges;
 - 7.4.2 Workplace visits for schools or college students, careers events, awareness days or workshops; and
 - 7.4.3 Mentoring sessions with local schools, or job shadow opportunities.
- 7.5 Supply chain and business collaboration – supporting the principles of community wealth building through supporting local supply chains:
- 7.5.1 Offer sub-contract opportunities to local SMEs, social enterprises and third sector suppliers; and
 - 7.5.2 Provision of supplier time, skills or mentoring/training support which help build supply chain, supported business or third sector capacity (i.e., accounting, Human Resources and Health & Safety advice).
- 7.6 Tilbury Douglas Construction Limited pay the Real Living Wage and have committed to progressing towards adopting the Fair Work First criteria for workers in the delivery of this contract.
- 7.7 Tilbury Douglas Construction Limited have committed to the following environmental measures:
- 7.7.1 Environmental risk assessment;
 - 7.7.2 Preparation and implementation of an Environmental Management Plan;
 - 7.7.3 Preparation of an Environmental Emergency Plan;
 - 7.7.4 Preparation and Implementation of a Site Waste Management Plan; and
 - 7.7.5 Environmental Inspection and audit regime.
- 7.8 Tilbury Douglas Construction Limited provided detailed targets and measures for waste reduction and the maximisation of recycling.
- 7.9 All of the affected services to be relocated within the Bankhead Depot have been involved in the development of the proposals.

8. Background reading/external references

- 8.1 None.

9. Appendices

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

Appendix 1

Contract	CT2828 – Bankhead Depot Refurbishment Award of Contract	
Contract period (including any extensions)	11 Months, with the option to extend to completion at the discretion of the Council.	
Estimated Contract Value (including extensions)	£3,402,119.74	
Procurement Route Chosen	Mini-competition from Framework (Crown Commercial Services) RM6088 – Construction Works and Associated Services (Lot 2.4 - Construction Works and Associated Services – Scotland (Value band £3 - £10m)).	
Tenders Returned	2	
Name of Recommended Supplier(s)	Tilbury Douglas Construction Limited	
Price / Quality Split	Price (30%)	Quality (70%)
Evaluation Criteria and Weightings	Question	Weighting
	Quality and the Cole Report	25%
	Personnel	20%
	Programme	15%
	Risk Management	10%
	Health and Safety	5%
	Supply Chain Management	10%
	Environment & Sustainability	5%
	Community Benefits	5%
	Fair Employment Practices	5%
	Fair Work Management Information	Not Scored
Evaluation Team	Naveed Mohammed – Project Manager, Place. Ian Ramsey – Architectural Manager, Place. Andrew Bushell – Architect, Place.	

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Unit 4/5 Clocktower, South Gyle Industrial Estate, Edinburgh – Proposed Lease Extension

Executive/routine Wards Council Commitments	Routine Drum Brae/Gyle
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Approves a new 10-year lease extension to Thus Group Holdings Limited at Unit 4/5 Clocktower, on the terms and conditions outlined in this report.

Paul Lawrence

Executive Director of Place

Contact: Iain Lamont, Investment Portfolio Officer

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

Report

Unit 4/5 Clocktower, South Gyle Industrial Estate, Edinburgh – Proposed Lease Extension

2. Executive Summary

- 2.1 The industrial property known as Unit 4/5 Clocktower is let to Thus Group Holdings Limited. The existing lease expires on 31 August 2022 and the tenant has requested a 10-year lease extension. This report seeks approval to grant a lease extension to Thus Group Holdings Limited until 31 August 2032 on the terms and conditions outlined in the report.

3. Background

- 3.1 The property known as Unit 4/5 Clocktower extends to 689 sq m (7,420 sq ft) and is shown hatched and outlined in red on the attached plan.
- 3.2 Thus Group Holdings Limited have occupied the property since September 1997 and operate a telecommunications facility. The current rent is £54,500 per annum.
- 3.3 The existing lease expires on 31 August 2022 and the tenant has requested a 10-year lease extension until 2032.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- 4.1.1 Subjects: Unit 4/5 Clocktower, South Gyle Industrial Estate, Edinburgh;
 - 4.1.2 Tenant: Thus Group Holdings Limited;
 - 4.1.3 Lease extension: 10 years from 1 September 2022 until 31 August 2032;
 - 4.1.4 Rent: £70,500 per annum;
 - 4.1.5 Rent Review: 1 September 2027;
 - 4.1.6 Use: telecommunications facility;
 - 4.1.7 Repair: full repairing obligation on the tenant; and
 - 4.1.8 Costs: tenant responsible for all the Councils legal costs.

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

5. Next Steps

- 5.1 Following Committee approval, Legal Services will be instructed to progress with drafting the essential documentation for the proposed lease extension.

6. Financial impact

- 6.1 Effective from the 1 September 2022, the annual rent will be increased from £54,500 per annum to £70,500 per annum. The income is payable to the General Property Account.

7. Stakeholder/Community Impact

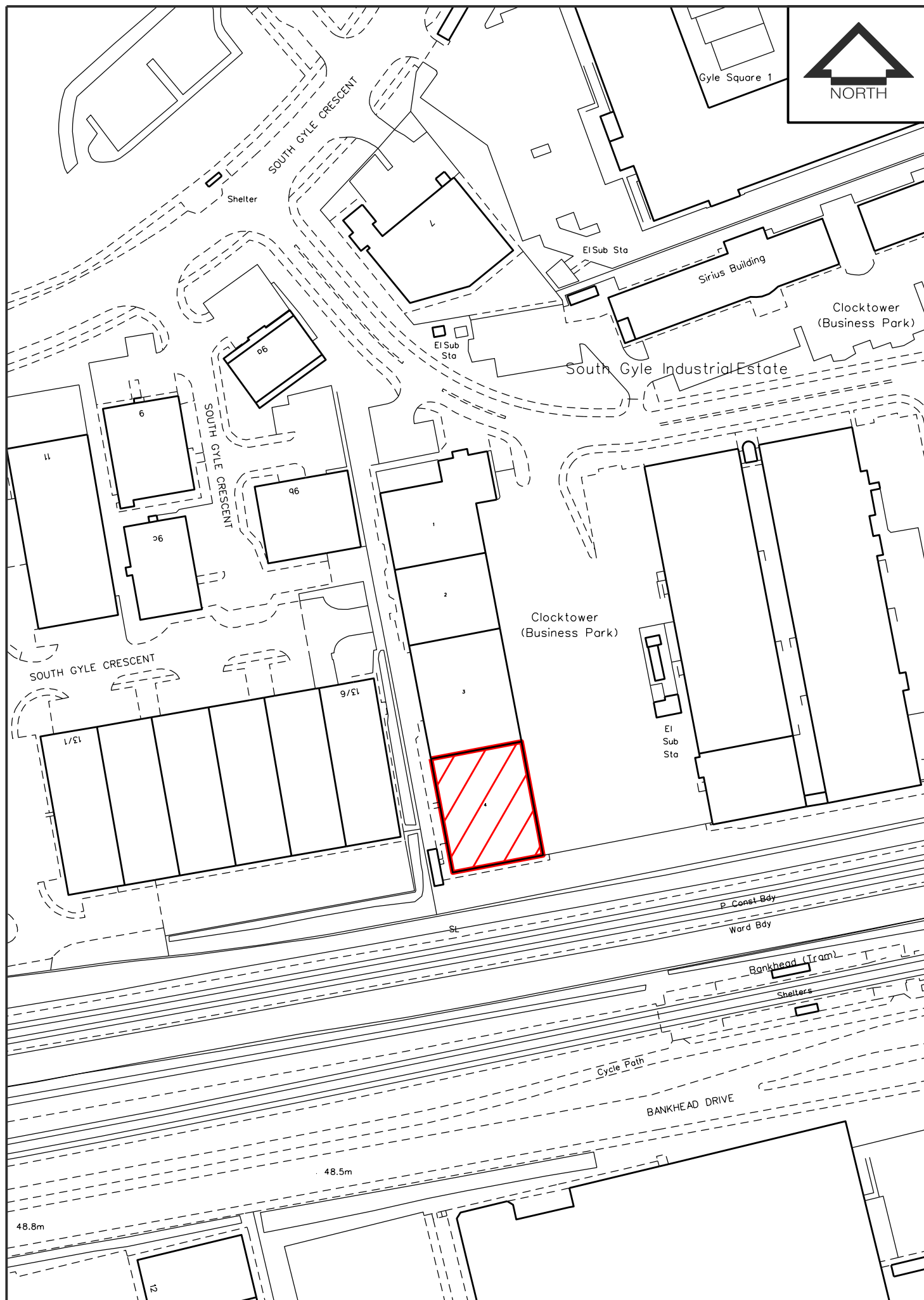
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 None.

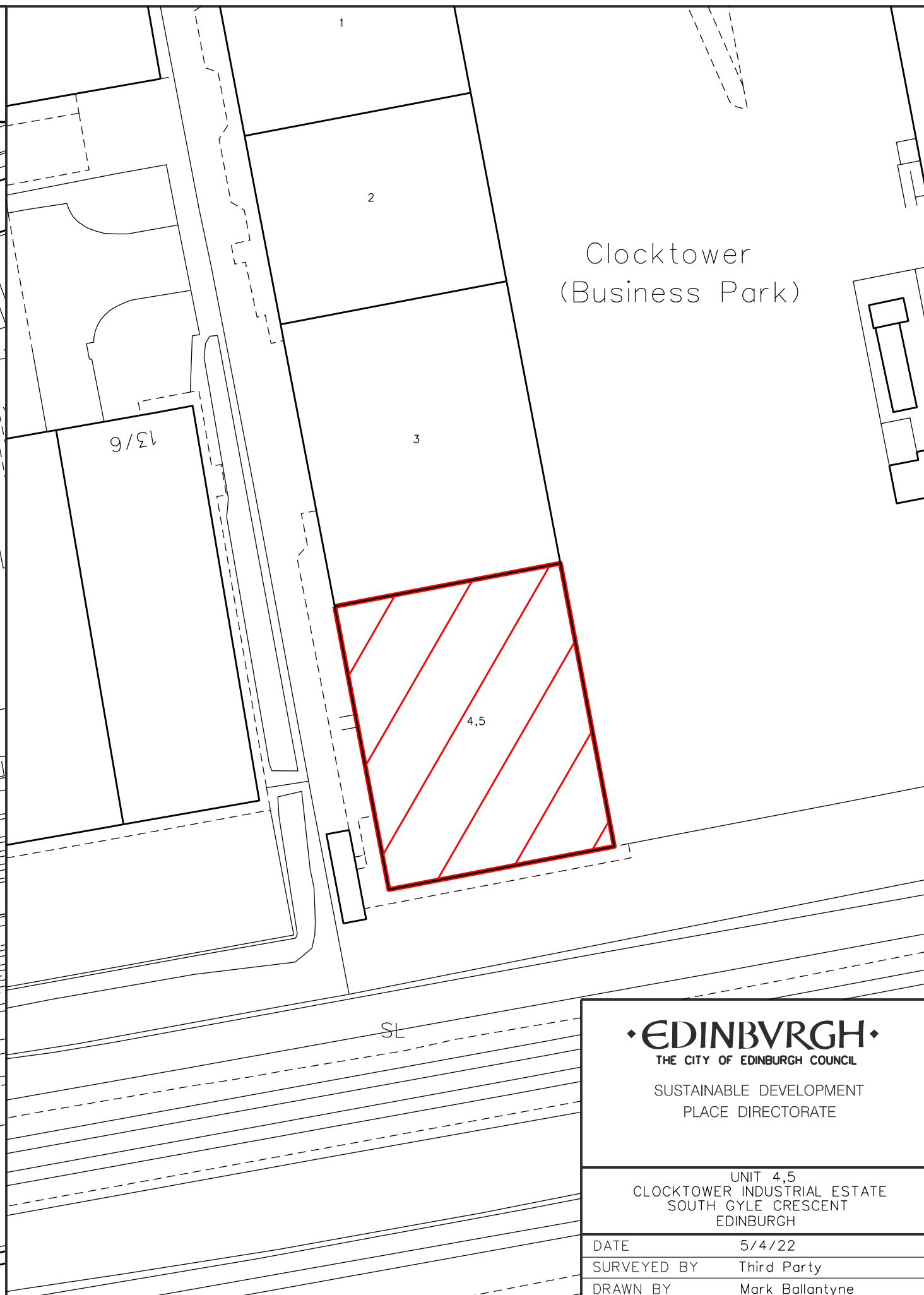
9. Appendices

- 9.1 Appendix 1 – Location plan.



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL SUSTAINABLE DEVELOPMENT PLACE DIRECTORATE	
UNIT 4,5 CLOCKTOWER INDUSTRIAL ESTATE SOUTH GYLE CRESCENT EDINBURGH	
DATE	5/4/22
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/1719a

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Walk Up Avenue, Craigmillar, Edinburgh - Proposed New Lease

Executive/routine Wards Council Commitments	Routine 17 – Portobello / Craigmillar
---	--

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Notes the outcome of the marketing exercise for the first commercial unit at Walk Up Avenue, Craigmillar;
 - 1.1.2 Notes the connection with the motion approved by Council, on [30 June 2022](#), regarding Trade Unions in Communities; and
 - 1.1.3 Approves the lease to the Trade Unions in Communities on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Place.

Paul Lawrence

Executive Director of Place

Contact: Graeme McGartland, Head of Estates

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

Walk Up Avenue, Craigmillar, Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 The Craigmillar Meanwhile Project is a proposal to transform an unused site in the heart of Craigmillar Town Centre into a place that can be enjoyed by the entire community. The first commercial unit on the site has been marketed to let and the outcome of the process is outlined in this report with a recommendation to lease to Trade Unions in Communities.

3. Background

- 3.1 The Craigmillar Meanwhile Project is a proposal to transform an unused site in the heart of Craigmillar Town Centre into a place that can be enjoyed by the entire community. Funding for the project has been received from a number of sources including the Place Based Investment Programme, Scotland Loves Local and Nature Scot.
- 3.2 Two commercial units are proposed and set within a wider green space with a sculptural entranceway providing a link with the existing play area and access to seating, informal play, events space with a stage pavilion and the commercial unit(s). Titled 'Walk-Up Avenue' it aims to support the wider regeneration investment in the Craigmillar area.
- 3.3 The first commercial unit extends to 34 sq m (366 sq ft) or thereby and is shown outlined in red on the attached plan. Following a closing date in July, 11 bids were received for a variety of uses.
- 3.4 Related to the proposed lease of the property, the Council, on 30 June 2022, approved the following motion by Councillor Kate Campbell:-

“Council:

Recognises that the impacts of Covid, Brexit, and now the cost of living crisis are entrenching inequality in our city.

Further recognises that the importance of services and support, targeted to the communities where the need is highest, must be a priority for the Council during this administrative term.

Welcomes the move by Trades Unions to come together to develop a 'Trades Unions in Communities' strategy and plan, built around community hubs run in conjunction with community groups and organisations.

Agrees that access to advice on housing, health, benefits, skills and employment rights will be more crucial than ever, and further agrees that these must be prioritised when the Council is developing and implementing policies such as Twenty Minute Neighbourhoods, developing our response to the prevention duty, creating a 'no wrong door approach' and considering how best to implement the outcomes from the Poverty Commission.

Further recognises the contribution the hubs could make to the delivery of these policies and improved outcomes for our communities.

Welcomes the intention to create one of these hubs in Niddrie, recognising that the wider Niddrie and Craigmillar area is one of the largest areas of multiple deprivation in Edinburgh, as defined by the Scottish Index of Multiple Deprivation.

Instructs Council officers from within the Twenty Minute Neighbourhood Team, and the Prevention Team, to engage with the Trades Unions and community groups to see what support the council can offer to help create this hub.

Agree that the Housing, Homelessness & Fair Work Committee will receive a report in two cycles updating on progress with these discussions”.

4. Main report

- 4.1 At the closing date for offers 11 bids were received, which were mainly for hot food/café style use. The highest financial offer of £10,000 per annum is for restaurant use but is predicated on a 20-year lease which is not available for this meantime use site. For this reason, the top financial offer has been discounted.
- 4.2 The remaining offers fall within a financial range of between £3,500 (the asked rent) and £6,000 per annum, with the latter for hot food takeaway use.
- 4.3 The connection between the motion at paragraph 3.4 and the subject property is that the Trades Unions in Communities (TUIC) submitted a bid for the property. The bid is for an initial one-year term at the asking rent of £3,500 per annum.
- 4.4 The proposal is to establish a new venture in the Craigmillar to enhance the lives of people in the local area. TUIC intend to work with established community enterprises in the area such as Connecting Craigmillar, Craigmillar Alliance Trust and will explore the provision of a café on the site to be run by The Whitehouse Café.
- 4.5 The service will provide advice on work related problems as well as sign posting to appropriate bodies to deal with issues such as housing and benefits. Education facilities will also be provided concentrating on upskilling the community and assisting with employment opportunities. The project will be funded by Trade Union branches in the Edinburgh and Lothian area and will be staffed by volunteers from those branches.

- 4.6 While higher financial bids, in annual rent terms, were received as part of the closing date process, the proposed use from the Trade Union bid does offer improved local outcomes. This is also the context of the approved motion at para.3.4. In these circumstances, it is recommended that the bid from the Trade Unions is accepted.
- 4.7 Given the level of interest in the property, funding is currently being sought to create a second commercial unit, which will again be exposed to the open market for let.

5. Next Steps

- 5.1 Following Committee approval, Legal Services will be instructed to progress with drafting the essential documentation for the proposed lease.
- 5.2 The motion at paragraph 3.4 will be addressed at the Housing, Homelessness and Fair Work Committee.

6. Financial impact

- 6.1 Additional income of £3,500 per annum will be credited to the Housing Revenue Account (HRA).

7. Stakeholder/Community Impact

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

8. Background reading/external references

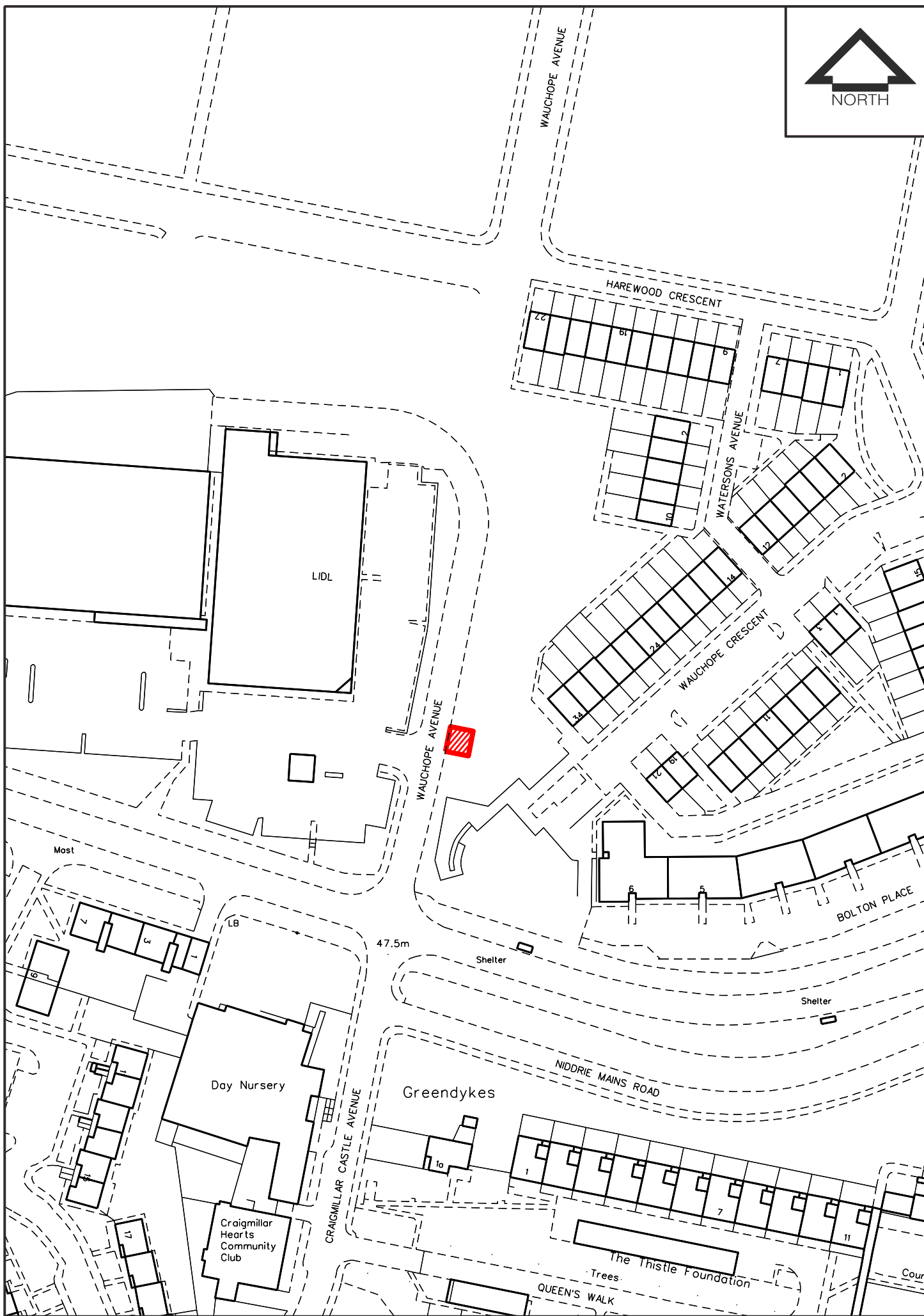
- 8.1 None.

9. Appendices

- 9.1 Appendix 1 – Location plan.

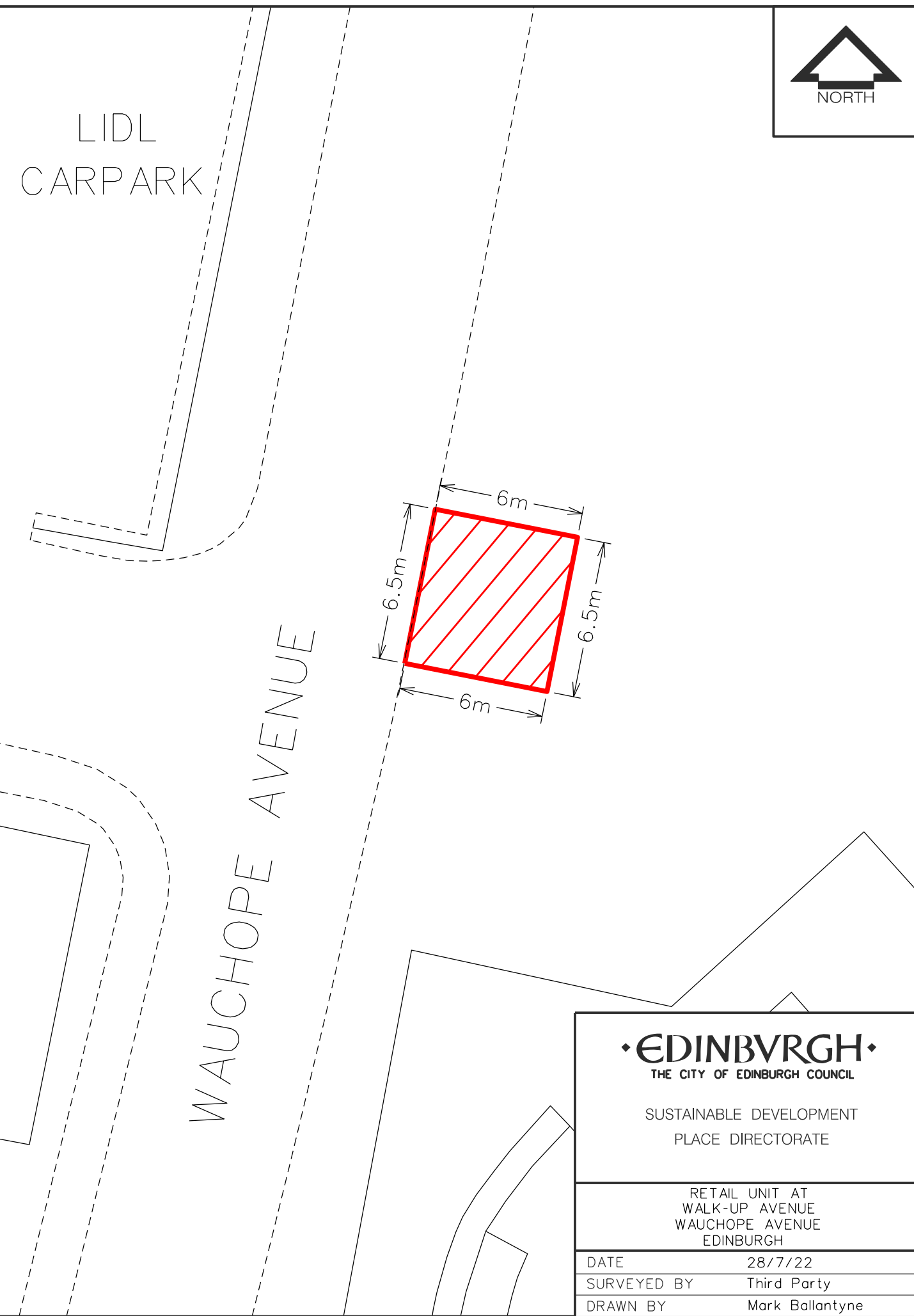


LIDL
CARPARK



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:200

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
SUSTAINABLE DEVELOPMENT PLACE DIRECTORATE	
RETAIL UNIT AT WALK-UP AVENUE WAUCHOPE AVENUE EDINBURGH	
DATE	28/7/22
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/2469

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Finance and Resources Committee

10.00am, Thursday, 8 September 2022

18-19 West Harbour Road, Edinburgh – Proposed Lease Extension

Executive/routine Wards Council Commitments	Routine Forth
---	------------------

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves a new 10-year lease extension to Powderhall Bronze of the property at 18-19 West Harbour Road on the terms and conditions outlined in the report.

Paul Lawrence

Executive Director of Place

Contact: Andrew McCurrach, Investment Portfolio Officer

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

18-19 West Harbour Road, Edinburgh – Proposed Lease Extension

2. Executive Summary

- 2.1 Powderhall Bronze currently lease the property at 18-19 West Harbour Road on a lease due to expire on 7 April 2024. The tenant has requested a 10-year lease extension from the date of expiry. This report seeks approval for a 10-year lease extension to Powderhall Bronze on the terms and conditions outlined in this report.

3. Background

- 3.1 The unit at 18-19 West Harbour Road extends to approximately 640.28 sq m (6,892, sq ft), as shown outlined in red on the plan at Appendix 1.
- 3.2 Powderhall Bronze currently occupy the property, for use as a fabrication workshop, on a lease with an expiry date of 7 April 2024. The current rent is £40,000 per annum.
- 3.3 The tenant has requested a 10-year lease extension from the expiry date of the current lease. The lease extension, by providing increased security of tenure, will facilitate investment by the tenant aimed at reducing the carbon footprint, e.g. the installation of solar panels.

4. Main report

- 4.1 The following terms have been provisionally agreed:
- 4.1.1 Subjects: 18-19 West Harbour Road, Edinburgh;
 - 4.1.2 Tenant: Powderhall Bronze;
 - 4.1.3 Lease term: 10 year extension from expiry of current lease on 7 April 2024;
 - 4.1.4 Rent: The rent of £40,000 will be held until April 2024;
 - 4.1.5 Rent Review: rent will be reviewed on 8 April 2024 and 8 April 2029;
 - 4.1.6 Use: class 5 workshop;
 - 4.1.7 Repair: full repairing obligation on the tenant;

4.1.8 Costs: each party will bear their own costs; and

4.1.9 Other conditions as contained in the existing lease for the property.

4.2 The tenant has fulfilled all their legal and financial obligations in terms of the exiting lease.

5. Next Steps

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

6. Financial impact

6.1 The current rent is £40,000 per annum which will be reviewed in 2024 and 2029 to market levels. The rent goes to the General Property Account.

7. Stakeholder/Community Impact

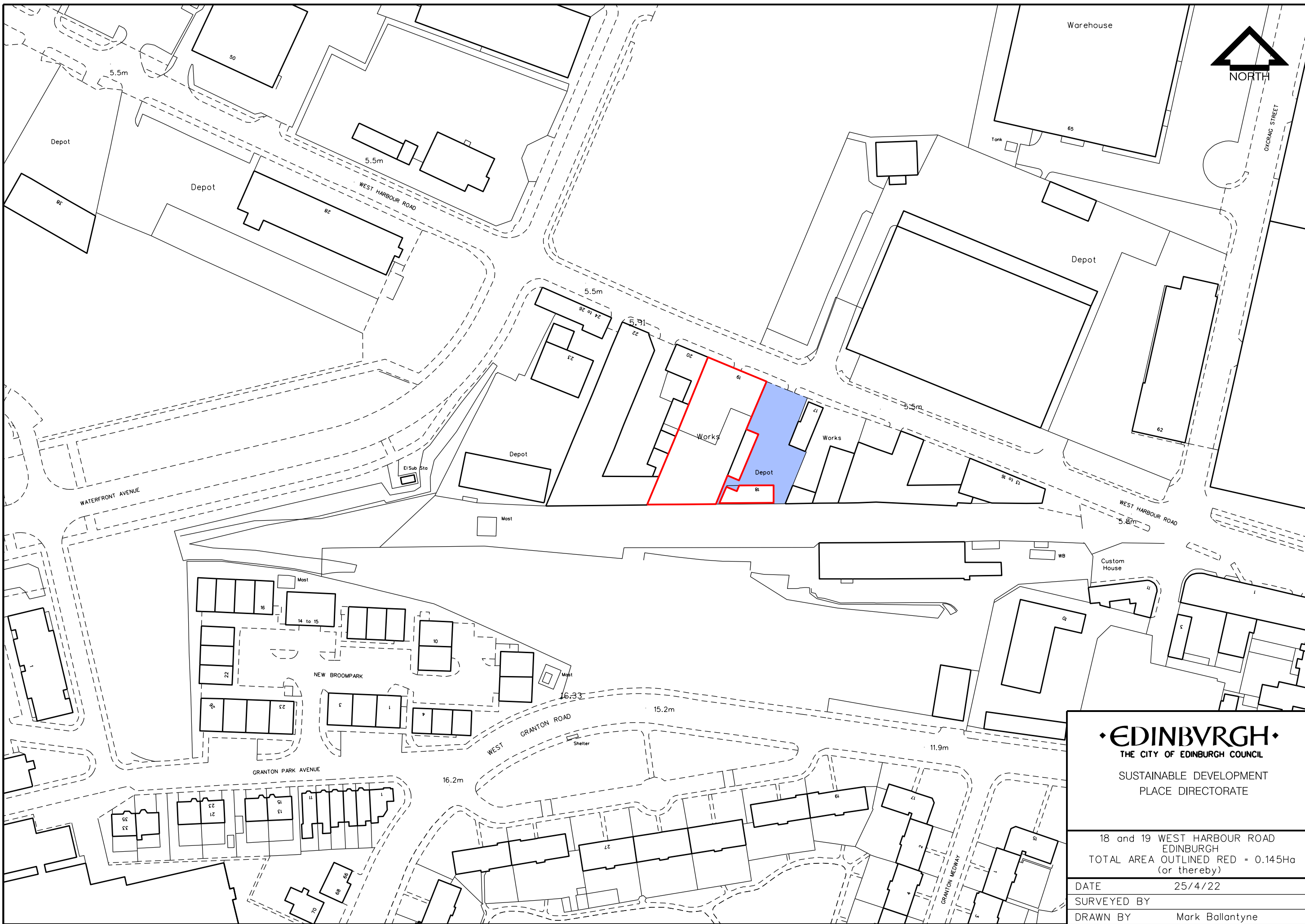
7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 Appendix 1 – Location plan.



SITE PLAN

SCALE 1:1250

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

SUSTAINABLE DEVELOPMENT
PLACE DIRECTORATE

18 and 19 WEST HARBOUR ROAD
EDINBURGH
TOTAL AREA OUTLINED RED = 0.145Ha
(or thereby)

DATE 25/4/22

SURVEYED BY

DRAWN BY Mark Ballantyne

FILE NO.

NEG. NO. A3/1219a

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Deed of Servitude for access at Water of Leith Walkway, Waulkmill Loan

Executive/routine Wards Council Commitments	Routine Pentland Hills
---	---------------------------

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves granting a Deed of Servitude in favour of Mr Brian Hall under the terms and conditions outlined in this report.

Paul Lawrence

Executive Director of Place

Contact: Greg Manson, Graduate Surveyor/Technician

E-mail: greg.manson@edinburgh.gov.uk | Tel: 0131 529 5774

Deed of Servitude for access at Water of Leith Walkway, Waulkmill Loan

2. Executive Summary

- 2.1 This report seeks approval to grant a Deed of Servitude for access to Mr Brian Hall, along the Water of Leith Walkway at Waulkmill Loan.

3. Background

- 3.1 Mr Hall has requested a formal Deed of Servitude for pedestrian and vehicular access over a section of the Water of Leith Walkway, delineated in red on the attached plan. This is to access his fields, used for agricultural grazing, shown yellow on the attached plan. Mr Hall had previously been informally utilising the Water of Leith Walkway for a number of years, as this is the only access available to reach his fields. A Deed of Servitude has been requested to formalise this arrangement.

4. Main report

- 4.1 Approval is sought to grant a Deed of Servitude for access along the Water of Leith Walkway on the following terms and conditions:
- 4.1.1 Grantor: City of Edinburgh Council;
 - 4.1.2 Grantee: Mr Brian Hall;
 - 4.1.3 Rights: the Deed of Servitude will allow Mr Hall pedestrian and vehicular access to reach his property in the area shaded yellow on the plan, for the sole purpose of agricultural grazing. Mr Hall will also be permitted to access his land via the walkway for the maintenance, upkeep, tree management and enjoyment of his property;
 - 4.1.4 Conditions: Vehicles used for access must be a maximum of 3.5t in weight. Primary users of the walkway (pedestrians, cyclists, horse riders, etc.) must be given priority at all times. Any damage to the walkway caused by the

exercise of the Servitude Rights must be made good on the Council's demand; and

4.1.5 Fees: The Council's legal fees will be paid by Mr Hall.

5. Next Steps

5.1 If Committee approval is granted, the Council will enter into a Deed of Servitude with Mr Hall in accordance with the terms and conditions as detailed in this report.

6. Financial impact

6.1 The Council's legal fees will be met by Mr Hall.

7. Stakeholder/Community Impact

7.1 Council Parks officers from the Forestry and Natural Heritage service have been consulted and are in support of the Servitude.

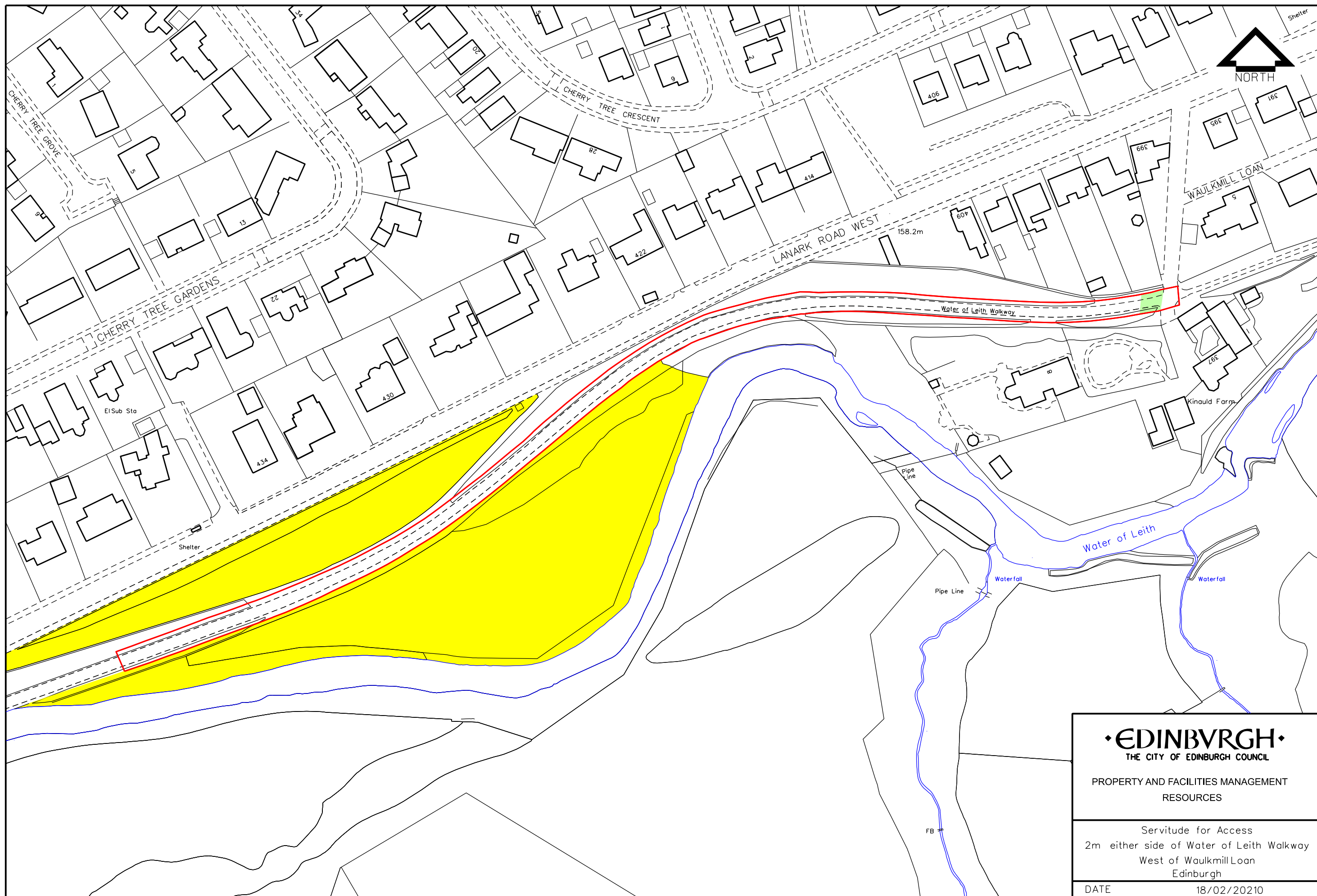
7.2 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 Appendix 1 – Location Plan.



• EDINBURGH •
 THE CITY OF EDINBURGH COUNCIL
 PROPERTY AND FACILITIES MANAGEMENT
 RESOURCES

Servitude for Access
 2m either side of Water of Leith Walkway
 West of Waulkmill Loan
 Edinburgh

DATE	18/02/20210
SURVEYED BY	
DRAWN BY	F McDonald
SCALE	1:1250 @ A3
PLAN. NO.	NT1767/A3/2194 B

AREA SHOWN DELINEATED RED - 0.323ha (0.797 Acre), or thereby

BOLLARD AREA SHOWN COLOURED GREEN

LOCATION PLAN

SCALE 1:1250

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Block 1 Unit 4 Pennywell Town Centre, Edinburgh – Proposed New Lease

Executive/routine Wards Council Commitments	Routine 1 - Almond
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee approves a new 10-year lease to Eye Tec (Ophthalmic Opticians) Limited at Block 1 Unit 4, Pennywell Town Centre, on the terms and conditions outlined in this report.

Paul Lawrence

Executive Director of Place

Contact: Andrew McCurrach, Investment Portfolio Officer

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

Block 1 Unit 4 Pennywell Town Centre, Edinburgh – Proposed New Lease

2. Executive Summary

- 2.1 The Pennywell/Muirhouse civic centre redevelopment is a three-phase project providing new ground floor retail accommodation with residential uses above. To facilitate the redevelopment, Eye Tec (Ophthalmic Opticians) Limited will relocate to Block 1 Unit 4 which is currently being constructed as part of the second phase of the wider development.
- 2.2 This report seeks approval to grant a new 10-year lease to Eye Tec (Ophthalmic Opticians) Limited on the terms and conditions outlined in this report.

3. Background

- 3.1 Pennywell/Muirhouse is a major Council led regeneration project delivering 196 new affordable homes around a new civic square with retail outlets. The development of the new civic centre for Pennywell/Muirhouse involves the demolition of 48 flatted properties, 25 commercial units and existing public realm delivered over three phases
- 3.2 Block 1 forms part of the second phase of the town centre redevelopment and will consist of 8 retail premises on the ground floor and approximately 40 residential properties above.
- 3.3 The demise at Block 1 Unit 4, Pennywell Town Centre, extends to 101 sq m (1,087 sq ft) as shown hatched in red on the plan at Appendix 1.
- 3.4 The unit was openly marketed with a closing date for offers on 23 March 2022.

4. Main report

- 4.1 Following assessment of the bids received at the closing date, Eye Tec (Ophthalmic Opticians) has been selected as the preferred bidder for Unit 4. The following terms have been provisionally agreed:
 - 4.1.1 Subjects: Block 1 Unit 4 Pennywell Town Centre, Edinburgh;
 - 4.1.2 Tenant: Eye Tec (Ophthalmic Opticians) Limited;

- 4.1.3 Lease term: 10 years from date of entry;
 - 4.1.4 Rent: £17,392 per annum;
 - 4.1.5 Rent Review: rent will be reviewed at year 5;
 - 4.1.6 Break Option: A tenant only break option will be available on the 5th anniversary;
 - 4.1.7 Use: class 2 retail;
 - 4.1.8 Repair: full repairing obligation on the tenant;
 - 4.1.9 Costs: each party will bear their own costs; and
 - 4.1.10 Rent free; as the unit is in a shell condition a fifteen month rent free period will be granted.
- 4.2 The tenant has fulfilled all their legal and financial obligations in terms of the exiting lease within the town centre, which will be renounced as part of this transaction.

5. Next Steps

- 5.1 Following Committee approval, the Legal Services will be instructed to progress with drafting the essential documentation for the proposed new lease.

6. Financial impact

- 6.1 A rent of £17,392 per annum will be received from a new unit to be developed for a 10-year term. The income contributes to the previously approved business case for the civic centre redevelopment.

7. Stakeholder/Community Impact

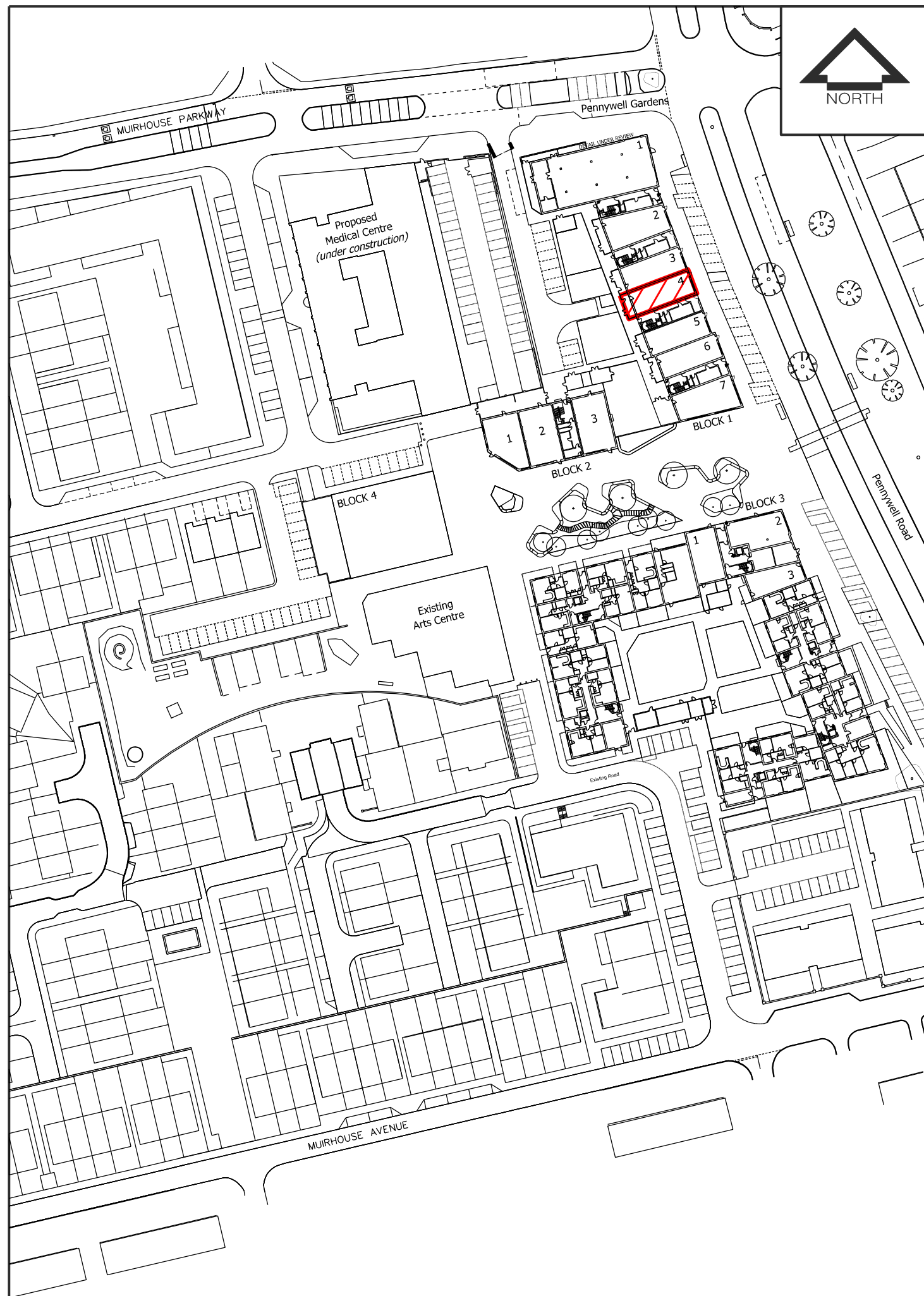
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 [Pennywell - Muirhouse Civic Centre](#) - City of Edinburgh Council 27 October 2016.

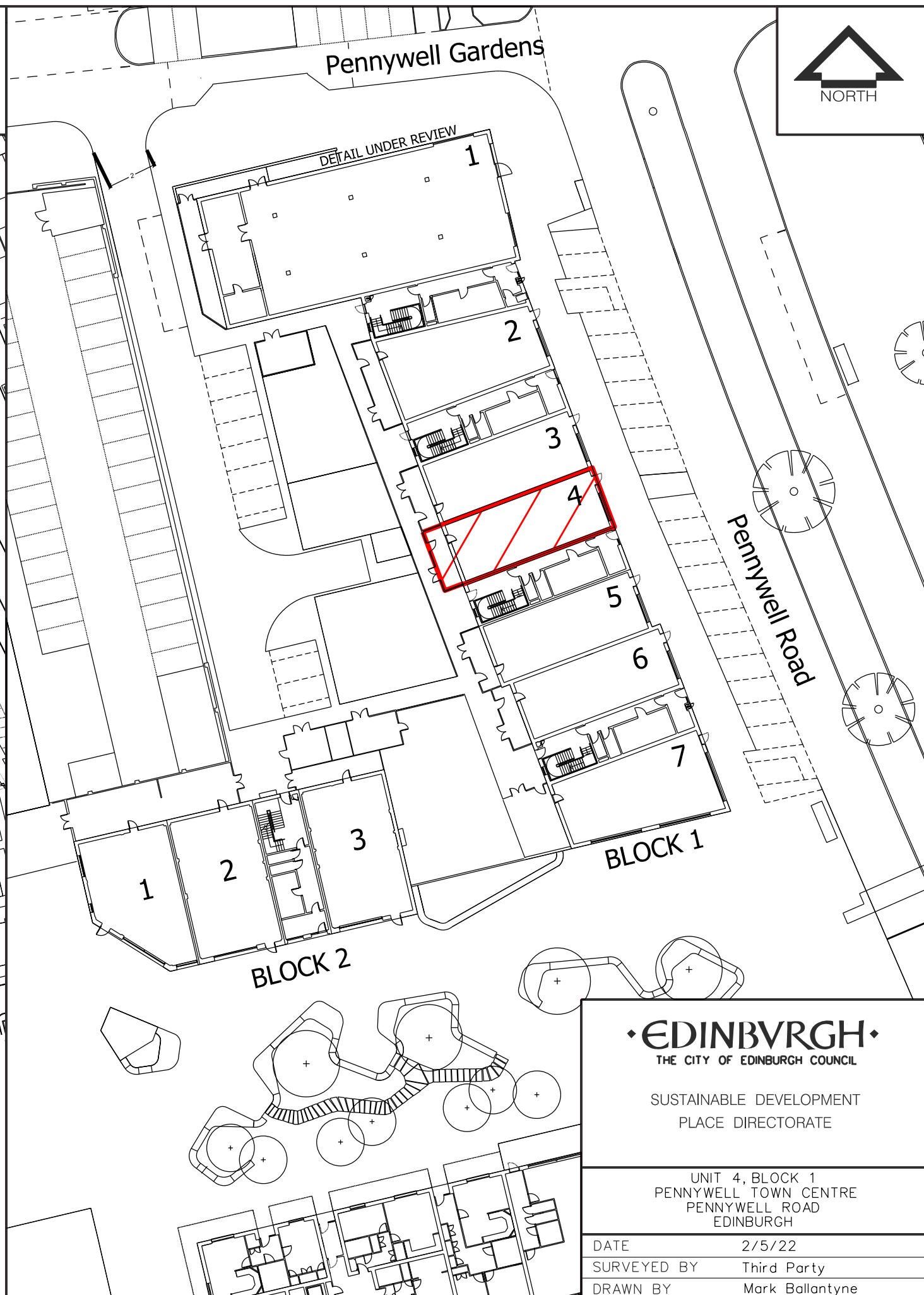
9. Appendices

- 9.1 Appendix 1 – Location plan.



LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500

EDINBURGH
THE CITY OF EDINBURGH COUNCIL

SUSTAINABLE DEVELOPMENT
PLACE DIRECTORATE

UNIT 4, BLOCK 1
PENNYWELL TOWN CENTRE
PENNYWELL ROAD
EDINBURGH

DATE	2/5/22
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:200 @ A3 SIZE
NEG. NO.	A3/2086a

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Appointment of Professional Services, George Street and the First New Town – from RIBA Stage 4 (Technical Design)

Executive/routine Wards Council Commitments	Executive City Centre
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 Notes the previous commission approved by the Executive Director of Place to appoint Faithful & Gould Ltd (F&G) to support delivery of the Royal Institute of British Architects (RIBA) Stage 3 - Spatial Co-ordination of the George Street and First New Town Public Realm Improvement Project by utilising the Council's Professional Services Framework;
 - 1.1.2 Approves the retention of Faithful & Gould Ltd to provide RIBA Stage 4 - Technical Design professional services, commissioned through the Council's Professional Services Framework; and
 - 1.1.3 Notes that the RIBA Stage 4 -Technical Design process will only commence following progression through the end of RIBA Stage 3 gateway review process (September 2022).

Paul Lawrence

Executive Director of Place

Contact: Daisy Narayanan, Head of Placemaking and Mobility

E-mail: daisy.narayanan@edinburgh.gov.uk | Tel: 07783 766920

Appointment of Professional Services, George Street and the First New Town – from RIBA Stage 4 (Technical Design)

2. Executive Summary

- 2.1 This report proposes retention of Faithful & Gould Ltd to provide Royal Institute of British Architects (RIBA) Stage 4 -Technical Design professional services to support delivery of the George Street and First New Town public realm improvement project. The current RIBA Stage 3 commission is due to expire in September 2022 and to ensure continuity of the project programme it is proposed that Faithful & Gould Ltd are recommissioned via a direct award under the Council's Professional Services Framework.

3. Background

- 3.1 George Street and First New Town (GNT) is a public realm improvement project that forms a key component of the Edinburgh City Centre Transformation strategy and delivery plan. It seeks to deliver an exceptional street environment that is welcoming and accessible for all users. Proposals for the redesign of the GNT area follow several years of development, consultation and engagement to refine design objectives with residents, businesses and key stakeholders (including the local community council, heritage bodies, business representatives, walking, cycling and accessibility groups).
- 3.2 A set of fundamental design elements to deliver the transformational change objectives within the GNT area were detailed in a final Concept Design which was approved at the Transport and Environment Committee on [19 August 2021](#).
- 3.3 The Council commissioned Faithful & Gould Ltd (F&G), in August 2021, to provide RIBA Stage 3 professional services to specifically develop the approved concept design and production of a final operational plan. As the top ranked provider within Lot 11 – Multi-discipline Design Team Services of the Council's Professional Services Framework, a direct award was made by the Executive Director of Place, under Contract Standing Orders.

4. Main report

- 4.1 The conclusion of the RIBA Stage 3 design process is expected by August 2022. To meet the GNT project ambitious delivery programme, which targets construction commencing in 2024, there are major advantages to be gained by retaining F&G to provide Stage 4 -Technical Design Services, as detailed below:
- 4.1.1 The consultancy team have been performing to a high standard and their retention will provide continuity of service delivery and retain the inherent knowledge and expertise gained during delivery of the Stage 3 design process;
 - 4.1.2 During delivery of the RIBA Stage 3 design process, the team forged excellent working relationships with key internal and external stakeholders including Edinburgh World Heritage, Spokes, Living Streets and the Business Community. They have also gathered invaluable technical and project knowledge and expertise which is critical to ensuring successful delivery of future design processes and the construction of this key city centre transformation project;
 - 4.1.3 In delivering the design process, the team provided specialist skills and knowledge in the fields of Sustainability, Anti-terrorism/Hostile Vehicle risk assessment, Economic Impact Assessment, Woman's Safety and Landscaping. The continuation of these services will be essential during the delivery of the Stage 4 design processes;
 - 4.1.4 F&G have assembled a strong multi-disciplined project team that includes Project Management, Urban Designers, Design Engineers, Transport Planners, Economists, Quantity Surveyors, Landscape Architects and Heritage Consultants. Atkins Ltd will provide engineering, landscaping, transport and urban design services. Specialist landscape/heritage consultants, LDA, and communication/engagement consultants, Streets UK, who have both been involved in the project since RIBA Stage 2 - Concept Design, also form part of the project team; and
 - 4.1.5 By ensuring continuity in the design process, it will reduce the risk of abortive work, lost time and potentially increased cost should re-tendering of professional services be required. Any newly appointed team could take several months to familiarise themselves with the complexities of the project and establish effective relationships with key stakeholders, local businesses and residents.
- 4.2 RIBA Stage 4 is a critical stage in the delivery of the GNT project. As per previous design stages, continuous engagement with internal and external key stakeholders will continue, especially with regards to concluding any outstanding tasks, finalising detailed technical designs and operational matters. A key output of Stage 4 will be the final drawings, specifications and contract documentation in preparation for construction works to commence on site in 2024.

- 4.3 It is proposed to extend the current commission and re-appoint F&G to provide RIBA Stage 4 - Technical Design professional services. This new direct award would be made under the Council's Professional Services Framework.

5. Next Steps

- 5.1 Working in partnership with Commercial and Procurement Services, this report recommends a direct award via the Council's Professional Services Framework will be made to F&G for provision of RIBA Stage 4 - Technical Design professional services.
- 5.2 The new commission will only commence upon successful delivery of the RIBA Stage 3 design process including final "end of stage" gateway approval (September 2022).

6. Financial impact

- 6.1 Given the important historic character of George Street, the premier street in Edinburgh's First New Town, its unique Georgian architecture and high-profile location within a World Heritage Site, it is essential to ensure a high-quality public realm design is delivered. As such, the Council places quality as an overriding element of the successful delivery of the GNT public realm project and the direct award to F&G for Stage 4 design services will support this objective
- 6.2 As reported to Transport and Environment Committee on [12 September 2019](#), the GNT Design Project receives multi-year funding of up to £20m through Sustrans' Places for Everyone (PfE) programme; with 100% of the design and preconstruction costs being funded by the programme. There is therefore no impact on the Council's revenue or capital budgets.
- 6.3 F&G have prepared an "offer of service" which responds to the Council's brief for provision of RIBA Stage 4 professional services and the total estimated value of the work to be procured is £1.535m. The commission is expected to commence Autumn 2022 and to conclude end 2023.
- 6.4 These services are being procured through the Council's Professional Services Framework. This framework was subject to a full competitive tendering exercise, where F&G were the top ranked team (10 tender returns received) in Lot 11 – Multi Discipline Design Team Services, based on a 60% quality and 40% price evaluation criteria.

7. Stakeholder/Community Impact

- 7.1 The provision of RIBA Stage 4 technical professional services will continue to support extensive engagement with key stakeholder groups who are key to the successful delivery of the GNT public realm project.
- 7.2 As with all major Council contracts, a community benefit clause will be included in the final commission with F&G, aiming to secure benefits such as educational and training opportunities. For example, during the RIBA Stage 3 design process the team ran several “creative design” workshops for students from Drummond High School.
- 7.3 The project will create a significant number of construction jobs from 2024 onwards and, in turn, create opportunities for local suppliers and businesses
- 7.4 There are no equalities or sustainability impacts directly arising as a result of this report.

8. Background reading/external references

- 8.1 [George Street and First New Town Project Update](#) – Business Bulletin to 11 October 2019, Transport and Environment Committee.
- 8.2 [George Street and First New Town Project Update](#) - Business Bulletin to 12 September 2019, Transport and Environment Committee.
- 8.3 [Edinburgh City Centre Transformation \(ECCT\)](#) – Business Bulletin to 12 November 2020, Transport and Environment Committee.
- 8.4 [George Street and First New Town Public Realm Project](#) – Business Bulletin to 28 January 2021, Transport and Environment Committee.
- 8.5 [George Street and First New Town Project Update](#)– Report to 31 March 2020 Leadership Advisory Panel.
- 8.6 [George Street and First New Town – Consultation and Design Development Update](#) Report to 16 May 2019, Transport and Environment Committee.
- 8.7 [George Street and First New Town Design Project Update](#) Report to 5 October 2017, Transport and Environment Committee.
- 8.8 [George Street Experimental Traffic Regulation Order, Concluding Report and Design Principles](#) report to 7 June 2016, Transport and Environment Committee.
- 8.9 [George Street and First New Town \(GNT\) Public Realm Project](#) – Business Bulletin to 22 April 2021 Transport and Environmental Committee.
- 8.10 [George Street and First New Town \(GNT\) Public Realm Project](#) – Business Bulletin to 17 June 2021, Transport and Environmental Committee.
[George Street and First New Town \(GNT – Final Concept Design and Operational Plan Update](#) – report to 19 August 2021, Transport and Environmental Committee.

9. Appendices

9.1 None.

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Housing Service Asbestos Framework

Executive/routine Wards Council Commitments	Routine All
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee notes that:
- 1.1.1 A Housing Service Asbestos Framework Agreement was awarded by the Executive Director of Place, in consultation with the Convenor and Vice Convenor of Finance and Resources, in March 2022. This decision was taken under urgency provisions, in accordance with section 4.1 of the Council’s Committee Terms of Reference and Delegated Functions; and
 - 1.1.2 The contract commenced on the 1 April 2022, for a period of three years with the option to extend for up to a further 12 months, at a total estimated value of £3,165,593.

Paul Lawrence

Executive Director of Place

Elaine E Scott, Head of Housing Strategy and Development

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

Housing Service Asbestos Framework

2. Executive Summary

- 2.1 The Housing Service has an ongoing requirement for professional services and remediation works related to the management of asbestos throughout the domestic estate.
- 2.2 Finance and Resources Committee is asked to note that following a procurement process the Executive Director of Place, in consultation with the Convenor and Vice Convenor of the Finance and Resources, approved the award of the Housing Service Asbestos Framework Agreement for the provision of asbestos management services. This decision was taken under urgency provisions, in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions.

3. Background

- 3.1 The City of Edinburgh Council has approximately 20,000 homes, inclusive of 44 multi storey blocks, and continued landlord responsibilities in a large number of mixed tenure low rise buildings. The Council has an ongoing requirement for professional services related to the management of asbestos.
- 3.2 This Framework will provide a consistent supply of services from a range of suppliers across the relevant lots and the capacity to meet urgent requirements at short notice.

4. Main report

- 4.1 In August 2021, the Council published a Prior Information Notice on Public Contracts Scotland with a view to alerting the market to this requirement.
- 4.2 On 15 December 2021, the Council published an open tender in accordance with the Public Contracts (Scotland) 2015 Regulations. A cost quality ratio of 40% price, 60% quality was applied.

- 4.3 The quality analysis was based on weighted award criteria questions, which were scored using a 0 to 10 matrix. Tender submissions were evaluated by officers the Council's Housing service, placing an emphasis on quality, as well as price.
- 4.4 The tender results, combining the quality scores and the price evaluation to derive an overall score for each bidder out of a maximum of 100%, are:

Lot 1 - Asbestos Surveying

Supplier	Quality Score 40%	Price Score 60%	Overall Score	Rank
Lucion Services Ltd	52.80	40.00	92.80	1
Franks Portlock Consulting Ltd	51.30	40.00	91.30	2
Environtec Ltd	43.65	32.00	75.65	3
Tenderer 4	37.80	36.36	74.16	-
Tenderer 5	38.55	32.65	71.20	-
Tenderer 6	34.80	29.09	63.89	-
Tenderer 7	37.65	25.00	62.65	-
Tenderer 8	29.40	32.65	62.05	-
Tenderer 9	24.75	32.00	56.75	-
Tenderer 10	20.55	19.28	39.83	-

Lot 2 - Asbestos Sampling and Laboratory Analysis

Supplier	Quality Score 40%	Price Score 60%	Overall Score	Rank
Lucion Services Ltd	52.20	22.59	74.79	1
Environtec Ltd	43.50	25.60	69.10	2
Life Environmental Services Ltd	37.05	32.00	69.05	3
Tenderer 4	27.90	40.00	67.90	-
Tenderer 5	38.85	22.33	61.18	-
Tenderer 6	38.55	21.33	59.88	-
Tenderer 7	22.80	22.59	45.39	-
Tenderer 8	19.80	21.33	41.13	-

Lot 3 – Asbestos Air Testing and 4-Stage Clearance Testing

Supplier	Quality Score 40%	Price Score 60%	Overall Score	Rank
Lucion Services Ltd	53.55	36.63	90.18	1
EDP Health Safety & Environmental Consultants Ltd	49.50	38.80	88.30	2
Franks Portlock Consulting Ltd	52.65	35.08	87.73	3
Tenderer 4	38.55	32.64	71.19	-
Tenderer 5	34.65	35.66	70.31	-
Tenderer 6	27.00	40.00	67.00	-

Tenderer 7	28.50	36.29	64.79	-
Tenderer 8	22.95	38.35	61.30	-
Tenderer 9	25.20	32.59	57.79	-
Tenderer 10	20.85	34.46	55.31	-

Lot 4 – Asbestos Remediation and Removal

Contractor	Quality Score 40%	Price Score 60%	Overall Score	Rank
Erith Contractors Ltd	49.95	40.00	89.95	1
Rhodar Ltd	50.10	32.68	82.78	2
Aspect Contracts Ltd	47.25	29.95	77.20	3
Tenderer 4	41.40	34.71	76.11	-
Tenderer 5	30.75	28.94	59.69	-
Tenderer 6	35.25	22.85	58.10	-
Tenderer 7	25.50	27.48	52.98	-
Tenderer 8	18.15	31.69	49.84	-

- 4.5 The terms of the Framework mean that the stated business will be allocated to the highest ranked provider as established in the above table. For substantial additional works, providers appointed to the Framework Agreement may be invited to participate in a mini competition.
- 4.6 The Summary of the Tendering and Tender Evaluation process is provided in Appendix 1.
- 4.7 The award of the Framework Agreement was approved by the Executive Director of Place, in consultation with the Convenor and Vice Convenor of Finance and Resources in March 2022. This decision was taken under urgency provisions to enable the new Agreement to commence on 1 April 2022. The Agreement will run for a period of three years, with the option to extend for up to a further 12 months, at a total estimated value of £3,165,593.

5. Next Steps

- 5.1 The contract will run for a period of three years with the option to extend for up to a further 12 months with contract management resources provided within the Housing Service to manage the contract to ensure compliance with reporting requirements and to evaluate, monitor and manage provider performance.

6. Financial impact

- 6.1 The estimated contract value of each of the four Lots being taken forward is reflective of an estimated future pipeline of works and that the scope of works may fluctuate subject to budget allocation and funding approvals. Contract spend will be monitored on an ongoing basis

- 6.2 The costs associated with procuring this Framework are estimated to be between £20,000 and £35,000.

7. Stakeholder/Community Impact

- 7.1 The contract recommended for award is compliant with procurement regulations and the Council's Contract Standing Orders.
- 7.2 As part of the procurement process it was identified that all the bidders pay the Living Wage rate and do not use zero-hour contracts.
- 7.3 Where Asbestos removal works are carried out the Contractors will treat this as special waste in line with stringent legislative requirements.
- 7.4 Where possible asbestos contractors use mobile vans fitted out as laboratories which carry out sample analysis. This negates the requirement to travel to a static laboratory and contributes to the Council's target of a net zero city by 2030.
- 7.5 The current Framework mandates that the suppliers will provide a community benefit from the community benefit menu for every service order commissioned.
- 7.6 The Framework utilises the Council's menu of community benefits which currently lists 41 available benefits each with a point value associated. Every supplier is committed to this system. The value of the call off pre-determines the amount of points that the supplier is required to spend, this will occur for every call off. Each community benefit offer will be monitored on the Council's community benefits platform by the Council's contract manager and reported annually.

8. Background reading/external references

- 8.1 None.

9. Appendices

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

Appendix 1 – Summary of Tendering and Tender Evaluation Process

Lot 1	Asbestos Surveying																	
Framework period	Three years with the option to extend for up to a further twelve months, undertaken at the sole discretion of the Council. (3 + 1)																	
Estimated Lot Value (including extensions)	£939,440																	
Procurement Route Chosen	Open procedure using Public Contracts Scotland																	
Tenders returned	10																	
Name of recommended suppliers	Lucion Services Ltd Franks Portlock Consulting Ltd Environtec Ltd																	
Price / Quality Split	60 % Quality	40 % Price																
	<p>The emphasis on Quality was to reflect the need for a high level of service for end users.</p> <table border="1"> <thead> <tr> <th>AWARD CRITERIA</th> <th>WEIGHTING</th> </tr> </thead> <tbody> <tr> <td>Implementation & Delivery of The Contract</td> <td>17.5%</td> </tr> <tr> <td>Technical and Quality of Delivery of The Contract</td> <td>17.5%</td> </tr> <tr> <td>Communication, Monitoring & Dispute Resolution</td> <td>15.0%</td> </tr> <tr> <td>Meeting Key Performance Indicators & Targets</td> <td>20.0%</td> </tr> <tr> <td>Health & Safety</td> <td>15.0%</td> </tr> <tr> <td>Community Benefits and Engagement</td> <td>7.5%</td> </tr> <tr> <td>Fair Work Practices</td> <td>7.5%</td> </tr> </tbody> </table>		AWARD CRITERIA	WEIGHTING	Implementation & Delivery of The Contract	17.5%	Technical and Quality of Delivery of The Contract	17.5%	Communication, Monitoring & Dispute Resolution	15.0%	Meeting Key Performance Indicators & Targets	20.0%	Health & Safety	15.0%	Community Benefits and Engagement	7.5%	Fair Work Practices	7.5%
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Health & Safety	15.0%																	
Community Benefits and Engagement	7.5%																	
Fair Work Practices	7.5%																	
Evaluation Team	Tenders were evaluated by Council officers from Housing Service																	

Lot 2	Asbestos Sampling and Laboratory Analysis			
Framework period	Three years with the option to extend for up to a further twelve months, undertaken at the sole discretion of the Council. (3 + 1)			
Estimated Lot Value (including extensions)	£94,869			
Procurement Route Chosen	Open procedure using Public Contracts Scotland			
Tenders returned	8			
Name of recommended suppliers	Lucion Services Ltd Environtec Ltd Life Environmental Services Ltd			
Price / Quality Split	60 % Quality	40 % Price		
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	Health & Safety	15.0%
	Community Benefits and Engagement	7.5%
	Fair Work Practices	7.5%
Evaluation Team	Tenders were evaluated by Council officers from Housing Property	

Lot 3	Asbestos Air Testing and 4-Stage Clearance Testing	
Framework period	Three years with the option to extend for up to a further twelve months, undertaken at the sole discretion of the Council. (3 + 1)	
Estimated Lot Value (including extensions)	£289,454	
Procurement Route Chosen	Open procedure using Public Contracts Scotland	
Tenders returned	10	
Name of recommended suppliers	Lucion Services Ltd EDP Health Safety & Environmental Consultants Ltd Franks Portlock Consulting Ltd	
Price / Quality Split	60 % Quality	40 % Price
	The emphasis on Quality was to reflect the need for a high level of service for end users.	
	AWARD CRITERIA	WEIGHTING
	Implementation & Delivery of The Contract	17.5%
	Technical and Quality of Delivery of The Contract	17.5%
	Communication, Monitoring & Dispute Resolution	15.0%
	Meeting Key Performance Indicators & Targets	20.0%
	Health & Safety	15.0%
	Community Benefits and Engagement	7.5%
	Fair Work Practices	7.5%
Evaluation Team	Tenders were evaluated by Council officers from Housing Service	

Lot 4	Asbestos Remediation and Removal
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Framework period	Three years with the option to extend for up to a further twelve months, undertaken at the sole discretion of the Council. (3 + 1)																	
Estimated Lot Value (including extensions)	£1,841,830																	
Procurement Route Chosen	Open procedure using Public Contracts Scotland																	
Tenders returned	8																	
Name of recommended contractors	Erith Contractors Ltd Rhodar Ltd Aspect Contracts Ltd																	
Price / Quality Split	60 % Quality	40 % Price																
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Evaluation Team	Tenders were evaluated by Council officers from Housing Service																	

Finance and Resources Committee

10.00am, Thursday, 8 September 2022

Community Alarm System and Sheltered Housing Alarm Repair, Maintenance and Installation Contract Extension

Executive/Routine	Routine
Wards	All
Council Commitments	

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee notes:
- 1.1.1 The contract extension awarded to SPIE Ltd as an urgent decision in accordance with section 4.1 of the Council's Committee terms of Reference and Delegated Functions by the Executive Director of Place, in consultation with the Convenor of Finance and Resources;
 - 1.1.2 That urgent powers to authorise these extensions were sought and granted by the Convenor and Vice Convenor on 1 April 2022; and
 - 1.1.3 The contract extension was backdated to 1 February 2022 and will run for a period of one year. The estimated value of the contract is £100,000.

Paul Lawrence

Executive Director of Place

Contact: Sarah Burns, Head of Housing Operations

E-mail: sarah.burns@edinburgh.gov.uk | Tel: 0131 529 7662

Community Alarm System and Sheltered Housing Alarm Repair, Maintenance and Installation Contract Extension

2. Executive Summary

- 2.1 This report sets out the detail of the extension of the Sheltered Housing elements of a contract awarded to SPIE Ltd under urgency powers in consultation with the Convenor and Vice Convenor of Finance and Resources on 1 April 2022.
- 2.2 The extension was backdated to 1 February 2022 for a period of one year until 31 January 2023. The estimated value of the contract is £100,000 for the one-year period.

3. Background

- 3.1 This contract provides essential maintenance services for the alarms that serve both the Council's Sheltered Housing service and installation of dispersed complex telecare equipment for the Community Alarm Service, providing critical services for vulnerable residents.
- 3.2 SPIE Ltd was initially contracted in 2015 to deliver the service through a competitive procurement process. In January 2021, the Council signed a waiver extending the service to 31 January 2022. At that time the contract management was transferred from Health and Social Care to the Council's Housing Service due to plans that Health and Social Care had to in-source aspects of the contract as part of their transformational programme, reducing their dependency on the external contract provision.
- 3.3 This extension is only for the elements of the contract that provide services to Sheltered Housing. A further one-year extension to the contract will allow re-procurement of the services that the Housing Service provides for Sheltered Housing at the end of the extension period.
- 3.4 Officers in Health and Social Care will be submitting a separate waiver for the Community Alarm Service elements of the contract as their requirements from the contract have changed.

- 3.5 As this is a repeat extension, having previously been extended for one year in January 2021 and therefore taking the total value to over £250,000, Committee approval is required.
- 3.6 Due to the timing of this request, the urgency procedure set out under 4.1 of the Committee Terms of Reference and Delegated Functions states that 'If a decision which would normally be made by a Committee requires to be made urgently between meetings of the Committee, the Chief Executive or appropriate Director, in consultation with the Convener or Vice-Convener, may take action, subject to the matter being reported to the next Committee'.

4. Main report

- 4.1 The contract extension will ensure that there is continuity of service to the critical repair maintenance and installation service that is provided through SPIE Ltd for the Sheltered Housing alarms.
- 4.2 As SPIE has delivered the services for an extensive period of time following a procurement process, it is deemed that they continue to present the knowledge, experience and appropriate pricing model to continue the services while the procurement takes place.
- 4.3 The market for this service is extremely small with limited organisations having the necessary experience and capability; the risk of awarding this to a supplier without competition is therefore considered to be low.

5. Next Steps

- 5.1 Officers from the Housing Service are working with colleagues in Procurement to ensure a full re-procurement exercise can be successfully carried out for the services required to support the Sheltered Housing alarms, with a new contract in place for January 2023.

6. Financial impact

- 6.1 The financial value of the one-year extension to the contract is estimated to be no greater than £100,000. Contract spend will be monitored on an ongoing basis.

7. Stakeholder/Community Impact

- 7.1 Officers have engaged with SPIE Ltd who have agreed to continue to provide the services under this contract. Ongoing monitoring of the contract will continue through contract management meetings.

7.2 SPIE Ltd is a medium sized and local enterprise, who is aligned with the Real Living Wage.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 None.

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

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