

Governance, Risk and Best Value Committee

10:00am, Tuesday, 14 March 2023

Change Portfolio

Executive/routine
Wards

Executive
All

1. Recommendations

- 1.1 The Governance, Risk and Best Value (GRBV) Committee notes the status of the Council's Change Portfolio.
- 1.2 GRBV Committee notes that detailed reporting on expenditure within capital and revenue projects is included within the Revenue and Capital Monitoring Reports submitted to Finance and Resources Committee.

Dr Deborah Smart

Executive Director of Corporate Services

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Change Portfolio

2. Background

- 2.1 The Change Portfolio is reviewed by the Change Board. This board meets in alternate months at the Corporate Leadership Team (CLT) where the Council's portfolio of significant programmes and projects are considered. It reports every six-months to the Governance, Risk and Best Value Committee, however, has not reported since March 2022. In doing so, the Committee receives an overview of strategic delivery and the associated risks and issues managed by Change Board. The projects reviewed through this process will be updated to take account of the Council's revised Business Plan.

3. Main report

Change Portfolio Progress Update

- 3.1 Currently, there are 35 projects or programmes split across the Directorate portfolios which report into the Change Portfolio. The Directorate portfolios are now as follows:
- **Corporate Services**, Dr Deborah Smart
 - **Children, Education and Justice Services**, Amanda Hatton
 - **Place**, Paul Lawrence
 - **Strategic Development Investment Board**, Paul Lawrence
- 3.2 Appendix 1 shows the current overview status of each of these projects. The dashboards which are submitted monthly cover project overview, key risks, assumptions, issues, dependencies and resourcing gaps.
- 3.3 Since the last report to GRBV, City Plan 2030 has been added to the portfolio. No other new projects have been added although there is a pipeline of projects currently under consideration. This will be done in tandem with the development of the Medium-Term Financial Plan to ensure it aligns with our strategic aims and maintains a consistent approach to change management.
- 3.4 At each Change Board meeting, the red status projects and programmes are discussed by the board. Mitigating actions are considered and agreed where relevant.

- 3.5 There are currently seven projects reporting as red; Enterprise Resource Management, 10,00 Affordable Homes, Council Housebuilding Programme, Fountainbridge Redevelopment, LAAC File Review, Meadowbank Housing Redevelopment and North Bridge Refurbishment. Please see Appendix 2 for further details on the projects reporting red.

The Depot Programme

- 3.6 One of the most prominent strategic issues facing the Change Portfolio is the increasing costs of capital construction projects. This, coupled with the increasing cost of borrowing, requires robust monitoring to ensure that projects can be delivered within existing contingencies or if not, that they are reviewed. This applies to individual projects as well as the constant monitoring, reassessing and profiling of programmes. A more detailed report on the impacts of the cost of borrowing can be submitted to the Finance and Resources Committee.
- 3.7 These issues and mitigating actions can be illustrated by taking a closer look at the Depots Programme which after monitoring and re-profiling has been reassessed as amber from its previous red status.
- 3.8 The Depot Programme commenced in 2016 and has made significant progress to date. The principal aim of the review was, and continues to be, to ensure the delivery of an affordable, modern, flexible estate resource, facilitating the efficient provision of services and generating long term property and operational savings, in line with the Council Transformation Programme. At the start of the programme, the Council had 17 operational depot sites. The end goal of the programme is to have reduced the number of depots to a maximum of eight.
- 3.9 The programme has already delivered a brand-new depot at Seafield, with staff welfare facilities, office accommodation, a waste transfer station and fleet maintenance workshops. This has facilitated improvements in the waste collection service, through more efficient routing of collections, as well as reductions in vehicle downtime and disposal costs. A similar improvement in routing efficiency has been delivered at the new Bankhead waste depot, where a new waste transfer station and staff accommodation has reduced the need for crews to undertake journeys to external waste disposal contractors. This allows more time for crews to focus on service delivery, leading in turn to reductions in missed collection complaints.
- 3.10 The final stages of the programme will see the delivery of an expanded Bankhead Roads Depot, which will move away from being a single service site for just Roads, to a multi-service site, incorporating Roads and Parks and Greenspaces, as well as a major Fleet and Workshops facility which will allow for more efficient servicing and repairs on vehicles with significant reductions in impacts on frontline service delivery. The programme will also deliver a refurbishment of Blackford Roads Depot in the south of the city, which is the base for a section of our Roads service and provides a key second site for winter maintenance to ensure that we have resilience during periods of ice and snow (alongside Bankhead). A new home for the City

Archives is being identified, with the aim of relocating this important facility from the site at Murrayburn to a more befitting setting.

- 3.11 A full update on the progress of the Depots Programme will be reported to the Finance and Resources Committee in the coming months.

4. Next Steps

- 4.1 This report details a high-level summary of the Change Portfolio in the last six months. The Board will continue to meet and discuss the projects and programmes within the portfolio over the next six months.

5. Financial impact

- 5.1 There are no specific financial impacts of this report, other than those contained in the detail of individual projects. The financial impacts of significant change are also be reported through the revenue and capital monitoring process.

6. Stakeholder/Community Impact

- 6.1 Consultation and engagement activities, either internally or externally, are carried out within individual projects and is addressed in separate reports to Council or committee.

7. Background reading/external references

- 7.1 [Change Portfolio Update March 2022](#) – report to Governance, Risk and Best Value Committee, 8 March 2022

8. Appendices

- 8.1 Appendix 1 – Change Portfolio Update to Change Board February 2023
8.2 Appendix 2 –Red Project updates

Change Portfolio

08 February 2023

Actions:

- Note and discuss Portfolio Update
- Note projects with status changes
- Note strategic project issues and Critical Projects
- Note next stage of project pipeline
- Note project statuses in appendix 1

35 active projects — 8 green, 20 amber, 7 red

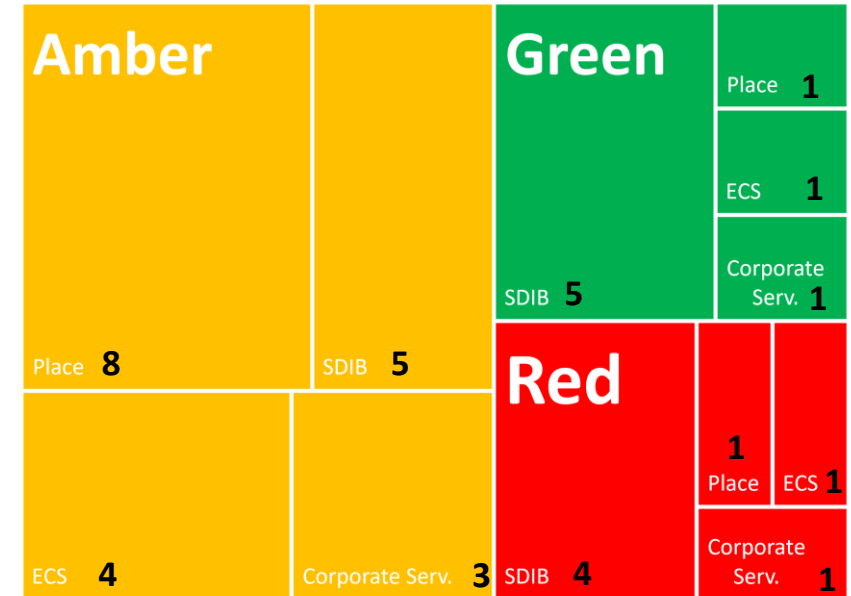
14 SDIB — 5 green, 5 amber, 4 red

10 Place — 1 green, 8 amber, 1 red

6 Education and Children’s Services — 1 Green 4 amber, 1 red,

5 Corporate Services — 1 green, 3 amber, 1 red

Active Projects by RAG and Directorate



Projects Reporting Red

- ERP
- 10,000 Affordable Homes
- Council Housebuilding Programme
- Fountainbridge Redevelopment
- LAAC File Review
- Meadowbank Housing Redevelopment
- North Bridge Refurbishment

Strategic Issues

- More than half of projects reporting **amber** (20/34)
- Significant shift to red for SDIB projects – some projects now cannot be completed within existing allocated budgets
- Construction costs
- Red projects increased from 1 in October to 7 in December.

Close Report

- Bangholm Sports Centre - at sign off
- Craigmillar High School – awaiting final account
- Our future Work - closure report attached. Board still live.

New Projects

- CityPlan 2030

Status Changes this month

Project	Status	Previous Status	Risks
Customer Transformation	Green	Amber	Moved to green because the full integration of housing repairs was delivered and is working as expected.
Digital Service Partnership Savings	Amber		Will stop reporting to Corporate Services. NH confirmed - digital savings were removed from the report as they are not a programme in their own right. The savings are still there and are incorporated into my local budget.

Critical Projects

Project	Status	Delivery updates	Financial updates
ERP	Red	<ul style="list-style-type: none"> See appendix. 	
Our Future Work	Amber	<ul style="list-style-type: none"> Closure report attached as submitted to the Board 24/01/ Notes from board and Katy Miller: Not close the board but to keep in place to ensure visibility/delivery of ongoing actions (Emma Kilpatrick to attend from HR) with discussion/agreement on remit & attendees. Attached has required steps/decisions. (in relation to Asset Board particularly) – Mike Pinkerton Further communications for colleagues/line managers to reinforce key principles: Not home working but hybrid; right for the organisation to ask you to come into work; narrative around wellbeing and supporting team working by coming into offices; cameras on for teams meeting etc – Sharon FM Follow on sessions for line managers – ‘you said, we did’ and what further support is needed – Mike P (& HR) 	
City Region Deal	Green	<ul style="list-style-type: none"> Regular updating of progress report and monthly financial forecasts to ensure PMO is aware of issue(s) at an early stage and can raise with Government, Executive Board and Joint Committee as appropriate. Regular discussions on finance between project leads and PMO, Directors of Finance and PMO and PMO and Governments to capture issues arising. Change Management process as set out in the Benefits Realisation Plan is being implemented 	<ul style="list-style-type: none"> Cost inflation (materials and labour) and related government policies, (e.g. rise in interest rates and changes to taxation) affects the ability to deliver projects to the standards required.
Depots Strategy	Amber	<ul style="list-style-type: none"> Three major sites are required to be closed in order to deliver approximately £900k revenue savings – these are Murrayburn, Russell Road and Peffer Place Depots. However, this may be insufficient to cover the increased construction costs associated with delivery of the remaining programme (inflation risk), together with the running costs of these new or repurposed buildings (of which there are a number of risks).The £900k cannot be released unless services are consolidated in alternative fit for purpose depots. There continues to be considerable impact to tender prices and project delivery timeframe. The City Archives project is being brought under the umbrella of the Corporate Property Strategy.The service is at high risk of building failure and reputational damage while it remains at Murrayburn. DECISION – Consider the status of this project becoming red. 	<ul style="list-style-type: none"> During the last period, the financial revenue model has been reviewed to achieve a level of confidence around delivery of the strategy. £201k revenue savings have been achieved with the prudential borrowing reprofiled on a smoothed basis.

Critical Projects

Project	Status	Delivery updates	Financial updates
Homelessness	Amber	<ul style="list-style-type: none">Added to critical list due to reputational and financial risk	<ul style="list-style-type: none">Homelessness Services reported significant pressures both in capacity and spend in 2022/23 in delivering the Council's statutory duties.The Council agreed a budget for 2023/24 which recognised these pressures by increasing the budget for the service. In order to ensure that the service operates within budget in 2023/24, a range of mitigations were also agreed through the budget setting process – including void management, an increased number of posts to focus on the prevention of homelessness, changing the mix and reducing the use of temporary accommodation and a reduction in spend in NRPF cases.All mitigating actions will be monitored on regular basis to ensure that they are effective.

New projects/programmed for further scoping

Project	Directorate
City Plan 2030	SDIB
EnerPHit Programme	SDIB
Inclusion Strategy	ECS
Tanner Inquiry Recommendation Implementations	Corp
Smart Cities Operation Centre	Corp
Filling the Net Zero Pipeline and Funding the Transition to Net Zero	SDIB

MTFP will also need to report and assume that this should come to Change Board or have a different reporting route?

Possibly split Change and Capital?

City Plan 2030 dashboard supplied.

Appendix I - Project Statuses Jan 2023

Corporate Services

	Dec	Jan	Theme
Digital Service Partnership Savings	Yellow	Yellow	TRM
Customer Transformation	Yellow	Green	SIP
ERP	Red	Red	SIP
Business Intelligence	Yellow	Yellow	TRM
Our Future Work	Yellow	Yellow	TRM

Education and Children's Services

	Dec	Jan	Theme
Early Years Programme	Yellow	Yellow	CC
LAAC File Review	Red	Red	MAN
Empowered Learning	Yellow	Yellow	T/C
New Craigmillar High School - CLOSE REPORT	Green	Green	CC
Liberton High School	Yellow	Yellow	CC
Maybury Primary School	Yellow	Yellow	CC
Replacement Currie High	Yellow	Green	CC

Place

	Nov	Dec	Theme
Communal Bin Review	Yellow	Yellow	TRM
Depots Strategy	Yellow	Yellow	TRM
North Bridge Refurbishment	Red	Red	MAN
Travel Demand & Logistics	Yellow	Yellow	ES
Cultural Services Review	Yellow	Yellow	ES
Housing Service Improvement Project	Yellow	Yellow	TRM
Planning Service Review	Yellow	Yellow	SIP
Fleet Services	Yellow	Yellow	ES
Homelessness Programme	Yellow	Yellow	TRM
SE Scot City Regional Deal	Green	Green	CC

Strategic Development Investment Board

	Nov.	Dec	Theme
National Housing Trust	Green	Green	CC
10,000 Affordable Homes	Green	Red	CC
Council Housebuilding Programme	Red	Red	CC
Edinburgh St James GAM	Yellow	Yellow	CC
Tram to Newhaven	Green	Green	CC
Meadowbank Redevelopment	Red	Red	CC
Fountainbridge Redevelopment	Red	Red	CC
Granton Waterfront Regeneration	Yellow	Yellow	TBC
EICC Hotel and Hotel School	Yellow	Yellow	CC
Edinburgh BioQuarter	Yellow	Yellow	CC
20 Minute Neighbourhood	Green	Green	T/C
Asset Condition	Green	Green	MAN
West Edinburgh	Green	Green	TBC
Princes Street and Waverley Valley Strategy	Yellow	Yellow	TBC
CityPlan 2030 (NEW)	White	Yellow	Blue

TRM - Transformation/Change
 ES - Efficiencies Savings
 MAN- Mandatory/Risk
 CC - Council Commitments
 SIP - Service Improvement Project
■ - Denotes Capital Project

Projects reporting red

Project	Status	Risks
10,000 Affordable Homes	Red	Status moved from green to red by SDIB board and SRO at 17 Oct meeting- Approvals are facing ongoing delays, as many of our development partners are delaying procuring new contracts due to cost inflation. It is highly unlikely that the Council commitment could be delivered by 2027. A decision is awaited on future targets following formation of the new administration. Discussions are ongoing with Government about claiming additional grant funding from national underspends.
Fountainbridge Redevelopment	Red	Project has moved to Red status due to cost inflation. This is the single biggest risk which has been tracked but is now challenging the overall viability. Officers will continue to work through this challenge with the development partner and any deviations from the original strategy will be reported through the existing governance routes – Housing Homelessness and Fair Work Committee and Finance and Resources Committee (as appropriate) - for decision.
LAAC File Review	Red	Not enough resources to complete project as they have been moved to help with the Ukrainian response. Mitigation: resources will return in March 23.
Council Housebuilding Programme	Red	Unprecedented rises in Construction costs. Risk that placemaking, energy and sustainability standards increase development costs so they are unaffordable to the HRA / Edinburgh Living resulting in projects being delayed with financial/reputational damage to the Council. Political decision awaited on housebuilding target following election and formation of new administration. Additional risk/issue relating to income and financing pressures as well as inflation. Continued rent freezes, limited government grants and increasing interest rates make it harder to finance new homes. Mitigation: Cost price inflation in 2022/23 has impacted on ability of affordable housing developers to enter into contracts and, this has impacted on number of tender approvals. Shortages in the supply chain has impacted on completion dates. Around 717 affordable housing approvals are expected by 31 March 2023 and 1,108 affordable housing completions. This is lower than the estimates of 800 approvals and 1,246 completions in the SHIP. An additional £8m in grant funding has been secured from Scottish Government due to slippage in the national Affordable Housing Supply Programme. This has increased grant funding for the programme to £53.182m from the original Resource Planning Assumption of £45.182m
Meadowbank	Red	Project has moved to Red status due to cost inflation. This is the single biggest risk which has been tracked but is now challenging the overall viability. Officers will continue to work through this challenge with the development partner and any deviations from the original strategy will be reported through the existing governance routes – Housing Homelessness and Fair Work Committee and Finance and Resources Committee (as appropriate) - for decision.
North Bridge	Red	Project remains red and no change to risk since last update. Please refer to dashboard for further information.
ERP	Red	The programme remains at red due to issues with testing, which are being resolved. The programme is on the path to Amber. The programme team do have actions in place to move to Amber and then to Green. There is now an agreed proposal signed off that allows migration of the Offa Frontier Horizon Production server into the cloud, which was the remaining action to resolve. This proposal has now been signed off and the plan has been adjusted to accommodate new dates and the trial loads will be carried out in early May.