

Notice of meeting and agenda

Governance, Risk and Best Value Committee

10.00am, Tuesday 22 November 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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.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

Email: natalie.le.couteur@edinburgh.gov.uk / emily.traynor@edinburgh.gov.uk

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 Governance, Risk and Best Value Committee of 11 October 2022 – submitted for approval as a correct record | 7 - 18 |
| 4.2 | Minute of Governance, Risk and Best Value Committee of 31 October 2022 – submitted for approval as a correct record | 19 - 20 |

5. Outstanding Actions

- | | | |
|-----|---------------------|---------|
| 5.1 | Outstanding Actions | 21 - 44 |
|-----|---------------------|---------|

6. Work Programme

- | | | |
|-----|----------------|---------|
| 6.1 | Work Programme | 45 - 54 |
|-----|----------------|---------|

7. Business Bulletin

7.1	Business Bulletin	55 - 58
------------	-------------------	---------

8. Reports

8.1	Response to Emergency Motion – Edinburgh’s Christmas – Report by the Executive Director of Place	59 - 68
8.2	Capital Monitoring 2022-2023 - Month 6 position - referral from Finance and Resources Committee	69 - 84
8.3	Revenue Monitoring 2022/23 - Month 5 report - referral from Finance and Resources Committee	85 - 104
8.4	Revenue Budget 2023/27 - progress update - referral from Finance and Resources Committee	105 - 126
8.5	Sustainable Capital Strategy - referral from Finance and Resources Committee	127 - 142
8.6	Capital City Partnership - referral from Housing, Homelessness and Fair Work Committee	143 - 174

9. Motions

9.1	If any.	
------------	---------	--

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 and 9 of Part 1 of Schedule 7A of the Act.

11. Private Reports

11.1 Edinburgh's Christmas – Emergency Contract Award - referral from the Finance and Resources Committee 175 - 204

Nick Smith

Service Director, Legal and Assurance

Committee Members

Councillor Kate Campbell (Convener), Councillor Jule Bandel, Councillor Marco Biagi, Councillor Katrina Faccenda, Councillor Stephen Jenkinson, Councillor Adam McVey, Councillor Claire Miller, Councillor Joanna Mowat, Councillor Jason Rust, Councillor Edward Thornley and Councillor Lewis Younie.

Information about the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee consists of 11 Councillors and is appointed by the City of Edinburgh Council.

This meeting of the Governance, Risk and Best Value 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 Natalie Le Couteur, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4107, email natalie.le.couteur@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.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to the Council's online [Committee Library](#).

Live and archived webcasts for this meeting and all main Council committees can be viewed online by going to the Council's [Webcast Portal](#).

Webcasting of Council meetings

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

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

Generally the public seating areas will not be filmed. However, by entering the Council Chamber and using the public seating area, individuals may be filmed and images and sound recordings captured of them will be used and stored for web casting and training purposes and for the purpose of keeping historical records and making those records available to the public.

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

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

This page is intentionally left blank

Minutes

Governance, Risk and Best Value Committee

10.00am, Tuesday 11 October 2022

Present

Councillors Campbell (Convener), Bandel, Councillor Doggart (substituting for Rust) Faccenda, Jenkinson, McVey, Mowat, Nicolson, Parker (substituting for Miller), Thornley and Younie.

1. Minutes

Decision

- 1) To approve the minute of the Governance, Risk and Best Value Committee of 23 August 2022 as a correct record.
- 2) To approve the minute of the Governance, Risk and Best Value Committee of 14 December 2021 as a correct record.

2. Outstanding Actions

Details were provided of the Outstanding Actions arising from decisions taken by the Committee.

Decision

- 1) To agree to close the following actions:
 - Action 1 – Work Programme –Member/Officer Protocol
 - Action 2 – Motion by Councillor Doggart –Pandemic Planning
 - Action 8 – Whistleblowing Monitoring Report (private report)
 - Action 10 –Whistleblowing Monitoring Report (private report)
 - Action 11 –Whistleblowing – Major Investigation Outcome Report - MCEC-19-19 (private report)
 - Action 12 – Outstanding Actions
 - Action 13 – Internal Audit Annual Opinion 2021/22
 - Action 19 – Whistleblowing - Major Investigation Outcome Report - MCEC-19 19 (private report)
- 2) To agree to provide an update on action 6, to advise if a report concerning the future management of community centres was presented to the Culture and Communities Committee in August 2022.
- 3) To otherwise note the remaining outstanding actions.

(Reference – Outstanding Actions October 2022, submitted.)

3. Work Programme

The Work Programme for October 2022 was presented.

Decision

To note the Work Programme.

(Reference – Work Programme October 2022, submitted.)

4. Business Bulletin

The Committee Business Bulletin for October 2022 was presented.

Decision

- 1) To agree that regular updates would be provided via the Business Bulletin concerning progress of the Governance Officer recruitment.
- 2) To otherwise note the Business Bulletin.

(Reference – Business Bulletin October 2022, submitted.)

5. Internal Audit: The Chartered Institute of Internal Auditors - External Quality Assessment

During 2021/22, the Chartered Institute of Internal Auditors (IIA) undertook an External Quality Assessment (EQA) of the Council's Internal Audit (IA) function in line with the requirements of the Public Sector Internal Audit Standards (PSIAS). The EQA concluded that the Council's IA function generally conforms with the PSIAS. The EQA report identified a series of continuous improvement opportunities and suggestions which IA should use as a basis for future development and IA have since implemented a range of improvement actions to take forward these opportunities.

Decision

- 1) To note the outcomes of the External Quality Assessment (EQA) of the Council's Internal Audit function (IA) completed by the Chartered Institute of Internal Auditors (IIA) in March 2022.
- 2) To note the IIA recommendations to address the issues identified, together with IA's management response and action dates.
- 3) To note the continuous improvement opportunities identified in the EQA and improvement actions taken by IA to realise these opportunities.
- 4) To note that updates on IA's EQA improvement activities would be provided to Committee on a quarterly basis through the IA quarterly update report.
- 5) To note that a risk maturity assessment would take place and this would form the basis for measurement of progress toward organisational risk maturity.
- 6) To agree committee would be advised, via the business bulletin, of progress relating to organisational risk maturity.

- 7) To agree that an assurance map would be shared with Elected Members for the Elected Member Training Session in November 2022.
- 8) To agree that a report was presented to Committee by end of March 2023 to propose the Council's risk model.

(Reference – report by the Senior Audit Manager, submitted.)

6. Internal Audit: Open and Overdue IA Findings – Performance Dashboard as at 31 August 2022

The overall progress status for closure of overdue IA findings as at 31 August 2022 remained positive with improvement evident. As at 31 August 2022, there were a total of 141 management actions supporting closure of 71 internal audit findings.

Decision

- 1) To note the improved status of the overdue Internal Audit (IA) findings as at 31 August 2022.
- 2) To note that IA had implemented a revised risk-based approach to validating follow-up of agreed management actions.
- 3) To refer this paper to the relevant Council Executive committees for ongoing scrutiny of their relevant overdue management actions.
- 4) To refer this paper to the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership position.
- 5) To agree that a link to the previous audit reports would be supplied in subsequent versions of the audit report for new members of committee to understand the provenance of actions.

(Reference – report by the Senior Audit Manager, submitted.)

7. Internal Audit Update Report: 1 May to 31 August 2022

All reports with either an overall red (Significant Improvement Required) outcome or include any red (High) rated findings are presented to the Committee for scrutiny.

Decision

- 1) To review the outcomes of the final 'red' audits and those with high rated findings supporting the 2021/22 Internal Audit (IA) annual opinion presented to Committee in August 2022.
- 2) To note improvement recommendations in relation to annual planning made by the Chartered Institute of Internal Auditors as part of the five-yearly External Quality Assessment of the Council's IA function.
- 3) To approve proposed revisions to 2022/23 IA annual plan.
- 4) To note progress with delivery of the 2022/23 IA annual plan.
- 5) To note the current IA risk profile.

- 6) To note progress with delivery of IA key priorities and ongoing areas of focus.
- 7) To agree that Committee would be advised of the Council's second line assurance landscape.
- 8) To agree that Committee were advised of the timescales proposed for the delivery of the second line assurance framework.
- 9) To agree that assurance was provided to Committee concerning risk to Internal Audit capacity, as a result of the council accepting third party funding with audit conditions, which may compromise Internal Audit's capacity for existing workload commitments and generate vulnerabilities for the council.
- 10) To agree that a briefing note would be provided to Committee by 18 October 2022, to advise why the Audit found that the Directorate Whistleblowing monitoring and reporting processes were inadequate and not operating effectively.
- 11) To agree that Committee during the planned whistleblowing workshop would review the process for how Committee received assurance on the satisfactory implementation of whistleblowing actions.
- 12) To agree that a briefing note would be provided to members, concerning CGI's inability to provide network availability assurance.
- 13) To agree that a briefing note concerning progress with data quality and management was provided to committee particularly in view of how any planned improvements to the management of data would correlate with organisational effectiveness and robust decision making.

(Reference – report by the Senior Audit Manager, submitted.)

8. Corporate Leadership Team Risk Report as at 29 August 2022

The Council's current risk profile, as at 29 August 2022 was presented to highlight changes in the period in relation to the most significant risks the Council face. Along with the key actions which were being undertaken to reduce the level of risk to within the Council's agreed risk appetite.

Decision

- 1) To note the Council's current risk profile.
- 2) To note the ongoing impacts of risks associated with public sector budget reductions, the Council's response to the Ukraine crisis and the current economic and cost of living crisis.
- 3) To note the progress with the risk management framework.
- 4) To agree to include workforce challenges within the dashboard presented to the Finance and Resources Committee to ensure ongoing insight for Elected members.

(Reference – report by Chief Executive, submitted.)

9. Revenue Monitoring 2021/22 – outturn report – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Revenue Monitoring 2021/22 – outturn report. The report set out the provisional 2021/22 revenue outturn position for the Council based on the unaudited annual accounts.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 5); referral from the Finance and Resources Committee, submitted.)

10. Treasury Management: Annual Report 2021/22 – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Treasury Management: Annual Report 2021/22. The report provided updates on Treasury Management activity in 2021/22.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 6); referral from the Finance and Resources Committee, submitted.)

11. Accounts Commission: Local Government in Scotland Financial Overview 2020/21 – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Accounts Commission: Local Government in Scotland – Financial Overview 2020/21 report. The report provided a summary of the main issues and themes identified within the Accounts Commission’s recently published Financial Overview 2020/21 and how these related to the local context within Edinburgh.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 7); referral from the Finance and Resources Committee, submitted.)

Declarations of interest

Councillor Thornley made a transparency statement in relation to the above item as a tenant of a property factored by Lowther Homes.

12. Revenue Monitoring 2022/23 – month three position – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Revenue Monitoring 2022/23 – month three position report. The report set 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.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 8); referral from the Finance and Resources Committee, submitted.)

13. Sustainable Capital Budget Strategy – Outturn 2021/22 and Revised Budget 2022/23 – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the 2022-32 Sustainable Capital Budget Strategy – Outturn 2021/22 and Revised Budget 2022/23 report. The report provided capital expenditure and funding outturns for 2021/22, providing explanations for key variances

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 10); referral from the Finance and Resources Committee, submitted.)

14. Revenue Budget Framework 2023/27: progress update – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Revenue Budget Framework 2023/27: progress update report. The report provided updates 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 was also provided on the development of the Council's Medium-Term Financial Plan.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 11); referral from the Finance and Resources Committee, submitted.)

15. Internal Audit Annual Plan 2022-23 – Referral from the Edinburgh Integration Joint Board Audit and Assurance Committee

On 31 August 2022, the Edinburgh Integration Joint Board (EIJB) Audit and Assurance Committee considered the Internal Audit (IA) Annual Plan for 2022-23.

Decision

To note the report.

(References – Audit and Assurance Committee of 31 August 2022 (item 8); referral from the Audit and Assurance Committee, submitted.)

16. Internal Audit Charter 2022-23 – Referral from the Edinburgh Integration Joint Board Audit and Assurance Committee

On 31 August 2022, the Edinburgh Integration Joint Board (EIJB) Audit and Assurance Committee considered the Internal Audit (IA) Charter for 2022-23.

Decision

To note the report.

(References – Audit and Assurance Committee of 31 August 2022 (item 7); referral from the Audit and Assurance Committee, submitted.)

17. Emergency Motion by the SNP, Greens and Liberal Democrat Group – Edinburgh’s Christmas

Motion

- 1) Notes the Council awarded a contract for Christmas events to Angels Event Experience Limited to begin during winter 2022, following a procurement process carried out by the Council's Commercial and Procurement Services (see item 7.5 at Finance & Resources Committee on 16th June 2022).
- 2) Notes that Angels Event Experience Limited has been unable to deliver all events that it was contracted to provide during year 1 of the contract and therefore the contract has collapsed.
- 3) Notes the range of impacts and risks caused, such as risk and cost to the Council, potential loss of events by the community and visitors, and risk to jobs and the local economy.
- 4) Committee notes that most Councillors were only alerted to this collapse on 28th September with no prior briefings to suggest any event planning deadlines had been missed or that any other aspects were going wrong.
- 5) Notes the decision of Finance and Resources in June 2022 to approve the contract which agreed that regular briefings would take place.
- 6) Notes concern about the robustness of the process which led to the signing of the contract with Angel Events Experience Ltd which led to the collapse of the contract.
- 7) Agrees that GRBV will receive a report in one cycle covering:
 - a) The accuracy of the information and assurances given to Finance and Resources in June 2022 relating to the deliverability and finances of the bid which led to the report’s recommendations.
 - b) The due diligence carried out on the finances within the bid and any potential opportunities to scrutinise this component of the bid further that could have been legally pursued within the process and were not.

- c) The compliance of this process to the Scottish Government's procurement guidelines and any practise within the guidelines that was not utilised.
- d) Alternative approaches that could have been taken to the presentation of recommendations to Councillors- including any concerns relating to the deliverability and finances of the bid when submitted.
- e) Possible alternative methods of presenting the decision to Councillors which may have allowed committee to take account of any concerns and potentially even chose another bidder.
- f) The subsequent management of the delivery of the tendered contact, including ongoing risk analysis, internal escalation, management of missed deadlines and financial exposures. This should include itemised dates of information being reported to any Councillors. This information should include but not limited to when information was briefed relating to the financial risk and when information was briefed in relation to missed deadlines and failure to deliver aspects of the contract.

Moved by Councillor McVey, Seconded by Councillor Younie.

Amendment

- 1) Notes the Council awarded a contract for Christmas events to Angels Event Experience Limited to begin during winter 2022, following a procurement process carried out by the Council's Commercial and Procurement Services (see item 7.5 at Finance & Resources Committee on 16th June 2022).
- 2) Notes that Angels Event Experience Limited has been unable to deliver all events that it was contracted to provide during year 1 of the contract and therefore the contract has collapsed.
- 3) Notes the range of impacts and risks caused, such as risk and cost to the Council, potential loss of events by the community and visitors, and risk to jobs and the local economy.
- 4) Committee notes that most Councillors were only alerted to this collapse on 28th September with no prior briefings to suggest any event planning deadlines had been missed or that any other aspects were going wrong.
- 5) Notes the decision of Finance and Resources in June 2022 to approve the contract which agreed that regular briefings would take place.
- 6) Notes concern about the robustness of the process which led to the signing of the contract with Angel Events Experience Ltd which led to the collapse of the contract.
- 7) Agrees that GRBV will receive a report in one cycle covering:
 - a) The accuracy of the information and assurances given to Finance and Resources in June 2022 relating to the deliverability and finances of the bid which led to the report's recommendations.

- b) The due diligence carried out on the finances within the bid and any potential opportunities to scrutinise this component of the bid further that could have been legally pursued within the process and were not.
- c) The compliance of this process to the Scottish Government's procurement guidelines and any practise within the guidelines that was not utilised.
- d) Alternative approaches that could have been taken to the presentation of recommendations to Councillors- including any concerns relating to the deliverability and finances of the bid when submitted.
- e) Possible alternative methods of presenting the decision to Councillors which may have allowed committee to take account of any concerns and potentially even chose another bidder.
- f) The subsequent management of the delivery of the tendered contact, including ongoing risk analysis, internal escalation, management of missed deadlines and financial exposures. This should include itemised dates of information being reported to any Councillors. This information should include but not limited to when information was briefed relating to the financial risk and when information was briefed in relation to missed deadlines and failure to deliver aspects of the contract.
- g) And requests that Internal Audit carries out an audit into Procurement Services and adds this to the 2023/24 Audit Plan.

Moved by Councillor Mowat, Seconded by Councillor Doggart.

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

Decision

- 1) Notes the Council awarded a contract for Christmas events to Angels Event Experience Limited to begin during winter 2022, following a procurement process carried out by the Council's Commercial and Procurement Services (see item 7.5 at Finance & Resources Committee on 16th June 2022).
- 2) Notes that Angels Event Experience Limited has been unable to deliver all events that it was contracted to provide during year 1 of the contract and therefore the contract has collapsed.
- 3) Notes the range of impacts and risks caused, such as risk and cost to the Council, potential loss of events by the community and visitors, and risk to jobs and the local economy.
- 4) Committee notes that most Councillors were only alerted to this collapse on 28th September with no prior briefings to suggest any event planning deadlines had been missed or that any other aspects were going wrong.
- 5) Notes the decision of Finance and Resources in June 2022 to approve the contract which agreed that regular briefings would take place.

- 6) Notes concern about the robustness of the process which led to the signing of the contract with Angel Events Experience Ltd which led to the collapse of the contract.
- 7) Agrees that GRBV will receive a report in one cycle covering:
 - a) The accuracy of the information and assurances given to Finance and Resources in June 2022 relating to the deliverability and finances of the bid which led to the report's recommendations.
 - b) The due diligence carried out on the finances within the bid and any potential opportunities to scrutinise this component of the bid further that could have been legally pursued within the process and were not.
 - c) The compliance of this process to the Scottish Government's procurement guidelines and any practise within the guidelines that was not utilised.
 - d) Alternative approaches that could have been taken to the presentation of recommendations to Councillors- including any concerns relating to the deliverability and finances of the bid when submitted.
 - e) Possible alternative methods of presenting the decision to Councillors which may have allowed committee to take account of any concerns and potentially even chose another bidder.
 - f) The subsequent management of the delivery of the tendered contact, including ongoing risk analysis, internal escalation, management of missed deadlines and financial exposures. This should include itemised dates of information being reported to any Councillors. This information should include but not limited to when information was briefed relating to the financial risk and when information was briefed in relation to missed deadlines and failure to deliver aspects of the contract.
- g) And requests that Internal Audit carries out an audit into Procurement Services and adds this to the 2023/24 Audit Plan.

18. Major Investigation Outcome Report (MCEC-19-19)

The Committee in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 1, 12 and 15 of Part 1 of Schedule 7A of the Act.

A major investigation outcome report in relation to a Council service area was submitted to the Committee for consideration.

Decision

- 1) To agree to refer the report to the Housing, Homelessness and Fair Work Committee to ensure the actions within the report are being implemented.
- 2) To agree to advise whether the report would be referred onto the parent committee.

- 3) To agree the Convener of GRBV would write to the Convener of the HHFW Committee to understand if the issues highlighted in the report remained an issue and whether GRBV should instruct that the recommendations within section 5 of the report formed part of the 2023/24 Internal Audit Plan.

(Reference – report by the Service Director – Legal & Assurance and Council Monitoring Officer, submitted.)

19. Whistleblowing Major Investigation – MCEC-19-19 – further information

The Committee in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraphs 1, 12 and 15 of Part 1 of Schedule 7A of the Act.

A report with greater detail of the major investigation outcome report in relation to a Council service area was provided to the Committee.

Decision

To note the report.

(Reference – report by the Service Director – Legal & Assurance and Council Monitoring Officer, submitted.)

20. Implementation of Asbestos Recommendations (PL2107) – Service Area Response

The Committee in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraph 12 of Part 1 of Schedule 7A of the Act.

A report concerning the implementation of asbestos recommendations (PL2107) – Service Area Response was provided to the Committee.

Decision

- 1) To agree to confirm the position in relation to the reporting of the asbestos review.
- 2) To agree to confirm to GRBV committee that asbestos training had been completed.

(Reference – report by the Service Director – Legal & Assurance and Council Monitoring Officer, submitted.)

This page is intentionally left blank

Minutes

Governance, Risk and Best Value Committee

2pm, Monday, 31 October 2022

Present

Councillors Campbell (Convener), Bandel, Caldwell (substituting for Younie), Faccenda, Jenkinson, McVey, Mowat, Munro (substituting for Rust), O'Neill (substituting for Miller) and Thornley.

1. The City of Edinburgh Council – 2021/22 Annual Audit Report to the Council and the Controller of Audit

The City of Edinburgh Council – 2021/22 Annual Audit Report to the Council and the Controller of Audit was presented to Committee for scrutiny. The report summarised the principal findings arising from the Council's 2021/22 external audit. While primarily focused on the review of the financial statements, the wider scope aspects of the audit include consideration of the Council's financial sustainability, financial management, governance and transparency and arrangements to secure and demonstrate value for money. Following the publication of the Council's Best Value Assurance Report (BVAR) in November 2020, the report assessed progress in implementing its recommendations.

Decision

- 1) To note that, following the audit process, an unqualified audit opinion would be issued on the Council's annual accounts for 2021/22.
- 2) To refer the audited annual accounts to the Finance and Resources Committee for approval and thereafter to Council for noting.
- 3) To note that, following approval by the Finance and Resources Committee, the audited annual accounts would be signed and submitted to the external auditor.
- 4) To note the external auditor's assessment of the four dimensions of the wider scope audit and implementation of the recommendations contained within the Council's Best Value Assurance Report and that progress in the delivery of the resulting improvement actions set out in Appendices 2 and 3 of the auditor's report would be reported to the Committee during the coming year.
- 5) To note that, once approved, a summarised version of the annual accounts would also be published on the Council's website by 30 November 2022.
- 6) To agree provide a briefing note with details on the variances in figures reported for Non-Domestic Rates receipts from the national pool within the report.
- 7) To agree to arrange a Risk Management Framework workshop for members.

8) To agree to provide a briefing note on the £1 million expenditure in relation to Leith Links - Common Good.

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

Outstanding Actions

Governance, Risk and Best Value Committee

22 November 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	04.05.21	Change Portfolio	1) To agree to provide a briefing note to update Committee on the North Bridge Refurbishment.	Executive Director of Place	December 2021	December 2021	Closed December 2021 Briefing note circulated on 8 November and Report on agenda
			2) To agree that the Head of Place Management would provide reassurance why the Housing Service Improvement was amber status and details of what plans were in place to move it forward.	Executive Director of Place	June 2021		Closed August 2021 An update on project status and plans moving forward was Reported to Housing, Homelessness and Fair Work Committee in June 2021 .

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			3) To note that the foundations and MI were in place and information could be pulled off for particular areas and to agree that the Head of Customer and Digital Services would assess what information could be provided.	Interim Executive Director of Corporate Services	March 2023		<p>Recommended for Closure</p> <p>Dashboards are being delivered as per the original scope.</p> <p><u>Update June 2022</u></p> <p>All of the dashboards within the original scope of the BI programme have now been implemented. Work is underway as part of the Organisational Data Strategy to review other areas that would benefit from dashboard reporting.</p> <p><u>August 2021</u></p> <p>The Business</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>Intelligence Programme is well underway, and the remit of the programme is to build MI dashboards which Report on key areas across Service Areas. The immediate focus is on dashboards for Place, HR and Customer.</p> <p><u>June 2021</u> The Head of Customer and Digital Services has this work underway.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
2	10.08.21	First Line Governance and Assurance Model	To agree that progress updates should be provided in each GRBV Committee Business Bulletin from November onwards, including an update on the finalised structure and recruitment.	Service Director - Legal & Assurance	31 March 2023		<p><u>Update October 2022</u> Updates will be provided monthly in the Business Bulletin.</p> <p><u>August 2022</u> Update included in August Business Bulletin.</p> <p>Updates will be provided on an ongoing basis.</p>
3	21.09.21	Corporate Leadership Team Risk Report as at 23 August 2021 – Report by the Chief Executive	1) To agree that the Service Director – Legal and Assurance would send an email to Directors and senior managers to request that risk is properly considered in Council and committee Reports.	Service Director - Legal & Assurance			<p>Closed Email sent to relevant officers 22 September 2021</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			2) To request that the next review of the Report template for Council and committees includes a 'risk' section to ensure this is considered.	Interim Executive Director of Corporate Services	January 2023		<p><u>Update October 2022</u> To be discussed as part of the Political Management Arrangement report which will be considered at Council in December. Further information in Business Bulletin.</p> <p><u>June 2022</u> Report template will be submitted to Council for consideration in September alongside the Council's other governance documents.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			2) Agree that Item 6 (Implementation of BVAR recommendations) will be reported to each meeting of GRBV under the Business Bulletin to monitor progress (tabular form acceptable) towards completion dates.	Interim Executive Director of Corporate Services	Ongoing		
			That reports are prepared in the following terms on the following areas: 3.1) Common Good – a Report reviewing progress towards completion of 2017/18 recommendations on the Common Good Asset Register and what outstanding work there is to complete this and what resource is required (in officer	Interim Executive Director of Corporate Services	March 2022		Closed March 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			hours) in two cycles and copied to the relevant Executive Committee.				
			3.2) Framework for collaboration with community councils – a Report detailing current arrangements, funding and how this links into wider community planning responsibilities with any actions for improvement identified and Reporting framework detailed in two cycles and copied to the relevant Executive Committee.	Interim Executive Director of Corporate Services	March 2022		Closed March 2022
			3.3) Community Asset Transfer – short Report in two cycles on current process and timescales to	Executive Director of Place	March 2022		Closed March 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			include a table on number of requests received and stage in process with time taken to get to that point.				
4	14.12.21	Community Centres (update) – Report by the Executive Director of Education and Children’s Services	The Executive Director of Education and Children’s Services will provide a written response to councillors’ questions regarding Inch Community Centre, feedback from community centre management committees and progress made to improve the responsiveness to new guidance, which will be circulated to all committee members.	Executive Director of Education and Children’s Services	November 2022		<p><u>Update November 2022</u> Change of Directorate owner from Place to Education and Children’s Services.</p> <p><u>June 2022</u> It is proposed that a paper on the future management of the relationships with community centres is considered by Culture and Communities</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Committee in August.
5	18.01.22	Committee Decision Process and the Policy Register – Report by the Interim Executive Director of Corporate Services	1) To request that a review or internal audit (to be decided in March when the 2022/23 Internal Audit Annual Plan is considered to ensure capacity) is undertaken to ensure the recommendations at paragraph 4.18 of the report have been implemented and that the processes are working effectively.	Interim Executive Director of Corporate Services	December 2022		<p><u>Update November 2022</u> PMA report going to Council in December.</p> <p><u>October 2022</u> To be discussed as part of the Political Management Arrangement report which will be considered at Full Council in November.</p>
			2) To agree to produce a simple guide to the Council's governance arrangements, decision making and committee process, including IIAs, implementation of	Interim Executive Director of Corporate Services	February 2023		<p><u>Update October 2022</u> A guide is being prepared and will be circulated to members when available.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			decisions, the policy register and the use of the webcast for reviewing committee discussion. The guide to be included in members' training and made available to members and officers on the Orb, with a link to it to be included in committee action sheets for information.				
6	14.06.22	Business Bulletin	1) To note members would discuss with the Corporate Governance Manager the presentation format of the Best Value Assurance Audit Status Update in the Business Bulletin and in the GRBV Teams Channel.	Interim Executive Director of Corporate Services / Corporate Governance Manager	August 2022		Closed Corporate Governance Manager contacted members for further feedback on 3 August 2022.
			2) To note the Interim Executive Director of	Interim Executive	December 2023		<u>Update</u> <u>November 2022</u>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Corporate Services would circulate the Budget template to all members and that discussion with political groups would follow on submitting budget proposals.	Director of Corporate Services			<p>A meeting took place with Group Leaders on 24 October to discuss the approach to both the revision of the Council's Business Plan and the Medium Term Financial Plan/Budget.</p> <p><u>October 2022</u> Initial contact made by Finance Leads with political groups on the 2023/24 budget.</p> <p><u>August 2022</u> Discussions planned with Group Leaders during August.</p> <p><u>June 2022</u> Budget Template</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							was circulated to members via email on 14 June 2022.
			3) To request that a note be circulated summarising the closure of outstanding Internal Audit actions.	Chief Internal Auditor		\August 2022	Closed Two Outstanding Internal Audit reports due to be submitted to Committee in June were circulated via Teams on 14 June 2022.
7	23.08.22	Annual Governance Statement	To request officers consider the role of the GRBV Committee in performance monitoring including potential dashboard reporting and the referral process between Policy and Sustainability Committee and GRBV Committee for overall scrutiny of council performance.	Interim Executive Director of Corporate Services	November 2022		<u>Update</u> <u>November 2022</u> Meeting to discuss with Convener has been requested.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
8	23.08.22	Corporate Governance Code	To request that a section on areas for improvement and potential actions to address areas where there were issues would be considered in the next self-assessment exercise and provided in the next iteration of the report.	Interim Executive Director of Corporate Services	August 2023		
9	23.08.22	Annual Assurance Schedule – Edinburgh Health and Social Care Partnership	To request information on the percentage of teams which currently have a risk register in place and that greater detail on progress be provided in future Annual Assurance Schedules.	Chief Officer – Edinburgh Health and Social Care Partnership			<p><u>Update</u> <u>November 2022</u> By February 2023 to have all teams transitioned to the new risk management process.</p> <p>All teams in the Partnership have risk management processes in place. We are transitioning the Partnership over to an integrated risk management</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							process which takes account of NHSL and CEC risk management approaches and we have transitioned 25% over to the new operating process.
10	23.08.22	Gas Services Improvement Plan Closure Report	To agree to continue the report for two cycles to allow completion of the two audits currently underway and for these to be presented to the Committee with the report.	Executive Director of Place	Early 2023		<u>Update November 2022</u> Report will be submitted once the results from the external assessment have been received.
11	23.08.22	Revenue Budget 2022/27 Framework: progress update	To note that GRBV members will be alerted when the Finance and Resources Committee meeting papers are published with the next Revenue Budget update report.	Interim Executive Director of Corporate Services	November 2022		<u>Update October 2022</u> Note that F&R meeting papers are due to be published on 4 November.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			To note that the Interim Executive Director of Corporate Services will review how Finance and Resources Budget reports are brought to GRBV Committee, to ensure accurate information is being presented in a more efficient manner.	Interim Executive Director of Corporate Services	Spring 2023		
12	11.10.22	Outstanding Actions	To agree to provide an update on action 4 (Community Centres (update)), to advise if a report concerning the future management of community centres was presented to the Culture and Communities Committee in August 2022.	Executive Director of Place	March 2023		<u>Update November 2022</u> Report is due to be considered at Culture and Communities Committee in March 2023.
13	11.10.22	Internal Audit: The Chartered Institute of Internal Auditors - External Quality Assessment	1) To note that a risk maturity assessment would take place and this would form the basis for measurement of progress toward	Head of Health & Safety	February 2023		<u>Update November 2022</u> Taking place as part of agreed audit management

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			organisational risk maturity.				actions.
			2) To agree committee would be advised, via the business bulletin, of progress relating to organisational risk maturity.	Head of Health & Safety	January 2023		
			3) To agree that an assurance map would be shared with Elected Members for the Elected Member Training Session in November 2022.	Senior Audit Manager	November 2022		Recommended for Closure In progress - high level info will be provided for 7 Nov elected member training session and further detailed mapping to be provided as part of 23/24 plan (March 2023)
			4) To agree that a report was presented to Committee by end of March 2023 to propose the council's risk	Service Director – Legal and Assurance	March 2023		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			model.				
14	11.10.22	Internal Audit: Open and Overdue IA Findings – Performance Dashboard as at 31 August 2022	To agree that a link to the previous audit reports would be supplied in subsequent versions of the audit report for new members of committee to understand the provenance of actions.	Senior Audit Manager	January 2023		<u>Update November 2022</u> In progress. IA working with the web team to create a report directory via the Orb which we can link to. Will be available for Dec 2022 and January GRBV papers.
15	11.10.22	Internal Audit Update Report: 1 May to 31 August 2022	1) To agree that Committee would be advised of the Council's second line assurance landscape.	Senior Audit Manager	March 2023		
			2) To agree that Committee were advised of the timescales proposed for the delivery of the second line assurance framework.	Service director – Legal and Assurance	March 2023		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			3) To agree that assurance was provided to Committee concerning risk to Internal Audit capacity, as a result of the council accepting third party funding with audit conditions, which may compromise Internal Audit's capacity for existing workload commitments and generate vulnerabilities for the council.	Senior Audit Manager	31 March 2023		<u>Update</u> <u>November 2022</u> This will be part of the 23/24 planning and ongoing. Senior Audit Manager will also communicate the directorate responsibilities when engaging re 23/24 plan.
			4) To agree that a briefing note would be provided to Committee by 18 October 2022, to advise why the Audit found that the Directorate Whistleblowing monitoring and reporting processes were inadequate and not operating effectively.	Chief Executive			Recommended for Closure Briefing provided by Interim Director of Corporate Services. Further information requested by Cllr Doggart and Chief Executive replied. Response from Chief Executive to

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							be copied to all Committee members.
			5) To agree that Committee during the planned whistleblowing workshop would review the process for how Committee received assurance on the satisfactory implementation of whistleblowing actions.	Governance Manager			Recommended for Closure Whistleblowing Workshop will be held on 15 November 2022.
			6) To agree that a briefing note would be provided to members, concerning CGI's inability to provide network availability assurance.	Interim Executive Director of Corporate			Recommended for Closure A Briefing Note was circulated to members on 20.10.22.
			7) To agree that a briefing note concerning progress with data quality and management was provided to committee particularly in	Interim Executive Director of Corporate			Recommended for Closure A Briefing Note was circulated to members on

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			view of how any planned improvements to the management of data would correlate with organisational effectiveness and robust decision making.				20.10.22.
16	11.10.22	Implementation of Asbestos Recommendations (PL2107) – Service Area Response (Private report)	1) To confirm the position in relation to the reporting of the asbestos review.	Executive Director of Place			Recommend for Closure Detail of the HSE asbestos review was reported as part of the March 2019 Health and Safety Update to the Finance and Resources Committee. The subsequent operational review (which was referenced in the Life Safety audit which reported to GRBV in November 2020)

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							together with related staffing and HR matters, were progressed during 2019/20, with discussions on this also taking place at both the Joint Consultative Group and Health and Safety Forum which have representation from Trade Union colleagues and Elected Members.
			2) To confirm to GRBV committee that asbestos training had been completed.	Head of Health & Safety	March 2023		Recommended for Closure Reference to the previous 2019 asbestos review had been included in the limitations of scope of the Life Safety audit completed by

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Internal Audit in October 2020. The Life Safety report was presented to committee in November 2020.
17	11.10.22	Corporate Leadership Team Risk Report as at 29 August 2022	To agree to include workforce challenges within the dashboard presented to the Finance and Resources Committee to ensure ongoing insight for Elected member.	Interim Executive Director of Corporate Services	November 2022		Recommended for Closure Workforce challenges are included in the narrative of the dashboard submitted to F&R.
18	11.10.22	Major Investigation Outcome Report (MCEC-19-19) (Private report)	1) To agree to refer the report to the Housing, Homelessness and Fair Work Committee to ensure the actions within the report are being implemented.	Committee Services			<u>Update</u> <u>November 2022</u> Report has been referred to the Housing, Homelessness and Fair Work Committee of 1 December 2022.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			2) To agree the Convener of GRBV would write to the Convener of the HHFW Committee to understand if the issues highlighted in the report remained an issue and whether GRBV should instruct that the recommendations within section 5 of the report formed part of the 2023/24 Internal Audit Plan.	Convener			Recommended for Closure An audit will be included in the 2023/24 plan.

This page is intentionally left blank

Work Programme

Governance, Risk and Best Value Committee – 22 November 2022

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
1	Internal Audit: Overdue Findings and Key Performance Indicators	Quarterly report	Paper outlines previous issues with follow up of internal audit recommendations, and an overview of the revised process within internal audit to follow up recommendations, including the role of CLG and the Committee	Internal Audit	Chief Internal Auditor	Council Wide	Quarterly	May 2023 August 2023 November 2023

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
2	Internal Audit Quarterly Activity Report	Quarterly report	Review of quarterly IA activity with focus on high and medium risk findings to allow committee to challenge and request to see further detail on findings or to question relevant officers about findings	Internal Audit	Chief Internal Auditor	Council Wide	Quarterly	May 2023 August 2023 November 2023
3	IA Annual Report for the Year	Annual report	Review of annual IA activity with overall IA opinion on governance framework of the Council for consideration and challenge by Committee	Internal Audit	Chief Internal Auditor	Council Wide	Annually	August 2023
4	IA Audit Plan for the year	Annual report	Presentation of Risk Based Internal Audit Plan for approval by Committee	Internal Audit	Chief Internal Auditor	Council Wide	Annually	March 2023

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
5	Accounts Commission	Annual report	Local Government in Scotland: Financial Overview	External Audit	Executive Director of Corporate Services	Council Wide	Annually	March 2023
6	Accounts Commission	Annual report	Accounts Commission: Local Government in Scotland Overview 2021	External Audit	Executive Director of Corporate Services	Council Wide	Annually	October 2023
7	Annual Audit Plan	Audit Scotland	Annual audit plan	External Audit	Executive Director of Corporate Services	Council Wide	Annually	March 2023
8	City of Edinburgh Council – 2021/22 Annual Audit Report to the Council and the Controller of Audit	Audit Scotland	Annual Audit Report	External Audit	Executive Director of Corporate Services	Council Wide	Annually	October 2023
9	External Audit Review of Internal Financial Controls	Azets	Interim audit report on Council wide internal financial control framework	External Audit	Executive Director of Corporate Services	Council Wide	Annually	October 2023 (as part of 2021/22 Annual Audit report)
10	Internal Audit Charter	Annual Report	Annual Audit Charter	Internal Audit	Executive Director of Corporate Services	Council Wide	Annually	March 2023

Section B – Scrutiny Items								
11	Change Portfolio		To ensure major projects undertaken by the Council were being adequately project managed	Major Project	Executive Director of Corporate Services	All	Six- monthly	March 2023 October 2023
12	CLT Risk Report	Risk	Quarterly review of CLT's scrutiny of risk	Risk Management	Executive Director of Corporate Services	Council Wide	Quarterly	May 2023 August 2023 November 2023
13	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Executive Director of Corporate Services	Internal	Quarterly	March 2023 June 2023 September 2023 December 2023
14	Whistleblowing Annual Report		Annual report	Scrutiny	Executive Director of Corporate Services	Internal	Annual	March 2023
15	Revenue Monitoring	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	March 2023 October 2023
16	Capital Monitoring	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	March 2023 October 2023

17	Revenue Outturn	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2023
18	Capital Outturn and Receipts	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2023
19	Treasury – Strategy report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	March 2023
20	Treasury – Annual report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2023
21	Treasury – Mid-term report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	January 2024
22	Annual Assurance Schedules	Review	Progress Report	Scrutiny	All Directorates	Council	Annual	January 2024 (Place) January 2024 (Education and Children’s Services) March 2023 (Corporate Services) August 2023 (EIJB)

23	Review of the Member/Officer Protocol	Review	Including timescales for submission	Scrutiny	Executive Director of Corporate Services	Council Wide	Flexible	August 2023
Section C – Council Companies								
24	Capital Theatres	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	January 2024 Note: report due at Culture & Communities
25	Edinburgh Leisure	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	May 2023
26	Capital City Partnership	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	November 2023
27	Transport for Edinburgh	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2023
28	Lothian Buses	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2023
29	Edinburgh Trams	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2023

30	Edinburgh International Conference Centre	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	January 2024
----	---	--------	-----------------	----------	-----------------------------	--------------	--------	--------------

This page is intentionally left blank

GRBV Committee Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not Flexible
January 2023		
Internal Audit: Overdue Findings and Key Performance Indicators	Scrutiny	Not Flexible
Internal Audit Quarterly Activity Report	Scrutiny	Not Flexible
CLT Risk Report	Scrutiny	Not Flexible
Treasury – Mid- term report	Scrutiny	Not Flexible
Place Annual Assurance Schedule	Scrutiny	Not Flexible
Education and Children’s Services Annual Assurance Schedule	Scrutiny	Not Flexible
Capital Theatres	Scrutiny	Not Flexible
Edinburgh International Conference Centre	Scrutiny	Not Flexible

This page is intentionally left blank


Business Bulletin

Governance, Risk and Best Value Committee

10.00am, Tuesday, 22 November 2022

Teams Meeting

Governance, Risk and Best Value Committee

Convener:	Members:	Contact:
<p>Councillor Kate Campbell</p> 	<p>Councillor Jule Bandel Councillor Marco Biagi Councillor Katrina Faccenda Councillor Stephen Jenkinson Councillor Adam McVey Councillor Claire Miller Councillor Joanna Mowat Councillor Jason Rust Councillor Edward Thornley Councillor Lewis Younie</p>	<p>Natalie Le Couteur Committee Officer 0131 529 4107</p>

Recent news	Background/Contact
<p>First Line Governance and Assurance Model</p> <p>Rolling Action Log</p> <p>Education and Children’s Services – The Operations Manager continues to focus on risk and assurance across the Directorate, maintaining monthly Internal Audit update meetings with the relevant colleagues and ensuring audits are prioritised, updated and implemented. Risk and Assurance updates are communicated to SMT regularly to ensure awareness and understanding.</p> <p>Corporate Services - The Directorate Assurance Officer is currently focussing on Internal Audit activity and the prioritisation of assurance activities for the Directorate. The governance officers are progressing with developing the governance and assurance framework.</p> <p>Place – The Operations Manager continues to work on the prioritisation and implementation of assurance activities, with a continued focus on Internal Audit management actions and the Risk Framework.</p> <p>Health and Social Care Partnership – The Directorate Assurance Officer is working on the implementation of assurance activities with an ongoing focus on Internal Audit management actions and rollout of the Partnership Risk Framework.</p>	<p>Nick Smith, Service Director: Legal and Assurance Division, Corporate Services Directorate</p> <p>Tel: 0131 529 4377</p>

Governance and Assurance Second Line Framework Development

As noted previously, development of the second line governance and assurance reporting framework has been delayed due to other activities taking priority, principally whistleblowing and is now due for completion by March 2023. However, design continues and Committee should note that assurance activity is already taking place within directorates.

Governance Manager Recruitment

The Governance Officers posts were advertised in November and are going through the recruitment process.

Action 8.1 (3) from GRBV Committee on 11 October 2022. To agree committee would be advised, via the business bulletin, of progress relating to organisational risk maturity –

The Risk Management Team are working directly with Directorates through quarter 4 to conduct a risk maturity assessment. This will help to confirm how well developed and embedded risk management practice is within the Council. This will also highlight areas for development where appropriate. This is timely, ahead of a review of the Council current Risk Management Policy.

[City of Edinburgh Council - 2020/21 Annual Audit Report to the Council and the Controller of Audit](#)

Rolling Action Log

It was requested at GRBV on 9 November 2021 that the Implementation of Best Value Assurance Review recommendations be reported to each meeting of GRBV to monitor progress towards completion dates. Please see the details provided below.

GRBV Business Bulletin Best Value Assurance Audit Response Summary Update – Members should note that the November progress table containing detailed updates under each key recommendation is available on the GRBV MS Teams

[Gavin King](#)

Head of Democracy, Governance and Resilience, Legal and Assurance Division, Corporate Services Directorate

Tel: 0131 529 4239

[Chris Lawson](#)

Head of Health and Safety, Legal and Assurance Division, Corporate Services Directorate

Tel: 0131 529 7476

[Gavin King](#)

Head of Democracy, Governance and Resilience, Legal and Assurance Division, Corporate Services Directorate

Tel: 0131 529 4239

Channel. The summary below only covers key updates from the period October - November.

- An update on the Council's financial planning assumption was considered by the Finance and Resources Committee on 10 November 2022, indicating an increase in the savings required to £76.5m in 2023/24 and £158.6m by 2026/7. A number of further risks were highlighted, particularly those in respect of demand-led services, inflation and the Council's level of grant funding settlement.
- A range of proposed measures, including corporate mitigations, budget realignment and savings was presented for consideration. Alongside initial tactical savings developed through the Medium-Term Financial Plan (MTFP), if all approved, these measures would reduce the estimated residual funding gap in 2023/24 to £21.2m and £110.1m in 2026/27 albeit with a need to provide for an additional contingency of at least £10m against the risks. A further update will be provided to Committee on 26 January 2023. This report will include an update on the development of further longer-term strategic and cross-cutting workstreams to develop proposals to contribute towards subsequent years' savings requirements.
- The Consultation Policy has been updated following review, and the process has been subject to Internal Audit. All of the recommendations of the internal audit are being taken forward and will further strengthen consultation policy and practice across the Council throughout 2023.
- During 2022/23 a new team has been put in place to progress the Council's poverty prevention work. This work is helping to build capacity for Council engagement with communities and third sector groups in relation to poverty prevention and city responses to the cost of living crisis.
- Work on the Edinburgh Partnership Empowerment Strategy is ongoing with a programme of stakeholder engagement currently in hand. It is anticipated that the final strategy and implementation plan will be presented to the Edinburgh Partnership Board by June 2023.
- A further constructive meeting was held in November to discuss progress and take forward the agreed CEC/EACC improvement plan. This work is ongoing with actions in the plan running through to 2024.
- Consideration of the revised Local Outcome Improvement Plan will take place at the Culture and Communities Committee in December.

Governance, Risk and Best Value Committee

10.00am, Tuesday, 22 November 2022

Response to Emergency Motion – Edinburgh’s Christmas

Executive/routine Wards Council Commitments	Executive All, particularly City Centre
---	--

1. Recommendations

- 1.1 Governance, Risk and Best Value Committee are asked to note the contents of this report and to discharge the action arising from the emergency motion approved on 11 October 2022.

Paul Lawrence

Executive Director of Place

Contact: David Waddell, Senior Culture and Events Officer

E-mail: David.Waddell@edinburgh.gov.uk | Tel: 0131 529 4929

Contact: Lynette Robertson, Interim Head of Commercial and Procurement Services

E-mail: lynette.robertson@edinburgh.gov.uk | Tel: 0131 469 3810

Response to Emergency Motion – Edinburgh’s Christmas

2. Executive Summary

- 2.1 This report responds to the emergency motion which was approved at Governance, Risk and Best Value Committee on 11 October 2022.

3. Background

- 3.1 On 11 October 2022, Governance, Risk and Best Value Committee approved the following emergency motion by the SNP, Green and Liberal Democrat Groups:
- 1) Notes the Council awarded a contract for Christmas events to Angels Event Experience Limited to begin during winter 2022, following a procurement process carried out by the Council's Commercial and Procurement Services (see item 7.5 at Finance & Resources Committee on 16th June 2022).
 - 2) Notes that Angels Event Experience Limited has been unable to deliver all events that it was contracted to provide during year 1 of the contract and therefore the contract has collapsed.
 - 3) Notes the range of impacts and risks caused, such as risk and cost to the Council, potential loss of events by the community and visitors, and risk to jobs and the local economy.
 - 4) Committee notes that most Councillors were only alerted to this collapse on 28th September with no prior briefings to suggest any event planning deadlines had been missed or that any other aspects were going wrong.
 - 5) Notes the decision of Finance and Resources in June 2022 to approve the contract which agreed that regular briefings would take place.
 - 6) Notes concern about the robustness of the process which led to the signing of the contract with Angel Events Experience Ltd which led to the collapse of the contract.
 - 7) Agrees that GRBV will receive a report in one cycle covering:

- a. The accuracy of the information and assurances given to Finance and Resources in June 2022 relating to the deliverability and finances of the bid which led to the report's recommendations.
- b. The due diligence carried out on the finances within the bid and any potential opportunities to scrutinise this component of the bid further that could have been legally pursued within the process and were not.
- c. The compliance of this process to the Scottish Government's procurement guidelines and any practise within the guidelines that was not utilised.
- d. Alternative approaches that could have been taken to the presentation of recommendations to Councillors - including any concerns relating to the deliverability and finances of the bid when submitted.
- e. Possible alternative methods of presenting the decision to Councillors which may have allowed committee to take account of any concerns and potentially even chose another bidder.
- f. The subsequent management of the delivery of the tendered contact, including ongoing risk analysis, internal escalation, management of missed deadlines and financial exposures. This should include itemised dates of information being reported to any Councillors. This information should include but not limited to when information was briefed relating to the financial risk and when information was briefed in relation to missed deadlines and failure to deliver aspects of the contract.

8) Request an audit of procurement service is added to the audit plan for 2023/24.

3.2 A report (B Agenda) to the Finance and Resources Committee on 10 October 2022 on Edinburgh's Christmas has also been referred to this Committee for noting.

4. Main report

Award of Contracts for Winter Festivals

4.1 On [16 June 2022](#), Finance and Resources Committee agreed the award of contracts for Edinburgh's Winter Festivals.

4.2 This report focuses on the award of a contract for Edinburgh's Christmas (Lot 1) to Angels Event Experience Limited (AEEL). The contract was awarded on the basis of commencement on 11 July 2022 for an initial period of three years, with the option of two further extensions of 12 months each.

4.3 The main elements of the bid received from AEEL included income of £5.5m (£938,000 in year one) to the Council over a period of five years and the following core elements:

- Markets in East Princes Street Gardens (not lower lawn), West Princes Street Gardens, Mound Precinct;
- Funfair on East Market Street;
- High Street Scottish Makers Market;
- Castle Street 3rd Sector/Voluntary stalls;
- Ice rink on George Street;

- Spiegeltent in Grassmarket;
- Circus Tent in Festival Square; and
- Munich tent on George Street.

4.4 On 22 September 2022, AEEL advised the Council that they were not able to fulfil the contract and on 26 September 2022 they advised that they wanted the Council to release them from the contract for Edinburgh's Christmas. The contract was subsequently terminated by the Council (following the meeting of Finance and Resources Committee) on 10 October 2022.

Procurement Approach

Due Diligence

- 4.5 The intended approach to due diligence on the financial elements of each tender was published in the [Tender documentation](#).
- 4.6 The evaluation criteria to be applied to the economic and financial standing of the tendering organisations was agreed with the Council's Finance team (as is standard practice). The criteria included:
- 4.6.1 Current ratio (current assets divided by current liabilities, highlighting an ability to address short term obligations), where a ratio of not less than 1.10 was required;
 - 4.6.2 Minimum annual turnover. As income levels were variable, this assessment was aligned to the proposed income value and an assessment made on the financial health of the organisation; and finally
 - 4.6.3 The requirement to have minimum insurance requirements of £5m Employers Liability, £10m Public Liability and £5m All risk insurance.
- 4.7 On all three indicators, the assessment concluded that AEEL met the evaluation requirements.
- 4.8 The pricing schedule required the tenderers to set an annual offer in relation to each of the core sites available for the event. The pricing schedule also required tenderers to separately confirm the number of days on site (for which minimum day fees were set by the Council) would apply, alongside details of the reinstatement bonds to be paid annually.
- 4.9 There were five tenders received, of which two were discounted due to minimum standards not being met.
- 4.10 The price offered by AEEL was significantly higher than the others, and so advice from Legal services was sought on the options available to the Council to provide further assurance that the 'higher' offer was robust, without breaching the principle of equal treatment.
- 4.11 In line with the advice received, a clarification email was issued to the Tenderer and the response confirmed the price offered was correct.

Compliance with Procurement Regulations

- 4.12 The contract was published as a 'lot', within a single contract notice which included a service contract for Edinburgh's Hogmanay (Lot 2) and a concession contract for Edinburgh's Christmas (Lot 1). As such, this was considered a 'mixed' procurement.
- 4.13 The combined offer to the supply market was made under the Public Contracts (Scotland) Regulations 2015.
- 4.14 The Regulations provide a choice of procedures:
- Open;
 - Restricted;
 - Competitive procedure with negotiation;
 - Negotiated procedure without prior publication (this can only be used in specific situations);
 - Competitive dialogue; and
 - Innovation partnership.
- 4.15 Further information on these possible routes to market are outlined in Appendix 1.
- 4.16 Based on market research, risk assessments, lessons learned from previous tender exercises and the timescale to ensure that Edinburgh's Christmas 2022/23 would be delivered, the project team decided that an Open Procedure was the most appropriate route to market. This was agreed and signed-off following the development of a detailed Procurement Strategy, in line with Scottish Government procurement best practice guidance.

Alternative Approaches

- 4.17 The report to Finance and Resources Committee in June 2022 presented a true reflection of the outcome of the Tender process, was accurate and provided standard contract award information.
- 4.18 The procurement procedure was followed as published, with most economically advantageous tender (MEAT) criteria to determine the result of the evaluation. The evaluation was completed applying the MEAT criteria (this had been set out in advance in the tender documentation).
- 4.19 The Finance and Resources Committee decision was limited to approval or rejection of the recommendation, not to replace the recommendation of a procurement evaluation panel with a different outcome. The Council does reserve the right not to award a contract, however there was no justification at the time of the report in June not to proceed.

Contract Management

- 4.20 In line with the Council's approach to contract management, a first contract meeting was scheduled for 26 July 2022. The purpose of this meeting was to establish the Council's expectations in respect of contract delivery and to discuss:

- 4.20.1 The 'red lines' from the consultation feedback (e.g. reduced use of greenspace, economic accessibility, local trader involvement and city spread;
- 4.20.2 Key Performance Indicators (KPIs);
- 4.20.3 The need for clear communications and stakeholder engagement;
- 4.20.4 That some areas of the proposal were unlikely to be deliverable e.g. zip line on George Street;
- 4.20.5 Details of the event planning process in Edinburgh and the key officer contacts within the Council e.g. Public Safety, Planning, Licensing, Roads;
- 4.20.6 Payment dates for the Fixed Fee Rental Income; and
- 4.20.7 Next steps and meeting schedule.

4.21 Thereafter, weekly contract management meetings were set up, with a recurring agenda which included:

- 4.21.1 Progress update;
- 4.21.2 Key issues and concerns (risks);
- 4.21.3 Finance update;
- 4.21.4 Permissions;
- 4.21.5 Stakeholder and community engagement;
- 4.21.6 Marketing and PR - announcements;
- 4.21.7 Ticket Sales; and
- 4.21.8 KPIs.

4.22 As summarised in the table below and in the report to Finance and Resources Committee, in the weeks to mid-September it became increasingly clear that the initially proposed programme would not be deliverable, and that information required (particularly programme and financial information) was not being provided.

4.23 Council officers continued to provide support, guidance and revised timelines (where deadlines were missed) for AEEL to work to in order to complete the various activities required to deliver Edinburgh's Christmas programme.

4.24 The following table provides a summary of the information requested from AEEL, the deadline for submission and the date the information was received:

Information Required	Date Requested	Date Received
Planning Application(s)	At Initial meeting on 26 July 2022; Timescales for deadlines set out on 19 August 2022; Continued requests until 20 September 2022.	Incomplete applications received on 20 September 2022

Licensing Application (s)	Initial meeting on 26 July 2022; Timescales set out on 19 August 2022.	Not received
Financial Information	Initial meeting on 26 July 2022. Requested weekly thereafter.	20 September 2022
Programme Information	Initial meeting on 26 July 2022. Requested weekly thereafter.	20 September 2022

Escalation of Contract Issues

- 4.25 The timeline for AEEL’s request to be released from the contract for Edinburgh’s Christmas is set out in paragraph 4.4.
- 4.26 Following a meeting with AEEL on 21 September 2022 at which they confirmed that the programme and anticipated income would be significantly reduced, a formal escalation of the issues was made to Senior Officers, and as noted below, also to Elected Members.
- 4.27 On 22 September 2022, a briefing for the Council Leader and Conveners of Culture and Communities and Finance and Resources Committee was held to outline the implications of AEEL’s confirmation that the programme and anticipated income would be reduced.
- 4.28 On 3 October 2022, an All Party Oversight Group (APOG) took place. Elected Members were updated that AEEL had requested to withdraw from the contract.
- 4.29 At the APOG, officers also confirmed that Unique-Assembly had submitted a proposal to deliver Edinburgh’s Christmas for 2022/23.
- 4.30 On 10 October 2022, Finance and Resources Committee considered a report on the termination of the contract with AEEL and the award of the contract to Unique-Assembly (as set out in the report to this Committee (B Agenda).

5. Next Steps

- 5.1 The actions agreed by Finance and Resources Committee on 10 October 2022 are included in the referral report being considered on today’s agenda (B Agenda). The actions are summarised below.
- 5.2 The Festivals and Events APOG is now meeting fortnightly to discuss both Edinburgh’s Christmas and Edinburgh’s Hogmanay.
- 5.3 Further reports on Edinburgh’s Christmas will be presented, including:
- 5.3.1 Referral of the report from Finance and Resources Committee on 10 October 2022 to Culture and Communities Committee on 13 December 2022;

- 5.3.2 Report to Finance and Resources Committee in early 2023 on the procurement process for events, including lessons learned from this contract award;
 - 5.3.3 Report to Culture and Communities Committee on the outcome of the 2022/23 event, with a referral to Finance and Resources Committee, if appropriate, to seek approval to proceed with the second year of the contract agreed on 10 October 2022; and
 - 5.3.4 Report to Culture and Communities Committee on the options for delivery of the Christmas market by 23 May 2023.
- 5.4 In due course, a report will be presented to Finance and Resources Committee on the proposed arrangements for Edinburgh's Christmas in future. This will be informed by the lessons learned from this contract award.

6. Financial impact

- 6.1 The financial information associated with this contract is provided in the report referred from Finance and Resources Committee on 10 October 2022 (B Agenda).
- 6.2 The procurement arrangements relating to the contract with AEEL are summarised above.
- 6.3 Finance colleagues were consulted further on the robustness of the evaluation and confirmed that the financial assessment met the legal requirements of the procurement legislation.

7. Stakeholder/Community Impact

- 7.1 In 2021, an extensive public consultation exercise on the future of the city's Winter Festivals was undertaken following concerns over the size, scale and location of some of the events. The results of the consultation were reported to Policy and Sustainability Committee on [30 November 2021](#).
- 7.2 The findings of the consultation on the future of the Winter Festivals highlighted several key principles.
- 7.3 The responses to this consultation provided clear guidelines and principles of how the Winter Festivals should look and be delivered going forward.

8. Background reading/external references

- 8.1 Edinburgh's Christmas Report – Governance, Risk and Best Value Committee, 22 November 2022 (B Agenda).

9. Appendices

- 9.1 Appendix 1 – Possible Routes to Market.

Appendix 1 – Possible Routes to Market

Glossary of Terms:

Single Procurement Document (SPD) Scotland - Standard questionnaire produced by Scottish Government for Contracting Authorities to identify suitably qualified and experienced bidders. It contains questions on both exclusion and selection criteria. The SPD is a self-declaration form and suppliers do not need to provide any evidence upfront unless there are clear reasons for doing so.

Invitation to Tender (ITT) – Suite of documents inviting potential suppliers to quote for business. Also known as a bid pack. Includes specification and selection questions pertaining to both the Quality and Pricing aspects of the requirement.

Procedure	Description	Advantages	Disadvantages
Open – Single stage process	Bidders invited to single stage comprising both SPD & ITT stages. Bidders are still assessed on agreed selection criteria (SPD & ITT) but not as discreet stages.	Quickest route to market due to no separate selection stage. Used when market research has identified a low volume of potential bidders.	If volumes of bids are unexpectedly large, then evaluation stage can be onerous and time consuming. No negotiation permitted (only clarification of bids).
Restricted – Two stage process with set timescales for each stage	Bidders are shortlisted with set selection criteria using SPD selection step before then being invited to a further ITT stage.	Only bidders who have successfully passed the SPD stage are invited to ITT stage. This reduces the resource for both bidders and evaluators (due to only successful bids being evaluated). Used when market research has identified a large volume of potential bidders.	Having an evaluation between SPD and ITT stages makes the procurement process significantly longer. No negotiation permitted (only clarification of bids). Onerous for bidders and not recommended where a limited number of capable suppliers have been identified.
Competitive Procedure with Negotiation	Allows clarification of bids with bidders after their submission of fully formed initial tenders. Bidders are still assessed on SPD selection criteria. ITT criteria is not fully formed.	Used when buyer is unable to a specification and/or technical requirements and/or unable to specify the legal or financial requirements of a tender.	Having a multiple negotiated stages and a number of formal meetings during the ITT evaluation stage makes the procurement process significantly longer. There are

			also risks around proposed scope and budget for requirements.
Competitive Dialogue	Allows bidders to submit initial solutions after being successful at initial SPD selection stage.	Allows tenderers to submit initial solutions after being successful at the selection stage. Proposed solution can then be negotiated. Encourages bidders to discuss possible solutions where no specification is available.	Having a stage for proposal of initial solutions (as opposed to an ITT evaluation stage) makes the procurement process significantly longer. There are also risks around proposed scope and budget for requirements
Negotiated Procedure without Prior Publication	Only used in very exceptional circumstances such as emergencies and where there are no bids for a tender.	Allows for emergency solutions and award of contracts where there are limited options for a competitive process and the circumstances are not of the organisations making.	Significant legal, financial, and reputational risks. Needs to be fully justified.
Innovation Partnership	Only used where there is a need for the development of an innovative product or service and the subsequent purchase of these cannot be met by solutions already available on the market.	Enables solutions to an existing problem i.e. organisations not being able to purchase directly from the developer without further competition. This was because the original research and development contract was awarded without competition.	Significant legal, financial, and reputational risks. Needs to be fully justified.

Governance, Risk and Best Value Committee

10.00am, Tuesday 22 November 2022

Capital Monitoring 2022/23 – Month Five Position – referral from the Finance and Resources Committee

Executive/routine Wards Council Commitments	Executive All
---	------------------

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Capital Monitoring 2022/23 – Month Five Position to the Governance, Risk and Best Value Committee as part of its work programme.

Richard Carr
Interim Executive Director of Corporate Services

Contact: Taylor Ward, Assistant Committee Officer
Legal and Assurance Division, Corporate Services Directorate
Email: taylor.ward@edinburgh.gov.uk

Referral Report

Capital Monitoring 2022/23 – Month Five Position – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 10 November 2022, the Finance and Resources Committee considered the Capital Monitoring 2022/23 – Month Five Position report. The report provided capital expenditure and funding position at month five, full-year outturn projections for the 2022/23 financial year and provided explanations for key variances.
- 2.2 The Finance and Resources Committee agreed:
 - 2.2.1 To note the capital monitoring position for the General Fund and Housing Revenue Account at month five of the 2022/23 financial year.
 - 2.2.2 To note the Prudential Indicators in appendix 3 to the report.
 - 2.2.3 To note that it had been agreed that the Finance and Resources Committee had oversight for and approval of the whole Capital Investment Programme.
 - 2.2.4 To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

3. Background Reading

- 3.1 [Finance and Resources Committee – 10 November 2022 - Webcast](#)
- 3.2 Minute of the Finance and Resources Committee – 10 November 2022

4. Appendices

- 4.1 Appendix 1 – report by the Interim Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Thursday, 10 November 2022

Capital Monitoring 2022/23 - Month Five Position

Executive/routine Wards Council Commitments	Executive All
---	------------------

1. Recommendations

- 1.1 To note the capital monitoring position for the General Fund and Housing Revenue Account (HRA) at month five of the 2022/23 financial year;
- 1.2 To note the Prudential Indicators in appendix 3.
- 1.3 To note that it has been agreed that the Finance and Resources Committee has oversight for and approval of the whole Capital Investment Programme; and
- 1.4 To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

Richard Carr

Interim Executive Director of Corporate Services

Contact: Matt Jones, Senior Accountant,

Finance and Procurement, Corporate Services Directorate

E-mail: Matt.Jones@edinburgh.gov.uk | Tel: 07863 561145

Capital Monitoring 2022/23 - Month Five Position

2. Executive Summary

- 2.1 The report provides the capital expenditure and funding position as at month five and full-year outturn projections for the 2022/23 financial year, providing explanations for key variances.
- 2.2 At month five, the General Fund is projecting capital expenditure of £225.999m and capital income of £114.560m, resulting in a net requirement of £111.439m in loans fund advances. This is £2.809m lower than the revised budget update provided in month three due to updated cashflows across the programme.
- 2.3 At month five, the Housing Revenue Account (HRA) is projecting capital expenditure of £118.108m and capital income of £38.992m, resulting in a net requirement of £79.116m in loans fund advances.
- 2.4 An additional report is brought to the Finance and Resources Committee on this agenda assessing the significant financial pressure faced by the capital programme due to by current market conditions. The impact from factors such as COVID-19 and Brexit has been compounded by the Ukraine war and the cost-of-living crisis, resulting in very significant increases in costs across all capital projects.

3. Background

- 3.1 The Sustainable Capital Budget Strategy 2022-2032 was approved by Council on 24th February 2022. This report detailed priorities for council capital investment of £1,459.874m, in alignment with the Council Business Plan, over the medium to long-term and set out a plan on how they could be funded.
- 3.2 The Capital Strategy - Annual Report was approved by Council on 17th March 2022. This report sets out the proposed capital strategy, which provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the infrastructure and provision of services for the benefit of Edinburgh communities and citizens.
- 3.3 The month three capital monitoring position and the revised 2022/23 capital budget strategy position was reported to Finance and Resources Committee on 8th September 2022. This report incorporated outturn slippage from 2021/22 and rolled forward the capital investment programme for the period 2022-2032 to create the

revised capital budget. In creating the revised budget, realignments were made between financial years to reflect the most up to date cash flow projections available. The budget was also adjusted to reflect funding received since the Council set its budget in February.

4. Main report

Capital Monitoring 2022/23 – Month Five Position

General Fund Capital

- 4.1 At month five, general fund expenditure is projected to be £225.999m, compared against a budget of £228.988m, resulting in projected capital expenditure slippage of £2.989m. Grants and other capital income are forecast to be £114.560m with the remaining expenditure being funded by loans fund advances of £111.439m. This is £2.809m lower than the revised budget update provided in month three reflecting updated cashflows received across the programme. A breakdown by directorate is provided in Appendix 1, with additional commentary provided in sections 4.2 to 4.7.
- 4.2 Within Education and Children's Services, there has been capital expenditure of £19.490m as at month five. Expenditure relates primarily to Early Years projects, Boroughmuir High School, Trinity Academy and Wester Hailes Education Centre. There is also now forecast slippage of £12.526m in the year, which relates predominantly to Rising School Rolls. The Learning Estate strategy is experiencing significant financial pressure due to current market conditions. The impact from factors such as COVID-19 and Brexit has been compounded by the Ukraine war and the cost-of-living crisis, resulting in very significant increases in costs.
- 4.3 Within Place, there has been capital expenditure of £30.609m as at month five. Expenditure relates primarily to North Bridge £5.652m, Carriageways and Footways £6,161m, City Centre West East Link (CCWEL) Active Travel project £2.259m and the spending of the Development Funding Grant £3.669m. The projected outturn variance of £3.969m for the year primarily relates to;
- Housing and Regeneration slippage of £2.143m due to construction industry materials and labour shortages affecting the Granton Station Town Centre and Powderhall Stables programmes;
 - Depot Review slippage of £1.859m and Roads and Footways slippage of £1.008m both due to construction delays for the reasons noted above; and
 - North Bridge budget acceleration of £1.203m in line with latest forecasts.
- 4.4 Within Place – Trams to Newhaven, the project is forecasting in line with budget and is expected to complete on time in Spring 2023, within the approved budget of £207.3m.
- 4.5 Within Place - Lending there has been capital expenditure of £3.096m as at month five for completed units which have transferred to Edinburgh Living LLP.

- 4.6 Within Asset Management Works Programme, there has been capital expenditure of £4.143m as at month five across various projects, with outturn slippage of £8.973m against a budget of £22.102m. This is due to delays to the Enerphit programme £4.275m and general slippage £4.698m due to the shared experience of shortages in materials and labour in the construction industry.
- 4.7 An additional report is brought to the Finance and Resources Committee on this agenda assessing the significant financial pressure faced by the capital programme due to current market conditions. The impact from factors such as COVID-19 and Brexit has been compounded by the Ukraine war and the cost-of-living crisis, resulting in very significant increases in costs across all capital projects.

Housing Revenue Account (HRA) Capital

- 4.8 The month five monitoring shows HRA capital expenditure of £28.535m for the financial year to date across various programmes and workstreams relating to the Council housebuilding programme and improvements to existing council homes and estates, with forecast capital expenditure slippage of £0.647m in the year. A breakdown by programme is provided in Appendix 2, with additional commentary provided in sections 4.9 to 4.13.
- 4.9 The forecast capital expenditure outturn on the Council Housebuilding Programme is acceleration of £1.383m which is primarily due to the rephasing of Western Villages development stages.
- 4.10 The forecast capital expenditure outturn on the Land element of the Council Housebuilding Programme is in line with budget, with the purchase of Liberton Hospital expected to complete within the year.
- 4.11 The forecast capital expenditure outturn against Improvements to Council Homes and Estates is slippage of £1.989m primarily due to supply chain disruption, including shortages of materials and contractor availability.
- 4.12 Previously, delays were reported in the Improvements to Council Homes and Estates programme because of the refusal of tenants to allow access to properties because of Covid concerns. Although this remains to some extent, the impact on the programme is much reduced.
- 4.13 The month five monitoring shows HRA capital income of £6.794m for the financial year so far, primarily from capital receipts from sales to Edinburgh Living LLP and additional disposals through the Acquisitions and Disposals Programme. The projected Capital income is £38.992m, which is £2.567m more than the revised budget, reflecting these additional disposals. The amount to be funded through the Loans Fund Advance is projected to be £79.116m, a reduction of £3.214m in line with overall HRA programme slippage and the additional income.

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 8 and month 12 showing the position against the revised 2022/23 capital budget.

6. Financial impact

- 6.1 The 2022/23 General Fund projected outturn outlines loans fund advances of £111.439m. The overall loan charges associated with this over a 30-year period would be a principal amount of £111.439m, interest and expenses of £85.291m, resulting in a total cost of £196.731m based on a loans fund interest rate of 4.00%. The average annual cost would be £6.558m for 30 years.
- 6.2 The 2022/23 HRA projected outturn outlines loans fund advances of £79.116m. The overall loans charges associated with this over a 30-year period would be a principal amount of £79.116m, interest of £64.855m, resulting in a total cost of £143.971m based on a loans fund rate of 4.25%. The average annual cost would be £4.799m for 30 years.
- 6.3 Borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 6.4 The loan charge costs outlined above will be met from the general fund and HRA revenue budgets for loan charges.

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 Strategy 2022-32 – Annual Report](#), Finance and Resources Committee, 3 March 2022
- 8.2 [2022-32 Sustainable Capital Budget Strategy – Outturn 2021/22 and Revised Budget 2022/23](#), Finance and Resources Committee, 8 September 2022

9. Appendices

- 9.1 Appendix 1 – 2022/23 Capital Monitoring Month Five – General Fund
- 9.2 Appendix 2 – 2022/23 Capital Monitoring Month Five – HRA

Appendix 1 - 2022/23 Capital Monitoring

General Fund Summary

Period 5

Expenditure	Approved Budget	Adjustments	Revised Budget	Actual to Date	Projected Outturn	Projected Outturn Variance	
	£000	£000	£000	£000	£000	£000	%
Education and Children's Services	33,040	15,722	48,762	19,490	36,236	12,526	25.69%
Place	104,983	(1,454)	103,529	30,609	99,560	3,969	3.83%
Place - Lending	16,972	3,057	20,029	3,096	20,029	-	0.00%
Place - Tram York Place to Newhaven	39,503	15,197	54,700	21,733	55,238	(538)	-0.98%
Place - Asset Management Works	29,425	(7,323)	22,102	4,143	13,129	8,973	40.60%
Corporate Services	807	469	1,276	228	1,524	(247)	-19.39%
Edinburgh Health and Social Care Partnership	-	284	284	160	284	-	0.00%
Contingency	-	-	-	-	-	-	0.00%
Slippage Assumption	(21,694)	-	(21,694)	-	-	(21,694)	100.00%
Total Gross Expenditure	203,036	25,952	228,988	79,459	225,999	2,989	1.31%
Funding	Approved Budget	Adjustments	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	16,391	19,391	946	19,391	-	0.00%
Ringfenced Asset Sales	-	-	-	122	122	122	N/A
Capital from Current Revenue	-	2,670	2,670	1,170	2,670	-	0.00%
Less Fees Relating to Receipts	-	-	-	-	-	-	N/A
Less Fees Relating to General Receipts	-	-	-	-	-	-	N/A
Total Capital Receipts from Asset Sales	3,000	19,061	22,061	2,238	22,183	122	0.55%
<i>Drawdown from/ (to) Capital Fund</i>	-	-	-	-	-	-	N/A
<i>Developer Contributions</i>							
Developers Contributions Transferred to Investments	-	1,133	1,133	7,907	-	(1,133)	0.00%
Total Developer Contributions	-	1,133	1,133	7,907	-	(1,133)	N/A
Total Capital Receipts and Contributions	3,000	20,194	23,194	10,144	22,183	(1,011)	-4.36%
<i>Grants</i>							
Scottish Government General Capital Grant	40,221	-	40,221	17,089	40,221	-	0.00%
Other Grants and Contributions	-	-	-	1,373	1,373	1,373	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	2,223	2,223	488	28.13%
Transfer of Management of Development Funding (TMDF)	45,182	-	45,182	1,118	45,182	-	0.00%
Early Years and Childcare - Expansion	-	-	-	-	-	-	N/A
Regeneration Funding - Powderhall Stables	-	-	-	-	-	-	N/A
Other Government Grants	-	-	-	(1,234)	-	-	N/A
Capital Grants Unapplied Account Drawdown	-	-	-	-	-	-	0.00%
Total Grants	89,448	1,068	90,516	20,569	92,377	1,861	2.06%
Total Funding	92,448	21,262	113,710	30,713	114,560	850	0.75%
<i>Borrowing</i>							
New Prudential Borrowing in Year	9,340	4,270	13,610	-	5,765	(7,845)	-57.64%
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	-	55,238	538	0.98%
New Capital Advance - General Fund	44,773	(18,864)	25,909	48,746	30,407	4,498	17.36%
Balance to be funded through Loans Fund Advance	110,588	3,660	114,248	48,746	111,439	(2,809)	-2.46%

Appendix 2 - 2022/23 Capital Monitoring

Housing Revenue Account

Period 5

Expenditure	Approved	Adjustments	Revised	Actual to	Projected	Projected Outturn	
	Budget		Budget	Date	Outturn	Variance	
	£000	£000	£000	£000	£000	£000	%
New Homes Development	43,332	(5,608)	37,724	7,807	39,107	1,383	3.7%
New Homes Land Costs	16,800	(2,456)	14,344	46	14,303	(41)	-0.3%
Improvement to Council Homes and Estates	66,687	-	66,687	20,683	64,698	(1,989)	-3.0%
Total Gross Expenditure	126,819	(8,064)	118,755	28,535	118,108	(647)	-0.5%

Income	Approved	Adjustments	Revised	Actual to	Projected	Projected Outturn	
	Budget		Budget	Date	Outturn	Variance	
	£000	£000	£000	£000	£000	£000	%
Capital Receipts and Other Contributions	-	-	-	2,567	2,567	2,567	0.0%
Capital Funded from Current Revenue	23,300	(2,456)	20,844	-	20,844	-	0.0%
Receipts from LLPs	6,444	-	6,444	3,042	6,444	-	0.0%
Scottish Government Subsidy	4,137	-	4,137	1,185	4,137	-	0.0%
Specific Capital Grant	5,000	-	5,000	-	5,000	-	0.0%
Total Income	38,881	(2,456)	36,425	6,794	38,992	2,567	7.0%
Balance to be funded through Loans Fund Advance	87,938	(5,608)	82,330	21,741	79,116	(3,214)	0%

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
	£000	£000	£000	£000	£000	£000
Rolled Forward Capital Investment Programme						
Education and Children's Services	95,726	36,236	71,215	103,555	83,314	31,563
Place	176,181	99,560	130,679	79,059	75,997	20,223
Place - Lending	4,167	20,029	62,413	70,500	41,793	10,804
Place - Trams to Newhaven	68,486	55,238	3,507	0	0	0
Place - Asset Management Works	23,236	13,129	26,441	33,677	31,484	20,473
Corporate Services	3,155	1,524	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	0	-18,660	-5,573	4,574	17,928
Total General Services Capital Expenditure	371,115	225,999	279,685	282,814	242,831	106,669

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	118,108	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%	12.8%	8.1%	8.2%	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	1,450	1,501	1,546	1,579	1,546
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	2,001	2,180	2,400	2,601	2,731

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	2,001	2,180	2,400	2,601	2,731
(Over) / under limit by:	123	282	510	778	1,052	1,257

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	1,690	1,919	2,256	2,708	3,194	3,613
Credit Arrangements (including leases)	289	284	279	274	268	262
Authorised Limit for External Debt	1,980	2,203	2,535	2,982	3,462	3,875

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	1,869	2,206	2,658	3,144	3,563
Credit Arrangements (including leases)	289	284	279	274	268	262
Operational Boundary for External Debt	1,930	2,153	2,485	2,932	3,412	3,825

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	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£001
General Services (excluding On-Lending and Tram to Newhaven) - New Loans Fund Advances						
Loans Fund Advances in year	147,789	35,119	101,942	109,404	104,655	41,977
Year 1 - Interest Only	2,997	712	2,067	2,218	2,122	851
Year 2 - Interest and Principal Repayment	8,597	2,043	5,930	6,364	6,088	2,442
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.

This page is intentionally left blank

Governance, Risk and Best Value Committee

10.00am, Tuesday 22 November 2022

Revenue Monitoring 2022/23 – month five position – referral from the Finance and Resources Committee

Executive/routine Executive
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Revenue Monitoring 2022/23 – month five position 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: Taylor Ward, Assistant Committee Officer
Legal and Assurance Division, Corporate Services Directorate
Email: taylor.ward@edinburgh.gov.uk

Referral Report

Revenue Monitoring 2022/23 – month five position – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 10 November 2022, the Finance and Resources Committee considered the Revenue Monitoring 2022/23 – month five position report. The report set out the projected Council-wide revenue budget position for the year, based on analysis of the first five months' financial data and projections of income and expenditure for the remainder of the year.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To note that, as of month five, an overall overspend of £5.092m was forecast and that failure to break even would increase the savings requirement in 2023/24.
 - 2.2.2 To note the potential for further expenditure pressures to emerge during the remainder of the year and thus, given the deterioration in the overall position within Directorates since month three, 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.
 - 2.2.3 To note continuing discussions with the UK and Scottish Governments on the provision of further funding to address in full significant additional costs incurred as part of the Council's response to the Ukraine crisis.
 - 2.2.4 To note that, in light of the above, regular updates would continue to be provided to members of the Committee during the remainder of the year.
 - 2.2.5 To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.
 - 2.2.6 To note that under 'Member-approved investments, 2022/23', investment in Energy for Edinburgh was marked as amber, dependent upon current Council capacity to deliver.
 - 2.2.7 To reaffirm the importance of this strategic work to investigate local heat and energy efficiency solutions in helping Edinburgh Council to meet our climate change and energy targets.

- 2.2.8 To note that progress would be reported to Council in due course and requested a report on progress made towards this action at Policy and Sustainability Committee within 3 cycles.
- 2.2.9 To agree to include an appendix to the next Revenue Budget Monitoring Report in January with information on the funding position for the Ukrainian refugee programme, including updates on negotiations with Governments and COSLA; ongoing costs; funding received and outstanding; and expenditure that is likely not to be recoverable.

3. Background Reading

- 3.1 [Finance and Resources Committee – 10 November 2022 - Webcast](#)
- 3.2 Minute of the Finance and Resources Committee – 10 November 2022

4. Appendices

- 4.1 Appendix 1 – report by the Interim Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Thursday, 10 November 2022

Revenue Monitoring 2022/23 – month five position

Executive/routine Wards Council Commitments	Executive
---	-----------

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
- 1.1.1 note that, as of month five, an overall overspend of £5.092m is being forecast and that failure to break even would increase the savings requirement in 2023/24;
 - 1.1.2 note the potential for further expenditure pressures to emerge during the remainder of the year and thus, given the deterioration in the overall position within Directorates since month three, 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 continuing discussions with the UK and Scottish Governments on the provision of further funding to address in full significant additional costs 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,

Finance and Procurement Division, Corporate Services Directorate

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

Revenue Monitoring 2022/23 – month five 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 five months' financial data and projections of income and expenditure for the remainder of the year. At this stage, an overall overspend of £5.092m 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 teachers' pay award and other inflationary uplifts. Additional certainty is also still 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 Particularly given the deterioration in the overall position within Directorates since month three, it therefore remains 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 Subsequent in-year updates have been considered by members of the Committee on 3 March, 16 June and 8 September 2022. The most recent of these updates pointed to an anticipated overall overspend of £5.627m, with the potential for further expenditure pressures to emerge during the remainder of the year, particularly regarding the 2022/23 employee pay award and other inflationary uplifts. In light of this position, the report emphasised the importance of pressures, savings delivery shortfalls and risks being fully and proactively managed within all Directorates and the Health and Social Care Partnership in order to achieve a balanced position by the year-end and thus not add to future years' savings requirements.

4. Main report

COVID-related impacts

- 4.1 Monitoring in the current year will continue to focus not only on core service activity but 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 ¹	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 **At this stage and based on the actual COVID-related requirement in 2021/22, the approved level of provision continues to be assessed as sufficient.**
- 4.3 **Parking income** for the year to date remains 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 the intervening period, they are still expected to fall within the £6m budget framework income loss provision in this area.
- 4.4 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.
- 4.5 Equivalent funding has not, however, been made available to **Edinburgh Trams**, with overall patronage sitting at around 75% of pre-COVID levels. Tram revenues are also being affected by the expansion of free travel to under 22s. It is anticipated, however, that the remaining element of the £0.500m of investment to support the expansion of younger person's free travel included in the 2021/22 budget motion will be sufficient to address, in full, the resulting loss of income in the current financial year.

¹ The £3m shown forms part of an overall level of budgetary provision that is £17.6m higher than was approved, pre-pandemic, for 2020/21.

- 4.6 As approved by the Transport and Environment Committee on 6 October 2022, the Council has agreed not to support financially the free travel for under 22s on Edinburgh Trams scheme beyond 31 March 2023 pending the outcome of Transport Scotland's on-going Fair Fares Review and wider consideration of resource availability as part of the 2023/24 budget process. Given that in-year liabilities are expected to be met in full from the £0.500m noted above, it is proposed to retain within reserves the £2m approved to support the policy as part of the agreed budget motion for 2022/23, with the allocation of this sum then contributing on a one-off basis towards addressing the 2023/24 budget gap. Final confirmation will, however, be provided in the report to the Committee's next meeting in late January 2023 should Executive Directors' proposed actions not be sufficient to provide confidence of a breakeven position being achieved in 2022/23.
- 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, although this will be kept under active review given current challenging economic conditions.
- 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 As of period five, the Executive Director of Education and Children's Services is projecting a net pressure of £4.0m, a deterioration of £1.5m from the position reported to the Committee's previous meeting. Significant elements within the forecast include a projected net pressure of £2.4m within the budget for Children's Services, including residential and secure accommodation, reflecting continuing 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 numbers of young people and families being supported as of the end of August and so any further increase in demand for support over the remainder of the year will result in an additional pressure.

- 4.12 Pressures of £1.2m are also forecast within Home to School Transport, reflecting shortfalls against 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 are being reviewed following the start of the new school term, including the impact of under 22 free bus travel, with any changes in the current forecast then reported to the Committee's next meeting in January.
- 4.13 The majority of the remaining Directorate variance relates to a small element of uninsured costs following settlement of the insurance claim relating to the fire at Liberton Primary School in February 2020.
- 4.14 The Executive Director of Education and Children's Services is fully committed to continuing to deliver mitigations to reduce the existing pressures and to identify and implement management actions required to address these. A further update will therefore be included in the period eight 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 £0.090m, in the main attributable to staffing-related savings. As agreed at the Committee's last meeting, the overall position now reflects the provision of one-off investment funding of £0.961m for Enterprise Resource Planning (ERP) infrastructure upgrades.

Place

- 4.16 The Executive Director of Place is forecasting an overall pressure of £2.7m as of period five. This position reflects the combined impact of inflationary pressures in excess of those for which corporate budgetary provision has been made (totalling £1.9m) and a range of other net pressures across the Directorate of £0.8m.
- 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. These actions include a specific focus on those areas of the Directorate where "business as usual" operations indicate an anticipated overspend with a view to identifying, as a matter of urgency, mitigating actions both to address these current-year pressures and enhance the stability of the budget framework going forward.

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 £8.0m (increased from £5.5m at month three) are now apparent in 2022/23, mainly comprising:

- (i) projected growth in client numbers, with an overall in-year increase of 307 households now forecast relative to assumed growth of 120 as of month three;
- (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 Haymarket Welcome Centre, funding for which remains to be confirmed;
- (iv) increased Council costs for Housing First;
- (v) a reduction in the assumed Housing Benefit recovery rate for those accommodated in dispersed flats relative to projections as of period three; and
- (vi) net costs to accommodate current and future increases in homeless Ukrainian households following the end of initial six-month hosting arrangements.

Edinburgh Integration Joint Board (EIJB)

- 4.19 The EIJB Chief Finance Officer presented an update on the 2022/23 Financial Plan to the Board's meeting on 18 October 2022.
- 4.20 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.
- 4.21 Decisions made at the Board's meeting on 9 August resulted in a reduction in the residual gap to £10.8m. The update to the October meeting of the Board indicates a further decrease in the gap to £7.9m. 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

- 4.22 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 remain assessed as green, with most of the remainder rated as amber. Assessments of the deliverability of the latter, and where necessary identification of mitigating offsetting measures, remain in progress.

Service investments

4.23 As part of setting the Council's budget on 24 February 2022, members approved £9.860m of additional service investments. Appendix 3 shows the current assessment of these investments and the associated outcomes sought. Any in-year underspends against these investments will not be carried forward into 2023/24 and thus be considered in the context of offsetting future years' savings requirements.

Employee pay award, 2022/23

4.24 On 2 September, a revised pay award was made to SJC (non-teaching) staff comprising consolidated elements as follows:

- (i) an increase of £2,000 for those earning up to £20,500, based on a thirty-six hour working week;
- (ii) an increase of £1,925 for those earning between £20,500 and £39,000;
- (iii) a 5% increase for those earning between £39,000 and £60,000; and
- (iv) a maximum increase of £3,000 for those earning above £60,000².

4.25 The revised offer also included the removal of Scottish Social Services Council (SSSC) registration fees and an additional day's leave, each on a recurring basis.

4.26 Consideration of the offer was subject to a ballot of members of UNISON, Unite and the GMB, with all indicating acceptance.

4.27 The Scottish Government has identified, on a recurring basis, total additional funding of £261m to support the revised offer³. When added to the 3% already included in the Council's budget framework for 2022/23, this results in an unfunded element of 0.5% across the teaching⁴ and non-teaching awards, giving rise to an in-year and recurring pressure of £3.1m. At this stage, pending formal clarification on the availability and nature of any associated revenue and capital financial flexibilities agreed as part of the overall pay settlement, none of this liability is assumed to be offset through utilisation of such measures.

4.28 Discussions in respect of the teaching, Chief Officer and craft pay awards are continuing. The EIS is consulting with its members on a 5% undifferentiated offer, with the ballot closing on 8 November. Should this be rejected and subsequent negotiations result in an improved offer without the provision of full additional funding by the Scottish Government, this would increase the pressure of £3.1m

² This element was based on an assumed thirty-seven hour working week and is thus pro-rated to the Council's thirty-six hour working week.

³ The total of £261m comprises two elements. £140m was initially provided across the SJC and SNCT (teaching) bargaining groups to increase the employer's offer by around 1.5%. This was then supplemented by a further £120.6m specifically to support a further improvement of the SJC offer. Edinburgh's confirmed share of this total is £20.961m.

⁴ Based on the current undifferentiated offer of 5%.

noted above. By means of illustration, each unfunded additional 1% increase in the settlement for teachers would result in a further pressure of some £2.2m.

- 4.29 Given the evolving nature of discussions and the EIS ballot closing date, a verbal update will be provided at the meeting.

Operation Unicorn

- 4.30 Following the death of Her Majesty the Queen on 8 September, the Council assumed the lead co-ordinating role in the safe implementation of Operation Unicorn, the programme of ceremonial and other events taking place in Scotland prior to her coffin being transported to London.
- 4.31 As part of these events, the Council incurred a range of additional costs, or losses of income, including internal and external stewarding and crowd management costs, road closures and diversions, additional street cleansing and parking enforcement. These costs are currently being collated and will be reported to members of Council in December. Discussions have also been initiated, through COSLA, with both the Scottish and UK Governments concerning appropriate reimbursement of these costs, with an initial claim now submitted.
- 4.32 Following the declaration of a national public holiday to coincide with the Queen's state funeral on 19 September, the Council also incurred additional staffing costs in respect of necessary essential service cover. Collation of these costs (which are not recoverable) is also continuing but estimated to be around £0.5m, with this sum reflected in overall monitoring projections.

Ukraine response

- 4.33 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 end of October, almost 10,000 arrivals had been triaged at the Council-operated Welcome Hub, with over 800 Ukrainians now residing in Edinburgh with hosts under the Homes for Ukraine scheme.
- 4.34 While some elements of funding have been received, the Council has also incurred significant expenditure in establishing and operating what are essentially national facilities. Urgent discussions are therefore continuing at a senior level with both the Scottish and UK Governments to ensure these costs are understood and funded, with no further commitments to be entered into until this assurance has been received. These discussions are also seeking to clarify the provision of relevant funding beyond the current financial year.
- 4.35 Firm or in-principle approval to provide funding has now been received for around 70% of the estimated total costs of £13.3m in 2022/23, with discussions continuing between the Scottish and UK Governments on the remaining items. There is nonetheless a risk that an element of these costs, particularly those incurred prior to Ukrainian Displaced Persons (UDPs) moving in to settled accommodation (the trigger for funding allocations), is not fully recognised, giving rise to an estimated

pressure of £4.0m in 2022/23, with the potential to extend into future years of the budget framework.

Inflationary pressures

4.36 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 outturn⁵. 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

4.37 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 five, the following anticipated mitigations have been identified, representing an overall increase of £4.4m since the period three position as shown in the table at Paragraph 4.38:

- (i) **Council Tax** - based on confirmed 2021/22 income levels, 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 £3.5m positive variance is now being forecast in 2022/23;
- (ii) **Loans charges/interest and investment income** - based on analysis of the 2021/22 outturn, planned in-year capital spend and debt redemption, available cash balances and an expectation not to need to borrow in 2022/23, an overall saving of £3m is anticipated;
- (iii) **application of the budget framework risk contingency, available inflation provisions and other timing-related savings** – together releasing total funding to offset in full energy-related pressures of £8.9m;
- (iv) **Millerhill Recycling and Energy Recovery Centre** - the Council's share of net revenue from electricity generation is estimated at £3.8m in 2022/23;
- (v) **National Insurance** – following the announcement by the UK Government on 22 September that the 1.25% increase in employer's rates will be reversed with effect from 6 November, in-year savings of some £1.6m relative to previous forecasts are now anticipated; and

⁵ Based on qualifying criteria and the wholesale price of energy within its contracts, it is not anticipated at this stage that the Council will receive any significant support from the Energy Bill Relief Scheme. Any update will be provided at the Committee's meeting.

- (vi) projected underspends against the **approved investment in the 2021/22 and 2022/23 budget motions** totalling £1.264m.

Overall position

- 4.38 Taken together, the net impact of anticipated pressures in service areas less corporate or other savings is a projected overspend of £5.092m as shown in the table below. This marks a slight improvement of £0.535m in the overall position since period three.

	Period 5		Period 3	
	£m	£m	£m	£m
Net pressures in service areas:				
Homelessness Services	8.040		5.500	
Education and Children's Services	4.000		2.500	
Place	2.700		3.600	
Corporate Services	(0.090)		(0.279)	
Energy	8.859		8.859	
Employee pay award, 2022/23	3.100		3.100	
Additional costs of public holiday on 19 September	0.500		n/a	
		27.109		23.280
Savings in corporate budgets:				
Application of budget framework risk contingency, available inflation provision and other timing-related savings	(8.853)		(7.853)	
Millerhill - gainshare income	(3.800)		(3.800)	
Council Tax	(3.500)		(3.000)	
Loans charges/interest and investment income	(3.000)		(3.000)	
Savings in employer's National Insurance	(1.600)		n/a	
Savings in members' investment	(1.264)		n/a	
		(22.017)		(17.653)
Net projected pressure		5.092		5.627

- 4.39 As noted in the preceding sections, there is the potential for further risks to emerge during the remainder of the year, particularly regarding the 2022/23 teachers' 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.

- 4.40 *The position above reflects a worsening of £3.3m in the projected outturn of the Council's Executive Directorates.* 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.

- 4.41 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.
- 4.42 Executive Directors have additionally been asked to identify a range of other in-year savings measures, including the development of specific mitigation plans in areas of overspend, reconsideration of all discretionary spend and identification of any opportunities for further savings relative to approved levels of investment. A number of measures to reduce energy consumption have also been implemented.

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 5, an overall overspend of £5.092m is forecast, with a range of further pressures identified. Failure to break even in 2022/23 would increase the savings requirement in 2023/24 due to a need to reinstate the General Fund unallocated reserve. 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 [Finance Update](#), Edinburgh Integration Joint Board, 18 October 2022
- 8.2 [Revenue Monitoring 2022/23 – month three position](#), Finance and Resources Committee, 8 September 2022

- 8.3 [Revenue Budget 2022/27 Framework: progress update](#), Finance and Resources Committee, 16 June 2022
- 8.4 [Revenue Budget Update 2022/23 – Update](#), Finance and Resources Committee, 3 March 2022
- 8.5 [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)	87,408	40,713	39,821	(892)	87,318	(90)	(0.1)
Education and Children's Services	434,149	206,567	208,397	1,830	438,149	4,000	0.9
Health and Social Care	285,022	132,216	135,277	3,061	285,022	0	0.0
Place	193,897	87,688	89,107	1,419	196,597	2,700	1.4
Homelessness Services	50,640	21,402	24,059	2,657	58,680	8,040	15.9
Lothian Valuation Joint Board	3,817	1,591	1,591	0	3,817	0	0.0
Directorate / Division total	1,054,933	490,177	498,252	8,075	1,069,583	14,650	1.4
Non-service specific areas							
Loan Charges / interest and investment income	86,950				83,950	(3,000)	(3.5)
Other non-service specific costs less sums to be disaggregated:	23,932				16,084	(7,848)	(32.8)
- Non-Domestic Rates (poundage uplift)	1,005				0	(1,005)	n/a
- Energy tariff uplift	1,141				10,000	8,859	n/a
- Discretionary Rates	720				720	0	0.0
Additional Investment to disaggregate	20,507	0	0	0	19,243	(1,264)	(6.2)
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
Public holiday, 19 September - estimated additional costs	0	n/a	n/a	n/a	500	500	n/a
Millerhill - electricity generation income	0	n/a	n/a	n/a	(3,800)	(3,800)	n/a
National Insurance - reduction in employer's rate from 6 November 2022	0	n/a	n/a	n/a	(1,600)	(1,600)	n/a
Non-service specific areas total	173,927	0	0	0	167,869	(6,058)	(3.5)
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	(327,132)	(3,500)	(1.1)
Sources of funding total	(1,183,228)	(295,807)	(295,807)	0	(1,186,728)	(3,500)	(0.3)
In-year (surplus) / deficit	0	194,370	202,445	8,075	5,092	5,092	0.4

Approved savings, 2022/23 - current assessed status

	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 taking into account service demand and other relevant factors.
Chief Officers and Senior/Middle Management Review	Council-wide	0.218	0.000	0.000	0.218	
Total Council-wide		1.218	0.120	0.880	0.218	
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	1.277	0.268	
			92.0%	6.6%	1.4%	

	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. An updated business case is included elsewhere on today's agenda.
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: * Deliver on 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; £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: * 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		
7	Social care adaptations	£500,000	Further discussion is required to scope this investment proposal and relevant discussions have been initiated.			No delivery plan for this initiative has yet been developed.

	Service	Investment	Nature of spend	Key outcomes sought (where applicable)	Current status	Comments where status not green
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. An updated draft trees in the city 2022-2032 strategy and a new workforce and resources plan for the Forestry Service has been developed to assess requirements to tackle the challenges of ash dieback. The work has identified the need for two additional arborist squads for ash dieback work. The budget will be used to begin to build up this resource and required equipment.		
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.	An action plan has been developed and the sums will be fully utilised in-year.		
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.	The National Counter Terrorism Security Office (NaCTSO) has recently confirmed that they will not charge the Council rental on the continued deployment of the National Barrier Asset (NBA). Therefore, the investment allocated will now all be used towards related equipment for the City. Work on this procurement has started and will be completed by the end of the financial year.		
15	Taxi regulation and enforcement	£160,000				
16	Short-term lets regulation and monitoring	£150,000				

	Service	Investment	Nature of spend	Key outcomes sought (where applicable)	Current status	Comments where status not green
17	Food growing	£130,000	A proposal on the allocation of this spend was agreed by the Policy and Sustainability Committee on 30 August 2022, comprising match-funding for Edible Edinburgh's Sustainable Food Co-Ordinator Post and support for the Council's Food Growing Strategy priorities, in line with officer capacity available to support project development and delivery and/or management of allocations to external organisations.			
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 six to twelve 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				

Governance, Risk and Best Value Committee

10.00am, Tuesday 22 November 2022

Revenue Budget Framework 2023/27: progress update – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Revenue Budget Framework 2023/27: progress update to the Governance, Risk and Best Value Committee for part of its work programme.

Richard Carr
Interim Executive Director of Corporate Services

Contact: Taylor Ward, Assistant Committee Officer
Legal and Assurance Division, Corporate Services Directorate
Email: taylor.ward@edinburgh.gov.uk

Referral Report

Revenue Budget Framework 2023/27: progress update – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 10 November 2022, the Finance and Resources Committee considered the Revenue Budget Framework 2023/27: progress update report. The report updated members on the outcome of the most recent review of the Council's financial planning assumptions, which resulted in an increased estimated savings requirement before mitigations of £76.5m in 2023/24 and £158.6m by 2026/27.
- 2.2 A number of further risks were highlighted, particularly those in respect of demand-led services, inflation and the Council's level of grant funding settlement.
- 2.3 The Finance and Resources Committee agreed:
 - 2.3.1 To note the updates to financial planning assumptions set out in the report, which resulted in an increased overall estimated savings requirement before mitigations of £76.5m in 2023/24 and £158.6m over the period to 2026/27 respectively.
 - 2.3.2 To note the further risks outlined in the report, particularly those in respect of demand-led services, inflation and the level of grant funding settlement.
 - 2.3.3 To note the proposed measures and savings presented within the report, the combined impact of which would reduce the estimated residual funding gap in 2023/24 to £21.2m and £110.1m in 2026/27, albeit with a need to provide for an additional contingency in 2023/24 of at least £10m against the risks noted above.
 - 2.3.4 To note that a further update, incorporating the impact of the provisional 2023/24 Local Government Finance Settlement and presenting further proposals to address the resulting residual savings requirement, would be brought to the Committee's next meeting on 26 January 2023.
 - 2.3.5 To note that these proposals were likely to involve increasingly difficult choices about the Council's priorities, including service reductions, across all services areas to maintain expenditure in line with available income.

- 2.3.6 To note the officer recommendation at paragraph 4.29 to stop investigating future options for a cycle hire scheme for the city and to release the funding set aside for this purpose.
- 2.3.7 To note that this decision should be taken by members during the budget-setting process by full Council and to agree that Committee noting the report did not equate approving the proposal at paragraph 4.29.
- 2.3.8 To note the initiation of a number of further longer-term strategic and cross-cutting workstreams to develop proposals to contribute towards subsequent years' savings requirements.
- 2.3.9 To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.
- 2.3.10 To note the devolution to the Council of control over Non-Domestic Rates Empty Property Relief from April 2023, as described in paragraph 4.6, and to agree to request a report to the March meeting of the Committee to explore options on setting this relief and the possible implications for businesses and the Council.
- 2.3.11 To note the implications for the Council from the National Care Service would be included as a risk in the next update report.

3. Background Reading

- 3.1 [Finance and Resources Committee – 10 November 2022 - Webcast](#)
- 3.2 Minute of the Finance and Resources Committee – 10 November 2022

4. Appendices

- 4.1 Appendix 1 – report by the Interim Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Thursday, 10 November 2022

Revenue Budget Framework 2023/27: progress update

Executive/routine
Wards

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 before mitigations of £76.5m in 2023/24 and £158.6m over the period to 2026/27 respectively;
 - 1.1.2 note the further risks outlined in the report, particularly those in respect of demand-led services, inflation and the level of grant funding settlement;
 - 1.1.3 note the proposed measures and savings presented within the report, the combined impact of which would reduce the estimated residual funding gap in 2023/24 to £21.2m and £110.1m in 2026/27, albeit with a need to provide for an additional contingency in 2023/24 of at least £10m against the risks noted above;
 - 1.1.4 note that a further update, incorporating the impact of the provisional 2023/24 Local Government Finance Settlement and presenting further proposals to address the resulting residual savings requirement, will be brought to the Committee's next meeting on 26 January 2023;
 - 1.1.5 note that these proposals are likely to involve increasingly difficult choices about the Council's priorities, including service reductions, across all service areas to maintain expenditure in line with available income;

- 1.1.6 note the initiation of a number of further longer-term strategic and cross-cutting workstreams to develop proposals to contribute towards subsequent years' savings requirements; and
- 1.1.7 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,
Finance and Procurement Division, Corporate Services Directorate
E-mail: hugh.dunn@edinburgh.gov.uk | Tel: 0131 469 3150

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 before mitigations of £76.5m in 2023/24 and £158.6m by 2026/27. A number of further risks are highlighted, particularly those in respect of demand-led services, inflation and the Council's level of grant funding settlement.
- 2.2 A range of proposed measures, including corporate mitigations, budget realignment and savings relating to decisions already agreed by, or recommended to, members is presented for consideration. Alongside initial tactical savings developed through the Medium-Term Financial Plan (MTFP), if all approved, these measures would reduce the estimated residual funding gap in 2023/24 to £21.2m and £110.1m in 2026/27 albeit with a need to provide for an additional contingency of at least £10m against the risks noted above.
- 2.3 In view of this remaining gap, a further update, incorporating the impact of the provisional 2023/24 Local Government Finance Settlement and presenting further proposals to address the resulting residual savings requirement, will be brought to the Committee's next meeting on 26 January 2023. These proposals are likely to involve increasingly difficult choices about the Council's priorities, including service reductions, across all service areas to maintain expenditure in line with available income. The report will also update members on the development of further longer-term strategic and cross-cutting workstreams to develop proposals to contribute towards subsequent years' savings requirements.

3. Background

- 3.1 At the Committee's previous meeting on 8 September 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 indicated an increased estimated savings requirement of £70.4m in 2023/24 and £152.9m by 2026/27. The report also provided an update on the development of the Council's Medium-Term Financial Plan (MTFP).

- 3.2 Given continuing significant levels of volatility in the external environment, this report apprises members of the results of a further review of planning assumptions for the Council’s key expenditure and income drivers. In addition, it presents a number of proposed measures and savings, the effect of which would be to reduce significantly the residual gap in 2023/24 and subsequent years.

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 and legislative reform, 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 the planning assumptions assumed in the most recent update considered by the Committee on 8 September, 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, September 2022	70.4	99.2	125.8	152.9

Changes in planning assumptions since previous forecast

- 4.2 The Council’s planning assumptions are 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 As part of the latest review, three specific changes have been incorporated, with two generic changes applying to all of Scotland’s authorities and one specific to Edinburgh as set out in the following sections.

Non-Domestic Rates revaluation

- 4.4 The next revaluation of non-domestic property in Scotland is due to take effect from 1 April 2023 based on rental values as at 1 April 2022. At revaluation, Scottish Assessors review rateable values resulting in a new valuation roll for all non-domestic properties in Scotland, with the effect of this revaluation being broadly neutral in overall terms. The Council pays Non-Domestic Rates on most of its non-housing properties, with total annual budgeted spend of some £20m.
- 4.5 Indicative forecasts suggest an overall valuation increase of between 15% and 20% for councils’ property estates, with the precise impact varying depending on the make-up of individual authorities’ property portfolios. On this basis, it is considered prudent to include a further £4m provision, based on an average

overall increase of 20%, within the budget framework from 2023/24 onwards to address these liabilities.

- 4.6 Empty Property Relief for non-domestic properties will also be devolved to local authority control with effect from April 2023. It has been agreed that corresponding funding for 2023/24 and 2024/25 will be distributed to councils based on existing levels of relief granted. On this basis and in the absence of any decision to amend the Council’s policy in this area, no change in the overall savings requirement is being assumed as a result of this devolution of powers to local authorities.

National Insurance

- 4.7 Employer’s National Insurance rates increased by 1.25% from April 2022, with the additional sums raised earmarked to support further health and social care investment. The UK Government has confirmed, however, that this increase will be reversed with effect from 6 November 2022, with the associated investment instead being funded through general taxation. This change gives rise to in-year savings in 2022/23 of around £1.6m, increasing to £4m in 2023/24.

Homelessness services

- 4.8 The current-year revenue monitoring report elsewhere on today’s agenda points to an increased estimated pressure of £8.0m in respect of homelessness services in 2022/23. The budget framework also incorporates 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.
- 4.9 The report to the Committee’s last meeting estimated that gross pressures in 2023/24 had increased to £13m above the base budget assumption. Extrapolating the current year’s increased projection, these pressures have now grown to £19.1m, comprised as follows:

	£m
Full-year effect of actual and projected growth in 2022/23	7.3
Assumed growth in 2023/24, based on continuation of current year's growth	3.0
Effect of reduction in 2023/24 budget base as noted above	3.0
Energy-related increases for spot purchases and contracted accommodation	3.0
Other inflationary uplifts for Private Sector Leasing, commissioned services and temporary accommodation	1.8
Additional accommodation required for homeless Ukrainian households following ending of initial hosting arrangements	1.0
	19.1

- 4.10 Given that the pressure above is expressed after the provision of an additional £14.6m relative to the pre-COVID 2020/21 approved budget, the total net expenditure requirement in this area will have more than doubled as shown in the table below:

	£m	Cumulative increase (£m)	Cumulative increase (%)
Approved budget, 2020/21	31.0	n/a	n/a
Approved budget, 2021/22	43.0	12.0	38.7
Approved budget, 2022/23	48.6	17.6	56.7
Projected budget, 2023/24	64.7	33.7	108.7

- 4.11 Opportunities to expand existing preventative and demand management activity, including income maximisation work and property purchasing to lessen the need to use more expensive temporary accommodation, will continue to be examined. Approved changes with regard to eligibility for those with No Recourse to Public Funds (NRPF) will also deliver savings as noted later in this report. There is a risk, nonetheless, that the sum above will increase further should additional accommodation be required for homeless Ukrainian households following the ending or breakdown of current hosting arrangements.

Revised gap before mitigations

- 4.12 Taken together, the above factors increase the savings requirement in 2023/24 before mitigations to £76.5m as shown in the table below.

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Updated estimated funding gap, September 2022	70.4	99.2	125.8	152.9
Factors increasing overall gap:				
Homelessness services - increased pressures (from £13m to £19.1m)	6.1	6.1	6.1	6.1
Non-Domestic Rates - impact of April 2023 revaluation	4.0	4.0	4.0	4.0
Factors reducing overall gap:				
Reduction in employer's National Insurance contributions with effect from November 2022	(4.0)	(4.1)	(4.3)	(4.4)
Updated gap prior to application of mitigations	76.5	105.2	131.6	158.6

- 4.13 At this stage, all other financial planning assumptions are assumed to remain unchanged, including a 3% annual increase in Council Tax across the period of the framework. While the position may become clearer following publication of the UK Government's Autumn Statement on 17 November, there is however the potential

for reductions in grant funding relative to current assumptions, particularly as the current “flat-cash” projection was based on indications contained within the Scottish Government’s Resource Spending Review in May 2022. Since that time, increases in inflation have eroded the spending power of the Scottish Budget (with, for example, substantial additional sums required to fund public sector pay awards) whilst also increasing sums required to support those most at risk from the effects of the cost of living crisis.

- 4.14 A sector-wide funding allocation for Local Government will be confirmed as part of the Scottish Budget provisionally scheduled for 15 December, with authority-specific allocations then provided as part of the Local Government Finance Settlement early the following week. The Scottish Government has indicated that, in the absence of any additional block grant funding provided in recognition of these inflationary pressures, it can only improve pay deals for public sector workers in Scotland through cuts to public services. As has been indicated in previous reports, while opportunities for 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.
- 4.15 The assumptions underpinning the above gaps remain subject to considerable uncertainty with regard, in particular, to the level of the employee pay award and grant funding settlement. The Consumer Prices Index (CPI) rose by 10.1% in the 12 months to September 2022¹, up from 9.9% in August, with the Retail Prices Index (RPI) increasing by 12.3% over the same period. Inflation rates are expected to remain at high levels for the majority of 2023, fuelling higher wage claims, increasing the cost of contract uplifts and exerting upward pressure on a range of other costs incurred by the Council.

¹ Of this total, two thirds of the headline rate is accounted for by housing and household (including energy), food and transport costs.

4.16 Given that they represent the factors with the biggest impact on the overall savings requirement, the table below indicates the effect of 1% and 2% upward and downward movements in the level of grant settlement and employee pay awards respectively from current assumptions on the estimated overall 2023/24 gap. In view of the potential for the overall savings requirement to increase should the pay award be higher and/or grant settlement lower than currently assumed, it is therefore considered prudent to seek savings options in 2023/24 exceeding this requirement by £10m.

		Pay awards				
		1%	2%	3%	4%	5%
Grant funding settlement	+2%	47.9	54.4	60.9	67.4	73.9
	+1%	55.7	62.2	68.7	75.2	81.7
	“Flat cash”	63.5	70.0	76.5	83.0	89.5
	-1%	71.3	77.8	84.3	90.8	97.3
	-2%	79.1	85.6	92.1	98.6	105.1

Corporate mitigations

- 4.17 As indicated in the report to the Committee on 8 September, given the extent of the overall savings requirements, a thorough review of corporate budgets and reserves has been undertaken, including considering any favourable variances apparent in 2022/23 that would be expected to recur. A number of these variances were incorporated within the updated gap reported to the Committee’s previous meeting.
- 4.18 Following further consideration and technical modelling, additional measures are now proposed as set out in the following paragraphs.

COVID reserves funding

- 4.19 In recognition that the income and expenditure impacts of the COVID pandemic would likely last at least into the medium term, in addition to COVID-specific grant funding provided by the Scottish Government in early 2021, the Council supplemented these sums by reprioritising its own reserves and identifying savings in service and corporate budgets during 2020/21, given uncertainty over the availability of external funding until late in the financial year.
- 4.20 Available COVID-specific reserves were then drawn upon in 2021/22, with a further drawdown assumed in setting the 2022/23 budget. The level of required drawdowns has, however, been lower than originally assumed, meaning that some £30m is expected to remain as of 31 March 2023². Given that the budget framework assumes provision for COVID-related pressures (specifically the continuing loss of the Lothian Buses dividend, on-going reductions in parking income and increased support for the Council’s Arm’s-Length External

² This sum assumes £25.3m is drawn down in respect of COVID-specific impacts in 2022/23.

Organisations, in particular Edinburgh Leisure) of £11m/£9m/£9m/£9m over the period from 2023/24 to 2026/27, it is proposed to address these requirements through corresponding drawdowns of £10m/£8m/£6m/£6m over the same period.

- 4.21 A review of the Council's other earmarked reserves has also been undertaken to reprioritise £5m of existing funds to address the overall savings requirement on a one-off basis in 2023/24. These funds will be supplemented by the retention centrally, following full repayment by the Directorates concerned, of £0.5m of budgets previously required to support service-specific prudential borrowing.

Service concession financial flexibility

- 4.22 The report to the Committee's meeting on 16 June 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 issued a corresponding Finance Circular on 20 September 2022 outlining the basis of the change, ensuring the intended flexibility can be effectively applied in practice.
- 4.23 In order to apply this flexibility, a recommendation must be taken to full Council for approval, setting out the reason for the change in policy and demonstrating that the change is prudent, sustainable and affordable over the life of the asset. Should members agree, a recommendation to adopt the service concession flexibility will therefore be presented to Council on 23 February 2023 for approval as part of the Council's overall budget-setting process.
- 4.24 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 undertaken to date by the Council's external advisors points to an estimated retrospective benefit up to 31 March 2023 of some £94.7m. It is proposed to apply this retrospective benefit equally over a five-year period, starting in 2023/24. Timing-related savings generated going forward will be ringfenced both to provide for additional repairs and maintenance liabilities when the assets revert to Council ownership, consistent with the assumed extended asset lives, and to mitigate future principal repayment liabilities, with the aim of demonstrating prudence, affordability and sustainability. This is, however, a highly technical area and discussions are continuing at national level to develop a thorough understanding of a number of complex issues.

4.25 In combination, these corporate mitigations have the effect of reducing the cumulative savings requirements as shown in the table below:

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Updated underlying funding gap	76.5	105.2	131.6	158.6
Application of remaining COVID reserves funding	(10.0)	(8.0)	(6.0)	(6.0)
Review of reserves	(5.0)	0.0	0.0	0.0
Prudential funding budgets retained centrally	(0.5)	(0.5)	(0.5)	(0.5)
Application of provisional service concession financial flexibility (assumed over five years)	(18.9)	(18.9)	(18.9)	(18.9)
Updated gap after application of corporate mitigations	42.1	77.8	106.2	133.2

Savings resulting from decisions already agreed by, or recommended to, members

4.26 A number of further savings would, or could, be delivered from decisions already approved by, or recommended to, members as indicated in the table below.

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Updated gap after application of corporate mitigations	42.1	77.8	106.2	133.2
Factors reflecting decisions previously approved by, or recommended to, members:				
Roads Construction Consent Inspections ³	(0.4)	(0.4)	(0.4)	(0.4)
Strategic Review of Parking ⁴	(2.0)	(3.0)	(3.0)	(3.0)
Homelessness - No Recourse to Public Funds ⁵	(3.0)	(3.0)	(3.0)	(3.0)
Under 22s tram concessions	(3.0)	(3.5)	(3.5)	(3.5)
Edinburgh Bike Scheme	(0.5)	(0.5)	(0.2)	0.0
Updated gap after decisions previously approved by, or recommended to, members	33.2	67.4	96.1	123.3

³ [Proposed Changes to Charging Mechanism for Road Construction Consent Inspections](#), Transport and Environment Committee, 18 August 2022

⁴ [Strategic Review of Parking – Results of Advertising of Phase 1 Traffic Order](#), Transport and Environment Committee, 18 August 2022

⁵ As agreed at meeting of Housing, Homelessness and Fair Work Committee, 29 September 2022

- 4.27 As approved by the Transport and Environment Committee on 6 October 2022, the Council has agreed not to support financially free travel for under 22s on Edinburgh Trams beyond 31 March 2023 pending the outcome of Transport Scotland's Fair Fares Review and consideration of wider resource availability as part of the 2023/24 budget process.
- 4.28 Members agreed, as part of the 2022/23 approved budget, to set aside within reserves £2m of funding pending additional discussions with the Scottish Government to extend financial support for free travel for Under 22s to include Edinburgh Trams. The budget framework provides for a further £1m in 2023/24 and £1.5m (i.e. cumulative provision of £3.5m) in 2024/25 recognising respectively the part- and full-year effects of additional estimated financial liabilities linked to the tram extension. Subject to external discussions and/or members' priorities, these sums could be made available as a contribution to address future years' gaps.
- 4.29 In May 2021, members approved £2.3m of investment over four years, aligned to the intended term of the renewed external contract, to support Edinburgh's Bike Scheme. However, in September 2021, the previous scheme ended and therefore the Transport and Environment Committee agreed to investigate options for future delivery and to support local community initiatives in the short term. Recognising the extent of current financial challenges, however, it is proposed to stop investigating future options for a cycle hire scheme for the city and to release the funding set aside for this purpose.

Budget re-alignment and other use of one-off measures

4.30 A further element of savings may be delivered primarily through a combination of one-off balances and budget realignment, taking into account available Scottish Government funding as shown in the table below.

	2023/24	2024/25	2025/26	2026/27
Updated gap after decisions previously approved by, or recommended to, members	33.2	67.4	96.1	123.3
Education Recovery funding - application of one-off residual balance	(2.5)	0.0	0.0	0.0
Instrumental music service - unallocated Scottish Government funding	(0.2)	(0.2)	(0.2)	(0.2)
Education Recovery funding - continuing element	(1.6)	(1.6)	(1.6)	(1.6)
Schools Digital Learning – anticipated Scottish Government funding	0.0	0.0	0.0	(2.0)
Property rationalisation and income	(0.5)	(1.0)	(1.0)	(1.0)
Garden waste income – consolidation	(0.4)	(0.4)	(0.4)	(0.4)
Bus lane camera income – consolidation	(0.6)	(0.6)	(0.6)	(0.6)
Other adjustments	(0.5)	(0.7)	(0.3)	(1.5)
Updated gap after budget re-alignment/use of one-off measures	26.9	62.8	92.0	116.0

Savings proposals developed through the Medium-Term Financial Plan

4.31 To address the financial challenges it faces, the Council is developing a four-year Medium Term Financial Plan (MTFP) and a Change Programme to deliver it. This reflects the scale and longevity of the financial challenge and the need to have in place both near-term and longer-term proposals to address the extent of this challenge.

4.32 The financial strategy is therefore based on:

- (i) Directorate and short-term budget measures designed to close the gap for 2023/24. These measures also include tactical and one-off actions that will contribute to the 2023/24 budget ahead of the medium-and-long term options for delivering the MTFP;
- (ii) Strategic and cross-cutting options to address the four-year challenge, where savings will primarily be delivered in 2024/25 and beyond and implemented via a Change Programme; and
- (iii) Using the Business Plan strategic priorities as a guide to inform resource allocation over the four-year period, including securing efficiencies and

implementing service reductions in areas of lower impact and strategic priority and exploring options to deliver all services differently.

- 4.33 Adopting a medium-term approach to savings and their delivery creates the opportunity to re-shape how the Council operates, how it is organised and how it can improve its efficiency. This is one of the key priorities in the Council's Business Plan.
- 4.34 The Directorate proposals for 2023/24 reflect changes and initiatives that can be delivered relatively quickly, without significant lead times in terms of design, consultation or implementation. Many of the proposals either formalise policy changes that have already been presented and/or are operational changes to how services are delivered or sourced.
- 4.35 More fundamental changes involving significant service re-design will form part of the strategic options being developed for future years. It is recognised that work needs to start promptly on these to allow for the lead times involved.
- 4.36 The Directorate proposals for 2023/24 developed thus far are summarised in Appendix 1. If these were all approved, they would have the effect of reducing the incremental gaps over the four-year period as follows:

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Updated gap after budget re-alignment/use of one-off measures	26.9	62.8	92.0	116.0
Initial savings developed through MTFP	(5.7)	(5.9)	(5.9)	(5.9)
Revised gap if all savings approved	21.2	56.9	86.1	110.1

- 4.37 It is clear that additional savings proposals are still required. These proposals will require members to make increasingly difficult choices about the Council's priorities, including service reductions, across all service areas to maintain expenditure in line with available income. Additional proposals to close the 2023/24 gap and provide a further element of contingency will therefore be presented to the Committee's meeting on 23 January 2023. Members should note that the required level of savings will increase if additional investment is made in core Council HR and SWIFT (social care) systems.
- 4.38 As noted in the preceding sections of this report, the position for 2023/24 and subsequent years is subject to a number of risks, including but not limited to:
- (i) **the current unbalanced position for 2022/23**, with the potential to add to the incremental savings requirement in 2023/24. Executive Directors have therefore been asked to bring forward mitigating actions to manage material known and anticipated pressures fully and on a recurring basis;

- (ii) **further pressures in demand-led services**, particularly homelessness and the Council's Ukraine response. There is a risk that unfunded costs in respect of the latter, discussed in more detail in the revenue monitoring report elsewhere on today's agenda, similarly add to future years' savings requirements;
- (iii) **the level of grant funding settlement for Edinburgh**, including the extent of support received from the stability and 85% funding floors, given likely required savings in public expenditure and inflation- and cost of living-related pressures on the Scottish Budget;
- (iv) **the adequacy of provision for employee pay awards and contract uplifts**, as well as wider inflationary pressures. The Scottish Government has reiterated that, without the provision of compensating resources from the UK Government, no further funding is available to support improved public sector pay awards for local government staff in 2023/24;
- (v) the impact of contract inflation and increasing interest rates on **the affordability of the capital programme**; and
- (vi) development and delivery of a balanced budget for the **Edinburgh Integration Joint Board (EIJB)**.

4.39 In view of these risks, it is strongly recommended that members seek to identify savings options to provide for an additional contingency of at least £10m in 2023/24.

Future years' savings requirements

- 4.40 The approach for securing future savings will be more strategic and cross-cutting than has had to be necessary for 2023/24. Setting a balanced budget for 2023/24 will, however, provide time to plan, design and deliver the long-term strategic options that are being developed. It will also enable a range of options to be discussed with elected members.
- 4.41 The refreshed Council Business Plan will provide the guide for identifying and scoping these longer-term options. This includes what services should be prioritised because they have the biggest impact and/or most closely align to the priority and the areas that could be de-prioritised, including service reductions. Given the extent of the financial challenge, however, even priority services will be in-scope of consideration for reform, change and re-design if there are better ways to deliver the desired outcomes.
- 4.42 As well as resident-facing services, creating a fit-for-purpose organisation with the right capacity, skills and processes is critical. For this reason, organisational reform across the Council is a key priority in the Business Plan and within the proposed programme of strategic and cross-cutting options. This will result in a smaller and leaner council, increasingly digitally enabled and operating from fewer but better

buildings. A Change Programme will need to be established to deliver the strategic options.

4.43 Strategic Options for savings will include:

- (i) **cross-cutting and organisational reform options which will be about improving the efficiency and effectiveness of the organisation** through the use of and investment in technology, the rationalisation of our assets (“fewer but better buildings”, improved resident access, prevention and early intervention, working with public sector partners and driving value from our external spend (including areas such as transport).
- (ii) **strategic Directorate options to be delivered over the next three to four years.** These could involve service re-design, organisational reviews, service reductions (in non-priority areas), alternative sourcing or delivery models, subsidy reduction and/or commercial income generation. These options will primarily deliver savings from 2024/25 and will require programme support.

4.44 More work is required to develop these options and an early action for the Change Programme will be to agree with Directorates the prioritisation and scoping of these options. These longer-term options (both directorate and cross-cutting) will be prioritised and phased to create a rolling work programme. It is envisaged this will be based on phases of work that are refreshed each year; as some projects finish, others will be added.

Edinburgh Integration Joint Board (EIJB)

4.45 The Chief Finance Officer of the EIJB presented a Finance Update to the Board’s most recent meeting on 18 October 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.

Capital Accounting Review

4.46 The Scottish Government has previously 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 provisions⁶ 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).

⁶ 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.

- 4.47 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. Given wider volatility and uncertainty in the external environment and following representations from local authorities, the Minister for Public Finance, Planning and Community Wealth has confirmed that the review will now be delayed for twelve months, reconvening in September 2023, with a view to concluding the Review and presenting recommendations to Scottish Ministers in October 2024, for implementation from 1 April 2025.

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. This reports sets out a basis on which the residual requirement in 2023/24 could be reduced to £21.2m, albeit with a range of remaining risks such that creation of a contingency of at least £10m is strongly recommended. Given the previous low rates of delivery associated, in particular, with generic Council-wide savings, these proposals need to detail specific steps and measures to support delivery within each Directorate.
- 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. To this end, Executive Directors have been asked to bring forward mitigating actions to manage material known and anticipated pressures fully and on a recurring basis. As with the savings listed in Appendix 1, these will be the subject of proportionate Integrated Impact Assessments (IIAs).

6. Financial impact

- 6.1 The Council continues to face significant financial pressures resulting from increased demand for services, inflation and legislative reform, 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 £77m of recurring savings in 2023/24, increasing to £159m over the period to 2026/27.

7. Stakeholder/Community Impact

- 7.1 Proposed savings decisions will be subject to Integrated Impact Assessments (IIAs). Opportunities will also be examined, subject to staffing resource availability, to supplement existing processes with gender budgeting and related analysis.

8. Background reading/external references

- 8.1 [Finance Update](#), Edinburgh Integration Joint Board, 18 October 2022
- 8.2 [Revenue Budget Update 2023/27: Progress Update](#), Finance and Resources Committee, 8 September 2022
- 8.3 [Revenue Budget Framework 2022/27: progress update](#), Finance and Resources Committee, 16 June 2022
- 8.4 [Revenue Budget Update 2022/23 – Update](#), Finance and Resources Committee, 3 March 2022
- 8.5 [Coalition Budget Motion 2022/23](#), The City of Edinburgh Council, 24 February 2022
- 8.6 [Revenue Budget 2022/23 – Risks and Reserves](#), Finance and Resources Committee, 3 February 2022

9. Appendices

Appendix 1 – Initial savings proposals developed through the Medium-Term Financial Plan

Initial savings proposals developed through the Medium-Term Financial Plan

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Corporate Services Directorate				
Customer - promotion of online services	(0.165)	(0.165)	(0.165)	(0.165)
Staffing savings - vacancy and turnover management	(1.173)	(1.173)	(1.173)	(1.173)
Management savings	(0.223)	(0.223)	(0.223)	(0.223)
Salary Sacrifice savings	(0.225)	(0.225)	(0.225)	(0.225)
Education and Children's Services Directorate				
Review and realignment of pupil support	(0.900)	(0.900)	(0.900)	(0.900)
Speech and Language Therapy	(0.850)	(0.850)	(0.850)	(0.850)
Multi-System Therapy Service	(0.500)	(0.500)	(0.500)	(0.500)
Wellington School Former Monies	(0.340)	(0.340)	(0.340)	(0.340)
Review of contracted spend to ensure efficiency with partners to remove areas of duplication	(0.904)	(1.110)	(1.110)	(1.110)
Place Directorate				
Taxicard	(0.120)	(0.120)	(0.120)	(0.120)
Non-core cultural grants	(0.250)	(0.250)	(0.250)	(0.250)
	(5.650)	(5.856)	(5.856)	(5.856)

Proposed savings measures will be subject to Integrated Impact Assessment (IIA) analysis.

This page is intentionally left blank

Governance, Risk and Best Value Committee

10.00am, Tuesday 22 November 2022

Sustainable Capital Budget Strategy 2023-2033 – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on the Sustainable Capital Budget Strategy 2023-2033 to the Governance, Risk and Best Value Committee as part of its work programme.

Richard Carr
Interim Executive Director of Corporate Services

Contact: Taylor Ward, Assistant Committee Officer
Legal and Assurance Division, Corporate Services Directorate
Email: taylor.ward@edinburgh.gov.uk

Referral Report

2022-32 Sustainable Capital Budget Strategy – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 10 November 2022, the Finance and Resources Committee considered the Sustainable Capital Budget Strategy 2023-2033 report. The report set out priorities for the £1.28bn of Council capital investment, in alignment with the Council Business Plan, over the medium to long-term.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To note the priorities for capital expenditure outlined in the report which were aligned to the Council Business Plan.
 - 2.2.2 To note the financial pressures due to challenging market conditions, and the proposed reductions required to bring the programme into a balanced position.
 - 2.2.3 To note the announcement of the provisional Local Government Finance Settlement was expected in December 2022.
 - 2.2.4 To note that delivery of funded capital expenditure priorities was dependent on the achievement of a balanced medium-term revenue budget.
 - 2.2.4 To note that a further report on the Sustainable Capital Budget Strategy 2022-32 would be presented to the Committee in early 2023 prior to Council budget setting in February 2023.
 - 2.2.5 To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

3. Background Reading

- 3.1 [Finance and Resources Committee – 10 November 2022 - Webcast](#)
- 3.2 Minute of the Finance and Resources Committee – 10 November 2022

4. Appendices

- 4.1 Appendix 1 – report by the Interim Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Thursday, 10 November 2022

Sustainable Capital Budget Strategy 2023-2033

Executive/routine Wards Council Commitments	Executive All
---	------------------

1. Recommendations

- 1.1 To note the priorities for capital expenditure outlined in this report which are aligned to the Council Business Plan;
- 1.2 To note the financial pressures due to challenging market conditions, and the proposed reductions required to bring the programme into a balanced position;
- 1.3 To note the announcement of the provisional Local Government Finance Settlement is expected in December 2022;
- 1.4 To note that delivery of funded capital expenditure priorities is dependent on the achievement of a balanced medium-term revenue budget;
- 1.5 To note that a further report on the Sustainable Capital Budget Strategy 2022-2032 will be presented to this Committee in early 2023 prior to Council budget setting in February 2023; and
- 1.6 To refer the report to the Governance Risk and Best Value Committee as part of its work programme.

Richard Carr
Executive Director of Corporate Services

Contact: Rebecca Andrew, Principal Accountant,
Finance and Procurement, Corporate Services Directorate
E-mail: rebecca.andrew@edinburgh.gov.uk | Tel: 0131 469 3211

Sustainable Capital Budget Strategy 2022-2032

2. Executive Summary

- 2.1 The Sustainable Capital Budget Strategy sets out priorities for £1.28bn of Council capital investment, in alignment with the Council Business Plan, over the medium to long-term.
- 2.2 The Capital Budget Strategy is experiencing significant financial pressure due to by current market conditions. The impact from factors such as COVID-19 and Brexit has been compounded by the Ukraine war and the cost-of-living crisis, resulting in very significant increases in costs across all capital projects.
- 2.3 Funding assumptions have been reviewed, but there are limited opportunities to increase the level of fund to address inflationary pressures.
- 2.4 It is therefore proposed that, where possible, budgets are cash limited, uncommitted learning estate projects are only progressed following the development of fully funded business plans and Balerno High School undergoes a retrofit, rather than a full replacement.

3. Background

- 3.1 The [Sustainable Capital Budget Strategy 2022-2032](#) was reported to Finance and Resources Committee on 3 February 2022. This report detailed priorities for Council capital investment of £1,459.874m, in alignment with the Council Business Plan, over the medium to long-term and set out a plan on how they could be funded.
- 3.2 However, this report recognised that the Strategy was expected to come under significant financial pressure as a result of higher tender prices caused by external factors including COVID-19 and Brexit. It was also noted that if a funding gap emerged, 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.
- 3.3 At its meeting of 8 September, this committee approved the [revised Capital Budget Strategy for 2022-23](#), which took account of expenditure slippage from the previous financial year as well as additional funding received. However, it did not address the

increasing difficult market conditions affecting capital budgets. A separate report detailing the period five capital monitoring position is also included on this agenda.

- 3.4 This report provides an update on the financial challenges facing the Council's capital budget and sets out the steps required to reach a balanced position ahead of Council budget meeting in February 2023. This report should be read in parallel with the revenue budget report elsewhere on this agenda as the revenue impact of additional capital expenditure needs to be contained within a balanced medium-term revenue budget.
- 3.5 This report only covers the general fund capital investment programme. The capital expenditure requirements for the Housing Revenue Account were included in an update on the [Housing Revenue Account Business Plan 2023-24](#) to Housing, Homelessness and Fair Work Committee on 29 September 2022. Updates will be provided to future meetings of that Committee and thereafter to Finance and Resources Committee as part of the budget setting process in February 2022.

4. Main report

Capital Expenditure Priorities and Pressures

- 4.1 Priorities for capital investment for the period 2023-2033 have been reviewed and continue to align with wider Council priorities over the medium to long-term. The level of capital expenditure required takes account of revised expenditure forecasts for projects in the existing Sustainable Capital Budget Strategy. It also rolls forward the programme for an additional year.
- 4.2 The Capital Budget Strategy is experiencing significant financial pressure due to current market conditions. The impact from factors such as COVID-19 and Brexit has been compounded by the Ukraine war and the cost-of-living crisis, resulting in very significant increases in costs across all capital projects. It is not unusual for tenders to be received which are 30% higher than the pre-tender estimate. This increase in prices has been reflected in the costing of priorities set out in this report.
- 4.3 The Council has also commissioned Faithful and Gould to review cost estimates in the context of deteriorating economic conditions. The results of this work will be presented to a future meeting of this committee and used to inform budget development.
- 4.4 Expansion and improvements to the Council's Learning Estate continue to be the most significant cost for the programme. There is an opportunity for the learning estate buildings across the city to become anchor facilities for wider joined up service delivery in local communities and to help address the net zero challenge. For all new learning estate projects currently in development, options for wider service delivery from the facility are being considered during the design phase with flexible working space included as budgets allow. This process is most advanced at the replacement Currie High School and Liberton High School projects and the new Maybury Primary School project where the Passivhaus certified standard will also be adopted.

- 4.5 This process will continue as the remainder of the planned projects included in the Sustainable Capital Budget Strategy are progressed. It is essential to ensure the strategic briefs for these projects outline the teaching, learning and wider community requirements from the outset to ensure the buildings constructed are fit for purpose.
- 4.6 The costs to deliver the of learning estate programme is estimated at £596m, an increase of £145m, compared with previous assumptions. This additional cost can be met by additional funding and programme savings detailed in paragraphs 4.21 and 4.24 **Error! Reference source not found.** below.
- 4.7 The remaining budgets within the capital programme have been cash limited. This includes investment in roads, transport and active travel, improvements to existing Council buildings as well as the delivery of cultural projects. Inflationary pressures will be met by rephasing and reprioritisation (including reduction in scope of works) and external funding, where available.
- 4.8 To become carbon neutral by 2030, the city will need to tackle its largest sources of carbon emissions. The transport sector is one such significant source and road transport accounts for 68% of total transport emissions. Investing in active travel infrastructure provides the city's residents, visitors and businesses a means of transport that is low carbon and can efficiently move people and goods around the city. Active travel not only has a lower carbon footprint than private vehicles, it is also better for the city's air quality. To work towards the target of being carbon neutral by 2030 there is council capital funding of £73m to deliver Public Transport, Road Safety and Active Travel infrastructure which will be augmented by external funding.
- 4.9 The programme also includes £57m of investment in the Council's Enerphit programme, of which £10m will be supported by Scottish Government's Green Growth Accelerator initiative. This initiative is planned to retrofit 12 Council buildings in order to significantly reduce carbon emissions and improve building user comfort.
- 4.10 In order to continue to deliver high-quality services, the Council needs to continue to invest in the condition and suitability of its assets. There is also an opportunity for facilities to be adapted in order that wider services can be delivered from these locations. The Sustainable Capital Budget Strategy 2022-32, as set out in Appendix 1, includes £141m for the existing operational estate to continue the positive impact of the Asset Management Works Programme as reported to Committee elsewhere on this agenda.
- 4.11 There is also a further £151m allocated towards carriageways and footways as well as continuing investment in specific assets such as North Bridge. The North Bridge refurbishment project is experiencing significant cost pressures and can no longer be contained within the budget allocated as part of the 2022-23 Sustainable Budget Strategy. Revised forecasting is underway as part of the 2023-24 budget-setting process and will be reported in early 2023. Any additional costs of the project will require further reprioritisation of the roads and transportation budget.

- 4.12 The programme includes £14m of investment in cultural facilities, with a £5m contribution to the Dunard Centre as part of the Edinburgh and South East Scotland City Deal and a £4m contribution and a £5m loan for the refurbishment of the King's Theatre. The King's Theatre project is experiencing funding challenges due to current economic conditions, but no additional funding is included within the capital budget.
- 4.13 While additional social housing provision is financed by the Housing Revenue Account, the general fund capital programme distributes grant funding to social landlords on behalf of Scottish Government. It also provides £209.707m for lending to Edinburgh Living LLPs which is included within this Strategy. These projects are self-financing using income from affordable rents. Investment will therefore only take place based on a viable business case. Further information on the risks of this on-lending are included in paragraph 4.22 below.
- 4.14 A summary of capital investment priorities and available funding is included at Appendix 1.

Capital Funding Assumptions

- 4.15 The funding assumptions for Sustainable Capital Budget Strategy 2023-2033 have been thoroughly reviewed line by line, to provide an up-to-date estimate of funding available. Funding available is currently estimated at £1.3bn. Detailed analysis of funding is provided in Appendix 1 with the under-pinning assumptions set out in Appendix 2.
- 4.16 The provisional Local Government Finance Settlement is expected to be announced in December 2022. However, it is not expected that Capital Funding will change significantly from current levels of around £40m per annum in general grant.
- 4.17 The general grant is supported by specific capital grants from Scottish Government and other bodies for specific initiatives. While this funding is only formally recognised in the budget when the amount and timing of receipts are confirmed, all capital pressures in this report are presented net of any anticipated funding. There are likely to be further opportunities for the Council to secure additional grant funding towards its priorities, particularly in areas such as net zero, active travel and regeneration.
- 4.18 In addition to general and specific capital grants, the Scottish Government is increasingly supporting capital investment with revenue-based funding models, linked to the achievement of agreed outcomes. New secondary schools in Currie, Liberton and Wester Hailes as well as the Enerphit programme will receive this outcome-based funding via the Learning Estate Investment Programme and the Green Growth Accelerator Model respectively. It is currently assumed that all outcomes will be achieved and funding will be received in full, but there is a risk that the funding could be reduced in the event that outcomes are not fully achieved.
- 4.19 It is assumed that developers' contributions will partially offset some of the costs of supplying an increased learning estate and additional transport infrastructure to meet the needs of a growing city. This funding stream will be kept under review as

the Wave 4 schools, Local Development Plan and subsequently City Plan infrastructure progress.

- 4.20 The Capital Budget Strategy assumes Capital Receipts from Asset Sales of £3m per year which will be closely monitored. There is a risk that if capital receipts are not received, or not received in the same financial year as the expenditure is incurred, additional funding pressures will occur. It also assumes a drawdown of £20m from the capital fund, based on receipts received in previous years.
- 4.21 A significant proportion of the programme is funded from loans fund advances, with the associated borrowing costs met from the Council's loans charges revenue budget. The funding available for loans charges in the medium-term financial plan have been reviewed and, although interest rates have increased from historic lows seen in recent years, the budget is still sufficient to support the level and profile of expenditure set out in this report. This is due, in part, to proactive treasury management, which has enabled the Council to benefit by borrowing at low rates, when they were available. The revenue budget framework provides additional funding to meet an additional £23m of inflationary pressures taking general loans fund advances to £415m, but no further funding is available beyond this. Furthermore, it should be noted that the Council's ability to meet the costs of loans charges is dependent on the achievement of a balanced revenue budget. Any shortfall in revenue budget savings could result in a reduction in capital investment.
- 4.22 At present the City of Edinburgh Council only has consent to borrow from the Scottish Government for Edinburgh Living LLP up to 2023-24 for a total of £248m. In addition, both the Housing Revenue Account (HRA) Business Plan and General Fund on-lending assume continuation of the consent beyond this point, in the form of capital receipts in the HRA and borrowing in the General Fund. Work is underway to understand future viable models for mid-market and market rent, taking into account development costs, availability of grant funding and consents. However external factors highlighted elsewhere in this report, together with proposed rent freezes create viability challenges for Edinburgh Living. Capital expenditure on new homes and associated borrowing will only be incurred on the basis of robust business cases.

Funding Gap and Approach to Capital Expenditure Savings

- 4.23 Based on the above analysis of capital priorities and available funding, there is currently a funding gap of £123m.
- 4.24 As this pressure arises from the increased cost of the Learning Estate, the following reductions are proposed:
- Removal of uncommitted local development plan schools from the programme. This comprises the proposed new west Edinburgh secondary school and new primary schools at Buiyleon Road, Gilmerton Station Road, Granton and East of Milburn Tower. These schools will now only go ahead following the development of fully funded business cases.

- A full retrofit for Balerno High School, rather than a replacement as had previously been planned. This approach will ensure that pupils benefit from improved facilities, but is less costly and more environmentally sustainable.

Details of proposed reductions are set out in Appendix 3.

- 4.25 As noted in 4.7 above, other budgets will be cash limited and will be reprioritised to ensure expenditure remains within budget. The proposed reprioritisations will be reported to the relevant service committees.

Unfunded Capital Priorities and Pressures

- 4.26 There is no capacity to fund additional projects that are not included in the current capital programme and previously reported unfunded projects remain in that category. New projects, including ICT infrastructure, will require external funding and the Council will continue to progress opportunities for grant funding, where it is available.
- 4.27 Appendix 4 sets out a revised programme, taking proposed savings into account.

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 will continue work with project and programme managers to monitor capital budgets.
- 5.3 The capital budget strategy will be developed further, and detailed budget proposals will be submitted to this Committee prior to the Council setting its budget in February 2023.

6. Financial impact

- 6.1 This report sets out capital expenditure and funding of £1.28bn based on the assumptions set out above, including the generation of savings and additional income in revenue budgets. These assumptions will be kept under review, and capital expenditure plans remain contingent on the strategy continuing to be affordable.
- 6.2 Investment in additional property assets is likely to result in increased running costs borne by the Council's service areas. [A report on the associated cost implications of changes in the size and profile of the Council's operational property estate](#) was considered by this Committee on 23 May 2019. The report noted the need to provide for the additional revenue costs of several demand- and condition-led school replacements and new-builds. Based on the cost projections intimated in that report and sums provided within the budget framework in respect of known rising school rolls projects, the Wave Four schools programme (as set out in the original 2018 business case) and additional, or expanded, facilities linked to the Local Development Plan, this level of provision was anticipated to be sufficient to meet, in full, these additional costs at that time.

- 6.3 There is, however, a continuing need to assess, based on best-available expenditure and income projections for the projects concerned, the adequacy of sums provided within the budget framework in respect of known and emerging potential commitments. As a result, all projects will be required to produce a detailed business case, setting out both capital and revenue costs and demonstrating how they will be funded prior to project commencement as part of the wider Gateway process requirement.

7. Stakeholder/Community Impact

- 7.1 Consultation on the capital budget will be undertaken as part of the Council's wider 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.
- 7.3 Carbon and wider environmental impacts are being considered in more detail across the strategy and as part of business cases for projects and will be reported in future updates to committee.

8. Background reading/external references

- 8.1 [Sustainable Capital Budget Strategy 2022-2032](#), Finance and Resources Committee, 3 February 2022
- 8.2 [2022-32 Sustainable Capital Budget Strategy - Outturn 2021/22 and Budget 2022/33](#), Finance and Resources Committee, 8 September 2022
- 8.3 [Housing Revenue Account Budget Strategy 2023/24](#), Housing, Homelessness and Fair Work Committee, 29 September 2022
- 8.4 [Changes to the Operational Property Estate: Life Cycle Costs Forecast](#), Finance and Resources Committee, 23 May 2019

9. Appendices

- 9.1 Appendix 1 – Capital Expenditure Priorities and Available Funding
- 9.2 Appendix 2 – Capital Budget Funding Assumptions – 2023-33
- 9.3 Appendix 3 – Savings Proposals
- 9.4 Appendix 4 – Capital Budget Summary, incorporating proposed savings

Capital Budget Funding Assumptions – 2023-33

Element	£m	Key Assumptions	Date of Latest Update	Date for Next Review
General Capital Grant	454.716	Grant based on indicative sums from Scottish Government Local Government Finance Circular for the next three years: 2023/24: £39.080m 2024/25: £41.287m 2025/26: £41.849m From 2026/27 it is assumed the grant will increase to £46m, similar to levels received in previous years, and increase by £0.5m a year thereafter. This assumption will be kept under review in line with wider political and economic considerations.	Feb 22	Dec 22
Specific Capital Grants	146.781	Grant based on indicative sums in the Scottish Government Local Government Finance Circular for the next three years. This relates to Transfer of the Management of Development Funding (TMDF) for social housing and funding for Cycling Walking and Safer Routes (CWSR). All other capital grant income will only be including in the budget when timing and amount is confirmed.	Feb 22	Dec 22
Asset Sales	30.000	Sales of £3m a year are assumed, based on assessment by the Head of Estates	Oct 22	Feb 23
Capital Fund	20.014	The capital fund contains the proceeds of previous years' asset sales. The balance currently stands at £42.531m. Once other commitments are taken account, £20.014m is available to fund the capital programme.	Oct 22	Feb 23
Developers Contributions	65.078/ 6.369	Developers contributions are assumed at 40% of the cost of schools required by the local development plan, as calculated in February 2022. This was considered a prudent assumption, as contributions collected are rarely enough to cover the costs of a new school, due to timings of planning decisions and site viability issues. Contributions have not been inflated to reflect the significant increases in tender prices, as legal agreements are already in place with developers. Two figures are calculated; one for the original programme and the other reflecting the savings proposals.	Feb 22	Feb 23

Appendix 3

Element	£m	Key Assumptions	Date of Latest Update	Date for Next Review
Loans Fund Advances - General	415.399	Borrowing assumptions and cash flow reviewed against revenue budget framework to ensure affordability.	Oct 22	Feb 23
Loans Fund Advances – Outcome-based funding	(included in general figure above)	Learning Estate Investment Programme (LEIP) – £18.7m has been assumed for Currie High School, based on the most recently received funding letter and prorated amounts have been assumed for Liberton and Westhales, based on the sizes of the proposed schools. Enerphit - £10m has been assumed based on the business case for the programme.	Oct 22	Feb 23
Loans Fund Advances – Prudential	19.143m	This is based on approved business cases for Fleet Replacement, Depots Review and ICT programmes.	Feb 22	Feb 23
Slippage	-17.857	Based on previous outturn positions, it is assumed that the February budget position will slip by at least 10%. This is therefore built into the budget assumptions, moving 10% of budgeted capital expenditure into the following year. This allows us to gain a truer picture of the underlying need to borrow to finance the capital programme. Slippage Assumption Expenditure following on from the above, it is assumed that roughly half the expenditure will fall into the year immediately following the original planned budget and the remainder into the year after. The negative position report here, is due to the large amount of slippage anticipated from financial year 2022-23.	Oct 22	Feb 23

A Sustainable Capital Budget Strategy 2023-2033
Savings Proposals

Project	Total	Revised	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative	Indicative
		Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<i>New Schools</i>											
Builyeon Road Primary School (S Queensferry)	29.172	1.023	7.559	10.590	10.000	0.000	0.000	0.000	0.000	0.000	0.000
Kirkliston/West Edinburgh Secondary Provision	60.000	0.000	0.000	0.000	3.375	24.567	29.200	2.859	0.000	0.000	0.000
Gilmerton Station Road Primary School	19.200	0.000	0.000	0.000	0.000	0.000	1.080	7.861	9.344	0.915	0.000
Granton Waterfront Primary School	19.200	0.000	0.000	0.000	1.123	8.176	9.718	0.183	0.000	0.000	0.000
East of Milburn Tower Primary School	19.200	0.000	0.000	0.000	0.000	0.000	1.168	8.503	9.529	0.000	0.000
Less: adjustment to assumed developers contributions	-58.709	-0.362	-9.097	-1.259	-4.092	-11.998	-18.441	-14.257	0.796	0.000	0.000
	88.063	0.661	-1.538	9.331	10.406	20.745	22.724	5.150	19.669	0.915	0.000
<i>Balerno High School</i>											
Cost of School Replacement	69.200	0.000	0.000	0.000	2.371	2.466	36.996	25.888	1.479	0.000	0.000
Less: cost of full renovation and retrofit	-34.600	0.000	0.000	0.000	-1.185	-1.233	-18.498	-12.944	-0.740	0.000	0.000
	34.600	0.000	0.000	0.000	1.185	1.233	18.498	12.944	0.740	0.000	0.000
Total Proposed Savings	122.663	0.661	-1.538	9.331	11.591	21.978	41.222	18.094	20.409	0.915	0.000

A Sustainable Capital Budget Strategy 2023-2033
Capital Budget Summary, incorporating proposed savings

Expenditure	Revised Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget
Project Area	Total	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Early Years	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Primary Schools	24.360	5.329	10.775	8.256	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Wave 4 Schools	298.002	59.776	87.029	78.021	39.761	1.233	18.498	12.944	0.740	0.000	0.000
New Schools and Extensions for Population Growth	92.560	25.101	20.609	21.850	8.000	9.000	8.000	0.000	0.000	0.000	0.000
Libraries	0.500	0.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Sports Facilities	1.650	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165
Depots	6.182	6.182	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Parks, Greenspace and Cemeteries and Other Environment	4.539	2.739	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Fleet Replacement	4.082	4.082	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Roads and Transport Infrastructure (including North Bridge)	151.233	32.982	13.057	13.690	13.072	13.072	13.072	13.072	13.072	13.072	13.072
Energy Efficiency Street Lighting Project and Traffic Signals Prudential	12.671	1.369	1.238	1.238	1.238	1.238	1.238	1.284	1.450	1.140	1.238
Public Transport, Road Safety and Active Travel	72.645	23.532	11.436	12.413	4.644	3.437	3.437	3.437	3.437	3.437	3.437
Tram Life Cycle Replacement	4.814	2.359	1.658	0.287	0.069	0.071	0.073	0.076	0.079	0.092	0.050
IMPACT	5.000	0.000	5.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
King's Theatre	9.000	9.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Culture	0.162	0.162	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Asset Management Works	140.850	13.500	14.000	14.000	14.000	14.000	14.000	14.000	14.000	15.350	14.000
EnerPHit	56.575	12.941	19.677	17.484	6.473	0.000	0.000	0.000	0.000	0.000	0.000
Edinburgh Living	185.510	62.413	70.500	41.793	10.804	0.000	0.000	0.000	0.000	0.000	0.000
Other Housing and Regeneration	150.862	48.273	47.420	48.169	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Tram to Newhaven	3.507	3.507	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
ICT	8.880	4.091	1.597	0.669	0.678	0.615	0.615	0.615	0.000	0.000	0.000
Contingency	30.000	0.000	0.000	5.000	5.000	5.000	5.000	5.000	5.000	0.000	0.000
Slippage Adjustment	17.857	-17.168	-23.908	1.176	23.284	21.508	3.666	2.338	4.139	2.109	0.713
Total Expenditure	1,281.439	300.834	280.452	264.411	128.388	70.539	68.964	54.131	43.281	36.565	33.875

Funding	Revised Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget	Indicative Budget
Funding Stream	Total	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Asset Sales (Unringfenced)	30.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000
Capital Fund Drawdown	20.014	20.014	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General Capital Grant	454.716	39.080	41.287	41.849	46.000	46.500	47.000	47.500	48.000	48.500	49.000
Specific Grants	146.781	48.572	48.730	49.479	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Developers Contributions	6.369	0.796	0.796	0.796	0.796	0.796	0.796	0.796	0.796	0.000	0.000
Loans Fund Advances - Prudential	19.143	14.354	1.597	0.669	0.678	0.615	0.615	0.615	0.000	0.000	0.000
Loans Fund Advances - On-Lending	185.510	62.413	70.500	41.793	10.804	0.000	0.000	0.000	0.000	0.000	0.000
Loans Fund Advances - Trams to Newhaven	3.507	3.507	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Loans Fund Advances - General	415.399	109.098	114.542	126.825	67.110	19.628	17.553	2.220	-8.515	-14.935	-18.125
Total	1,281.439	300.834	280.452	264.411	128.388	70.539	68.964	54.131	43.281	36.565	33.875

¹ Contingency provision relates to projects in current programme and is not available for additional investment

² Slippage provision relates to phasing of expenditure and takes account of projects slipping from 2022-2023. It is not available for additional investment

This page is intentionally left blank

Governance, Risk and Best Value Committee

10.00am, Tuesday, 22 November 2022

Capital City Partnership: Progress Update – referral from the Housing, Homelessness and Fair Work Committee

Executive/routine
Wards All
Council Commitments

1. For Decision/Action

- 1.1 The Housing, Homelessness and Fair Work Committee has referred the Capital City Partnership: Progress Update to the Governance, Risk and Best Value Committee for noting.

Richard Carr
Interim Executive Director of Corporate Services

Contact: Emily Traynor, Assistant Committee Officer
Legal and Assurance Division, Corporate Services Directorate
Email: emily.traynor@edinburgh.gov.uk

Referral Report

Capital City Partnership: Progress Update

2. Terms of Referral

2.1 On 29 September 2022, the Housing, Homelessness and Fair Work Committee considered a report which set out the progress that had been made against the objectives and targets detailed within the Service Level Agreement (SLA) between the Council and Capital City Partnership (CCP).

2.2 The Housing, Homelessness and Fair Work Committee agreed:

Motion

- 1) To note the progress made by Capital City Partnership (CCP) against their Service Level Agreement (SLA) objectives and targets.
- 2) To note circumstances around Covid-19 had a major impact on the results for 2021/22 and on the employment landscape as a whole, with corresponding changes in the strategic and operational landscape at national and local level (e.g Edinburgh Economy Strategy, City Region Deal, Scottish Government Employability Services);
- 3) To refer this report to the Governance, Risk and Best Value Committee.
- moved by Councillor Meagher, seconded by Councillor Watt

Amendment

- 1) To note the progress made by Capital City Partnership (CCP) against their Service Level Agreement (SLA) objectives and targets.
- 2) To note circumstances around Covid-19 had a major impact on the results for 2021/22 and on the employment landscape as a whole, with corresponding changes in the strategic and operational landscape at national and local level (e.g Edinburgh Economy Strategy, City Region Deal, Scottish Government Employability Services);
- 3) To refer this report to the Governance, Risk and Best Value Committee.
- 4) To encourage CCP to review its memorandum and articles of association, especially to consider more detail of priority groups including an evidence-based approach to who experiences disadvantage in terms of skills and the job market, and that this should be regularly reviewed.

- 5) To note the new council term and agree to provide briefing to committee around grant programmes and Edinburgh Local Employability Partnership for the benefit of new / all councillors.
- 6) To agree that diversity and equality reporting should be strengthened in relation to outcomes and that priority groups should be defined clearly.
- 7) To agree to bring back a report in 3 cycles on the data gathered, and how this will be monitored in future, in relation to provision of service that reflects support for people in need by reason of age, poor health and wellbeing outcomes, disability, learning disability, marginalised groups including those from low socio-economic backgrounds, single-parent families, ethnic minorities, and people with experience of complex needs including trauma or violence.

- moved by Councillor Kumar, seconded by Councillor Dobbin

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 Meagher:

- 1) To note the progress made by Capital City Partnership (CCP) against their Service Level Agreement (SLA) objectives and targets.
- 2) To note circumstances around Covid-19 had a major impact on the results for 2021/22 and on the employment landscape as a whole, with corresponding changes in the strategic and operational landscape at national and local level (e.g Edinburgh Economy Strategy, City Region Deal, Scottish Government Employability Services);
- 3) To refer this report to the Governance, Risk and Best Value Committee.
- 4) To encourage CCP to review its memorandum and articles of association, especially to consider more detail of priority groups including an evidence-based approach to who experiences disadvantage in terms of skills and the job market, and that this should be regularly reviewed.
- 5) To note the new council term and agree to provide briefing to committee around grant programmes and Edinburgh Local Employability Partnership for the benefit of new / all councillors.
- 6) To agree that diversity and equality reporting should be strengthened in relation to outcomes and that priority groups should be defined clearly.
- 7) To agree to bring back a report in 3 cycles on the data gathered, and how this will be monitored in future, in relation to provision of service that reflects support for people in need by reason of age, poor health and wellbeing outcomes, disability, learning disability, marginalised groups including those from low socio-economic backgrounds, single-parent families, ethnic minorities, and people with experience of complex needs including trauma or violence.

- 8) To note that members were invited to Joined Up for Jobs sessions.
 - 9) To note that the Capital City Partnership events schedule would be shared with members.
- 2.3 The role of the Governance, Risk and Best Value Committee is to scrutinise the performance of Capital City Partnership in the period of 1 April 2021 to 31 March 2022.

3. Background Reading/ External References

- 3.1 [Webcast of the Housing, Homelessness and Fair Work Committee of 29 September 2022](#)
- 3.2 [Minute of the Housing, Homelessness and Fair Work Committee of 29 September 2022](#)

4. Appendices

- 4.1 Appendix 1 – report by the Executive Director of Place

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 29 September 2022

Capital City Partnership: Progress Update

Executive/routine	Executive
Wards	All
Council Commitments	7 and 31

1. Recommendations

- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee:
 - 1.1.1 Note the progress being made by Capital City Partnership (CCP) against their Service Level Agreement (SLA) objectives and targets;
 - 1.1.3 Note that the current circumstances around Covid-19 have had a major impact on the results for 2021/22 and on the employment landscape as a whole, with corresponding changes in the strategic and operational landscape at national and local level (e.g. Edinburgh Economy Strategy, City Region Deal, Scottish Government Employability Services); and
 - 1.1.4 Refer this report to Governance, Risk and Best Value Committee.

Paul Lawrence

Executive Director of Place

Contact: Elin Williamson, Head of Business Growth and Inclusion

E-mail: elin.williamson@edinburgh.gov.uk | Tel: 0131 469 2801

Capital City Partnership: Progress Update

2. Executive Summary

- 2.1 This report sets out the progress that has been made against the objectives and targets detailed within the Service Level Agreement (SLA) between the Council and Capital City Partnership (CCP).
- 2.2 It also highlights the ongoing changes in the strategic and operational employability environment at national and local level that will require that the terms of the SLA will be kept under review and adapted, if necessary, to ensure it continues to strategically fit with local need and provides value for money for the Council.

3. Background

- 3.1 CCP is an Arm's Length External Organisation (ALEO), with charitable limited liability company status, that is wholly owned by the City of Edinburgh Council.
- 3.2 Its activities are governed by its Memorandum and Articles of Association which enable it to:
 - 3.2.1 Relieve poverty by the introduction of measures designed to alleviate unemployment and give access to employment;
 - 3.2.2 Advance education by the provision of training and educational opportunities and assist the participants to find work;
 - 3.2.3 Advance mental and physical health;
 - 3.2.4 Provide recreational facilities and organise recreational activities available to members of the public improving their conditions of life;
 - 3.2.5 Relieve those in need by reason of age, ill-health, disability, financial hardship or other disadvantages;
 - 3.2.6 Advance environmental protection and improvement and provide public amenities;
 - 3.2.7 Advance citizenship and community development; and
 - 3.2.8 Promote, establish, operate and/or support other similar schemes and projects which further charitable purposes.

- 3.3 The specific services which are funded by the Council are detailed in an SLA, which was reviewed, updated and approved by Housing and Economy Committee on [18 January 2018](#) (extract included in Appendix 1).

4. Main report

- 4.1 CCP focuses on supporting the development of a more inclusive labour market, working in collaboration with the Council and other partners to maximise the impact of its activities on the city.
- 4.2 The SLA that governs the relationship between the Council and CCP requires the provision of services to the Council in three areas:
- 4.2.1 Effective Partnerships, Relationships and Leverage;
 - 4.2.2 Performance Management; and
 - 4.2.3 Quality Assurance.
- 4.3 To date, progress against the SLA commitments (detailed in Appendix 1) have been good and the key successes are outlined below.

Effective Partnerships, Relationships and Leverage

- 4.4 CCP acts as the chair of the city's Local Employability Partnership (LEP), the Job Strategy Group and has provided secretariat support for the various underlying partnerships structures, as well as the strategy group, the providers' forum and allied working groups with the aim to support collaboration and continuous improvement.
- 4.5 When Scottish Government, as part of their No One Left Behind (NOLB) agenda, asked that Local Authorities establish LEPs, the Job Strategy group agreed to act as this.
- 4.5 CCP has completed its annual feedback survey for 2021/22 with funded providers and 100% of providers were 'very satisfied' with CCP's contract management services.
- 4.6 CCP has continued to successfully attract external funding to add value to the Council core investment and complement its own external income raising activity. The target, to raise £2,000,000 annual cumulative over three years, has been achieved with significant margin, with the current total projected leverage over three years at £6,621,280 (equivalent to £2,207,093 per annum).
- 4.7 The company has been actively working with other Edinburgh and South East Scotland (ESES) City Region Deal Partners (including Economic Development teams, universities and colleges and national agencies) on developing and initiating the seven projects detailed within the Integrated Regional Employability and Skills (IRES) Programme, with a focus on the Intensive Family Support Service, Integrated Employer Engagement and Integrated Knowledge Systems projects.

Performance Management

- 4.8 CCP performs a contract management service, ensuring all outsourced Council employability contracts and grants deliver good value. It has maintained regular oversight of managed contracts, undertaking regular audit and compliance visits and provides quarterly reports to the Council.
- 4.9 Contracted services have undergone significant recommissioning, including coproduction exercises, this year to ensure they are fit for purpose. Contracts and grants programmes being managed by CCP in 2021/22 were:
- 4.9.1 Edinburgh Supported Employment Service (All in Edinburgh): A pan-disability service open to all job-seeking disabled people in Edinburgh who wish to engage with employment support;
 - 4.9.2 Subsidised Childcare for Working Parents: Subsidised places are available for families who have income below 75% of the Scottish Median Income level at four childcare providers, three of whom are also subsidised for their running costs;
 - 4.9.3 EnCompass: Specialist employability support for individuals with complex needs (e.g. homeless, ex-offenders, history of substance misuse);
 - 4.9.4 Edinburgh Targeted and Integrated Employment Service (Next Step): Focusing on short-term unemployed and in work low income clients;
 - 4.9.5 Network of Employability Support and Training (NEST): Grants programme aimed at reducing poverty and increasing access to the labour market;
 - 4.9.6 NOLB: Youth-focussed delivery based in five hubs and featuring significant amounts of outreach;
 - 4.9.7 Parental Employability Support Fund Grants: provides employability support for parents both in and out of work, helping to tackle in-work poverty;
 - 4.9.8 Young Person's Guarantee Grants: support to young people across Edinburgh to access training, further education, employment, and volunteering. All projects have a focus on engaging young people with barriers and protected characteristics, residing in Scottish Index of Multiple Deprivation areas 1 and 2 of the city; and
 - 4.9.9 Partnership Action for Continuing Employment (PACE): Support for people made redundant or at threat of redundancy during COVID, with a particular focus on those 50+.
- 4.10 Appendix 2 provides a high-level overview of the performance of the individual services but, across all services, between 1 April 2021 and 31 March 2022 there had been 1,925 new client engagements (new starts). 98% of clients supported had at least one barrier to employment and 86.5% had three or more.
- 4.11 These clients have received support on a 1:1 basis as well as in groups over the year and verified outcomes as at 31 March 2022 were: 1,031 progressions towards work, 525 job outcomes and 261 'in-work' outcomes.

- 4.12 The SLA targets 60% of clients to sustain in employment for six months or more. 100% of jobs in 2021/22 were sustained to four weeks, and 70% of jobs sustained for six months, which is a very good outcome considering the temporary nature of jobs during the Covid-19 pandemic.
- 4.13 The SLA also includes targets for 60% of clients to be earning living wages six months after employment (without subsidy) where this was a Key Performance Indicator (KPI) in the contract with the service provider. Contracts are currently achieving 62% living wage jobs as standard, which is an excellent achievement however, due to the Covid-19 pandemic, there is a real risk that this number will slip back below target and so CCP has undertaken additional measures to ensure that clients are moving into fair, well-paid work.

Quality Assurance

- 4.14 CCP have systems to verify the collective impact and quality of services to inform targeting and future development. To ensure quality, CCP audits all funded organisations.
- 4.15 A mandatory awareness raising/training session is delivered annually to address common issues which were highlighted during the audit process. This is supplemented by individual support for new contractors if necessary.

KPI monitor

- 4.16 Full details of the KPIs can be found in Appendix 1. However, the table below shows each KPI with a Red/ Amber/Green rating (where Red means target not met, Amber target partially met and Green target fully met).

Indicator	RAG
Stakeholder satisfaction with services provided and effectiveness of the partnership (90% Very satisfied).	Green
Facilitate four Job Strategy Groups, Joined up for Jobs (JUFJ) forums, and Joined up for Business meetings per year with 75% participation by partners and/or funded organisations	Green
External leverage (cash and in-kind) secured by the Recipient to add value to the Funders Investment or help deliver on savings targets (£2,000,000 over 3 years)	Green
Support capacity of Third Sector to leverage match from CEC funds, including identifying opportunities (£500,000 over 3 years)	Green
Engagement with min. 25 employers across Edinburgh to support with recruitment, training, and funding opportunities to enable business growth.	Green
Linking min. 1,000 opportunities to priority groups and making recruitment more accessible (20% most vulnerable groups).	Green
Deliver four business insight sessions to employability advisors and employers supporting a more diverse and inclusive workforce and reflecting Fair Work practices	Green
Services are well targeted at agreed priority groups (90% of active clients from priority group)	Green

Indicator	RAG
Cumulative engagement, progression, and outcome targets are achieved (Over 90% of agreed volumes delivered, underperformance is managed and mitigation reported).	Amber
Client supported into work sustain employment for at least 6 months (60% where this is a contracted KPI)	Green
Providers have insight into local Labour Market Information (LMI), sectoral intelligence (12 Monthly claimant count reports; quarterly LMI digests)	Green
Providers adhere to the principles of Fair Work (Monitor fair work indicators, 60% of clients supported into work earning living wage 6 months after employment (without subsidy) where this is a KPI. Annual report on fair work measures and monitoring via Customer Charter)	Green
Projects and services comply with the associated terms, conditions, rules, and regulations.	Green
Employer satisfaction with scope and quality of service received and the positive impact made. (90% Very satisfied)	Green
High level of data completeness and accuracy maintained on client and other project records (95% of records are accurate and contain all the data required to satisfy funding and operational commitments)	Green
Employability contracts and grants holders are awarded the Joined up for Job Customer Charter within six months of programme start (90% within six 6 months of project start)	Green
Support and maintain JUFJ website and directory. Deliver consistent communication and marketing to network of providers (Comprehensive and up-to-date directory held. 48 weekly bulletins sent to network)	Green

4.17 With regards to achieving targets, due to Covid-19, performance across all services was generally below target with a few exceptions thus the amber rating. CCP have been engaging regularly with providers and Council officers throughout the year to mitigate impact and will continue to do so over 2022/23.

5. Next Steps

- 5.1 There has been steady progress against the objectives and targets set in the SLA and work is ongoing to maintain this and identify areas for improvement.
- 5.2 We know that the double impact of the Covid-19 pandemic and Brexit has changed the employment landscape in Edinburgh and the full impact is not yet known. Officers will continue to work together with CCP and service providers to ensure a swift and efficient response.
- 5.3 The Council's main contracted services, which are managed by CCP, were reprocured during 2021 with replacement services commencing on 1 April 2022.
- 5.4 In 2022, a co-production for the NEST grants as well as NOLB, Phase 2, was undertaken and new provision commenced on 1 April 2022.

- 5.5 These changes in contracts and grants, in addition to further ad hoc funding provided by Scottish Government in response to the unemployment situation following the Covid-19 pandemic will require a continued strong partnership between the Council and CCP.
- 5.6 Additionally, the involvement with the ESES City Region Deal and its IRES Programme have brought about new ways of working and opportunities to add value to Council investments.

6. Financial impact

- 6.1 The SLA commits the Council to revenue support per year to cover the core staffing and accommodation cost of the organisation, plus a further contribution to the running costs of the directly delivered projects and partnership support structures.
- 6.2 Other revenue funding provided is to cover the cost of contracts procured by the Council passed to the company to performance manage.
- 6.3 The company also manages contracts with external bodies for which it recoups any additional costs incurred.
- 6.4 CCP has secured leverage at a total of £6,621,280 over three years to supplement the core investment in employability services.
- 6.5 The financial commitments detailed in the SLA were agreed for 2018/19 and indicative for the remaining years. The SLA and financial contribution of the Council is therefore subject to review annually as a result of the Council's budget process.
- 6.6 In 2020/21 and onwards the Council's funding to CCP was reduced by £150,000 (from £647,000 to £497,000).
- 6.7 This report is for noting only and no financial implications arise directly from it.

7. Stakeholder/Community Impact

- 7.1 The requirements within the SLA have been updated to reflect agreed practice associated with Council arms-length companies and new obligations on the Council under recent legislative changes e.g. General Data Protection Regulation (GDPR).
- 7.2 Quarterly meetings are held with the CCP Chief Executive Officer to discuss SLA progress and ensure alignment with work directly undertaken by the Council.

8. Background reading/external references

- 8.1 Capital City Partnership Service Level Agreement report to Housing and Economy Committee on [18 January 2018](#).
- 8.2 [Joined up for Jobs website](#)
- 8.3 Edinburgh Economy Strategy on [7 June 2018](#)

9. Appendices

- 9.1 Appendix 1 – Extract of Services and KPIs from CEC/CCP SLA 2018/21.
- 9.2 Appendix 2 - Progress Report by Capital City Partnership.

Appendix 1 – Extract of Services and KPIs from CEC/CCP SLA

The Services

The Services comprise the following:

1 Effective Partnerships, Relationships, and Leverage

- 1.1 The development of the “Joined up for Jobs” (JUFJ) jobs and progression partnership to supports the implementation of the City Vision, Economic Strategy, and the Strategic Skills Pipeline. This includes the provision of a partnership secretariat.
- 1.2 The provision of information, analysis and support to partners to encourage them adapt individual or joint delivery arrangements to better match city need and opportunity.
- 1.3 Working jointly with Economic Development on evidence-led policy, strategic and operational development including pulling together responses to policy consultations where appropriate.
- 1.4 Identify and secure financial or in-kind contributions that add value to the Funders investment or enable financial savings to be realised with minimal loss in impact.

2 Performance Management Service

- 2.1 Where required, the negotiation, commissioning, sign off, and adaptation of projects and services on behalf of the Funder. This includes creating consortia, multi-agency funding packages, undertaking due diligence, target setting, and agreeing financial payment arrangements.
- 2.2 Putting in place a performance management service to oversee projects or services passed to the Recipient by the Funder (or co-funding partners) that drives good progress against targets and delivers excellent value for money
- 2.3 Monitoring, auditing, and evaluating projects or services managed on behalf of the Funder to ensure good quality and well targeted services, compliance with any rules and regulations to mitigate any financial risks or reputational damage, and where applicable the recovery of any overpayments.
- 2.4 Managing and developing the city’s Employer Engagement Hubs (currently the Airport RC, Fort Kinnaird Recruitment Skills Centre and St. James) to; build better relationships with key industries, create effective public/private delivery structures, maximise the community benefits realised from developments, and unlock good job opportunities for citizens.

3 Quality Assurance and Communications

- 3.1 Putting in place processes and systems to track and verify the impact and quality of services (including feedback from beneficiaries, employers, providers, and other stakeholders) and making this data and any analysis readily available to the Funder.
- 3.2 Providing a cross-cutting client management system (“Caselink” or any successor system) to support effective performance management and improved joint working across services. Working with Economic Development to ensuring that data scope and analytical functionality is fit for purpose, there is high level of data accuracy, and measures are put in place to comply with any legal obligations (e.g. GDPR).
- 3.3 Developing and implementing, in conjunction with Economic Development, joint communication marketing, and quality assurance tools including common branding, Funder acknowledgement boilerplates, the JUFJ website, service directory and noticeboard, and JUFJ customer charter schemes.

Key Performance Indicators

The performance of the Services shall be in accordance with the following Key Performance Indicators (“KPI”s)

INDICATOR	Target	Timeframe	Source
KPI 1: Delivering effective operational partnerships & relationship			
a) Stakeholder and client satisfaction with services provided and effectiveness of the partnership.	90% Very satisfied	to be conducted in 2022/23	Internal evaluation across networks External commissioned evaluations
b) Facilitate four Job Strategy Groups, four JUFJ forums, and four Joined up for Business meetings per year. Deliver and source training and information products according to needs.	Average 75% participation by partners and/or funded organisations	Annual	Attendance monitoring / Webinar data
c) External leverage (cash and in-kind) secured by the Recipient to add value to the Funders Investment or help deliver on savings targets. d) Support capacity of Third Sector to leverage match from CEC funds, including identifying opportunities	£2,000,000 £500,000 (10% match target)	Cumulative over 3 years Cumulative over 3 years	Progress and performance reports Financial Reports and Audited Accounts Progress and performance reports
e) Engagement with employers across Edinburgh to support with recruitment, training, and funding opportunities to enable business growth.	25 employers	Annual	Progress and performance reports
f) Linking Vocational Training Framework opportunities to priority groups and making recruitment more accessible.	Programme of training opportunities sourced and made available under new VTF with 50% achieving an employment outcome	Annual	Caselink (and new IKS system) and Job Portals
g) Deliver business insight sessions to employability advisors and employers supporting a more diverse and inclusive workforce and reflecting Fair Work practices	4 sessions	Annual	Progress and performance reports

KPI 2: An effective employability performance management service			
a) Service are well targeted at agreed priority groups	90% of active clients are from priority groups	Annual	Verified client records and audit trails
b) Cumulative engagement, progression, and outcome targets are achieved. Underperformance is managed and mitigation reported.	Over 90% of agreed volumes delivered	Annual	Progress and performance reports
c) Client supported into work sustain employment for at least 6 months	60% sustain employment for 6 months or over (where this is a contracted KPI)	Annual	Progress and performance reports
d) Providers have insight into local Labour Market Information (LMI), sectoral intelligence	12 Monthly claimant count reports; quarterly LMI digests	Annual	Insight reports
e) Providers adhere to the principles of Fair Work	<p>Monitor fair work indicators (living wage, living hours, community benefit)</p> <p>60% of clients supported into work earning living wage 6 months after employment (without subsidy) where this is a KPI.</p> <p>Annual report on fair work measures and monitoring via Customer Charter</p> <p>Support JUFJ providers to become Living Wage accredited</p>	Annual	Progress and performance reports
f) Projects and services comply with the associated terms, conditions, rules, and regulations.	100% compliance demonstrated	Annual	Progress and performance reports
KPI 3: Quality Assurance & Communications			
a) Employer satisfaction with scope and quality of service received and the positive impact made.	90% Very satisfied	Annually	Customer and Stakeholder feedback survey.

b) High level of data completeness and accuracy maintained on client and other project records	95% of records are accurate and contain all the data required to satisfy funding and operational commitments	Ongoing	Sample checks and audits of client records Contractual Regulations
c) Employability contracts and grants holders are awarded the Joined up for Job Customer Charter within 6 months of programme start	90% hold charter mark status within 6 months of project start	Annual	Progress and performance reports
d) Support and maintain JUFJ website and directory. Deliver consistent communication and marketing to network of providers	Comprehensive and up-to-date directory held. 48 weekly bulletins sent to network	Annual	Progress and performance reports

Progress and performance reports to be provided quarterly with Ad hoc reports on red-rated provision

Appendix 2

Progress Report by Capital City Partnership

Progress against Capital City Partnership SLA Targets

KPI 1: Delivering effective operational partnerships and relationship

a) *Stakeholder satisfaction with services provided and effectiveness of the partnership. Stakeholder feedback survey 90% Very satisfied*

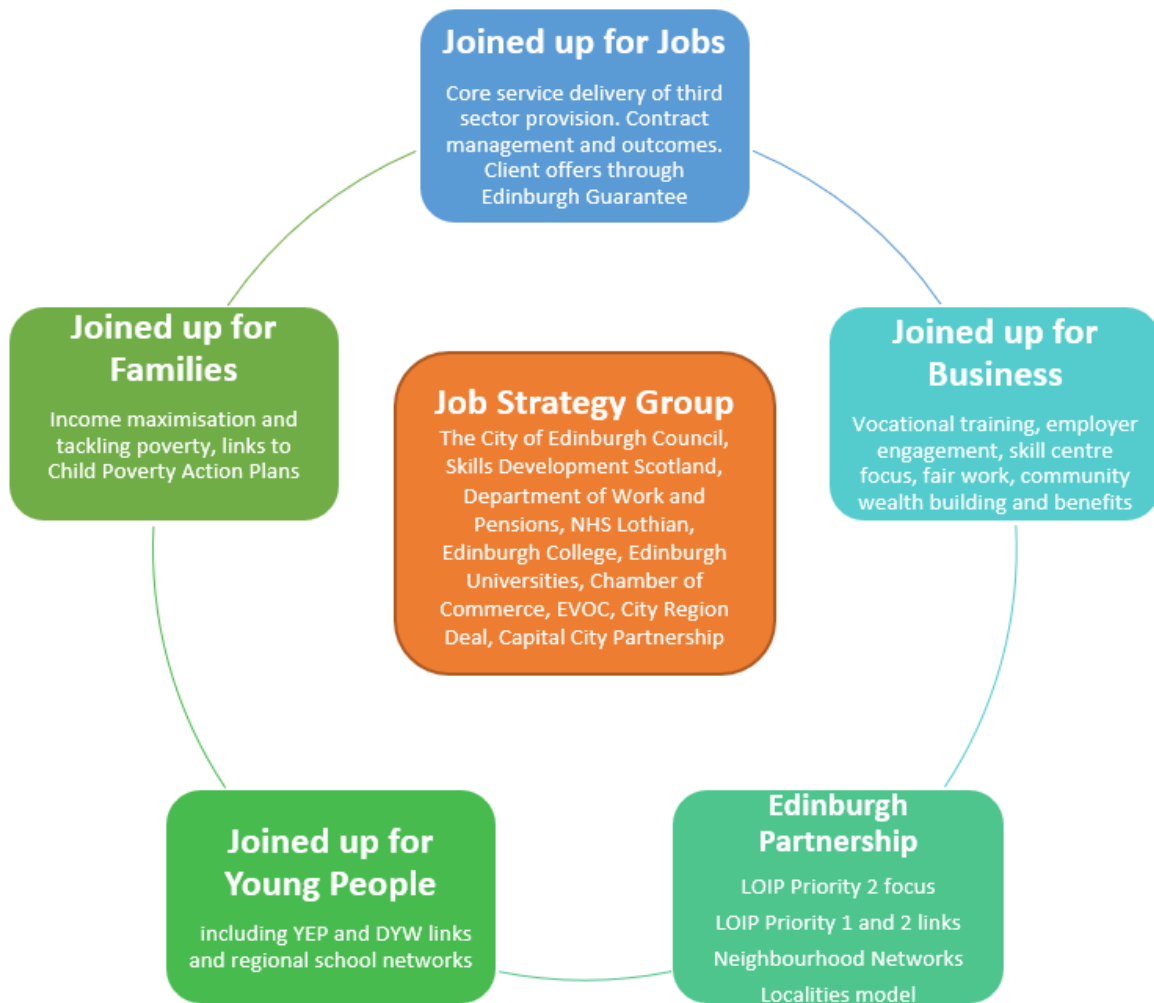
CCP is the Local Employability Partnership lead for Edinburgh on behalf of The City of Edinburgh Council and co-ordinates the Job Strategy Group as part of this, bringing together key stakeholders for joint working, collaborations and to align strategically where possible and avoid duplication of effort and resources.

The Job Strategy Group meets quarterly, with membership comprising of Skills Development Scotland, Department of Work and Pensions, NHS Lothian, Edinburgh College, Edinburgh Universities, Chamber of Commerce, The City of Edinburgh Council, EVOC, and CCP.

We have sub-groups under the Job Strategy Group for specific area focus and responses, including in this year a Job Strategy Group Hospitality Recruitment group, and the Ukrainian Focus Job Strategy Group which meets weekly and reports into the Edinburgh Conflict Oversight Group.

Underneath this, CCP co-ordinates on behalf of the Council a range of 'Joined up' for approaches for synergy, added value, co-ordination of services, and improving service standards and job outcomes. We also Chair and lead on the Edinburgh Partnership Local Outcome Improvement Plan Priority 2 Access to Work, Learning and Training opportunities, and sit on the Priority 1 group Enough Money to Live On to ensure best use of wider partnership efforts for more pressing issues. Under LOIP, we are part of the review of advice services.

Edinburgh Local Employability Partnership



Joined Up for Jobs brings together the commissioned frontline service providers for a cohesive programme within the Strategic Skills Pipeline; including running quarterly JUFJ forums, a weekly bulletin of live job vacancies, insight reports, latest news and strategic development and funding opportunities; a monthly bulletin on unemployment figures and analysis; and production of the JUFJ website as a resource for all frontline workers. A new addition is the Helix client management systems, with an investment of £200,000 secured from Scottish Government to enable better co-ordination of services for clients who often require a triage of support to move out of poverty and into sustainable employment. 65,000 Edinburgh residents are registered on the Helix system with an average of 5,000 actively engaged with a service at any one point.

Joined Up for Business is a partnership approach to employer facing activity to support business to meet skills and employment demands and to encourage and facilitate employment of our more vulnerable groups. As part of this offer, CCP co-ordinates two

Skill Centres which are clustered around large scale employment opportunities: Fort Kinnaird Recruitment Skills Centre is funded solely by private investment secured from British Land and supported by the Integrated Employer Engagement team under the City Region Deal, and FUSE as part of the GAM agreement for St James Quarter with additional support from the Business Improvement District lead.

A new addition to the Joined up for Business area is the development and commissioning of a Vocational Training Framework to offer accredited qualification-based training shaped by recruiting employers with guaranteed interviews for those who complete the short courses. Additional £250,000 funding was secured from UK Government's Covid 19 Recovery Fund to add a careers service element to the Vocational Training Framework for outreach engagement, barrier removal, and longer-term skills pathways out of poverty. Joined up for Business continues to reach out to new developments and is part of the Granton Waterfront Steering Group and supports the new Dunard Centre.

Joined up for Young People CCP co-ordinates the Joined up for Young People forum and the Youth Employability Partnership, bringing stakeholders and providers together to ensure there is enough positive destination provision across the city and capturing this in the Youth Employability Action Plan shared with the Scottish Government.

Due to the impact of the pandemic on young people across Scotland, 12 Third Sector organisations have been awarded a total of £760,353.13 via Young Person's Guarantee Grant funds to support young people in Edinburgh in 2022-23. The funds support young people to access further education, training, employment, and volunteering. All projects focus on barrier removal, fair work, outcome sustainment and aftercare for those who need it, with an overall aim to engage with the most vulnerable young people residing in Scottish Index of Multiple Deprivation 1 and 2 areas of Edinburgh. CCP led on the commissioning of these new provisions, and effectively contract manage all 12 grants ensuring the priorities of Young Person's Guarantee and wider policy areas are met.

Through ongoing mapping and analysis of the local youth employability landscape, a further £305,065.00 worth of Young Person Guarantee funded provision has been awarded to five additional projects commencing in July 2022 focusing on support for young people from black and minority ethnic, youth justice and homelessness backgrounds.

Alongside this, The Young Person's Guarantee team have supported 60 young people to start Young Person's Guarantee funded Paid Work Placements within The City of Edinburgh Council and Third Sector organisations. These placements are supported for a

six-month period and pay real living wage. Work is underway to coordinate the sustainment of these posts via further Young Person's Guarantee incentive funding, or to support the young people to progress into another workplace depending on their goals.

Joined up for Families

During the last year, and due to the increase focus around families and poverty prevention and income maximisation, we have added this new Joined up for area to bring together the range of council funded provision and other partners for a cohesive approach. This area reports into the Child Poverty Action Plan and has embedded recommendations from the Edinburgh Poverty Commission. CCP contract manages the Maximise! service for the Council to address household poverty, with CCP attracting additional leverage of £120,000 from the regional Intensive Family Support Service to widen the offer. Next year this service will be expanded further with an additional £160,000 from Communities and Families, Early Years. We also secured £100,000 from the Barclays Trust to support families' transition into work and remove immediate barriers such as food poverty. CCP won the Public Services Award for voluntary-public sector partnership alongside CHAI and Children 1st. In this year CCP also developed the new minority ethnic focused Whole Family Equality project in response to the Edinburgh Partnership call for a new approach, securing £300,000 core funding from The Robertson Trust and additional funding attracted from the Investing in Communities Fund and the National Lottery Young Start project for a joined-up offer to over 120 BAME families.

Within the above areas, CCP has completed its annual feedback survey for 2021/22 from funded providers. Providers reported that:

- 100% were at least very satisfied with CCP's contract management services, exceeding the target set.

One Local Employability Partner said:

"The contract management element always ran very smoothly with excellent communication and an always supportive approach."

And a JUFJ provider also commented that:

"Communication always felt consistently excellent. The JUFJ web presence is really good."

In addition, the FUSE Employer Survey we conduct under the Growth Accelerator Model (GAM) agreement for the St James Quarter showed that 100% of respondents were highly

satisfied with the service received and employers commenting that, *'the service from FUSE has been excellent'* and *'a great support in terms of recruitment'*. We have also used the survey to anticipate future activity and trends to shape the offer to meet requirements and will be enhancing the FUSE training offer through utilising the newly launched Vocational Training Framework. The survey also helped identify opportunities to work alongside employers to develop the wider community engagement offer.

Going forward, it is worth noting that CCP is also part of the newly funded Edinburgh People/Partnership Survey to give wider insights including needs for employability services. The proposal is to engage with 4000 Edinburgh citizens. This will help give more insight into the citizen view around employability and poverty interventions and services.

(b) External leverage (cash and in-kind) secured by the Recipient to add value to the Funders Investment or help deliver on savings targets. Target £2,000,000 Annual Cumulative over 3 years.

CCP continues to attract significant additional funding through a range of funding bodies and opportunities, exceeding the target substantially. We are projecting a leverage of £6,621,280 over a three-year period, broken down below. Average per annum leverage is currently standing at £2,207,093. We have worked to diversify the funding sources, accessing funds and support from both private and public sectors. The vast majority of this funding goes to frontline services with a minimum (under 8%) for overheads, which also reduces the cost of the core Council SLA.

We form part of the Programme Management Office for the Edinburgh and South-East Scotland City Region Deal (ESESCRD) Integrated Regional Employability and Skills (IRES) programme through hosting an IRES Programme Connector. This role involves bringing together the seven themes into an aligned and consistent programme approach for inclusive growth. A focus for this year has been to capture additional leverage across the IRES programme, which has been confirmed as £4,301,540 to date. Of this, over 50% has been directly secured by CCP.

Through our management of the NEST grant programme, we have supported funded external third-party projects to capacity build and use The City of Edinburgh Council investment of £865,604 as match funding. We can report an extra investment by third parties of £531,064 per annum has been secured for Edinburgh.

Funder and Project	Purpose	Year(s)	Leverage
EESCRD Intensive Family Support Service	EESCRD and Poverty and Social Inclusion match funding for 144 family regions wide	2021/24	£2,176,480.00
EESCRD Integrated Knowledge Systems	EESCRD support for integrating knowledge systems and talent bank and data analysis	2021/24	£690,000.00
EESCRD Integrated Employer Engagement	EESCRD support for integrating employer engagement services, including focus on community benefits	2021/24	£1,490,000.00
EESCRD Connector Funding	EESCRD support to connect the seven IRES themes and support central PMO function	2021/24	£180,000.00
Young Person Guarantee NOLB Funding from City of Edinburgh Council	To provide small staff team to tackle youth unemployment and link young people to a positive destination	2021/23	£560,000.00
British Land Rapid Response to Retail	Provision of employment skills support to furlough staff and recovery	2021/22	£48,000.00
Pupil Equity Fund Maximise!	PEF funding to support school-based activity project Maximise!	2021/22	£300,000.00
The Robertson Trust Partners in Change	Partners in Change fund to extend Maximise! to Communities of Colour	2022/25	£300,000.00
L&W New Future pilot	Covid transferable skills/careers advice for those impacted by C19	2022/23	£250,000.00
Barclays 100 x 100 Fund	Direct cost relief to those facing financial difficulties due to Covid	2021/22	£100,000.00
FUSE Edinburgh St James Funding	Staff resource for FUSE recruitment centre at St James Quarter	2021/22	£50,000.00
East Lothian Caselink Service	East Lothian use of Caselink.	2021/22	£5,000.00
Regional Recovery Fund Community Wealth building	To provide a regional wealth building project	2021/22	£185,000.00
City Centre Recovery Fund	To support FUSE job support delivery	2021/22	£34,000.00
Scottish Government Investing in Communities Fund	Choices for Change: Participatory Budgeting Vulnerable Families support	2021/22	£60,300.00
Community Fund Young Start Grant (Get Hired project).	To intensely support 20 disadvantaged young people from Maximise! Project	2021/22	£45,000.00
Workplace Equality Fund Scottish Government	Women returners Listening project with Volunteer Centre/Women's Aid	2021/22	£17,500.00
DWP Low Value procurement Academies pop ups	Sector Based Work Academies Programmes (SWAPS) for recruiting sectors	2021/22	£120,000.00
Contributions to reviews, evaluations and events etc	Funding contributions for small project work from the network	2021/22	£10,000.00
	TOTAL SECURED LEVERAGE 3 YEAR AVERAGE		£6,621,280.00
	per annum		£2,207,093.33

KPI 2: An effective employability performance management service

CCP contract performance manages seven contracts and 51 grants on behalf of the Council for a managed investment portfolio of £5,985,885.34.

Contract management includes chairing or facilitation of steering groups for all contracted provision (usually monthly) and twice-yearly contract management meetings for grant-managed provision. Providers submit quarterly narrative reports and financial claims. Each organisation undergoes a stringent audit annually, or more often if any concerns are raised. Contracted services have undergone significant recommissioning from The City of Edinburgh Council this year to ensure they are fit for purpose

- **Edinburgh Supported Employment Service (All in Edinburgh):** A pan-disability service open to all job-seeking disabled people or those with long term health conditions who wish to engage with employment support.
- **Subsidised Childcare for Working Parents (delivered by Kidzcare, North Edinburgh Childcare, Smile Childcare and Childcare Connections):** Subsidised places are available for families who have income below 75% of the Scottish Median Income level at the four childcare providers. This is currently under review.
- **EnCompass:** Advice and support to those typically in recovery from or living with issues which create barriers to employment, including people who have experience with substance misuse; homelessness; or have an offending background.
- **Edinburgh Targeted and Integrated Employment Service (Next Step):** A city-wide integrated employability service operating from all localities and community outreach bases. Focus on short-term unemployed and in work low-income clients.
- **Network of Employability Support and Training (NEST):** This is a programme of grant-funded projects aimed at more niche client groups with a focus on reducing poverty and increasing access to the labour market.
- **No-one Left Behind Grants (NOLB):** Youth-focussed delivery in seven locality hubs for vulnerable young people to be supported on their employment journey.
- **Parental support fund** provides employability support for parents both in and out of work, helping to tackle in-work poverty.
- **Young Person Guarantee Funds:** Support to young people across Edinburgh to access training, further education, employment, and volunteering. All projects have a focus on engaging young people with barriers and protected characteristics, residing in Scottish Index of Multiple Deprivation areas 1 and 2 of the city.

- **PACE:** Support for people made redundant or at threat of redundancy during COVID, with a particular focus on those 50+.

a) Services are well targeted at agreed priority groups.

For the majority of 2021/2022, Caselink was the main management information system, with a migration to the new system, Helix, starting in the last quarter. Helix is now the system used to record clients' 'barriers to work' and collect evidence that we are focusing on the prioritised groups identified in all contracts and grants, and all historic data has been transferred to Helix.

For the year in question, we were still following the Scottish Government European Social Fund (ESF) data framework with early NOLB recording during this data transition year.

In terms of client records on inclusion and equalities profiling on Caselink (and now Helix), all clients record ethnicity, gender, age and sexuality (with the option to not answer).

In addition, there are follow up questions asked about types of health and disability conditions, which can provide a very detailed focus.

More specific barriers are then asked to inform the service needed and aid barrier removal. Within the ESF and NOLB data framework were 81 barriers (below) that could have been recorded in 2021/22:

Armed Forces Veteran	EU migrant workers
Asylum seeker	EU migrant workers
At risk of becoming NEET	Ex-service personnel
Criminal convictions	Family/caring responsibilities
Disability	General motivational issues
Employed Status affected by Covid-19	Historic Substance Use
Homeless or affected by housing exclusion	History of alcohol abuse
Households with youngest dependent aged less than 1	History of substance abuse
Households with 3 dependents or more	Lack of confidence
Living in a jobless household	Lack of reliability/Time keeping
Living in a jobless household with dependent children	Lack of work experience
Living in a Single Adult Household with dependent children	Lacking IT skills
Long-term physical illness/condition	Literacy and Numeracy
Looked after young person	Lone parent
Low income employed	Low Communication/Interpersonal Skills
Material Deprivation	Low Vocational Skills/Qualifications
Mental health issues	MCMC
Migrant people with a foreign minority background (incl marginalised communities such as the Roma)	Young people at risk of becoming MCMC on leaving school
No work experience	Need assistance with English Language

Primary carer of a child/children (under 18) or adult	Non EU migrant workers
Primary carer of older person	Offender
Refugee	Other attitudinal barriers
Substance Related conditions	Parole
Underemployed	Physical illness
Young People aged <25 impacted by Covid-19	Poor interview skills; CV presentation
Above 54 years of age	Prisoners
From employment deprived areas	Seasonal worker
Long Term Unemployed	Voluntary worker
Low skilled	Work Programme Completer
Accommodation issues	Young people leaving care
Additional learning needs (Dyslexia/ADHD)	Employed
At Risk of Substance Use	Ethnic minority
Benefits issues/difficulties	In full-time or part-time education
Care Experienced	Long term unemployed
Community Sentence Order	No qualifications
Criminal record	Part-time worker
Current Substance Use	Remote Rural Area
Debt problems	Rural Area
Disabled Child In Family	Self Employed
Economically Inactive	Unemployed
Emotional/Behavioural Difficulties	Workforce Returner

We are moving to the Scottish Government's Shared Measurement Framework with full adoption by October 2022, but we started the adoption of this in July 2022 as part of an incremental transition. This sets out a common data language across all 32 Local Authorities in Edinburgh.

Free texts boxes are then available for more nuanced data gathering and recording of client needs. Each funder can add additional fields for specific projects if required – for example, a project focused on clients impacted by Covid specifically and asked questions around this.

The raw qualitative data is supplemented with quantitative analysis dependent on the project – these can include surveys, interviews, workshops and focus groups. External evaluations also provide additional insights in areas of interest but come at a cost.

In 2021/22, 98% of clients had at least one barrier whilst 86.5% of the clients supported had three or more barriers to finding employment. Analysis of this data allows CCP to flex provision to ensure that it meets the needs of Edinburgh citizens. For example, the pandemic has been particularly hard on young people and 35.4% of clients who started to receive support this year are 19 or younger. We also use this data to ensure that our

services are meeting the needs of all citizens; 16% of clients in 2021/22 reported a disability and 14% identified as being from an ethnic minority (the city average is 8%).

We co-ordinate the JUFJ framework to influence and develop additional projects to complement the Council offer, reaching more excluded client groups. We now have a

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
REFERRAL, ENGAGEMENT AND ASSESSMENT	NEEDS ASSESSMENT AND BARRIER REMOVAL	VOCATIONAL ACTIVITY	EMPLOYER ENGAGEMENT AND JOB MATCHING	IN-WORK SUPPORT AND AFTERCARE
NEST Third Party Grants (Stage 1-5) Third sector led support for people requiring specific barrier removal or from area of multiple deprivation 660 places				
Young Person's Guarantee (Stage 1-5) Providing young people with individual support to increase progression along pathway to a positive destination 340 places				
NOLB Activity Agreements and Boost (Stage 1) Support for school leavers 262 places	Next Steps (Stage 2-3) Employability service, including specialist support for BAME and LBGT communities 360 places			Advance (Stage 5) In-work employment support with income maximisation 180 places
Intensive Family Support (NE/NW) (Stage 1-2) Poverty & social inclusion support for families in early years centres 55 families			Subsidised Childcare for Working Parents (Stage 4-5) Provides subsidised places based on eligibility criteria with focus on regeneration areas communities 294 families	
Intensive Family Support (SE/SW) (Stage 1-2) Poverty & social inclusion support for families in early years centres 27 families		Start Scotland (Stage 3-5) Employment service with in-work support built in 2400 places		
EnCompass (Stage 1-5) Support for people with a history of substance misuse, criminal justice, and homelessness 240 places				
Maximise (Stage 1-4) Targeted poverty and social inclusion support for low-income families in schools 240 places				
Parental Employment Support Fund (Stage 1-5) Providing intensive employability support to employed and unemployed parents from priority groups tbk places				
Whole Family Equality Project (Stage 1-5) Project for ethnic minority communities in aiming to address poverty and inequality within these communities 120 places				
	All in Edinburgh (Stage 2-5) Supported Employment service for people with a disability or long-term health condition 425 places			
			Integrated Employer Engagement (Stage 4-5) To maximise the benefits of employer engagement initiatives 200 places	
			New Futures Training (Stage 3-5) Sector-based training with guaranteed interview 200 places	
			New Futures Advice (Stage 3-5) Career advice for those impacted by Covid employment 300 places	
			IRES Skills Gateway (Stage 3-5) Higher skills gateway routes into construction (HCI) and data careers (DDI) across schools, further and higher education, and work HCI 2120 places, DDI 3262 places	



refreshed Strategic Skills Pipeline offer (below) after recommissioning by The City of Edinburgh Council NOLB funding allocations and other investments.

An annual refreshed audit of the service provision across the city was undertaken by CCP on behalf of the Edinburgh Partnership Local Outcomes Improvement Plan in 2021/22 to ensure we had equity of service (see diagram below) and that all client groups had a service. This was refreshed again in early 2022/23 with new commissioned services and offers.



b) Cumulative engagement, progression and outcome targets are achieved.

As well as recording client's barriers, the Helix management information system collects data on the outcomes of all funded projects (jobs, training, education etc). Given the continued disruption caused by COVID, certain providers have struggled to meet targets, largely down to intermittent lockdowns and a difficult labour market. However, it is pleasing to see a number of provisions reaching 90% of their outcomes targets and above.

Overall engagements are lower than in a 'normal' year but improved as services returned to a blended model of delivery, including face-to-face and virtual post the easing of restrictions. There were 1,925 new engagements this year and 3,755 individuals continued to receive support.

Final figures of evidenced client outcomes from quarterly reports on progression have been submitted to the board of CCP and currently we can report verified outcomes of 525 jobs, 261 people to progress in work, and 1,031 people progressed towards work (outcomes in education and training).

Service	Funding	Outcomes Targets	Outcome Achieved	% Achieved
Next Step	£692,318	494	243	49%
All in Edinburgh	£1,598,781	204	187	92%
Childcare Hubs	£876,020.08	89	22	25%
Encompass	£247,965	106	178	168%
NEST Grants	£865,604	617	578	94%
NOLB AA and Boost	£295,648	194	171	88%
NOLB – PESF	£464,098.26	372	180	48%
NOLB PACE	£80,000	82	38	46%
Maximise!	£550,000	250	242	97%

In line with the Edinburgh and South-East Scotland City Region Deal Benefits Realisation Plan, the IRES Programme Connector at CCP has developed and launched a monitoring and evaluation framework to capture impact. The first data visualisation report was produced for the IRES Board in May 2022 and provides a transparent insight into activity across the projects from launch to current date. The report also shows progress to the headline targets demonstrating that the project is on track to achieve these.

IRES PROGRESS	Career Progression	Skills Improvements	Job Outcomes
TARGET	64	8293	699
ACTUAL	42	18,062	620

c) Client supported into work sustain employment for at least six months.

Helix shows that 100% of jobs recorded in 2021/22 were sustained to 4 weeks. In spite of the temporary nature of much employment as a result of the Covid-19 pandemic current figures show that 70% of jobs have been sustained to six months, in excess of the target of 60% sustainment.

Through our relationship with the Department of Work and Pensions, we continue to monitor Universal Credit figures for post Brexit and post-pandemic indicators and are aware that while the figure in recent months of claimants has stayed at around 10,000. These are not the same people and there continues to be on and off flows indicating rapidly changing jobs situations and short-term employment scenarios. We are again further tracking this with partners during 2022/23 to understand impact and adjust service offers accordingly.

d) Clients supported into jobs or progress in-work are paid the living wage level or above.

To date we have achieved a 62% target of jobs secured paying the Real Living Wage for the financial year. As outlined last year, we continue to see increased trends of instability of contracts in employment and reduction in contracted hours. We welcome the Edinburgh Poverty Commission recommendation of Edinburgh becoming a Living Wage city and are working with colleagues on how this can happen. Living Wage is not mandatory, so it relies on other factors to lever in those service standards.

CCP is still promoting and undertaking additional measures to ensure that clients are moving into fair, well-paid work where possible. These include:

- Our Joined up for Business team undertaking Fair Work training sessions with employer engagement officers to enable them to better have the conversation around terms and conditions.
- Fair Work embedded in Business Plans at Skill Centres to influence sectoral change.

- Conversations with employers to showcase business reason to adopt the Living Wage.
- Community Benefit clauses influenced under City Region Deal activity.
- More focus within contracted provision on in-work support and progression and upskilling and prioritising living wage income.

e) *Projects and services comply with the associated terms, conditions, rules, and regulations.*

CCP launched an Integration Charter Award in 2019 to verify service standards. The Charter commitments and validation methods will be reviewed in Financial Year 2022/23 to maintain standards and relevance.

The Charter promotes best practice for partnership working and integration across the network, developing the joined-up approach that ensures that barriers to employment are tackled collaboratively and employment opportunities for all are increased. All contracted providers have Charter status. In addition, we have widened out charter status to non-contracted services to embed good practice and service standards.

All contracted providers and grant holders are audited for compliance (see KPI3b, below) regularly and CCP also logs information regarding, insurance, OSCR status, disclosure and safeguarding of all providers.

Every user of the Management Information system (Helix) is required to register with the data commissioner. CCP underwent a rigorous GDPR compliance procedure with the City of Edinburgh Council as part of the introduction of Helix and every organisation has signed the new Information Sharing Agreement. We also annually conduct an internal GDPR assurance audit with legal partners Harpers and MacLeod to identify and strengthen any weaknesses with any recommendations fully adopted and implemented.

CCP also produces monthly data intelligence reports on employability and poverty which is disseminated to the Job Strategy Group and wider stakeholders to keep parties up to date with latest trends and developments. Spot focus reports are also produced for the Job Strategy Group for strategic consideration of approach.

KPI 3: Quality Assurance & Communications

a) *Client satisfaction with scope and quality of service received and the positive impact made.*

CCP mirrors the Scottish Government's [Approach to Service Design](#), ensuring services are client-led, holistic and co-designed by the people that use them. We use a variety of co-production techniques to ensure that projects deliver a high quality, impactful service. This year we have carried out a range of checks to gauge satisfaction with projects and the impact that they have on people's lives.

In 2022 CCP conducted a wide-ranging consultation of young people who took part in Young Person's Guarantee projects. Young people are overwhelmingly positive about the quality of delivery, specifically highlighting the outstanding work of frontline staff during a challenging and unpredictable time. 66% of the 198 young people reached via these provisions have already progressed to a positive destination in education, employment, or further training. Key recommendations for future commissioning primarily revolve around raising awareness of and expanding access to commissioned provisions, particularly for young people from protected characteristic groups and areas of multiple deprivation.

Ongoing projects are required to develop feedback loops with their clients in accordance with our JUFJ Customer Charter. Recent audit of this demonstrated very high satisfaction with services.

Some client feedback from those participating in funded serviced includes:

"It has all happened so fast, it is mad I feel I have gone from a wee girl to an adult going to college, thanks for everything"

"I would like to thank Linknet for offering such a great service to minority ethnic people and I would also like to recommend this service to anyone who is suffering to go for further education or to find a job."

We have also undertaken co-production workshops with clients to inform future commissioning, so their voices are at the centre of policy work. We undertook a survey and focus group of over 60 parents whose children engage in Early Years care so that we could design a holistic family-centred project in South-West Edinburgh

Next year we plan to deepen our community engagement and participation policies to strengthen user involvement in commissioning. We are creating two Citizens' panels: one for people from ethnically diverse communities and another for younger people who face disadvantage in the labour market. These will be underpinned by a new policy for

participation which will properly value the input of those who have expertise through experience. CCP will also support the development of the Edinburgh People/Partnership Survey in 2022 to better understand Edinburgh citizens requirement for employability services. The survey will engage with at least 4000 residents.

[In December, CCP alongside partners Children 1st and CHAI won the Public Service award for best voluntary/public sector partnership based on client engagement.](#)

b) High level of data completeness and accuracy maintained on client and other project records.

CCP monitor all grants and contracts quarterly through our reporting systems. We ensure that reported figures matches data on our management information system, Helix, through this reporting process.

In addition, each funded organisation receives an annual compliance and audit visit. This is to ensure that providers hold evidence of client support and outcomes. While move back to in person visits, a virtual audit took place.

To ensure objectivity, our contract management and compliance function is carried out by different CCP teams.

- Correctly recording and retaining data
- Maintaining correct legal documentation to satisfy GDPR
- Securely retaining data
- Updating and accurately reporting data
- Retaining adequate and appropriate evidence in support of declared outcomes
- Recording accurate and appropriate information to support the level of service provision reported to CCP

A mandatory awareness raising/training session is delivered annually to address common issues which were highlighted during the audit process. This is supplemented by individual support for new contractors if necessary.

We view this area of contract management as an exemplar for accountability of public funds and use it across all areas of funding management, including attracting in fund controls from other Council services. Strategy and Insight have asked us to carry out contract management of their grant to Maximise! and starting in 2022 we will be contract managing the Early Years programme of support for Communities and Families.

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

Document is Restricted

This page is intentionally left blank