

# Public Document Pack



## EXECUTIVE COMMITTEE TUESDAY, 8 MARCH, 2016

A MEETING of the EXECUTIVE COMMITTEE will be held in the COUNCIL CHAMBER, COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS, TD6 0SA on TUESDAY, 8 MARCH 2016 at 10.00 am

J. J. WILKINSON,  
Clerk to the Council,

1 March 2016

<b>BUSINESS</b>		
1.	<b>Apologies for Absence</b>	
2.	<b>Order of Business</b>	
3.	<b>Declarations of Interest</b>	
4.	<b>Minute</b> (Pages 1 - 8)  Minute of meeting of 16 February 2016 to be approved and signed by the Chairman (copy attached).	2 mins
5.	<b>Scrutiny Committee Recommendation</b> (Pages 9 - 12)  Consider recommendation from Scrutiny Committee of 28 January 2016 regarding the Maintenance of Roads (extract of Minute attached).	10 mins
6.	<b>Capital Programme 2016/17 - Block Allocations</b> (Pages 13 - 44)  Consider report by Chief Financial Officer regarding proposed projects and programmes within the block allocations in the 2016/17 Capital Financial Plan (copy attached).	10 mins
7.	<b>Extra Care Housing: Business Case for Berwickshire</b> (Pages 45 - 84)  Consider report by Service Director Regulatory Services providing a brief overview of the business case for the provision of extra care housing in Berwickshire (copy attached).	10 mins
8.	<b>Affordable Housing Policy Developer Contributions Governance</b> (Pages 85 - 88)  Consider report by Service Director Regulatory Services proposing amendment of the Scheme of Delegation (copy attached).	5 mins
9.	<b>Roads Review Options Appraisal</b> (Pages 89 - 140)	15 mins

	Consider report by Chief Officer Roads regarding the preferred operating model for the Council's Roads Services (copy attached).	
10.	<b>Performance Management Framework for the Integrated Sport and Culture Trust</b> (Pages 141 - 162)  Consider report by Corporate Transformation and Services Director regarding the Integrated Sport and Culture Trust (copy attached).	15 mins
11.	<b>Any Other Items Previously Circulated</b>	
12.	<b>Any Other Items which the Chairman Decides are Urgent</b>	
13.	<b>Private Business</b>  Before proceeding with the private business, the following motion should be approved:- "That under Section 50A(4) of the Local Government (Scotland) Act 1973 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 7A to the aforementioned Act."	
14.	<b>Minute</b> (Pages 163 - 164)  Private Minute of Meeting of 16 February 2016 to be approved and signed by the Chairman.	2 mins

#### NOTES

- 1. Timings given above are only indicative and not intended to inhibit Members' discussions.**
- 2. Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.**

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**Membership of Committee:-** Councillors D. Parker (Chairman), S. Aitchison, S. Bell, C. Bhatia, J. Brown, M. J. Cook, V. M. Davidson, G. Edgar, J. G. Mitchell, D. Moffat, D. Paterson, F. Renton and R. Smith

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**SCOTTISH BORDERS COUNCIL  
EXECUTIVE COMMITTEE**

MINUTE of Meeting of the EXECUTIVE COMMITTEE held in the Council Chamber, Council Headquarters, Newtown St Boswells, TD6 0SA on Tuesday, 16 February, 2016 at 10.00 am

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Present:- Councillors J. Mitchell (Chairman), S. Aitchison, S. Bell, J. Brown, M. J. Cook, V. Davidson, G. Edgar (from para 3), D. Paterson, F. Renton.

Also Present:- Councillor I. Gillespie.

Apologies:- Councillors D. Moffat, D. Parker, R. Smith.

Absent:- Councillor C. Bhatia.

In Attendance:- Depute Chief Executive (People), Depute Chief Executive (Place), Chief Financial Officer, Service Director Regulatory Services, Corporate Transformation and Services Director, Democratic Services Team Leader, Democratic Services Officer (K. Mason).

**CHAIRMAN**

In the absence of the Chairman the meeting was chaired by Councillor Mitchell

1. **ORDER OF BUSINESS**

The Chairman varied the order of business as shown on the agenda and the Minute reflects the order in which the items were considered at the meeting.

2. **MINUTE**

The Minute of meeting of the Executive Committee of 2 February 2016 had been circulated.

**DECISION**

**APPROVED for signature by the Chairman.**

3. **QUARTERLY CORPORATE PERFORMANCE REPORT (QUARTER 3, 2015/16)**

There had been circulated copies of a report by the Chief Executive presenting a summary of quarterly performance information for Members, with details contained within Appendix 1. A summary of the main changes made to performance indicators was provided at Section 4 of the report, followed by a high level summary of performance in Section 5. Appendix 1 provided a more detailed presentation and explanation of each Performance Indicator (PI). Where possible, information which was collected on a quarterly basis was presented but this was not possible for all areas of Council business, for example, school attainment. The presentation used in Appendix 1 was consistent with what was presented to Council on 26 June 2014 and to the Executive Committee each quarter thereafter. All information contained within the report was also made available on the SBC website using the public facing part of SBC's Performance Management software (Covalent). This could be accessed at

[http://www.scotborders.gov.uk/info/691/council\\_performance/1353/our\\_performance\\_as\\_a\\_council](http://www.scotborders.gov.uk/info/691/council_performance/1353/our_performance_as_a_council) and by clicking on "Scottish Borders Performs".

Based on feedback from Elected Members, a number of changes would be made to the infographic summaries presented within Appendix 1 for the June 2016 meeting of the Executive Committee, showing clearly the difference between PIs that SBC had direct influence over and those that were provided for context only. Members discussed the performance report and received answers to their questions in relation to the Council's volunteering policy and lottery funding from the Corporate Performance and Information Manager. The Customer Services Manager Mr Les Grant, gave Members a presentation on

the performance monitoring of Customer Services and improvements to the service. The focus was on outcomes for the customer and performance information was collected in respect of a number of areas including interactions through the CRM, complaints and SPSO indicators. The volume of complaints was relatively small but improvements in dealing with complaints at stage 1 were needed. The importance of learning from complaints was highlighted. Current and future challenges included the introduction of a customer portal, moving more processes to “on-line” and social media channels and working across the Council to deliver more services front-line. Members commented on the importance of the management of customer complaints through to completion. There were comparatively few complaints in relation to the volume of business and there was a requirement on how to positively solicit complaints and how to tap into those people who were not minded to complain. Older people were less inclined to use social media but younger people preferred and expected to use social media which was more cost effective than face to face contact. It was emphasised that all contact options needed to be available for customers.

**DECISION  
AGREED to**

- (a) note the changes to performance indicators in Section 4 of this report;**
- (b) to acknowledge and note the performance presented in Section 5 and within Appendix 1 and the action that was being taken within Services to improve or maintain performance; and**
- (c) note that improvements would be made for the next Executive report to enhance public performance reporting.**

**MEMBER**

Councillor Edgar joined the meeting during discussion of the above item.

**4. MONITORING OF THE GENERAL FUND REVENUE BUDGET 2015/16**

There had been circulated copies of a report by the Chief Financial Officer providing budgetary control statements for the Council’s General Fund based on actual expenditure and income to 31 December 2015 and explanations of the major variances between projected outturn expenditure/income and the current approved budget. The revenue monitoring position set out in this report was based on actual income and expenditure to 31 December 2015. All Services were projecting a balanced outturn position with management teams confident that any remaining pressures on budget would be managed within existing departmental budgets. Pressures evident at month 9 (31 December 2015), which were being managed within departmental budgets, continued to be within out of area children’s placements, higher than anticipated cost of care for Older People in Residential Care and people with Physical Disabilities and also within Neighbourhood Services for Materials, Sub-contract and Hire in the Roads service. At 31 December 2015, 74% (£5.767m) of planned efficiency savings had been delivered as per the Financial Plan. Of the remaining 26%, 9% (£0.696m) had been achieved by alternative, permanent measures and 17% (£1.347m) temporarily. A further £0.015m remained profiled to be achieved by alternative means. Full details of pressures, risks and challenges and the significant majority of areas of the Council’s operation where budget plans remained on track were detailed in Appendix 1 to this report. In referring to pressures currently identified in Out of Authority placements the Deputy Chief Executive – People explained there were always additional children needing placements and it was noted that regular discussions took place to see if children could be brought back into the Borders. Concerns were submitted in relation to Neighbourhood Services in the Tweeddale area with some members of staff having left and not been replaced and the Deputy Chief Executive – Place undertook to determine if current resources were adequate in the Tweeddale Area and in Jedburgh. Members sought

reassurance that the budget in respect of the Borders Guarantee Co-ordinator post would be tightly controlled and the Chief Financial Officer undertook to bring back a briefing note on this to the next meeting.

#### **DECISION**

##### **AGREED:-**

- (a) **to note the projected corporate monitoring position reported at 30 December 2015, the underlying cost drivers of this position, the significant pressures highlighted and the identified areas of financial risk;**
- (b) **that the Depute Chief Executives for People and Place and their Service Directors would continue to work with their management teams to ensure a balanced budget position was delivered in 2015/16;**
- (c) **to approve the budget virements set out in appendices 2 & 3 to the report; and**
- (d) **to note the progress made in achieving Financial Plan savings as detailed in appendix 4 to the report.**

#### **5. PROJECTED BALANCES TO 31 MARCH 2016**

There had been circulated copies of a report by the Chief Financial Officer providing an analysis of the Council's balances as at 31 March 2015 and advising Members of the projected balances at 31 March 2016. The Council's General Fund useable reserve (non-earmarked) balance was £8.121m at 31 March 2015. The comparative figure at 31 March 2016 was projected at £5.638m. Approval was given in the November 2015 revenue monitoring report to draw down an estimated £0.700m to fund the shortfall in funding associated with the phasing of the pay award in 2015/16. Following payment in November 2015 backdated to 1 April 2015 the confirmed draw down reflected in this report was £0.679m including £0.077m associated with an increase in the nationally agreed Living Wage. A further draw down from reserves totalling £0.049m was required following an HMRC compliance audit and agreed settlement of the outstanding liabilities. The Council's allocated reserve balance was £3.379m at 31 March 2015 and was projected to be £4.328m at 31 March 2016. This movement was as a result of the draw down of allocated reserves to fund the 2015/16 Financial Plan (£0.508m), Police & Fire Reserves (£0.091m) and provision for Roads Maintenance (£0.100m), an increase in allocated reserves to support the ER/VS scheme (£1.139m) and an increase in allocated reserves to provide for the contribution to the Bellwin Scheme (£0.509m). The projected balance on the Capital Fund of £5.498m would be affected by any further capital receipts, developer contributions, interest credited and any expenditure authorised to be financed from the Fund during the remainder of the financial year.

#### **DECISION**

##### **AGREED to:-**

- (a) **note the projected revenue balances as at 31 March 2016 as detailed in Appendices 1 & 2 to the report;**
- (b) **note the projected balance in the Capital Fund as detailed in Appendix 3 to the report;**
- (c) **approve the draw down of £0.679m reserves to address a shortfall in funding associated with the phasing of the pay award in 2015/16 and the draw down of £0.049m in settlement of an HMRC compliance audit; and**

- (d) **approve the transfer of Reserves into Allocated Reserves to provide for the required 0.2% of net budget contribution to the Bellwin Scheme (£0.509m).**

**6. MONITORING OF THE CAPITAL FINANCIAL PLAN 2015/16**

There had been circulated copies of a report by the Chief Financial Officer providing an update on the progress of the 2015/16 Capital Financial Plan and seeking approval for projected outturns and associated virements, and the reallocation of funds. The monitoring tables in Appendix 1 detailed the actual expenditure to 31 December 2015. Key issues identified in these tables were summarised within the main report. The tables identified a net variance of £3.101m against the approved budget. The net in-year budget increase of £0.062m was primarily due to a number of items due to be delivered for the Plant & Vehicle fleet totalling £0.275m, fully funded from the Plant & Vehicle Replacement Fund, offset by a saving identified for Galashiels Flood Protection. The net budget timing movements to future years amounted to £3.163m of which the most significant were £0.682m for Duns Primary School, £0.8m for Kelso High School, £0.604m for Langlee Primary School and £0.678m for Residential Care Home Upgrade Block partly offset by a £2.08m forward timing movement for Selkirk Flood Protection. Appendix 3 contained a summarised list of timing and budget movements within the 2015/16 Capital Plan. Appendix 2 contained a list of the block allocations approved for this year and the various approved and proposed projects to be allocated from them within the 2015/16 Capital Plan. In response to a request for information on the progress in respect of the Innerleithen to Walkerburn shared access route, the Depute Chief Executive – Place undertook to investigate and report back.

**DECISION**

- (a) **AGREED the projected outturns and associated virements as identified in Appendix 1 to the report as the revised capital budget.**

- (b) **NOTED the list of block allocations detailed in Appendix 2 to the report.**

**7. CORPORATE TRANSFORMATION PROGRESS**

There had been circulated copies of a report by the Corporate Transformation Services Director on progress in developing and delivering the Council's Corporate Transformation Programme since the last update report on 1 December 2015 and setting out planned activity in the reporting period to the end of May 2016. Corporate Transformation Progress Reports were brought to the Executive Committee on a quarterly basis. This was the fourth quarterly progress report since the Programme was established in February 2015. On 11 February 2016, the Council also considered an annual progress report on Corporate Transformation which set out how it would continue to support the delivery of the Council's 8 Priorities, its Financial Strategy and significant service improvements moving forward. The current areas of work within the Programme were set out in the tracker in Appendix 1 under the 8 Corporate Priorities and included a brief description of the purpose of each, summarised progress made to date (rating them Red, Amber or Green) and setting out key milestones in the next quarter. A summary of progress across the whole transformation programme was set out in Appendix 1. This report focussed on progress made in 4 key programmes: (a) Children & Young People; (b) Integration of Health and Social Care; (c) Workforce Transformation; and (d) Customer First. Detailed performance reporting infographics for each of these areas were set out in Appendices 2 to 5 and outlined in Section 4 of the report. The Corporate Transformation Services confirmed that financial monitoring in relation to the Borders Railway blueprint would be made available in March. A clearer update had been requested 2 months ago in regard to the localities programme the Chief Executive – People highlighted the significant work which was currently being undertaken and advised that an update would be provided at the next meeting of the Executive Committee. Members noted that an update on digital connectivity would be provided to Members in the April / June quarter following ICT decisions made at Council. In conclusion the Corporate Transformation and Services Director advised that if there were

any gaps Officers would do their best to ensure commentary in the report reflected whether shown as amber or green and Members would be advised at meetings of the Executive Committee if Officers had concerns about service delivery

**DECISION**

**AGREED to note the continued progress made in developing and delivering the Corporate Transformation Programme.**

**8. SBC COMMUNITY GRANT SCHEME – YEAR END POSITION 2015/16**

There had been circulated copies of a report by the Chief Executive advising on the estimated year end balances in the Community Grant Scheme (CGS) for 2015/16 and recommending that any final year end balances were carried forward into 2016/17, in line with the agreed CGS processes. The current budget position of the CGS 2015/16 and estimated year end balances were as follows:

Budget Heading	Total Budget 2015/16	Expenditure to Date	Applications Pending	Estimated year end balance as at end Dec 2015
Berwickshire	£22,481	£22,481	£0	£0
Cheviot	£22,669	£13,482	£5,000	£4,187
Eildon	£43,912	£39,190	£1,345	£3,377
Teviot & Liddesdale	£28,198	£8,996	£8,541	£10,661
Tweeddale	£35,260	£15,661	£4,028	£15,571
Generic	£15,056	£13,840	£0	£1,216
<b>Totals</b>	<b>£167,576</b>	<b>£113,650</b>	<b>£18,914</b>	<b>£35,012</b>

If the recommendations of this report were approved, the estimated year end balance of £35,012 would be detailed as a virement request for ear-marking in the Financial Services report to Executive Committee in March 2016. Members were asked to note that year end balances were estimated as at January 2016 and final carry forwards as at March 2016 might be lower. The Funding and Project Officer was in attendance and confirmed that that the estimated year end balance was now £17,902 and this would be further reduced by 31 March 2016.

**DECISION**

**AGREED to**

- (a) note the estimated year end balances for 2015/16; and
- (b) approve the carry forward of any year-end balances from 2015/16 into 2016/17.

**9. PROGRESS REPORT ON SECURING AND SPEND OF DEVELOPMENT CONTRIBUTIONS**

With reference to paragraph 3 of the Minute of the Executive Committee of 21 October 2014, there had been circulated copies of a report by the Service Director Regulatory Services presenting an update on the collection and spend of Development Contributions since the Executive meeting on 21 October 2014. The format in which Development Contribution data was presented illustrated: (a) Current contribution balances; (b) Contributions received; (c) Contributions returned; (d) Spend applied; and (e) Contributions anticipated. The Service Director Regulatory Services and the Development Negotiator answered Member’s questions in relation to a comment in regard to the challenges of providing affordable housing and plans on spending commuted sums and referred to national policy and the SHIP. With regard to Biodiversity contributions it was suggested that further work be done to explore the overall balance of contributions.

## **DECISION AGREED**

- (a) to note the current contribution balances, those received, returned, spent and anticipated;**
- (b) to note that existing protocols and guidance governing the collection and spend of contributions were being reviewed and applied, where appropriate, subject to approval by Planning & Building Standards Committee; and**
- (c) that the Development Contributions Progress Report – detailing contribution balances, received, returned, spent and anticipated – continued to be reported annually to the Executive Committee.**

### **10. UPDATE ON FLOOD DAMAGE AND BELLWIN SCHEME INTERVENTION**

There had been circulated copies of a report by the Chief Financial Officer and the Depute Chief Executive - Place providing an update on the extent of damage caused by recent winter storms and the measures being taken and required to rectify this damage in a timely fashion which fitted with the Government's Bellwin Scheme. Since the start of December 2015 the Council's Emergency Planning Bunker had been open 23 days, including eight consecutive days from 3 to 10 December 2015, to plan and respond to weather events. Four 'named storms' had affected the area to varying degrees since the start of December 2015 – Desmond, Frank, Gertrude and a further damaging unnamed storm on 27 January 2016. During the period a total of 96 flood warnings were issued by SEPA, including five Severe Flood Warnings – issued only where there was danger to life. Evacuations were undertaken in Hawick (2), Peebles, Jedburgh and Newcastleton. In total, several hundred homes were evacuated during this period. The storms had caused widespread damage across the Scottish Borders and created a large volume of remedial works which needed to take place on the Council's infra-structure. This report outlined the key features of the Bellwin Scheme and its relevance to these major flooding events caused by storms Desmond, Frank and other flooding so far this financial year; outlined the work that had been done to date in responding to the initial aftermath of storm damage and actions taken to date. Critically, the report also outlined the extent of remedial works that still needed to be undertaken and the measures that would be required to support completion of these works within the Bellwin timeframe. It was also important to note that under the Bellwin Scheme the Local Authority had to meet the first portion of costs equivalent to 0.2% of the Local Authority's total net revenue budget. In the case of Scottish Borders Council, this equated to £508k that would have to be met from reserves with the Bellwin Scheme picking up all eligible costs beyond this level. It was noted that a further report covering progress with the flood assistance for businesses and houses was being prepared and would be reported separately to Committee. Members were advised that the Bellwin Scheme had been extended to 4 months. In response to a concern about part of a wall bordering the River Teviot when it was stated that Council Officers had inspected the wall and said it was safe but residents still considered the wall to be unsafe, the Depute Director – Place undertook to ensure that a more detailed response in relation to the inspection of the wall be issued by Officers. In response to questions regarding three problem areas of the River Tweed near Walkerburn and Innerleithen, the Depute Chief Executive – Place advised that engineers could give a full response. A comment was made that failure to maintain the clearance of roadside ditches created a core problem in relation to flooding on roadsides and it was suggested that funding could be set aside in the Council's budget for local farmers to undertake this work and the Depute Director – Place undertook to investigate this.

## **DECISION**



## **AGREED**

- (a) to note the extent and costs of works undertaken to date in response to the three major flooding weather events;
- (b) to note the scale and extent of works that remained to be done to re-instate a wide range of damaged Borders infrastructure;
- (c) that wherever possible, discretionary Council spending was delayed until the 2016/17 financial year to free up internal Neighbourhood Services Roads and SBc Contracts capacity to concentrate on Bellwin Scheme related works; and
- (d) that £508K from General Reserves would be required as the Council's contribution towards flooding costs as per the Bellwin guidelines.

## **11. PRIVATE BUSINESS DECISION**

**AGREED** under Section 50A(4) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of the business detailed in the Appendix to this minute on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 6 and 9 of part 1 of schedule 7A to the Act.

## **SUMMARY OF PRIVATE BUSINESS**

### **12. MINUTE**

The Committee approved the private Minute of 2 February 2016.

### **13. REQUEST FOR ROAD WORKS TO BE INCLUDED IN THE COUNCIL'S CAPITAL FINANCIAL PLAN 2016/2017**

The Committee considered a report and agreed with the recommendations contained therein.

*The meeting concluded at 12.40 p.m.*

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## EXECUTIVE COMMITTEE

8 MARCH 2016

SCRUTINY MINUTE EXTRACT – 28 JANUARY 2016

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### 3. MAINTENANCE OF ROADS

- 3.1 With reference to paragraph 5 of the Minute of 26 November 2015, there had been circulated copies of a report by the Service Director Neighbourhood Services and Service Director Commercial Services which was in response to a question submitted to the Scrutiny Committee by Ettrick and Yarrow Community Council: *To review the extent to which the Scottish Borders Council's (SBC) budget for road repairs and maintenance was sufficient to meet need and the not unreasonable expectation that roads would be maintained in a safe condition. Within this context, to particularly examine how the allocation of budget for rural roads was arrived at and whether more should be allocated.*
- 3.2 The Chairman welcomed Mr Drummond-Hunt, Service Director Neighbourhood Services, to the meeting. Mr Drummond-Hunt began by giving the background to the allocation of resources nationally and the competing interests for limited funding, and how the standards and level of service were determined across the Scottish Borders. He advised that the Council faced significant budget pressures, with a very constrained roads budget which officers tried to maximise to get the most out of it and prioritise what was best for the roads network. The Roads Asset Management Plan (RAMP) was a key document in delivering road services, providing technical detail and operation standards. The RAMP gave a list of works required but the budget was not sufficient to cover all that was required. Mr Drummond-Hunt advised that the Council's carriageway assets totalled 2,968 km and these lengths of roads were classified into A, B, C and U in rural and urban areas. He explained that allocation of funds was not based on road length, but on need. Priority was given to A and B class roads which carried the bulk of traffic and were generally high speed, covering large topographical areas which could be the subject of serious accident sites. Classification C and U were lower priority and generally lower speed, so the standard of repair did not require to be as high but the roads were still safe. He went on to explain the Road Condition Indicator (RCI), a survey which collected condition measures including longitudinal profile, lane rutting, texture of surface and cracking. The results from the RCI were used to prioritise SBC's road repair programme. The RCI Results Table 2014-16, detailed in the report, showed that 46.3% of the Council's roads required repairs at the moment. Best practice suggested that this should be around 30%, which would probably be achievable in an urban authority as they would have a much smaller road network. It was anticipated that there would be a gradual increase in road repair requirement over the next five years should current funding levels continue. In 2015/16, there was £3m in the capital budget for roads, with approximately £2.5m allocated to the rural road network and £0.5m to the urban road network. To recover the position to best practice level, would require significant investment of £80-£90m over the next five years. A review of Roads Services was currently being carried out to ensure the Council achieved the most from the budgets and resources available, maximising productivity, efficiency, and performance by bringing together the

permanent and temporary maintenance sections to improve the condition of the roads within the Scottish Borders. Concluding, Mr Drummond-Hunt acknowledged that while there was evidence that the condition of roads was deteriorating, he emphasised the road network remained safe and helped support the economic development of the region.

- 3.3 In answer to questions, Mr Drummond-Hunt intimated that one of the measures used to determine priority was serious accidents and incidents. Officers also used a 10% sample of statistical analysis. Mr Colin Ovens, Infrastructure Manager, joined the meeting and clarified that the sampling of roads was carried out on a rota basis. He further advised that SBC was pursuing a compensation claim for reinstatement of roads that had been affected by lorries using lesser road to avoid railway works.
- 3.4 Miss Harrison, Etrick and Yarrow Community Council, was in attendance and stated that benchmarking against other local authorities failed to be addressed in the report. Out of 32 Scottish authorities SBC had come 28<sup>th</sup>, and 6<sup>th</sup> out of 8 rural authorities. Miss Harrison suggested that SBC should investigate how other authorities were achieving better results - were they investing more or spending more wisely? In terms of how money was spent, as a lay person she thought patching works appeared to be throwing money away and did not appear to be a good use of the public pound. Drainage also appeared to be a problem and again this needed to be investigated. There was a clear trend that B, C and U roads were receiving cheaper repairs and consequently becoming worse over a period of time. Miss Harrison continued that forestry was forecast to increase fourfold over the next few years and would have a high impact on rural roads; this should be brought in as criteria for budget spend. Finally, Miss Harrison stated that the Etrick and Yarrow community was trying to diversify and promote tourism, including cycling, and visitors to the area would expect certain standards of roads.
- 3.5 Mr Ovens responded that a report was presented to Council on an annual basis which showed funding, how the funding was allocated, and included option models to address roads maintenance. Through the Council capital programme Officers put forward a programme of works and while there had been some increases in funding over the last few years, this was not enough to address the deterioration, but Officers continued to lobby for additional funding. Mr Drummond-Hunt added that SBC's investment in roads was reflected in the condition of roads in the area. Compared to other local authorities, SBC had one of the lowest rates of investment in the roads network. However, if more funding was allocated to roads maintenance, there would be a consequential reduction in funding to other Council services, such as social care or education. It was a difficult balancing act and a matter of serious discussion and debate for Members. With respect to the recent floods, Mr Drummond-Hunt explained that the Council was making a claim for assistance with the damage caused across the area through the Bellwin Scheme. The claim was based on repairs carried out and officers were currently assessing this. In terms of maximising manpower and machinery resources, Mr Ovens advised that presently repairs were mainly reactive, with some temporary and the preference was for permanent repairs. The current roads review was looking at materials, workforce, plant and equipment and considering a planned programme of works, to ensure works were 'First time right'. However, this could mean that repairs were more expensive resulting in not as many deficiencies being remedied, although recurrence would also not be an issue. The RCI calculation took into account average weather conditions in its model and not extreme weather.
- 3.6 In response to a question about SBc Contracts, Mr Drummond-Hunt advised that it was a successful company and the main sub-contractor for Amey for trunk roads. Half of SBc Contracts business came from external clients and half through civil engineering, but these latter contracts were not as profitable as previously due to competition so there was not as much money coming back into the Council. On a positive, SBc Contracts was looking to increase contracts from the private sector and was in demand from house builders,

Universities, care homes, etc for infrastructure contracts in the Lothians. SBc Contracts was a valuable organisation for SBC and its success needed to be exploited as much as possible. Members then discussed the options for surface treatment and patching and when individual repairs were best made or a wider road treatment carried out. Mr Ovens explained that texture, skid resistance and fabric of the road had also to be considered when determining the method of repair.

- 3.7 Councillor Edgar, Executive Member for Roads and Infrastructure, was in attendance and advised that roads were needed to access everything from schools, to shops, tourism to emergency services. The Scottish Borders had 3,000 km of roads to maintain along with bridges, signs, etc. While Scottish Government granted £7m to the Council within the GAE for the roads network, it was up to Members, as policy makers, to allocate funding and, with competing pressures elsewhere on the budget, had determined only to spend half of that. Officers were dealing with maintenance of the road network as best they could within the budget available. The roads network should be considered the most important part of the area's infrastructure. Councillor Edgar concluded by requesting that Scrutiny Members carefully consider if the present budget met the requirement of the roads network.
- 3.8 Councillor Cockburn asked that Scrutiny Committee consider a recommendation to the Executive Committee to continue to consider ways of further increasing investment in roads and the related infrastructure. He also requested that the Council consider further negotiations with the government for trunk status of A roads be pursued, specifically the A72 and A7. Further negotiation with the timber industry on the impact of timber lorries on roads should also be considered. However, while officers had tried hard to negotiate with the timber industry, any timber routes devised were voluntary and not legally enforceable. The timber companies also considered they had as much right to drive on public roads as other users as they paid taxes in the same way. Mr Drummond-Hunt further explained that re-trunking of A roads would remove them from the roads network and subsequently could reduce the funding received from Scottish Government. Councillor Nicol suggested that Scrutiny Committee receive a further report on the implications on the capital and revenue budget of trunking the A72 and A7, the potential effects on the capital programme and SBc Contracts.

## **DECISION**

### **AGREED:**

- # (a) **to recommend that the Executive Committee continue to consider ways of further increasing investment in roads and related infrastructure; and**
- (b) **to request that the Service Director Commercial Services bring back a report to the March 2016 meeting of Scrutiny on the potential implications for the capital and revenue budgets of the re-trunking of the A72 and A7, along with the potential impact on the capital programme and SBc Contracts.**

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## **CAPITAL PROGRAMME 2016/17 – BLOCK ALLOCATIONS**

**Report by Chief Financial Officer**

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### **EXECUTIVE COMMITTEE**

**8 March 2016**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report is to seek Executive approval for the proposed individual projects and programmes within the various block allocations in the 2016/17 Capital Financial Plan.**
- 1.2 Appendices A – Z contain proposals for various projects to be allocated resources from the block allocations within the 2016/17 Capital Financial Plan.
- 1.3 Not all projects have been fully identified at this point and as and when this information is available this will be brought to the Executive for consideration.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended the Executive Committee approves the block allocation breakdowns contained in Appendices A – Z.**

### 3 BACKGROUND

- 3.1 Section 7 of the current Financial Regulations deal with Budgetary Control and from paragraph 7.16 onwards details the framework for Capital. The Regulations stipulate detailed expenditure plans must be presented to the Executive Committee for approval. This provides the details for blocks in financial years 2016/17 - 2018/19 for approval.
- 3.2 The Council approved the 2016/17 to 2025/26 Capital Financial Plan on 11 February 2016 and this programme contained a number of block allocations.
- 3.3 The Capital Financial Plan did not reflect slippage in the programme approved later than 18 August 2015. This report incorporates slippage agreed since the August meeting.
- 3.4 Following the approval of the Capital Financial Plan, project managers have been working to develop the individual projects and streams within these block allocations.

### 4 CAPITAL BLOCK ALLOCATIONS 2016/17 – 2018/19

- 4.1 It is proposed that the following budget headings within the 2016/17 Capital Financial Plan, as approved on 11 February 2016, are treated as block allocations within the context of the Financial Regulations as they apply to Capital Budgetary Control:

	2016/17	2017/18	2018/19	Total Operational Plan
	£'000s*	£'000s	£'000s	£'000s
<b>PLACE</b>				
<b>Road &amp; Transport Infrastructure</b>				
General Roads and Bridges	3,529	3,560	3,710	10,799
General Lighting	200	200	200	600
Accident Investigation Prevention Schemes	50	50	50	150
Cycling, Walking & Safer Streets	125	157	182	464
Engineering Minor Works	79			79
	3,983	3,967	4,142	12,092
<b>Flood &amp; Coastal Protection</b>				
General Flood Protection	300	200	200	700
	300	200	200	700
<b>Waste Management</b>				
Community Recycling Centres - Improve Skip Infrastructure	0	0	146	146
Community Recycling Centres - Enhancements	33	0	0	33
Waste Transfer Stations Health & Safety Works	54	0	0	54
Combined Depot Enhancements	199	124	0	323
CCTV Community Recycling Centres	2	0	0	2
	288	124	146	558



	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>Total Operatio nal Plan £'000s</b>
	<b>£'000s*</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
<b>Land &amp; Property Infrastructure</b>				
Play Facilities	18	52	53	123
Cemetery Land Acquisition & Development	836	0	0	836
Drainage - Parks & Open Spaces	50	50	50	150
Structural / Health & Safety Works	415	435	435	1,285
Asbestos Management	50	50	50	150
Building Systems Efficiency Upgrades	100	200	200	500
Electrical Infrastructure Upgrades	150	150	150	450
Fixed Assets	20	20	20	60
Building Thermal Efficiency Upgrades	400	430	430	1,260
Demolition & Site Preparation	218	170	0	388
Office Accommodation Transformation	194	200	200	594
Contaminated Land	89	62	38	189
Cleaning Equipment Replacement	50	50	50	150
	<b>2,590</b>	<b>1,869</b>	<b>1,676</b>	<b>6,135</b>
<b>Total PLACE</b>	<b>7,161</b>	<b>6,160</b>	<b>6,164</b>	<b>19,485</b>
<b>PEOPLE</b>				
<b>School Estate</b>				
School Health & Safety	733	200	200	1,133
School Refurbishment & Capacity Projects	646	1140	3,030	4,816
School Kitchen Improvement	42	55	200	297
Early Learning & Childcare	1,947	0	0	1,947
Equality Act School Adaptations (DDA)	150	150	150	450
	<b>3,518</b>	<b>1,545</b>	<b>3,580</b>	<b>8,643</b>
<b>Social Care Infrastructure</b>				
Residential Care Home Upgrade	991	0	0	991
	<b>991</b>	<b>0</b>	<b>0</b>	<b>991</b>
<b>Total PEOPLE</b>	<b>4,509</b>	<b>1,545</b>	<b>3,580</b>	<b>9,634</b>
<b>CHIEF EXECUTIVE</b>				
<b>Sports Infrastructure</b>				
Sports Trust Plant & Services – Integrated Sport & Culture Trust Property and Other Sports Trusts	637	290	290	1,217
	<b>637</b>	<b>290</b>	<b>290</b>	<b>1,217</b>
<b>Chief Executive Other</b>				
ICT Programme	3,597	3,071	2,239	8,907
	<b>3,597</b>	<b>3,071</b>	<b>2,239</b>	<b>8,907</b>
<b>Total CHIEF EXECUTIVE</b>	<b>4,234</b>	<b>3,361</b>	<b>2,529</b>	<b>10,124</b>
<b>GRAND TOTAL</b>	<b>15,904</b>	<b>11,066</b>	<b>12,273</b>	<b>39,243</b>

*\*Approved budget includes any slippage from 2015/16 approved after 18 August 2015.*

- 4.2 This report contains proposals for the following block allocations in the following appendices:

### **Looking after the Borders**

#### **PLACE**

Appendix A	General Roads and Bridges Block
Appendix B	General Lighting Block
Appendix C	Accident Investigation Prevention Schemes
Appendix D	Cycling, Walking & Safer Streets
Appendix E	General Flood Protection Block
Appendix F	Community Recycling Centres - Improve Skip Infrastructure
Appendix G	Community Recycling Centres – Enhancements
Appendix H	Waste Transfer Stations Health & Safety Works
Appendix I	Combined Depot Enhancements
Appendix J	Drainage - Parks & Open Spaces
Appendix K	Structural/Health & Safety Works
Appendix L	Building Systems Efficiency Upgrades
Appendix M	Electrical Infrastructure Upgrades
Appendix N	Building Thermal Efficiency Upgrades
Appendix O	Demolition & Site Preparation
Appendix P	Office Accommodation Transformation
Appendix Q	Contaminated Land
Appendix R	Cleaning Equipment Replacement

#### **PEOPLE**

Appendix S	School Health & Safety
Appendix T	School Refurbishment & Capacity Projects
Appendix U	School Kitchen Improvement
Appendix V	Early Learning and Childcare
Appendix W	Equality Act School Adaptations (DDA)
Appendix X	Residential Care Home Upgrade

#### **CHIEF EXECUTIVE**

Appendix Y	Sports Trust Plant & Services – Integrated Sport & Culture Trust Property and Other Sports Trusts
Appendix Z	ICT Programme

- 4.3 Work is still ongoing in relation to the other block allocations listed below and as these are defined they will be bought forward for approval:
- (a) Play Facilities
  - (b) Cemetery Land Acquisition and Development
  - (c) Asbestos Management
  - (d) Fixed Assets
- 4.4 Projects in Engineering Minor Works for Hislop Gardens, Hawick and Cranfield, Ancrum were approved at Executive meetings held on 19 January 2016 and 16 February 2016.

## **5 IMPLICATIONS**

### **5.1 Financial**

- (a) The blocks in Appendices A –Z are reported as the amounts relating to the 2016/17 budgets and contain any slippage resulting from the 2015/16 programme monitoring reported up to the Executive Committee on 16 February 2016.
- (b) It is proposed that in order to comply with the Financial Regulations, the individual lines contained in the Appendix for each block will be interpreted as the detailed plans for the block and therefore each line in the block is an individual project or “budget heading” for the purpose of Budgetary Control. The only exception to this is where there is still an “Unallocated Balance”. This means that, if required, virements between these “budget headings” will be subject to the appropriate approval process.
- (c) These block allocations may be affected by the 2015/16 capital monitoring out-turn which will be reported to Executive Committee in June 2016 and any changes as a result of this will be reflected in future monitoring reports.

### **5.2 Risk and Mitigations**

There is a risk that as a project progresses through the various phases from inception to construction and commissioning, adjustments will be required to the phasing of the projects delivery or cost estimate, or that the project may not be able to be progressed as anticipated. These risks will be managed through regular capital project monitoring meetings with budget holders and project managers and timely reporting to elected members for decision-making at an appropriate Committee.

### **5.3 Equalities**

It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report.

### **5.4 Acting Sustainably**

There are no direct economic, social or environmental issues with this report although there may be within individual projects and these will be identified and addressed as appropriate as part of their specific governance arrangements.

## 5.5 Carbon Management

There are no direct carbon emissions impacts as a result of this monitoring report; however, there may be within individual projects and these will be identified and addressed as appropriate as part of their specific governance arrangements.

## 5.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

## 5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Delegation are required as a result of this report.

## 6 CONSULTATION

- 6.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted in the preparation of this report and any comments received on the report have been incorporated into the report.
- 6.2 The Depute Chief Executive People, the Depute Chief Executive Place, the Corporate Transformation Services Director, the Service Director C&Y People, the Service Director Neighbourhood Services, the Service Director Commercial Services and the Service Director Roads have been consulted in the preparation of this report and the content of the appendices and any comments incorporated.

### Approved by

**David Robertson**  
Chief Financial Officer

Signature .....

### Author(s)

Name	Designation and Contact Number
Kirsty Robb	Capital and Investment Manager, 01835 825249
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**Background Papers:** None.

**Previous Minute Reference:** None

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Contact us at:

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## APPENDIX A

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Road and Transport Infrastructure</b>
<b>Block</b>	<b>General Roads and Lighting Block</b>

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Approved Budget</b>	<b>3,529</b>	<b>3,560</b>	<b>3,710</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Surface Dressing	1,200	1,200	1,250
Overlays	1,076	1,100	1,100
Patching	400	429	500
Walls & Structures	70	70	70
Footways	70	70	70
Drainage	70	70	70
Engineering Minor Works	24		
Masonry Refurbishment (Bridges)	337	372	390
Contribution to Selkirk FPS	35		
Internal Staff Charges	247	249	260
<b>TOTAL</b>	<b>3,529</b>	<b>3,560</b>	<b>3,710</b>

## APPENDIX B

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Road and Transport Infrastructure</b>
<b>Block</b>	<b>General Lighting Block</b>

	2016/17 £000's	2017/18 £000's	2018/19 £000's
<b>Approved Budget</b>	<b>200</b>	<b>200</b>	<b>200</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17 £000's</b>	<b>2017/18 £000's</b>	<b>2018/19 £000's</b>
Marmion Road, Hawick	40		
A7, Stow	40		
Whitefield Crescent, Newtown St Boswells	40		
A72, Innerleithen	20		
Corroded Columns	20		
Dingleton Road, Melrose	40		
Mossilee Road, Galashiels		30	
Stirches Road, Hawick		50	
Larchbank Street, Galashiels		20	
Corroded Columns		20	
Main Street, Earlston		50	
Talisman Avenue, Galashiels		30	
Fenwick Park, Hawick			40
Kingsmeadows Road, Peebles			40
Teviot Crescent, Hawick			40
Leithern Road, Innerleithen			30
Main Road, Heiton			30
Corroded Columns			20
<b>TOTAL</b>	<b>200</b>	<b>200</b>	<b>200</b>

## APPENDIX C

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Road and Transport Infrastructure</b>
<b>Block</b>	<b>Accident Investigation Prevention Schemes Block</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>50</b>	<b>50</b>	<b>50</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
RS Traffic Calming	10	10	10
Road Safety Measures (Accident cluster sites)	37	37	37
AIP Design	4	4	4
<b>TOTAL</b>	<b>50</b>	<b>50</b>	<b>50</b>

## APPENDIX D

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Road and Transport Infrastructure</b>
<b>Block</b>	<b>Cycling, Walking &amp; Safer Streets</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>125</b>	<b>157</b>	<b>182</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
Walking	50	57	67
Cycling	75	100	115
<b>TOTAL</b>	<b>125</b>	<b>157</b>	<b>182</b>



## APPENDIX E

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Flood &amp; Coastal Protection</b>
<b>Block</b>	<b>General Flood Protection</b>

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Approved Budget</b>	<b>300</b>	<b>200</b>	<b>200</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Minor Works	40	20	20
Still Burn, Fountainhall	30	96	
Romanno Bridge	100		
Turfford Burn	30		
Denholm Flood Grille Upgrade	20		
Gala Flood Grille Upgrade	10		
Burnmouth Culvert Upgrade	10		
Bonnington Road, Peebles	20		
Duns Golf Course		8	
Walkerburn Flood Bank			70
Community Resilience	10	10	10
Management Fees	30	25	20
Unallocated	-	41	80
<b>Total Allocated</b>	<b>300</b>	<b>200</b>	<b>200</b>

## APPENDIX F

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Waste Management</b>
<b>Block</b>	<b>CRC - Improved Skip Infrastructure</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	-	-	<b>146</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
Galashiels CRC	-	-	146
<b>TOTAL</b>	-	-	<b>146</b>

## APPENDIX G

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Waste Management</b>
<b>Block</b>	<b>CRC - Enhancements</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>33</b>	-	-

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
Equipment	33		
<b>TOTAL</b>	<b>33</b>	-	-

2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Waste Management</b>
<b>Block</b>	<b>Waste Transfer Station Health &amp; Safety Works</b>

	<b>2016/17 £000's</b>	<b>2017/18 £000's</b>	<b>2018/19 £000's</b>
<b>Approved Budget</b>	<b>54</b>	<b>-</b>	<b>-</b>

Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17 £000's</b>	<b>2017/18 £000's</b>	<b>2018/19 £000's</b>
Easter Langlee, Galashiels	54		
Unallocated			
<b>TOTAL</b>	<b>54</b>	<b>-</b>	<b>-</b>

## APPENDIX I

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Waste Management</b>
<b>Block</b>	<b>Combined Depot Enhancements</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>199</b>	<b>124</b>	<b>-</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
Eshiels Depot, Peebles	83		
Galashiels Roads Depot, Wheatlands Road	53		
Duns Depot, Station Road	28		
Lower Mansfield Combined Depot	35		
Langlee Depot, Galashiels		40	
Reiver Complex Road Depot, Newtown St. Boswells		28	
Mansfield Road Depot		28	
Kelso Combined Depot		28	
<b>TOTAL</b>	<b>199</b>	<b>124</b>	<b>-</b>

## APPENDIX J

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Land and Property Infrastructure</b>
<b>Block</b>	<b>Drainage - Parks &amp; Open Spaces Block</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>50</b>	<b>50</b>	<b>50</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
Selkirk - Philliphaugh	15		
Jedburgh - Howdenburn	35		
Gavinton - Sports pitch		50	
Galashiels - Public Park			20
Innerleithen - Victoria Park			30
<b>TOTAL</b>	<b>50</b>	<b>50</b>	<b>50</b>

## APPENDIX K

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Land and Property Infrastructure</b>
<b>Block</b>	<b>Structure/H&amp;S Works Block</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>415</b>	<b>435</b>	<b>435</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>
Jed Town Hall Refurbishment	30		
Peebles HS Flat Roof Upgrade	10		
Peebles HS Assembly Crush Hall Cladding Upgrade	33		
Selkirk HS Lighting Upgrade Phase 2	20		
School Toilet Refurbishment	56		
Cockburnspath PS Roof Upgrade	35		
Teviothead Cemetery Wall	11		
Lift Controls Upgrade	30		
Linglie Mill Valley Gutters Refurbishment	20		
Coldstream Workshops Car Park Upgrade	36		
Lilliesleaf Nursery Roof Upgrade	9		
St Marys Mill Valley Gutters Upgrade	20		
Saltgreens RHE Vestibule Renewal	30		
Knowepark PS High Level Fascias Replacement	30		
Channelkirk Cemetery Walls	11		
Ancrum Hall Floor Upgrade	14		
Legionella Works Upgrade Water Tanks	20		
Unallocated		435	435
<b>TOTAL</b>	<b>415</b>	<b>435</b>	<b>435</b>

2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Land and Property Infrastructure</b>
<b>Block</b>	<b>Building Systems Efficiency Upgrades</b>

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Approved Budget</b>	<b>100</b>	<b>200</b>	<b>200</b>

Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Stirches PS Hot Water Upgrade	3		
Earlston PS Nursery Heating Upgrade	15		
Hawick HS Hot Water Upgrade	8		
Drumlanrig PS Hall Heating Upgrade	44		
Galashiels Academy Hot Water Upgrade	10		
Newtown PS Boiler Room Upgrade	20		
<b>TOTAL</b>	<b>100</b>	<b>-</b>	<b>-</b>



## APPENDIX M

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Land and Property Infrastructure</b>
<b>Block</b>	<b>Electrical Infrastructure Upgrades</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>150</b>	<b>150</b>	<b>150</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>
Morebattle PS Upgrade	85		
Drumlanrig PS Upgrade Phase 1	65		
Unallocated		150	150
<b>TOTAL</b>	<b>150</b>	<b>150</b>	<b>150</b>

## APPENDIX N

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Land and Property Infrastructure</b>
<b>Block</b>	<b>Building Thermal Efficiency Upgrades</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>400</b>	<b>430</b>	<b>430</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>
Selkirk HS Windows Phase 6	40		
Newcastleton PS Windows Phase 1	40		
Langlee CPD Centre Window Screens Upgrade	50		
Langlee CPD Centre Roof Upgrade Phase 4	35		
Stirches PS Roof	48		
St Ronans Primary School Windows Upgrade Ph5	30		
Burnfoot PS Roof Upgrade Phase 1	45		
Coldstream Workshops Roof Phase 1	45		
Lilliesleaf PS Windows	37		
Morebattle PS Window Upgrade Phase 3	30		
Unallocated Balance		430	430
<b>TOTAL</b>	<b>400</b>	<b>430</b>	<b>430</b>

## APPENDIX O

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Land and Property Infrastructure</b>
<b>Block</b>	<b>Demolition &amp; Site Preparation Block</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>160</b>	<b>170</b>	<b>-</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
Eyemouth Maths Block		170	
Eyemouth Seeding Works	40		
Eyemouth Nursery Demolition	120		
Earlston High School (old)	25		
Eyemouth High School (old) Car Park	33		
Unallocated			
<b>TOTAL</b>	<b>218</b>	<b>170</b>	<b>-</b>

**2016/17 BLOCK ALLOCATIONS**

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Land and Property Infrastructure</b>
<b>Block</b>	<b>Office Accommodation Transformation</b>

	<b>2016/17 £000's</b>	<b>2017/18 £000's</b>	<b>2018/19 £000's</b>
<b>Approved Budget</b>	<b>194</b>	<b>200</b>	<b>200</b>

**Table of Proposed Schemes**

<b>Project Title</b>	<b>2016/17 £000's</b>	<b>2017/18 £000's</b>	<b>2017/18 £000's</b>
Galashiels office rationalisation	190		
HQ Campus - 2 Bowden Road & Lancaster House	4		
Galashiels Paton Street office rationalisation		200	
Hawick office rationalisation			200
<b>TOTAL</b>	<b>194</b>	<b>200</b>	<b>200</b>

## APPENDIX Q

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Land and Property Infrastructure</b>
<b>Block</b>	<b>Contaminated Land</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>89</b>	<b>62</b>	<b>38</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
Project 1 (Current) Ayton Mill ZS3011	19		
Project 2 (09/00038) Stow ZS3012	33		
Project 3 (09/00037)		38	
Project 4 (14/00004)		20	12
Unallocated	37	4	26
<b>TOTAL</b>	<b>89</b>	<b>62</b>	<b>38</b>

## APPENDIX R

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PLACE</b>
<b>Theme</b>	<b>Land and Property Infrastructure</b>
<b>Block</b>	<b>Cleaning Equipment Replacement</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>50</b>	<b>50</b>	<b>50</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>
A1 fimma scrubber dryers	50		
A1 fimma scrubber dryers		50	
A1 fimma scrubber dryers			50
<b>TOTAL</b>	<b>50</b>	<b>50</b>	<b>50</b>

## APPENDIX S

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PEOPLE</b>
<b>Theme</b>	<b>School Estate</b>
<b>Block</b>	<b>School Health &amp; Safety</b>

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Approved Budget</b>	<b>733</b>	<b>200</b>	<b>200</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Chirnside PS Window Replacement	116		
Hawick High School - Phase 1	145		
Earlston PS Phase 1	60		
Parkside PS - Windows	9		
Edenside PS - Windows	21		
Melrose Secure Reception	100		
Yetholm Secure Reception	40		
Philiphaugh Secure Reception	30		
Stow PS Perimeter Security	15		
Fire Regs/Emergency Lighting/Security	65		
Env Health - Nursery Kitchens/Sinks	60		
School Safety Flooring	30		
School Toilets	40		
Unallocated	2	200	200
<b>TOTAL</b>	<b>733</b>	<b>200</b>	<b>200</b>

## APPENDIX T

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PEOPLE</b>
<b>Theme</b>	<b>School Estate</b>
<b>Block</b>	<b>School Refurbishment &amp; Capacity</b>

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Approved Budget</b>	<b>646</b>	<b>1,140</b>	<b>3,030</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Wilton PS Dining Hall	250		
Parkside Nursery Demolition	220		
Unallocated	176	1,140	3,030
<b>TOTAL</b>	<b>646</b>	<b>1,140</b>	<b>3,030</b>



## APPENDIX U

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PEOPLE</b>
<b>Theme</b>	<b>School Estate</b>
<b>Block</b>	<b>School Kitchen Improvement</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>42</b>	<b>55</b>	<b>200</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
Wrapping & Labelling Machine - Chirnside PS	40		
Increased Service Points		39	
Improved Dining Areas		16	150
Unallocated	2	-	50
<b>TOTAL</b>	<b>42</b>	<b>55</b>	<b>200</b>

2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PEOPLE</b>
<b>Theme</b>	<b>School Estate</b>
<b>Block</b>	<b>Early Learning and Childcare</b>

	<b>2016/17 £000's</b>	<b>2017/18 £000's</b>	<b>2018/19 £000's</b>
<b>Approved Budget</b>	<b>1,947</b>	<b>-</b>	<b>-</b>

Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17 £000's</b>	<b>2017/18 £000's</b>	<b>2018/19 £000's</b>
Knowepark PS ELCC 3&4s - Phase 1	210		
Knowepark PS ELCC 3&4s - Phase 2	80		
Edenside PS ELCC 3&4'S	275		
Wilton PS ELCC 3&4'S	250		
Melrose PS ELCC	25		
Unallocated	1,107		
<b>TOTAL</b>	<b>1,947</b>	<b>-</b>	<b>-</b>

## APPENDIX W

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PEOPLE</b>
<b>Theme</b>	<b>School Estate</b>
<b>Block</b>	<b>Equality Act School Adaptations (DDA)</b>

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Approved Budget</b>	<b>150</b>	<b>150</b>	<b>150</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Burnfoot PS	100		
Melrose PS	50		
Unallocated		150	150
<b>TOTAL</b>	<b>150</b>	<b>150</b>	<b>150</b>

## APPENDIX X

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>PEOPLE</b>
<b>Theme</b>	<b>Social Care Infrastructure</b>
<b>Block</b>	<b>Residential Care Home Upgrade</b>

	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
<b>Approved Budget</b>	<b>991</b>	-	-

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b> <b>£000's</b>	<b>2017/18</b> <b>£000's</b>	<b>2018/19</b> <b>£000's</b>
Waverley Galashiels	941		
Saltgreens Eyemouth	50		
Unallocated			
<b>TOTAL</b>	<b>991</b>	-	-

## APPENDIX Y

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>CHIEF EXECUTIVE</b>
<b>Theme</b>	<b>Sports Infrastructure</b>
<b>Block</b>	<b>Sports Trust Plant &amp; Services - Integrated Sport &amp; Culture Trust Property and Other Sports Trusts</b>

	2016/17 £000's	2017/18 £000's	2018/19 £000's
<b>Approved Budget</b>	<b>637</b>	<b>290</b>	<b>290</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17 £000's</b>	<b>2017/18 £000's</b>	<b>2018/19 £000's</b>
Selkirk Leisure Centre Refurbishment	395		
Energy Efficiency - BEMS upgrades	38		
Plant Replacement - Boilers ELC	30		
Berwickshire Education Recreation Sports Trust	20		
Jedburgh Leisure Facilities Trust projects	20		
Unallocated	134	290	290
<b>TOTAL</b>	<b>637</b>	<b>290</b>	<b>290</b>

## APPENDIX Z

### 2016/17 BLOCK ALLOCATIONS

<b>Department</b>	<b>CHIEF EXECUTIVE</b>
<b>Theme</b>	<b>Chief Executive - Other</b>
<b>Block</b>	<b>ICT Programme</b>

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Approved Budget</b>	<b>3,597</b>	<b>3,071</b>	<b>2,239</b>

### Table of Proposed Schemes

<b>Project Title</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Business Systems Real Time Monitoring	47		
Passenger Transport MIS	62		
Corporate IT Equipment Fund	350	350	350
IT Disaster Recovery Programme	40	41	52
Unified Communications		20	85
Infrastructure & Microsoft Refresh	470	55	252
Curricular Network IT Equipment Fund	140	400	300
Additional Server Storage	50	55	
Rent Management & Accounting System	28		
Corporate Applications Suite	2,100	1,950	1,000
Confirm Mobile Implementation	110		
General IT Block			
- Unallocated	200	200	200
<b>TOTAL</b>	<b>3,597</b>	<b>3,071</b>	<b>2,239</b>

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## **EXTRA CARE HOUSING: BUSINESS CASE FOR BERWICKSHIRE**

**Report by Service Director Regulatory Services**

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### **EXECUTIVE COMMITTEE**

**8 MARCH 2016**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 **This report proposes that 2 new extra care housing schemes should be developed, owned and managed by a Registered Social Landlord at identified Council owned sites in Duns and then Eyemouth. This report provides a brief overview of the business case for the provision of extra care housing in Berwickshire and the process used to inform the development of that business case which included testing the needs assessment for extra care housing, a separate evaluation of the Dovecote extra care housing in Peebles and an option appraisal.**
- 1.2 The needs assessment concluded that there is a large projected need for this type of housing model in Berwickshire and findings indicate a requirement for two new extra care housing developments with the first being built in Duns and the subsequent development in Eyemouth. Through an option appraisal approach, the study also concluded that it would be best value if the projects were developed, owned and managed by a Registered Social Landlord, although it is anticipated that these are high costs projects they are highly likely to require some gap funding from the Council's Affordable Housing Budget.
- 1.3 It is envisaged that these developments will provide both housing for social and mid-market rent and shared equity options, all of which are considered as being compliant with the Councils Affordable Housing Policy definitions. Further individual site specific feasibility studies are required to test the financial modelling.
- 1.4 The evaluation of Dovecot Court concluded that the Dovecote extra care housing is meeting this type of need that it was intended to address, and also makes a number of recommendations for service provision at Dovecot, and which will also influence future services provided in future new build developments.

#### **2 RECOMMENDATIONS**

- 2.1 **I recommend that Members consider the findings for the business case in the report at section 5 and agree that:-**

- (a) Officers initiate discussions with RSL partner organisations to establish and agree the most appropriate partner who is financially viable, experienced and capable of delivering projects of this scale.**
- (b) Officers continue to liaise with Scottish Government to trail the intention to develop these projects via the Strategic Housing Investment Plan and established processes.**
- (c) Agree in principle to assist the development of these two proposed affordable housing projects by using the Council's 2nd Homes Council Tax budget to compensate the 10-year Capital Investment Programme on the basis of affordable housing valuation for the sites.**
- (d) Agree in principle to use 2<sup>nd</sup> Homes Council Tax and Developer Contributions to address the funding gap associated with this type of development potentially above affordable housing benchmark eligible grants.**



### **3 STRATEGIC CONTEXT**

- 3.1 The Council's Local Housing Strategy (LHS) 2012-2017 is a statutory requirement that provides the strategic direction to tackle housing need and demand and informs the future investment in housing and related services across the Scottish Borders area. The LHS identifies an affordable housing shortfall of 103 per annum and it also recognises that a key element of the strategy is to enable independent living across of all vulnerable groups and including older people who make up an increasing proportion of the Borders population. The LHS reflects that the Council has a policy commitment of shifting the balance of care by reducing the proportion of institutional care packages and increasing the proportion of home care packages, Extra Care Housing and Housing with Care.
  
- 3.2 Part of the strategy for increasing the numbers of older people that are assisted to live at home, including those receiving more intensive home care or 'extra care' services will be achieved by increasing the availability of extra care housing by building upon the strong corporation of our housing partners. At the time of the LHS's development there were no extra care housing facilities in the Borders however, in May 2013 Dovecot Court, a 37-property extra care housing facility in Peebles was opened which is suitable for older people and offering 24 hour/7 days per week care and support. The Council has been seeking to review the need for and best way to deliver Extra Care Housing or Housing with Care in Berwickshire, Hawick and Kelso. This is one of the key priorities highlighted in Planning for Change set out in the Draft Health and Social Care Strategic Plan which identifies a need to further develop the case for extra care housing for older people in Berwickshire.
  
- 3.3 Extra Care Housing offers the possibility of supporting higher levels of dependency but also providing an environment for lively and active old age. It is estimated that over 60% of current entries into residential care could be averted or delayed if Extra Care Housing [ECH] had been available in their locality. ECH is seen as a means of an alternative to both sheltered housing and residential care that can meet the needs of the majority of people needing residential support in the future. ECH is based on self-contained flats, rather than small rooms as in residential care, and offers care and support at the same level as residential care, for those that need it, available 24 hours a day.
  
- 3.4 The Council anticipates making the maximum use of technology-enabled care to support and assist people in their home – offering maximum security and safety, and enabling older people increased choice of their care and accommodation arrangements. For people with dementia, Extra Care provides an alternative to being cared for at home or going straight into a care home. ECH requires different and more flexible support and funding frameworks than more conventional models. Joint collaboration between housing providers, Social Work services, primary care and community health service is needed to provide the best and most effective support.
  
- 3.5 In November 2014 a brief was developed in order to commission consultancy services to produce a business case detailing the requirement and options for Extra Care Housing (ECH) in the Berwickshire area of the Scottish Borders. This was later extended to cover Borders wide, the

findings of which will be used for planning purposes as this report focuses purely on the Berwickshire area.

#### **4 DEVELOPING THE EXTRA CARE HOUSING BUSINESS CASE**

- 4.1 Anna Evans Housing Consultancy in partnership with is4 housing and Regeneration Ltd were appointed in February 2015 to develop a business case for the provision of Extra Care Housing (ECH) in Berwickshire. Both organisations have significant relevant experience of this type work including specialist knowledge and experience in research, evaluation and strategy/business plan development for older people housing options.
- 4.2 The remit of the commission was to undertake the work in two parts, with the first part being to carry out a needs assessment to establish supply and demand for extra care/housing with care across Berwickshire, Hawick and Kelso. This involved a comprehensive data analysis of SBC Social Work client data, Care Home Occupancy data, Population Estimates and Projections at datazone level, RSL sheltered housing tenant profile and demand data, delayed discharge information and dementia data. Occupancy levels of care homes and broader 'demand' indicators for other housing options which older people with care and support needs may consider was also examined.
- 4.3 Part two of the commissioned work was to develop and appraise the options for ECH in Berwickshire including comparative research on different models of housing and care provision for medium to high level needs and analysis of the care options, including a hub and spoke model to widen reach of service, drive economies and increase the chance of affordable care service provision for clients and financial analysis of the funding options, and upon establishing that requirement to provide detailed options, costs, recommendations and estimated timescales for provision of new ECH provision in Berwickshire.
- 4.4 An evaluation of Eildon Housing Association owned Dovecot Court, extra care housing in Peebles was also commissioned to inform the final business case report. This involved a full evaluation which included views of all stakeholders including internal and external stakeholders including the involvement of key Care and Housing Staff, tenants, family and friends of tenants. The evaluation also required the analysis of key service data and drew upon other areas of good practice. A separate report for the evaluation of Dovecot has been provided by the Consultant, the findings of which has informed the development of the extra care housing business case and the wider conclusions and the full recommendations of that report will be reported separately to CMT.
- 4.5 A Steering Group was established to oversee the progress of the work and included Senior Officers from Housing, Finance, Social Work and Contracts. For the Evaluation of Dovecot, the Chief Executive of Eildon Housing Association joined the steering group for these discussions.
- 4.6 A needs assessment of the "other areas" outwith the original Hawick, Kelso and Berwickshire areas is currently being carried out using the same data sets and methodology as the part 1 study in order to provide consistent and comparable information for planning purposes. The findings of which will inform the Council's new Local Housing Strategy 2017-2022 which is currently being developed.

## **5 EXTRA CARE HOUSING BUSINESS CASE FOR BERWICKSHIRE**

- 5.1 Based on the needs assessment the Consultants recommended that the Council should work with partners to Develop Extra Care Housing to address a long term estimated need of 66 individuals with Duns as the priority location and subsequently at Eyemouth. This is because the most pressing need is in Duns, and while there is demonstrated need in Eyemouth, there is already some current care home provision and scope for conversion of sheltered housing to Housing with Care.
- 5.2 It was considered important to undertake a full evaluation of extra-care housing model at Dovecot Court in Peebles to ascertain if the model was successful and to ascertain whether it could be replicated elsewhere in Borders. The evaluation has provided a comprehensive review and demonstrated that in overall terms the project is a success, and is a highly valued asset amongst stakeholders. The evaluation has identified a number of areas where this value can be further enhanced and its long term sustainability can be made more secure, particularly in relation to the care service. It is envisaged that lessons learned will inform the future development of extra care housing service provision.
- 5.3 The Consultants then drew together the different strands of information collected and carried out the final stage of the business case which was a systematic appraisal of six extra care housing options with the additional scenario of Council owned and managed option and a 'do nothing' option. The outcome of the optional appraisal exercise would suggest that an RSL delivery model is the best value option to pursue. The full option appraisal is attached as part of the final business case report at appendix one.
- 5.4 The Consultants also recommend that the extra care housing model be a mixed tenure approach, including social rent ECH, Mid-Market Rent (MMR) and shared equity. An alternative could be ECH and shared equity only, but at a level of shared equity which manages sales risk.
- 5.5 All of the options are negatively valued, and so the Consultants have highlighted that there will have to be some additional funding from Council and/or its partners, over and above Scottish Government grant funding. Critical to the level of funding will be the consideration for the SBC owned land, and reducing development costs where possible.
- 5.6 The final numbers, and balance between tenures will be determined by a detailed feasibility study. It should be noted that there is scope to make a case for increasing flexibility on the level of equity in shared equity, as other Scottish Government financially assisted projects have demonstrated. Officers understand that there are also possibilities in future of specific grant funding for specialist needs projects, and for wider flexibility but this has yet to be confirmed but will be pursuing this with Scottish Government.

## **6 NEXT STEPS**

- 6.1 If Members agree this approach as the way forward to develop extra care housing in Berwickshire then Officers would initiate discussions with Scottish Government and RSL partner organisations to establish and agree the most appropriate partner who is financially viable, experienced and capable of delivering projects of this scale. The selected RSL partner(s) would then carry out site specific feasibility studies firstly in Duns and then

in Eyemouth.

- 6.2 Officers would also continue to liaise with Scottish Government to trail the intention to develop these projects via the Strategic Housing Investment Plan and established processes. Officers would also pursue any new funding mechanisms which might be advantageous to support the delivery of the extra care model and will also pursue the possibility of allocate a higher than the current 'affordable housing benchmark grant' to fund this Council strategic priority.
- 6.3 A review of existing commitments for the Council's 2nd Homes Council Tax budget would be undertaken in order to assist with gap funding for this project and to compensate the 10-year Capital Investment Programme on the basis of affordable housing valuation for the sites, and review the Capital Programme to re-allocate the £10m budget provision.

## **7 IMPLICATIONS**

### **7.1 Financial**

- (a) The Council has secured grant funding from Hub South East Territory Capital Enabling Grant which has been used to fund the Consultants to carry out the needs assessment, the Dovecote evaluation and the development of the business case.
- (b) It is anticipated that the Berwickshire developments would be funded using the same range of funding sources employed to fund Dovecote, i.e. Affordable Housing Investment Programme grant from Scottish Government , private sector borrowing by the RSL[s] and a contribution from the Council from 2<sup>nd</sup> Homes/Council Tax budget and Developer contributions. The funding package will be informed by site specific feasibility studies however, it is anticipated that this will be a high cost project and the Council may also wish to consider foregoing a capital receipt for the valuation of the site or sites.

### **7.2 Risk and Mitigations**

Delivery of additional extra care housing developments in common with other affordable housing delivery programming is largely dependent upon a number of variables, not least of which relate to resource and other political and organisation decision making processes beyond the control of the Council. The main risks to the programme are:-

- Reductions in Affordable Housing Investment Programme grant rates from Scottish Government
- Adverse impact on SHIP 2015/20 annual affordable housing delivery due to re-programming of grant amount allocation to assist delivery of existing priority projects to make way for one or both of these extra care housing projects.
- The availability of Council 2<sup>nd</sup> Homes Council Tax and Developer Contributions to assist with any funding gaps.
- Impact of Westminster Government Spending Review on Scottish Government Affordable Housing Investment Programme annual allocations to Scottish Borders area.

- RSL private sector borrowing capacity
- Willingness of Scottish Government and RSLs to fund delivery of shared equity extra care housing.

### 7.3 Equalities

- Registered Social Landlords [RSLs] are required to operate within a framework of Statutory Regulation and Inspection which is overseen by the Scottish Housing Regulator. This includes the key allocation and wider housing management activities. This ensures that equalities requirements are met. As part of that framework, RSLs are required to provide the Regulator with Annual Performance Statistical Returns which are analysed and published by the Regulator.
- All proposed prioritised affordable housing developments will be included in the Council's next Strategic Housing Investment Plan [SHIP] which is anticipated to be submitted to Scottish Ministers in November 2016. Inclusion of proposed projects is predicated on the endorsement of the principle of equalities as articulated in the SHIP guidance. The SHIP will be subjected to an Equalities Impact Assessment, Strategic Environmental Assessment screening and rural proofing as part of the normal pre-submission processes.

### 7.4 Acting Sustainably

- In accordance with Section 7 of the Environmental Assessment (Scotland) Act 2005 a pre-screening assessment of any potential Council led house building developments will be included in the SHIP 2017-22 which will be undertaken using the criteria specified in Schedule 2 of the Act. The pre-screening assessment identified no or minimal effects in relation to the environment hence the SHIP is exempt from SEA requirements under Section 7 (1) of the Act.
- By seeking to provide more new affordable extra care housing, it is considered that this will assist the sustainability of rural communities by providing specialised extra care housing as a new additional affordable housing supply delivery option and help to enable local people to continue to remain living in the Berwickshire area.
- It is considered that there will be positive economic and social effects resulting from the proposed delivery of new extra care housing in Duns and Eyemouth. These proposed new housing developments and anticipated environmental effects will require to be considered through normal Council Planning processes and procedures applying to house building programmes to ensure that Council and National policies and standards are met.

### 7.5 Carbon Management

- It is considered that there are no direct effects on the Council's carbon emissions arising from the report recommendations.
- New Build housing will have a general effect on the region's carbon footprint however these are addressed within the planning process



Extra Care Business Case

Scottish Borders Council

Draft final report

September 2015



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in Association with

is4 Housing and Regeneration Ltd





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## 1 Introduction

- 1.1 Anna Evans Housing Consultancy has been appointed by Scottish Borders Council to develop a business case for the provision of Extra Care Housing (ECH) in Berwickshire. The work as has been undertaken in association with i.s.4 Housing and Regeneration.
- 1.2 The work has comprised two parts
- Part 1 - Needs assessment to establish supply and demand for extra care / housing with care across Berwickshire, Hawick and Kelso;
  - Part 2 - Following determination that there is a need for extra care housing / housing with care in Berwickshire, part two has developed and appraised the options for ECH in Berwickshire;
  - This report sets out the business case for ECH –
    - a summary of the needs assessment;
    - identification of the ECH options;
    - initial financial appraisal of the options; and
    - option appraisal
    - Conclusion and recommendation.
- 1.3 This work has also been informed by the evaluation of Dovecot Court, Peebles, which was the first ECH provision in the Borders, completed in May 2013. This final report should be read in conjunction with the Final Reports for the Evaluation of Dovecot Court (June 2015) and Part 1 Final Report (July 2015).

### Limitations

- 1.4 Limitations on the financial planning work undertaken for this business case development should be noted. Anna Evans Housing Consultancy and i.s.4 housing and regeneration limited has not sought to verify the accuracy of the data, information and explanations provided as would be the case during an audit or due diligence exercise. Reliance has therefore been placed on the information supplied and discussed and this has been used to inform the initial financial assessment of the sites and on-going services required for this business case development.
- 1.5 The financial assessment of the sites was undertaken at a strategic financial planning level designed specifically to inform the development of the business case for Extra Care Housing in Berwickshire. Should the Council wish to proceed with prioritising the sites for development in the SHIP then a detailed financial appraisal will be necessary, based on specific proposals for each of the sites (with drawings/quantities etc).
- 1.6 i.s.4 Housing and Regeneration accepts no liability and provides no warranty in respect of information shared with third parties.

## 2 The Need for Extra Care Housing

### Introduction

- 2.1 Part 1 of the business case development involved an indepth analysis of need, demand and supply for housing for older people in the Scottish Borders. The focus of the analysis was on Berwickshire, Hawick and Kelso, although analysis was also undertaken for the whole of the Borders.
- 2.2 The need assessment work involved:
- Policy review including SBC's most relevant strategy documents: Transforming Older People's Services (TOPS, 2009); Accommodation with Care Strategy for Older People in the Scottish Borders (TOPS, 2009); A Review of Scottish Borders Sheltered Housing (2008);
  - comprehensive secondary data analysis over a range of published and unpublished datasets (See Annex 1);
  - key stakeholder consultation (SBC/ SB Cares - two group meetings, and three further individual interviews; NHS Borders – one group meeting; RSLs with housing in the Borders – two group meetings, and five individual interviews covering seven RSLs);
  - comparative research (involving literature and depth consultation).

### Policy and service delivery context

- 2.3 Scottish Borders Council's stated objective in the TOPS strategy, and a more recent report to the Council's Executive Committee (April 2015)<sup>1</sup> is to shift its balance of care by reducing the proportion of institutional care packages and increasing the proportion of home care packages, Extra Care Housing and Housing with Care (HwC). At the same time of the increasing community based care, the role of SBC residential care has been changing to provide more specialist dementia provision, and short stay beds. The aim of this specialist provision is to reduce unnecessary hospital and Care Home admissions and re-admissions, along with delayed discharges, thereby supporting other moves to increase the number of people who are cared for in their own home.
- 2.4 Since the TOPs and the Accommodation with Care Strategies were approved in 2009, the ECH development at Dovecot Court was completed in May 2013, and a number of sheltered housing developments have been converted to HwC, or have been decommissioned (converted to amenity/retirement housing, or demolished). During 2014, five sheltered housing developments were converted to HwC in Galashiels (Trust 39 units, Hanover 20 units), Jedburgh (Hanover 20 units) and Innerleithen (Hanover 10 units) providing a total of 89 HwC units. A number of others are planned, but implementation is pending an internal SBC evaluation of the HwC policy.
- 2.5 The concepts of ECH and HwC are often referred to interchangeably in the housing and social care fields. Providers will often argue that there is a spectrum of care and support

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<sup>1</sup> Improving the Quality of Older People's Care Homes – Report of Member/ Officer Working Group, Report by the Chief Social Work Officer, April 2015

services that are flexible, and that can be stepped up and down according to the needs to the residents, assuming the property is fit for purpose. For the purpose of this business case development we have adopted specific definitions as set out below, but in the supply analysis and comparative review, we have tested the extent to which there could be flexibility in these two different types of housing supply to meet a range of needs.

- Extra care housing – purpose built accommodation for older people, with residents renting or owning their own home, with the aim to provide a home for life. There will be an age criteria. There will be a 24-hour care and support team on site to provide care to individuals in line with their care package. The type and size of individual homes, and communal facilities will vary by development but often will include communal areas and gardens, buggy stores, optional communal dining. In the Scottish Borders, the ECH development in Peebles is provided for social rent only and there are no communal dining facilities.
- Housing with Care – modernised sheltered / very sheltered housing schemes with support and care services on site. In the Scottish Borders care and support services are commissioned on basis on 7am to 10pm, after which community alarm and responder services meet overnight care needs. However, there is flexibility to respond to changing need (step up and step down) through the provision of a core team, and additional hours if required (through a block and spot purchase contract). Again, the type of size of homes and communal facilities vary, and may include optional communal dining. As this definition assumes converted sheltered housing, HwC is provided on a social rent basis.

2.6 When planning new housing provision for older people, we must consider housing demand i.e. preferences, expectations and choices. As discussed in Scottish Borders Older People’s Joint Commissioning Strategy<sup>2</sup>, balancing care needs with housing demand is a key challenge in planning the type of service for which there will be demand in the future. National research<sup>3</sup>, and Scottish Borders own research<sup>4</sup> has confirmed that most older people wish to remain in their established home for as long as possible, and are only likely to contemplate a move elsewhere when it becomes unavoidable. However, as they grow older, some people are attracted to the concept of grouped, but still independent housing with the benefits seen around safety and security, companionship to overcome isolation, and reassurance of support on site. As outlined in the Part 1 analysis, the majority of households in the Scottish Borders are homeowners, and as all ECH and HwC options in the Borders are social rented models this may act as a barrier for some home owners who may want to move an equity based housing option with care. The comparative research showed that many housing providers have used shared ownership models for ECH provision in England and Wales, but there are very few, although some emerging examples in Scotland.

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<sup>2</sup> Older People’s Joint Commissioning Strategy – A Plan for the Future, 2013-2023

<sup>3</sup> Review of sheltered housing in Scotland, Scottish Government, University of York, 2008

<sup>4</sup> A review of sheltered housing in the Scottish Borders, Craigforth and Tony Homer, 2008; and Accommodation with Care for Older People in the Scottish Borders, 2008

## Area conclusions and recommendations on need for ECH

- 2.7 Table 1 below demonstrates the increasing population of older people – 84% increase in over 75s and 32% increase in over 60s between 2013 and 2035. More than a quarter of the population is expected to be over 65 by 2020. However, the population of over 65s in Hawick and Kelso had already reached over a quarter of the population by the 2013 estimates, with Berwickshire not far behind.

**Table 1: Population estimates, by area - 2013 mid-year estimates (at Datazone level) and Borders projections to 2035**

	Over 75s	Over 65s	All age	% 75+	% 65+
<b>Berwickshire</b>	2,095	5,046	20,862	19%	20%
<b>Hawick</b>	1,595	3,545	13,815	14%	14%
<b>Kelso</b>	869	1,689	6,139	8%	7%
<b>Other areas</b>	6,721	15,422	73,054	60%	60%
<b>Scottish Borders</b>	11,280	25,702	113,870	10%	23%
<b>2020 SB</b>	13,544	29,655	114,802	12%	26%
<b>2025 SB</b>	16,601	32,921	115,297	14%	29%
<b>2030 SB</b>	18,597	36,415	115,161	16%	32%
<b>2035 SB</b>	20,779	39,239	114,264	18%	34%

Source: National Records of Scotland, 2012 (Principal projections, Scottish Borders):

<http://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-projections/sub-national-population-projections/2012-based/list-detailed-tables-2014>

Mid-year estimates 2013 (Datazone):

<http://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/special-area-population-estimates/small-area-population-estimates/mid-2013/detailed-data-zone-tables>

- 2.8 The Part 1 report for this business case development provide a detailed analysis of demand and supply for ECH, and provides projections for need for ECH to 2035. The overall conclusions from that report are provided below.
- 2.9 A recent report to Scottish Borders Council’s Executive Committee on Improving the quality of older People’s Care Home – Report of Member / Officer Working Group, April 2015 concluded:
- Therefore for future capacity planning purposes it is assumed that at 2018 there will be a requirement for ECH/HwC places of 192 and 545 Care Home places. For 2022 this rises to 202 and 573 respectively. (Appendix 1, page 6).*
- 2.10 This independent research projects higher long term ECH and Care Home requirements than those laid out in the capacity planning in the Council’s Member/Officer Working Group review. By 2018, we would expect that 168-173 ECH/HwC places would be needed (i.e. the current 129 plus between 39-44), rising to 230 by 2020. Based on these conservative estimates, this suggests slightly lower short-term requirements, but higher long-term requirements compared to SBC projections.
- 2.11 By 2020, we predict the need for 786 care home places, compared with 573 places outlined in the capacity planning. The current level of care home capacity suggests that the 573 estimated for 2020 is unlikely, given current need and the capacity for ECH/HWC to develop over the next five years.

- 2.12 Furthermore, some of the additional 50 care home cases expected in 2020 from the predicted rise in dementia may also present as further demand for ECH, depending on the level of care needs.
- 2.13 These are conservative estimates, which do not allow for any significant move out of care homes into ECH/HwC. Current data suggests that care home capacity has been reached and so there should be further demand for ECH/HwC. If ECH were expanded to meet the higher demand estimate of 2.2% of the over 75s, this would be an additional **56** properties between 2015-2018 and an additional 105 properties in 2035.
- 2.14 The table below summarises the cumulative need estimates for ECH/HwC by area. The estimates for Scottish Borders overall is 39-44 units in addition to the current provision of 129 across the Borders in the short term, rising to a total of 353 by 2035. For the study areas of Berwickshire, Hawick and Kelso, the greatest cumulative need is in Berwickshire at 10-12 units in the short term, rising to cumulative 43 units in 2020 and 66 units in 2035.

**Table 2: Population estimates, by area - 2013 mid-year estimates (at Datazone level) and Borders projections to 2035**

Projections	2015-2018	2020	2025	2030	2035
Berwickshire	+10-12	43	52	59	66
Hawick	+8-9	33	40	45	50
Kelso	+3-5	18	22	24	27
Other areas	+18-20	137	168	188	210
Scottish Borders	+39-44	230	282	316	353

- 2.15 **Berwickshire** - Based on the continued use of current supply, it is concluded that the highest level of current/short term unmet need for ECH/HwC is in Berwickshire. For the areas included in the study, it has the largest population of older people, lower than average proportion of 75+ living in care homes, high occupancy in care homes and high demand for housing with support.
- 2.16 Professional opinion confirms secondary data analysis and suggests there is considerable unmet need for housing with care / extra care housing, where home care is no longer feasible. Opinions included:
- “Desperate need”*
- “Some people in Berwickshire are hanging on by a thread”*
- “Very isolated”.*
- 2.17 This is exacerbated by the challenging home care environment/market in Berwickshire, including travel arrangements for carers and families. Berwickshire also has the highest proportion of SBC older clients receiving 10+ hours of home care who also receive overnight home care support.
- 2.18 It is recommended that SBC proceeds with a twin tracked approach to commissioning additional housing with care options in Berwickshire including purpose built Extra Care Housing, and working in partnership with RSLs to provide Housing with Care options using existing sheltered housing stock. It is recommended that Duns supply be pursued on the basis that there are currently no high dependency options on offer in Duns,

followed by Eyemouth, where unmet need is projected but where there are some current high dependency options.

- 2.19 **Hawick** – Hawick has a higher proportion of older people compared to the Scottish Borders average. It has a relatively high proportion of the population of over 75s living in residential care compared to elsewhere in the Borders, but these residents are younger and have a lower incidence of dementia/ lower needs. There is high occupancy of care homes, combined with high demand / low supply of housing with care/support options. This all suggests a lack of alternatives to care homes, and professional opinion considers there to be an over-supply of residential care in Hawick. It is concluded there has been a historical, cultural preference to care homes in Hawick, and some of the lower/medium needs could have been better met through Housing with Care / Support options.
- 2.20 It is recommended that that SBC works in partnership with RSLs to convert two existing sheltered / very sheltered housing in Hawick to Housing with Care, and monitors occupancy and need levels for provision of purpose built Extra Care Housing provision in the medium term.
- 2.21 **Kelso** – Kelso has the highest proportion of older people in the study area, but the smallest population. It has high occupancy of care homes, and healthy demand for housing options with support. There is recent restructuring of amenity housing to housing with care which in the short term should meet medium to higher needs in Kelso.
- 2.22 It is recommended that increasing number of high level needs in the medium term should be met through further conversions of sheltered housing to Housing with Care.

### Tenure options and lessons learned from Dovecot ECH

- 2.23 In exploring options to deliver new Extra Care Housing supply, we have considered findings from the comparative review and the lessons learned from the Dovecot Evaluation. There is scope to:
- Provide a mix of one and two bedroom properties with a guest suite for visitors;
  - Mix the types of housing e.g. extra care housing with amenity, and wheelchair, and general housing for varying needs;
  - Mix the level of care to create mixed communities, and mixed economies of care;
  - Mix housing tenure including social rent, mid market rent and low cost home ownership options through shared equity;
  - Consider a hub and spoke approach to the care service provision so that economies of scale can be achieved in the delivery of the ECH care service, with home care in the surrounding community.
- 2.24 Following presentation of the Final reports for Part 1 and the Dovecot Evaluation, the steering group approved proceeding to option appraisal for new supply of ECH in Berwickshire.



### 3 Development of the ECH Options

#### Option identification

- 3.1 This section outlines the scoping of the options for ECH in Berwickshire. It defines the various elements of the options, and describes how these elements have been defined.
- 3.2 The total estimated need for ECH in Berwickshire is projected as 66 units over the long term to 2035.

Projections	2015-2018	2020	2025	2030	2035
Berwickshire	+10-12	43	52	59	66

- 3.3 The location of the options was agreed with the steering group as Duns and Eyemouth.
- 3.4 Berwickshire is a large rural area, with strong local connections around travel distance to specific towns. It is therefore not realistic to meet some, or all of the projected ECH requirement through new supply in one location e.g. Duns, and expect that residents from Eyemouth will move to Duns to meet their needs, and vice versa. This business case development has therefore been built on the basis of splitting the 66 units across Duns and Eyemouth to meet need across Berwickshire. However, given the planning horizon involved, there is scope for phasing the supply over the medium term (say over five to ten years) in order to plan for, and meet long term needs.
- 3.5 The priority of the delivery of these options was recommended as Duns then Eyemouth, in line with the findings of the needs assessment, which showed the most urgent need being Duns.
- 3.6 In line with previous research findings and lessons learned from Dovecot and other ECH developments, we have explored broadening the scale and mixing tenure on each site. This is to provide opportunities to meet tenure aspirations alongside housing/care needs, but also to generate economies of scale on each site and so increase value for money / minimise the requirement for subsidy.
- 3.7 The delivery options identified with the steering groups were:
- Registered Social Landlord (RSL) ownership and management
  - Council ownership and management, or outsourcing of management
  - Mix of size and tenure in line with research findings experience, and lessons learned from Dovecot - ECH provision for social rent, but with mixed tenure on site where possible to benefit from a mixed community.
- 3.8 The two sites explored for this business case development were identified by Scottish Borders Council. Both sites are in the Council's ownership, and were deemed a suitable size and scale for the purpose. Information has been provided through Planning Briefs, and through additional information provided by Council Planning and Housing Officers. This is sufficient for the purposes of business case development, but should the Council and its partners wish to proceed to implementation, then a detailed feasibility study would have to be undertaken including drawings and quantities.
- 3.9 Outline development appraisals have been built on the basis of provider 'neutral', that is not tailoring the appraisal to a specific RSL.



- 3.10 We have also scoped out the care service provision, based on consultation with SBC Social Work, and consultation with SBCares to understand the operational staffing levels and shift patterns used for Dovecot in more depth and so understand how that may be applied in another ECH development. Again, the outline appraisal is not designed around a specific care provider, and detailed business planning would be required at feasibility stage.
- 3.11 Following development of the option elements, assumptions were generated and discussed with the client manager, and then Steering Group members through an interim presentation (7 September, 2015). Further information was provided post this meeting to refine and finalise assumptions. Detailed assumptions are included in the Appendices.

### **House prices, affordability and tenure**

- 3.12 If intermediate housing tenures (shared equity and possibly MMR rent) are to be included in the development appraisal, we must be aware of market prices, and prices for intermediate rent. We have reviewed the market through a web search of prices in Duns and Eyemouth, and have also tested these through consultation with a local estate agent, and through data provision and consultation with local RSLs. This research has established market values for second hand sales of 1 bedroom properties in the region of £85,000 to £100,000, and 2 bedroom of approximately £125,000 to £135,000.
- 3.13 Consultation with RSLs suggest MMR rates are at the Local Housing Allowance level. Review of an estate agency independent report on the likely market for MMR suggests there may be healthy demand in both locations. This is also confirmed by SBC's own NHT activity which is targeted at LHA levels.
- 3.14 Comparative research suggests there could be a market for older people that require medium to high dependency housing with care options, and yet want to remain retain part or all of their housing equity i.e. move to more suitable housing in the ownership market, possibly provided with care. The following table shows the estimated population of older households that are owners and receive care in Berwickshire. This shows that there are a total of 170 outright homeowners receiving care in Berwickshire, of which 30 live within Duns, and 30 within Eyemouth. These 60 do not account for others in the rural areas (that will be within 170 total) who may be willing to move into a town environment if the right type of housing supply is available.
- 3.15 We must also consider household income. The table shows median household income in Berwickshire compared to Scotland. This is the median of all incomes, not older households which is not readily available.<sup>5</sup> This shows that incomes are relatively low in Berwickshire, and are likely to be even lower for older households. This suggests that affordable housing options, including social rent, intermediate rent and shared equity will be in higher demand than shared ownership or outright sale.

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<sup>5</sup> Modelling on incomes could be undertaken to show incomes of older people, but is outwith the scope and budget for the study.

**Table 3: Outright owners receiving care and household income**

Intermediate datazone	Est: outright owners receiving care	Median household income
Berwickshire Central	20	£466
Berwickshire East	30	£460
Berwickshire West	30	£463
Coldstream and area	30	£416
Duns	30	£417
Eyemouth	30	£387
Berwickshire	170	£435
Scotland	-	£468

### Duns development option

3.16 Todlaw playing fields are situated on the south western edge of Duns. The site is located within relatively close proximity to the centre of Duns and is bound by residential properties to the east, by the public park to the north east and by open ground to the north and west. To the south lies an open area of ground, and beyond that is a recent housing development by Berwickshire Housing Association.

3.17 The Planning Brief states that the playing fields have to be replaced in an alternative location; however, consultation with SBC confirms that arrangements have already been made between the rugby, football clubs and the new Berwickshire High School.

3.18 The 2 hectare site is allocated for housing in the Consolidated Local Plan 2011 (ADUNS010) with an indicative capacity of 30 units. However, this is a relatively low density and so the outline development appraisal has included a base case of 30 units for ECH, and then has included a scenario of an additional 20 units of mixed tenure to test viability at a higher density.



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3.19 The development options appraised for Duns are:

- 30 units ECH for social rent
- 30 units ECH + 20 units for MMR and Shared equity (split 50/50 – 10 units each) – total of 50 unit provision
- The base case is RSL provision and housing service provision with external care service provider
- A scenario of Council ownership and management has been considered.

### **Eyemouth development option**

3.20 The Former Eyemouth High School site is 3.4 hectares and has indicative capacity of 90 units. The size and scale of this site would therefore suggest a development beyond the scope of the ECH provision, but there is scope here for a masterplanning approach involving mixed housing tenure, mixed household type, possibly a retirement village concept with mixed uses.



3.21 This is the site of the former Eyemouth High School and sits to the south of the town centre at the high point of Eyemouth with views to the surrounding landscape and sea. The site is located within very close proximity to the centre of Eyemouth and is bounded to the east by residential properties, to the west by a cemetery, including proposed extension, and employment area. To the south lies a substantial landscape buffer and beyond, the A1107.

3.22 The site is in mixed ownership between the Council and BHA.

3.23 The development options appraised for Eyemouth are:

- 36 units ECH for social rent
- 36 units ECH + 24 units for MMR and Shared equity (split 50/50 – 10 units each) – total of 60 units provision
- The base case is RSL provision and housing service provision with external care service provider
- A scenario of Council ownership and management has been considered.

## Care service options

3.24 The care service options and costs have been developed through consultation with SBC Social Work and SBC Cares. SB Cares is the current care provider at Dovecot and so has practical experience of delivering an ECH service, but at this stage the ECH care service options and costs for Berwickshire are being worked up as provider 'neutral'<sup>6</sup>. In developing care options and costs, it should be noted that the care service provision is more fluid in nature than the housing procurement options, as these are likely to change depending on the commissioning requirements and the specific approach of different care providers. However, we have discussed below some of the 'core' elements in the care service: It is assumed:

- Assume an average care input for each client of 10 hours per week – some clients may require more, some less, and the aim would be to create a mixed economy of care to assist workforce planning / shift patterns;
- For a development of 30 units this will equate to a minimum of two care staff on site at all times 24 hours = 350 core hours per week;
- Over and above the core hours, there will be additional staff required to cater for the busier times around morning, lunch, tea and bedtime;
- There is scope to business plan a 'hub and spoke' service model (as discussed below), where home care staff serving the ECH development, are also able to provide services to the wider community – this may include people in the wider ECH development (people living in shared equity or MMR homes), and even people within 5 to 10 minutes driving distance.

3.25 The comparative research has shown the widespread use of 'hub and spoke' service delivery models, where care staff provide care services in the ECH base, but also provide a home care service to the wider community. This provides economies of scale for the care service, but is only feasible for typically a 5 to 10 minute driving circle from the hub.

3.26 The map and table below shows that driving circles around Duns and Eyemouth. The table shows the number of current Social Work older clients living within reasonable driving distances from Duns and Eyemouth – 10 minutes drive, or 10km. This shows there are currently 13 clients within 10 minutes drives of Duns, but that there are a further 72 clients that are some 15 minutes drive from Duns. This confirms the remote nature of the care service environment in Berwickshire. Eyemouth however has a far higher number of clients within 10 minutes drive – 79 clients. There are a further 58 clients living elsewhere in Berwickshire which are not in reasonable driving distance of Duns or Eyemouth, and could therefore not be served by a hub and spoke model from these two locations.

3.27 This analysis confirms that a care service 'hub' cannot be run from **either or** Duns and Eyemouth. If a hub and spoke was to be adopted then there would need to be a hub in both - a hub with staff based in Duns, and a hub with staff based in Eyemouth. It also confirms that the hub would have a smaller population of clients in Duns, than it would in Eyemouth, based on the current SW client base. It should be noted however, that

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<sup>6</sup> That is with no specific care provider in mind. Benchmark service delivery costs have been used, and the financial appraisal has not been designed around a specific provider.

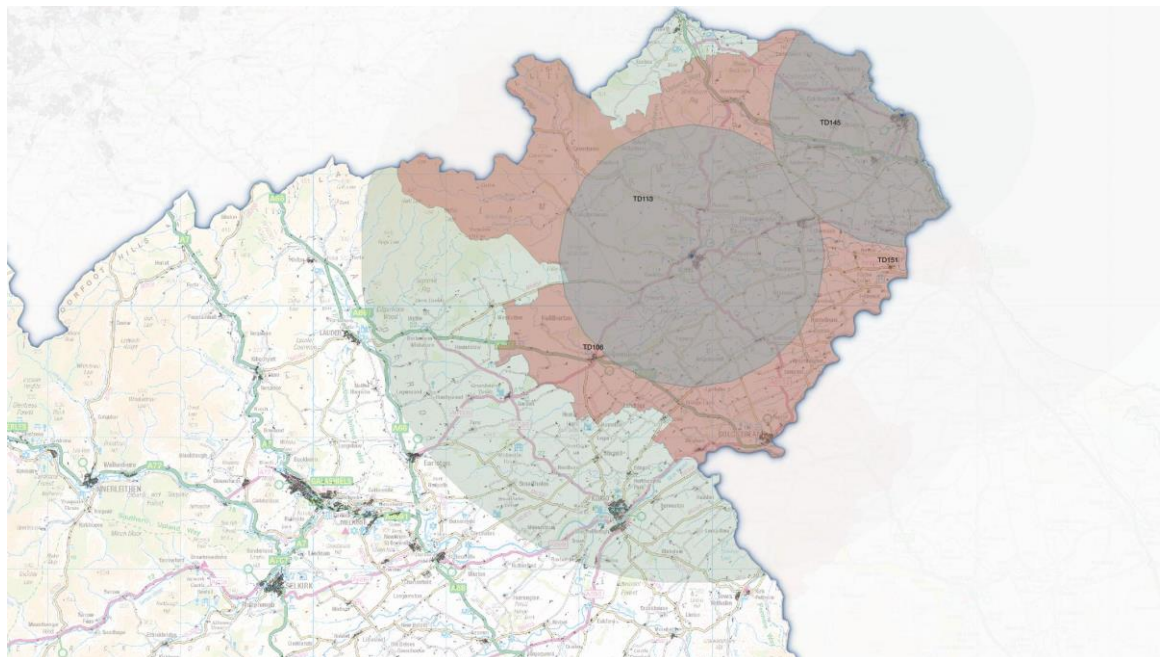


projections are for substantial growth in 75+ years (84% over 20 years), and so it is reasonable to expect that the population within these 'hubs' will also grow substantially.

**Table 4: Outright owners receiving care and household income**

Location	Postcode sector	Number of clients in sector	Driving distance
Duns	TD10 6	13	
Duns	TD11 3	72	Some 15 mins
Eyemouth	TD14 5	79	
Coldstream	TD12 4	42	20 mins Duns
Others	TD3 6	5	20 mins Duns
	TD13 5	3	20 mins D/E
	TD15 1	8	15 mins D/E

**Figure 1: Driving Circles - Duns and Eyemouth**



## 4 Financial appraisal

### Introduction

4.1 An initial financial assessment of the following two sites was undertaken as part of the development of the business case for Extra Care Housing in Berwickshire. As discussed above, the two main options are:

- The **Duns Site** involving the development of 30 Extra Care Housing units plus a further 20 affordable housing units; and,
- The **Eyemouth Site** involving the development of 36 Extra Care Housing units plus a further 24 affordable housing units.

### Scope of the financial assessment

4.2 The financial assessment has involved:

- consideration of the likely scale and timing of the development costs involved together with the ongoing housing and care services costs required; and,
- review of the funding structure, in particular the balance of grant, private finance and contribution from other partners required to make the sites financially viable; and,
- assessment of the sensitivity of the site development plans to possible changes - for example, changes in land costs, rent levels, void rent loss etc

4.3 We also examined the prospects of the Council undertaking the development of the sites in house through the General Fund. It should be noted that the Housing Revenue Account would only be required where 50 or more units area developed. As the proposal here is to take a phased approach, there would be no requirement to establish an HRA until the second site at Eyemouth was to be developed. Until then, ownership and management could be dealt with through the General Fund.

4.4 The two sites were considered in the context of SBC's experience of delivering the Dovecot with Eildon Housing Association, and of the NHT project which the Council is involved.

### Limitations

4.5 The limitations as set out in the introduction of this report apply.

### Key Findings

4.6 Three development scenarios have been examined on each site as follows:

- to develop the ECH units only (this is referred to as Scenario A),
- to develop the ECH housing units plus some further affordable housing units for mid-market rent and shared equity (referred to as Scenario B); and
- to develop the ECH units plus additional units for shared equity release only (referred to as Scenario C).

4.7 The results of our appraisal are summarised in the table below;

**Table 5: Summary financial appraisal (30 year discounted at 3.5%)**

	<b>Duns (50 units)</b>	<b>Eyemouth (60 units)</b>
<b>Housing mix</b>		
Extra Care housing units	30	36
Mid-Market Rent	10	12
Shared Equity	10	12
<b>Scenario A - ECH units only</b>		
Gross	£764.6k (neg)	£657,234 (neg)
Per Unit	£25,489 (neg)	£18,256 (neg)
<b>Scenario B - ECH units + extra units 50% Mid-Market Rent + 50% Shared Equity mixed tenure</b>		
Gross	£623.1k (neg)	£638.8 (neg)
Per Unit	£12,462 (neg)	£10,647 (neg)
<b>Scenario C - ECH units + extra units 100% Shared Equity units</b>		
Gross	£423.7 (neg)	£236.6 (neg)
Per Unit	£8.475 (neg)	£3,944 (neg)

4.8 The key financial assumptions discussed at the Steering Group and with SBC officers and applied to the financial assessment of each site are set out in detail in Appendix I.

4.9 In summary, the financial assessment found the sites are currently negatively valued and, in the absence of other changes, will require additional subsidy to be financially viable as the cost to develop each Extra Care Housing site in Berwickshire exceeds the likely level of affordable housing grant subsidy available and the amount of private finance which the net rental income stream can reasonably support.

4.10 Options for closing the development funding gap have been examined as summarised in the table below. The sensitivities were performed on **Scenario B** which is considered the most realistic delivery option.

**Table 6: Sensitivity analysis – Impact on NPV (30 year discounted at 3.5%)**

	Duns (50 Units)	Eyemouth(60)
Scenario B - Base case	£623.1k (neg)	£638.8k (neg)
Land transferred at nil value	£384.8k (neg)	£352.8k (neg)
Increase in rents and/or other charges - 5%	£484.1k (neg)	£472.2k (neg)
Secure additional grant per unit of £5k	£434.3k (neg)	£410.9k (neg)
Increase in voids from 2% to 5%	£709.1k (neg)	£741.8k (neg)
Reduce development costs by 10%	£23.5k (neg)	£81.4k
Increase Sales by 5%	£569.9k (neg)	£572.0k (neg)

4.11 Table 2 show that the overall appraisal of the site is highly sensitive to changes in key assumptions (such as the land transferring at nil value, a reduction in development costs) and SBC with its local partners will have to consider the reasonableness and probability of success of each of these options in designing the optimal arrangements for each site.

4.12 The successful development of the sites is therefore dependent upon an appropriate package of funding which will have to be agreed by SBC, Scottish Government and other local partners including local RSLs and possibly NHS Borders.

4.13 The analysis also found:

- Undertaking the development in-house via the General Fund raises value for money concerns for a number of reasons not least because of the scale of the funding gap on each site. These are considered further below.
- The financial aspects of the care service delivery model are also discussed further below including the financial impact of operating a hub and spoke type model. However, the service delivery arrangements require to be more fully worked up in more detail over the next 6 to 12 months, based on further learning from current experiences at Dovecot. Our understanding is that the staffing levels are subject to further review at Dovecot including a real time monitoring exercise to be undertaken in the next few weeks. This will be useful in informing the development of the care services on the proposed sites in Berwickshire.

4.14 Overall the Eyemouth site performs marginally better in the appraisal than the Duns site. However, the limited difference in the financial appraisal of both sites we would recommend that both sites are kept under review at this stage.

4.15 The remainder of this financial assessment section is structured as follows:

- Initial development costs and timescales;
- Funding Extra Care Housing in Berwickshire;
- Sensitivity analysis/closing the development funding gap
- Developing a Sustainable Care Service Delivery Model;



- Rents, Service Charges and Affordability for tenants; and
- Conclusions and recommendations based on the financial assessment.

### Initial Development Costs

4.16 A summary of the estimated development costs for the Duns Site and Eyemouth site is provided below. A comparison to Dovecot is provided also.

**Table 7: Initial Development Costs – All units – Stated at Input values**

	Duns (50 Units)	Eyemouth (60 units)	Dovecot (57 units)
<b>Gross Development Costs All units</b>	£M	£M	£M
Land	0.250	0.300	0.703
Build/works costs	5.898	7.079	4.237
Other development costs	0.501	0.543	0.496
Total	6.649	£7.922	5.436
<b>Gross Development Cost Per Unit</b>			
Per Unit - All	£133k	£132k	£133k
Per Unit - ECH	£151k	£148k	£146k
Per Unit – Other Units	£114k	£112k	£111k

4.17 This shows:

- The overall cost to develop the 50 units on the Duns site comprising 30 Extra Care Housing units and 20 affordable housing units is estimated to be £6.8m which equates to £136k per unit
- The overall cost to develop the 60 units on the Eyemouth site comprising 36 Extra Care Housing units and 24 affordable housing units is estimated to be £7.922m which equates to £132k per unit
- These costs are not dissimilar to Dovecot where the cost to develop the 22 general needs housing units was £2.445m which equates to £111k per unit and the cost overall to develop the 59 units was £7.88m which equates to £134k per unit.

4.18 Land costs for both sites have been based on £5k per unit payable to SBC and build costs based on £1,850 per square metre for the ECH units and £1,450 per unit for the other affordable housing units. Other development costs include a provision for all other costs associated with developing the site including provision for communal areas including staff room and guest suite, non-recoverable VAT, Land and Buildings Transaction Tax, professional, including design, fees and all other statutory fees etc.

4.19 Some site development constraints were initially identified including a water tank adjacent to the Eyemouth site, and reprovisioning of the playing fields at Duns, but these are considered to have been dealt with historically. Should any abnormal development costs or site constraints be identified in future then the financial appraisal would have to be updated accordingly.

4.20 The following timescales have been assumed for each site:

**Table 8: Illustrative site development timescales**

	Duns	Eyemouth
Site Assembly/Planning & Design	Now until start on site	Now until start on site
Construction phase		
Start on site	July 2017	April 2018
Construction period – ECH	9 months	12 months
Construction period - Other	9 months	12 months
Completion	April 2018	April 2019
Handover to housing management and care services	April 2018	April 2019

4.21 The above timescales detail that the Duns site would be the first site to be developed commencing in July 2017 with Eyemouth a year later and construction on both sites expected to take 9 and 12 months respectively. There is scope within the financial appraisal to adjust timescales, and this would not make a material effect on financial outcomes.

### Funding Extra Care Housing in Berwickshire

4.22 In respect of the affordable housing support grant we have assumed:

- for the ECH units £81k per unit and benchmark rates for the other housing - £58k per unit if social renting and £30k if Mid-Market Rent.
- the HAG funding on Dovecot was £65k overall - £81k for the extra care units and £39k per unit for the general needs housing.

4.23 These are considered to be reasonable estimates of the grant support that SBC could realistically expect under the current arrangements. We have not assumed higher grant rates in the base case assessments (Scenarios A to C for each site) as there is currently some uncertainty around actual future grant rates and arrangements which SBC will need to keep under review over the next few months including:

- the outcome of the Comprehensive Spending Review (CSR) will be announced in November with the distribution within the Scottish portfolios, including to the housing portfolio, expected in January or February 2016. Consequently it will be March 2016 at the earliest before we know actual grant rates for future years. It is not currently clear at this point whether this CSR will cover the following three year period, which it has done in the past, or just the next financial year. However, from discussions with Scottish Government officials, it is our understanding that Ministers will be considering proposals contained centred on two key issues:
  - increased rates (generally); and
  - creation of a separate funding stream for specialist housing.

4.24 Both of these would be helpful for development of the Berwickshire sites.

- 4.25 It is also worth noting that variations in excess of the benchmark rates can be approved (this is allowed within the guidance as previously reported for both Council and RSL schemes) but SBC would need to make the housing business case for it.
- 4.26 Specialist features such as wet rooms, bespoke kitchens etc may have higher costs attached to them and they may take these into account but the Scottish Government will only funding the housing element. There is also an additional £4,000 per unit for homes built to a greener standard.
- 4.27 Applications for above benchmark grant will require to be supported by full justification, and will only be considered when all other avenues for reasonable savings have been explored. For example this could include development of alternative sites, contract negotiation; the use of alternative materials or build methods; design modification. Other funding sources should also have been explored.
- 4.28 In agreeing any above benchmark approvals the impact on the number of units that can be delivered should be considered locally by Councils and Scottish Government.
- 4.29 Finally, the Scottish Government is understood to have shifted from the very detailed assessment of site proposals as would have been the experience with Dovecot eg requiring detail of the costs being incurred on internals, externals, communal etc and then moving to exclude communal areas (like the staff rooms, laundry facilities, guest suite etc) which are considered to be non-housing. The position is now that the Scottish Government makes a “contribution” to the housing element only based on the benchmarks rates.

#### **Local authority delivery via the general fund**

- 4.30 In line with the brief, the consultants were asked to consider the feasibility of the Council directly developing and continuing to own management and maintain the housing provided (including the extra care housing units).
- 4.31 Our assessments of the sites suggest it is not viable for the Council to develop the sites identified in Berwickshire either individually or collectively either via the general fund or through re-establishing a separate Housing Revenue Account.
- 4.32 Direct development of the sites by SBC raises value for money considerations when compared against other, more economic delivery arrangements and when the opportunity cost of prioritising resources/tying up limited capital funding (either through prudential borrowing or via capital financed from revenue) in this way is considered. There are alternative sources of capital available external to the Council to fund this development activity which are not accessible for funding other Council services.

## Developing a Sustainable Care Service Delivery Model

- 4.33 As well the initial development activity and the ongoing management and maintenance of the properties we also considered the financial aspects of the care service. A hub and spoke arrangement has been discussed and Table 1 sets out the care hours assumed at each site, based on the full 50 or 60 units (not only the 30 ECH units).

**Table 9: Estimated Care hours Per Week**

	Duns (50 Units)	Eyemouth (60)	Dovecot (57)
Hub Hours	710	850	850
Spoke Hours:	320	320	nil
Total	1030	1170	850

- 4.34 This shows we have assumed a provision of:

- 780 hub hours in Duns and 850 hub hours in Eyemouth, which is equivalent to the contracted hours at Dovecot (850 hours for 40 clients per week) for the Eyemouth site (there is only 1 unit of a difference between Dovecot and the Extra Care Housing units planned at Eyemouth) and a prorate allocation for Duns.

- 4.35 The volume of hours to be delivered in the surrounding community (the spoke hours) is more difficult to estimate at this stage but we have assumed a further

- 320 hub hours from each site. These estimates are based on a review of the estimated clients in need of care within a 10 minute travel distance of either site and a target penetration of broadly 40%.

- 4.36 These are working estimates which will have to be updated as more information becomes available. For example, it is fair to say the experience at Dovecot has been that it is difficult to accurately estimate the care hours required and the timing of those hours to match up appropriate staffing and skills levels.

- 4.37 Recent discussions with SBCares suggests that the staffing levels at Dovecot remain under review and there are continuing concerns around the volume of staff hours required and the grades of staff involved (eg senior staff doing tasks that less skilled staff could perhaps complete, particularly meal preparation at lunchtime). Total staffing hours in some weeks is 15% in excess of contracted hours (to allow for staff cover plus senior and management time etc).

- 4.38 SBCares operates to a budget of 850 hours a week for Dovecot and variances are managed within that - unlike home care which varies/fluctuates week to week. From discussion it is understood there is a waiting list for Dovecot but SBCares is not able to take any more care clients at the moment.

- 4.39 SBCares has real time monitoring and so they are just about to review shift and working patterns at Dovecot again – possibly 5 days in 7 or 4 on 4 off. Different arrangements

have been tried in the past with limited success. The September Staff Rota shows 760.55 client visit hours split as follows:

Morning	217.00	29%
Afternoon	150.45	20%
Evening	280.50	37%
Night	112.20	15%
<b>All</b>	<b>760.55</b>	<b>100%</b>

- 4.40 From discussions it appears there is a need to have a workforce with a range of skills better matched to the tasks required (eg perhaps more junior staff covering lunch visits) and focussing skilled staff on the personal care activities. Modern arrangements appear to include some front of house/admin/concierge type support and increased use of technology including telehealth equipment. The hub and spoke model may lend itself better to this type of arrangement.
- 4.41 Catering, and possibly cleaning, has not formed part of our analysis but may need to be further considered given the experience at Dovecot with the Redcross and Kingsmeadow withdrawing from the service.
- 4.42 We have assumed a fee charge per hour of £15 and service cost of delivery of £11 per hour. More detailed plan would have to be drawn up to assess the viability of the care service.

### **Affordability for tenants**

- 4.43 The financial assessment is based on the following rents, service charges and sales levels:
- Monthly rents of £310 for a 1 bed property and £325 for a 2 bedroom property.
  - Mid-Market Rent at 100% of LHA per the NHT scheme, which for rents at 1<sup>st</sup> April 2015 levels is equivalent to £312 for a 1 bedroom property and £400 for a 2 bedroom property.
  - Sales values are based on current market activity. 1 bed flats in Duns range from £85k to £100k and the 2 bedroom flats up to £125k. Eyemouth has a more buoyant sale market compared to Duns, although with values in the right location in Eyemouth selling at £100k for 1 bed and £125 to £135k for a 2 bedroom property. As the properties will be good quality new build the upper values have been assumed.
  - Service charges are set at the Dovecot level of £188.57 per week and will need to be revisited once actual services to be delivered on site is available. The financial model assumes that the service charges breakeven – ie no net income or deficit in the financial plan.
- 4.44 Care charges were considered in detail in the stage 1 review of Dovecot and have not been revisited here. We have assumed fee income of £15 per chargeable care hour contracted for the care provider. We have not assumed a fixed rate (as per Dovecot). The split of this between SBC and direct payment by the client has not been assessed at this stage.

## 5 Option Appraisal

- 5.1 The final stage of business case is a systematic appraisal of the options. For all option appraisals, the full set of options should be appraised, along side the status quo – Do nothing / carry on as you are.
- 5.2 In considering these options, it should be remembered that wider recommendations have been made in relation to meeting the needs of older people with medium/high dependency in Berwickshire, Hawick and Kelso. These were:
- Berwickshire – to pursue a twin tracked approach - new supply of ECH is Duns and Eyemouth **and** to pursue conversion of existing sheltered housing to Housing with Care through negotiation with RSL partners;
  - Hawick – to pursue conversion of existing sheltered housing to Housing with Care through negotiation with RSL partners, and in the medium term to explore options for ECH provision for the longer term;
  - Kelso - to pursue conversion of existing sheltered housing to Housing with Care through negotiation with RSL partners.
- 5.3 Key in these recommendations is that **ECH provision is not the only option**, and should be pursued in tandem with the plans for Housing with Care. However, the extent of need in Berwickshire means that **both** ECH and Housing with Care should be planned for now.
- 5.4 Six ECH options have been appraised, with the additional scenario of Council owned and managed option. These options have been analysed under the following criteria, as proposed to the steering group:

Criteria	Criteria definition
Impact on potential service users and the wider community	The proposal meets the current and likely future aspirations and needs of service users and their carers.
Strategic fit - SBC and CPP partners health, care and housing objectives	The proposal meets aims, objectives and values of the health, social care and housing partners. It would assist SBC and partners in meeting their collective strategic objectives.
Financial impact - capital funding	It is clear how the housing proposal will be funded in capital terms, and is fundable from the SBC and SG perspective.
Operational fit and sustainability	Social care and health services and processes will be positively impacted by the scheme, is deliverable and can be funded– for social care, and housing management.
Risk	There is an acceptable level of risk, or uncertainty, or risk can be managed

5.5 A RAG (Red, Amber, Green) system is then used by the consultants to make a comparative independent assessment - comparing each with the status quo and the other alternatives - assessing the extent to which each option is sub-optimal, or optimal.

5.6 The options assessed are:

**Table 10: Options summary**

Status quo / do nothing	Current housing and care supply and services in Berwickshire;
Option 1A	Duns 30 units ECH units only Care service ECH only
Option 1B	Duns 30 units ECH 10 units MMR 10 units Shared equity Care service hub and spoke
Option 1C	Duns 30 units ECH 20 units Shared equity Care service hub and spoke
Option 2A	Eyemouth 36 units ECH units only Care service ECH only
Option 2B	Eyemouth 36 units ECH 12 units MMR 12 units Shared equity Care service hub and spoke
Option 2C	Eyemouth 36 units ECH 24 units Shared equity Care service hub and spoke
Option 3	General Fund option Duns 30 units ECH only Eyemouth 36 units ECH units only

## Comparative Option Appraisal

Option	Status Quo	Option 1A	Option 1B	Option 1C	Option 2A	Option 2B	Option 2C	Option 3
<b>Option description</b>	Do nothing / carry on as you are	Duns 30 ECH units , Care service for 30 units only	Duns 30 ECH units, 10 MMR, 10 SE, care hub and spoke	Duns 30 ECH units, 20 SE, care hub and spoke	Eyemouth 36 ECH units , Care service for 36 units only	Eyemouth 36 ECH units, 12 MMR, 12 SE, care hub and spoke	Duns 36 ECH units, 24 SE, care hub and spoke	Council General Fund Option owning and management / or out source management
<b>Impact on potential service users and wider community</b>	Does not meet projected need or demand	Meets some projected need and demand for housing and care	Meets more projected need and demand - housing and wider hub and spoke care service	Meets more projected need and demand - housing and wider hub and spoke care service	Meets some projected need and demand	Meets more projected need and demand - housing and wider hub and spoke care service	Meets more projected need and demand - housing and wider hub and spoke care service	Meets some projected need and demand
<b>Strategic fit - SBC and CPP partners health, care and housing objectives</b>	Does not add to health, care and housing objectives	Meets health, care and housing objectives, although limited to 30 units on site	Meets health, care and housing objectives, with wider reach - community and tenure types	Meets health, care and housing objectives, with wider reach, although may not be demand for 20 SE	Meets health, care and housing objectives, although limited to one site	Meets health, care and housing objectives, with wider reach - community and tenure types	Meets health, care and housing objectives, with wider reach, although may not be demand for 24 SE	Meets health, care and housing objectives, although limited to one site
<b>Financial impact - capital funding</b>	No impact on capital budgets	Poorest performance - highest subsidy from SBC / partners	Mid range level of subsidy, although can be improved with nil land and reduction in costs	Best financial performance for Duns site	Poor performance, high subsidy requirement from SBC	Mid range level of subsidy, although can be improved with nil land and reduction in costs	Best financial performance for Eyemouth site	Poorest value for money; does not allow for grant from other sources, or use of



								private finance as RSLs
<b>Operational fit and sustainability</b>	No positive impact on operational processes. Current operational pressure continues	More positive impact than status quo, although limited reach. Care service will be less affordable for tenants i.e. will require fixed rate	Most positive impact as will have wider reach. Hub and spoke will create economies of scale and so enable more affordable care services for tenants.	Most positive impact as will have wider reach. Hub and spoke will create economies of scale and so enable more affordable care services for tenants.	More positive impact than status quo, although limited reach. Care service will be less affordable for tenants i.e. will require fixed rate	Most positive impact as will have wider reach. Hub and spoke will create economies of scale and so enable more affordable care services for tenants.	Most positive impact as will have wider reach. Hub and spoke will create economies of scale and so enable more affordable care services for tenants.	Least effective as will require new processes and systems to be established for housing services, unless out sourced.
<b>Risk</b>	Risk of increasing need and service pressure continues	Lowest risk for housing provision, and care service	Medium level risk spread across different type of housing tenure, and spread of care service geographically.	There may be a risk that this level of SE may not sell, but this will depend on the level of equity required and flexibility of the scheme.	Lowest risk for housing provision, and care service.	Medium level risk spread across different type of housing tenure, and spread of care service geographically.	There may be a risk that this level of SE may not sell, but this will depend on the level of equity required and flexibility of the scheme.	Greatest risk here is the diversion of scarce resources in the General Fund from competing services.

## 6 Conclusion and Recommendation

6.1 This business case development has provided a comprehensive analysis including:

- Needs assessment for Berwickshire, Kelso and Hawick
- Comparative research on different models of housing and care provision for medium to high level needs
- Development of the options, including the range of assumptions required to build up these options
- Analysis of the care options, including a hub and spoke model to widen reach of service, drive economies and increase the chance of affordable care service provision for clients
- Financial analysis of the options, and discussion of funding options with Scottish Government.
- Option appraisal.

6.2 Based on this body of evidence it is concluded for Berwickshire, Kelso and Hawick that:

- Scottish Borders Council should continue with its approach to meet the need of medium to high level care needs of older people by implementing its strategy of conversion of sheltered housing to **Housing with Care** through negotiation with RSL partners;

6.3 For Berwickshire it is recommended that SBC should work with partners to:

- Develop Extra Care Housing, commencing with Duns, and at a later stage Eyemouth. This is because the most pressing need is in Duns, and while there is demonstrated need in Eyemouth, there is already some current care home provision and scope for conversion of sheltered housing to Housing with Care.
- Move to feasibility study for the Duns site. It is recommended that this be a mixed tenure approach, including social rent ECH, MMR and shared equity. An alternative would be ECH and shared equity only, but at a level of shared equity which manages sales risk.
- All of the options are negatively valued, and so there will have to be some additional funding from SBC and/or its partners, over and above Scottish Government funding. Critical to the level of funding will be the consideration for the SBC owned land, and reducing development costs where possible.
- The final numbers, and balance between tenures will be determined by a detailed feasibility study. It should be noted that there is scope to make a case for increasing flexibility on the level of equity in shared equity<sup>7</sup>, as other Scottish Government projects have demonstrated. There are also possibilities in future of specific grant funding for specialist needs projects, and for wider flexibility of grant levels which SBC should keep under review with Scottish Government.

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<sup>7</sup> Refer to the Link Group shared equity for older people example in the comparative research – Part 1 Final Report July 2015.

## Summary of development site assumptions

Development Activity Assumption	Option 1 - Duns		Option 2 - Eyemouth		Notes
	ECH provision	Affordable housing units	ECH provision	Affordable housing units	
<b>Site Capacity (Units)</b>	<b>30</b>	<b>20</b>	<b>36</b>	<b>24</b>	
1 bed	12	8	14	10	
2 bed	18	12	22	14	
Tenure	100% Social Renting	Mixed Tenure	100% Social Renting	Mixed Tenure	Scenario B = 50% MMR + 50% SE, Scenario C = 100% SE
Land values (per unit)	£5,000	£5,000	£5,000	£5,000	The above tenures related to the additional units
Land value £	<b>£150,000</b>	<b>£100,000</b>	<b>£180,000</b>	<b>£120,000</b>	over and above the ECH units.
<b>Build programme detail</b>					
1 bed - M2	62.00	62.00	62.00	62.00	
2 bed - M2	75.00	75.00	75.00	75.00	
Cost per M2	£1,850	£1,450	£1,850	£1,450	
<b>Gross Build Cost</b>	<b>£3,873,900</b>	<b>£2,024,200</b>	<b>£4,658,300</b>	<b>£2,421,500</b>	
Average Build Cost Per Unit	<b>£129,130</b>	<b>£101,210</b>	<b>£129,397</b>	<b>£100,896</b>	
<b>Other Build Costs (please detail)</b>					
Communal areas (including staff room + guest suite)	£300,000	-	£300,000		Balance between cost categories may need
Non recoverable VAT	£5,100		£7,200		revising. Overall provisions considered
LBTT	£1,260		£1,860		reasonable.
Eg survey fees/design fees, NHBC or equivalent	£193,695		£232,915		
<b>Total Additional Development Costs</b>	<b>£500,055</b>	<b>£0</b>	<b>£541,975</b>	<b>£0</b>	
<b>Gross Development Cost (GDC)</b>	<b>£4,523,955</b>	<b>£2,124,200</b>	<b>£5,380,275</b>	<b>£2,541,500</b>	
<b>GDC per unit</b>	<b>£150,799</b>	<b>£106,210</b>	<b>£149,452</b>	<b>£105,896</b>	Dovecot was £147k per unit
<b>Avg cost per unit</b>	<b>£132,963</b>		<b>£132,030</b>		
<b>Development Timescale</b>	<b>Years 1 to 3</b>	<b>Years 1 to 3</b>	<b>3 to 5 years</b>	<b>3 to 5 years</b>	
Build start on site	Jul-17	Jul-17	Apr-19	Apr-19	
Build end on site	Mar-18	Mar-18	Dec-19	Dec-19	
<b>Handover arrangements</b>					
Start of handover	Nov-17	Nov-17	Aug-19	Aug-19	
End of handover	Jun-18	Jun-18	Apr-20	Apr-20	
Rental (pcm)	£310 and £325	£312 and £400	£310 and £325	£312 and £400	ECH based on dovecot, MMR at 100% LHA.
Service charges (pcm)	£189	£189	£189	£189	
<b>Funding</b>					
HAG Per unit - ECH units	£81,000	n/a	£81,000	n/a	ECH Based on Actual Grant at Dovecot
HAG Per unit - GN units	n/a	n/a	n/a	n/a	MMR At Benchmark
Per unit - SE	n/a	£30,000	n/a	£30,000	SE at 100% finance (balance from SG)
Private finance - All in financing rate	6.0%	6.0%	6.0%	6.0%	
Interest on balances held	0.7%	0.7%	0.7%	0.7%	
<b>House Prices</b>					
1 bed	£100,000	£100,000	£100,000	£100,000	
2 bed	£135,000	£125,000	£125,000	£135,000	

## Inputs - Housing Services Operating Activity

Total Units for this Site

No of Units where Service Chgs apply:

MM Rent	Social Rent
368	0
0	0
0%	0%

Basis:	% pa	% pa	£ papu	£ papu	£ papu	£ papu	£ papu	£ papu	% pa	% pa	£ papu	£ papu	£ papu	£ papu	£ papu
Year	Housing Services							MMR							
	Voids	Bad Debts	Hsng Mgt	Serv. Cost	Resp. Rep	Cyc. Rep	Maj Reprs	Serv. Chgs	Voids	Bad Debts	Hsng Mgt	Serv. Cost	Resp. Rep	Cyc. Rep	Maj Reprs
Yr 1	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 2	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 3	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 4	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 5	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 6	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 7	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 8	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 9	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 10	2.50%	1.50%	£570	£100	£500	£0			2.00%	1.00%	£250		£250	£0	
Yr 11	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 12	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 13	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 14	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 15	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 16	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 17	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 18	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 19	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 20	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 21	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 22	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 23	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 24	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 25	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 26	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 27	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 28	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 29	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750
Yr 30	2.50%	1.50%	£570	£100	£500	£0	£750		2.00%	1.00%	£250		£250	£0	£750

## Summary of care services activity - Duns Site

Total number of Units in this Scenario

30

## 1. Care Hours &amp; Care Clients

Core Care Provision (Hub)					
%	Avg hrs per client per week	Nr clients in receipt of care	Hours Provided Per week	Hours Provided Per annum	Cost Uplift Factor
Low care needs	0%	0.0	0	0	1
Med care needs	100%	30.0	710	36,920	1
High care needs	0%	0.0	0	0	1
	100%	36.0	710	36,920	

Other Care Provision (Spoke)				
Area	Avg hrs per client per week	Nr clients in receipt of care	Hours Provided Per week	Hours Provided Per annum
	10.00	32	320	16,640
			0	0
			0	0
	10.00	32	320	16,640

## 2. Care income

per hour per annum

£15.00 £553,800

## 3. Care cost

820

£11.00 £469,040

## 4. Net Care Surplus/(Deficit)

NB Adj'd for Uplift

£4.00 £84,760

## 2. Care income

per hour per annum

£15.50 £257,920

## 3. Care cost

370

£11.00 £211,398

## 4. Net Care Surplus/(Deficit)

£4.50 £46,522

## 5. Other Income (£pupa once units brought into Management)

£0.00

Dates OK

## Summary of care services activity - Eyemouth

Total number of Units in this Scenario

36

## 1. Care Hours &amp; Care Clients

Core Care Provision (Hub)					
%	Avg hrs per client per week	Nr clients in receipt of care	Hours Provided Per week	Hours Provided Per annum	Cost Uplift Factor
Low care needs	0%	0.0	0	0	1
Med care needs	100%	36.0	850	44,200	1
High care needs	0%	0.0	0	0	1
	100%	36.0	850	44,200	

Other Care Provision (Spoke)				
Area	Avg hrs per client per week	Nr clients in receipt of care	Hours Provided Per week	Hours Provided Per annum
	10.00	32	320	16,640
			0	0
			0	0
	10.00	32	320	16,640

## 2. Care income

per hour per annum

£15.00 £663,000

## 3. Care cost

970

£11.00 £554,840

## 4. Net Care Surplus/(Deficit)

NB Adj'd for Uplift

£4.00 £108,160

## 2. Care income

per hour per annum

£15.50 £257,920

## 3. Care cost

370

£11.00 £211,398

## 4. Net Care Surplus/(Deficit)

£4.50 £46,522

## 5. Other Income (£pupa once units brought into Management)

£0.00

Dates OK

## Inputs - Economic Factors

## Discount Factor and various

Discount Rate For	3.50%	Opening Balance Sheet Date	Apr - 2016	VAT	20%
Term of appraisal	30 years	Opening Cash	£0	Set up costs	£0

## General and real movement on base prices

Basis:	General	Real Growth - Design and Build						Real Growth - Housing Operations						Exit	Real Growth - Care	
Year	RPI/CPI	Sales	Land Cost	Build	Infrastr.	Fees	Oth. DC	Rents	Serv. Chgs	Hsng Mgt	Serv. Cost	R & C	Maj Reps	Disposals	Care income	Caare Cost
Yr 1	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 2	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 3	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 4	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 5	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 6	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 7	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 8	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 9	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 10	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	1.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 11	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 12	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 13	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 14	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 15	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 16	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 17	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 18	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 19	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 20	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 21	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 22	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 23	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 24	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 25	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 26	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 27	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 28	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 29	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%
Yr 30	2.00%	0.50%	0.25%	0.25%	0.25%	0.25%	0.25%	0.00%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%

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## **AFFORDABLE HOUSING POLICY DEVELOPER CONTRIBUTIONS GOVERNANCE**

**Report by Service Director Regulatory Services**

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### **EXECUTIVE COMMITTEE**

**8 MARCH 2016**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report proposes that the Chief Financial Officer be given delegated powers to allocate Affordable Housing Policy developer contributions to assist delivery of affordable housing projects.**
- 1.2 This report refers to a previous decision by the Executive Committee on 4 March 2007 to operate an investment framework regarding allocation of Affordable Housing Policy developer contributions to assist delivery of affordable housing.
- 1.3 It has been identified that the Scheme of Delegation requires to be amended to reflect the management arrangements to deal with the allocation of these developer contributions.

#### **2 RECOMMENDATIONS**

- 2.1 I recommend that the Committee agrees to recommend to Council that the following proposed addition to the powers delegated to the Chief Financial Officer as a result of this report are incorporated in the Scheme of Delegation "To authorise the allocation of Affordable Housing Policy funding collected by the Council to assist delivery of individual projects".**

### **3 INVESTMENT FRAMEWORK FOR NEW AFFORDABLE HOUSING.**

- 3.1 On 4 September 2007, the Executive Committee considered a joint report by the Directors of Social Work and Planning and Economic Development, and agreed an investment framework for Registered Social Landlords to provide new affordable housing using Commuted Sums funding collected by the Council from developers in situations where on-site provision of affordable housing was not achievable. This provided delegated authority to the Director of Social Work to authorise allocation of Affordable Housing Policy funding collected by the Council to assist delivery of individual housing projects. The delegated authority only applies within the scope of the limitations of what the individual Section 75 agreement between the Developer and the Council will allow. In general terms this sets out that the contribution received must be spent to assist affordable housing delivery within the Housing Market Area of origin, and within 5 years of receipt.
- 3.2 The current arrangements in place to enable the delivery of individual projects using developer contributions funding are managed by Housing Strategy & Services through consultation with Scottish Government and Registered Social Landlords, and aligns with the Council's Strategic Housing Investment Plan (SHIP) and related processes.
- 3.3 It is considered appropriate that the Council's Scheme of Delegation be amended to reflect the current operational management arrangements to deal with the allocation of Affordable Housing Policy developer contributions.

### **4 IMPLICATIONS**

#### **4.1 Financial**

The nature of developer contributions being collected by the Council necessitates the financial administration of what are quite often relatively small amounts via individual payments. Tried and tested administrative arrangements are in place to account and record these against the Housing Market Area of origin, and 5 year spend timescale, after which these contributions require to be returned to the developer.

There are no costs attached to any of the recommendations contained in this report.

#### **4.2 Risk and Mitigations**

The proposals in the report to propose administrative changes which are intended to formalise and ensure the transparency of the financial governance associated with allocation of Affordable Housing Policy developer contributions to assist affordable housing delivery.

#### **4.3 Equalities**

It is considered that there are no adverse equalities implications arising from the recommendations of this report.

#### **4.4 Acting Sustainably**

It is considered that there are no adverse economic, social or environmental effects of the recommendations in this report.

#### **4.5 Carbon Management**

It is considered that there are no impacts on the Council's carbon emissions arising from the recommendations of this report.



#### 4.6 Rural Proofing

This report does not specifically relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

#### 4.7 Changes to Scheme of Administration or Scheme of Delegation

The following addition to the powers delegated to the Service Director of Strategy and Policy in the Scheme of Delegation is proposed as a result of this report: "To authorise the allocation of Affordable Housing Policy funding collected by the Council to assist delivery of individual projects".

### 5 CONSULTATION

- 5.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

#### Approved by

**Brian Frater**

**Service Director Regulatory Services    Signature .....**

#### Author(s)

Name	Designation and Contact Number
Gerry Begg	Housing Strategy Manager Tel: 01896-662770

**Background Papers:** Report by the Director of Planning and Economic Development titled "Progress report on securing and spend of development contributions", to Executive Committee meeting 24 August 2010.

**Previous Minute Reference:** Report by Director of Social Work and Director of Planning and Economic Development titled "Investment framework for new affordable housing funded by commuted sums monies" to Executive Committee meeting 4 September 2007.

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Gerry Begg can also give information on other language translations as well as providing additional copies.

Contact us at Gerry Begg, Paton Street, Galashiels Tel: 01896-662770  
[GBegg@scotborders.gcsx.gov.uk](mailto:GBegg@scotborders.gcsx.gov.uk)

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## **ROADS REVIEW OPTIONS APPRAISAL**

**Report by Chief Officer Roads**

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### **EXECUTIVE COMMITTEE**

**8 March 2016**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report seeks approval for the preferred operating model for the Council's Roads Services and agreement to proceed to the next stage, development of a full Business Case for the preferred model.**
- 1.2 On 12 May 2015, Executive Committee agreed:-
- A review of the operating model of the Council's wider roads service to ensure they were best placed to maximise services to the Borders and operate effectively in the external market place.
  - That any model be capable of interfacing with the Edinburgh, Lothians Borders and Fife (ELBF) proposal.
- 1.3 Given the tight timescales for arriving at the most advantageous operating model the focus was placed on evaluating the options of:-
- Internal Restructure
  - Limited Liability Partnership (LLP)
- 1.4 A series of workshops were held between October and mid November 2015 with Senior Managers from across the Roads Services, HR, Finance, Business Transformation and Trade Union representatives. The purpose of the workshops was to discuss the current provision and how best to set up the future provision.
- 1.5 The key drivers for change centred around legal, financial, customer, governance and flexibility issues.
- 1.6 The preferred redesigned service arrangement is a Client/Provider set-up. This applies to both of the options referred to in paragraph 1.3 above.
- 1.7 The differences between the Internal Restructure and the LLP options are largely around their capacity to generate external income. The Internal Restructure is limited by legislation in the amount of external income that it can generate, with limited tender opportunities. The LLP is free to trade commercially and therefore not limited in the amount of external income that it can generate and can take full advantage of any tender

opportunities.

- 1.8 When both options were scored against the key drivers for change the internal restructure scored 280 and the LLP scored 407.

## **2 RECOMMENDATIONS**

### **2.1 I recommend that the Executive Committee agrees that:-**

- (a) The Client/Provider arrangement is the best set up for a redesigned Roads service.**
- (b) Limited Liability Partnership (LLP) is the best model for the redesigned services.**
- (c) A full Business case is developed for the LLP model within the next three months.**
- (d) The Chief Officer Roads brings a further report on the Council's Roads Services for consideration by the Council in June 2015.**

### **3 BACKGROUND**

3.1 On 12 May 2015, Executive Committee agreed :-

- A review of the operating model of the Council's wider roads service to ensure they were best placed to maximise services to the Borders and operate effectively in the external market place.
- That any model be capable of interfacing with the ELBF proposal.

3.2 Given the tight timescales for arriving at the most advantageous operating model the focus was placed on evaluating the options of:-

- Internal Restructure
- Limited Liability Partnership (LLP)

3.3 The following key principles were set out and applied to any option considered in the appraisal:-

- The Council must retain control of the roads service.
- The future service must be capable of aligning with the ELBF proposal should it come to fruition.
- The future service must be capable of working effectively both for the Council and in the open market.
- The future service must be capable of delivering all of the roads maintenance and civil engineering works required of it by the Council.
- The future service must be capable of maximising the commercial return and financial contribution to the Council.

### **4 WORK DONE TO DATE**

4.1 A series of workshops were held between October 2015 and mid November 2015 with Senior Managers from across the Roads Services, Human Resources, Finance, Business Transformation and Trade Union representatives. The purpose of the workshops was to discuss the current provision and how best to set up the future provision.

4.2 Guided by the key principles, the workshops focused on developing:-

- Key drivers for change.
- Detail of the services that should be in scope.
- Redesigned service model.
- Preferred delivery models being considered:
  - Internal Restructure
  - Limited Liability Partnership (LLP)

Consideration was given to issues and concerns raised and possible mitigations were discussed.

## 5 DRIVERS FOR CHANGE

5.1 The key drivers for change were identified as:-

- **Legal**  
*Legally compliant*
- **Financial**  
*Financial pressures, income pressures. Opportunities to develop commercial operations*
- **Customer**  
*Customer service/one stop shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues*
- **Governance**  
*Control is retained by Scottish Borders Council*
- **Flexibility**  
*Scottish Government agenda eg. changes to Roads authorities including ELBF*

## 6 OPTIONS

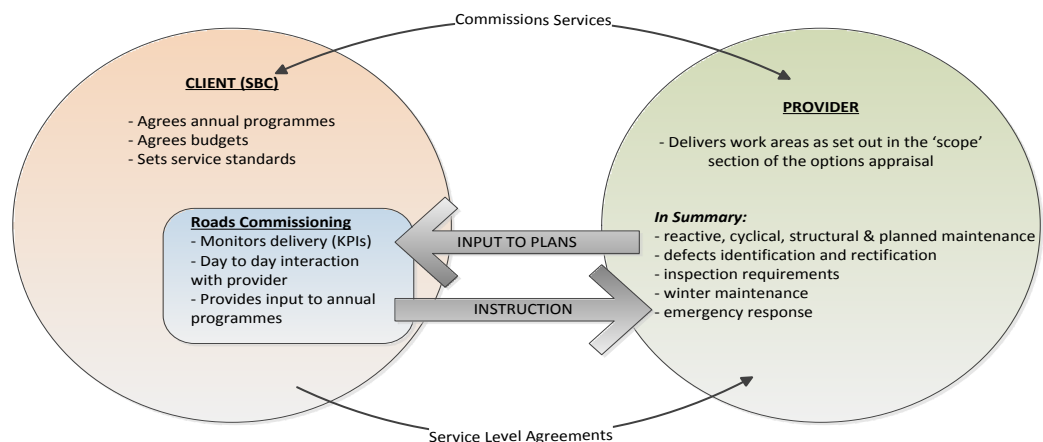
6.1 The full Options Appraisal Report for the Internal Restructure and LLP is detailed in Appendix 1.

### 6.2 Client/Provider set-up

The preferred redesigned service arrangement for both an Internal Restructure and an LLP is a Client/Provider set-up:-

Name	Description
1. Client	Is SBC, including the Commissioning of services
2. Provider	Is the Deliverer of services

The key elements of the Client/Provider set-up are illustrated as:



Benefits of the new arrangement include:-

- Engagement with ELBF or any other potential model that may be promoted nationally.
- Provision of a one-stop-shop for customers ie. one point of contact from reporting through to resolution:
  - Resulting in improved customer service
- Provides opportunity to streamline existing processes.
- Better performance reporting through linking activity with improved outcomes.
- Cohesive planning between repair and maintenance.

### 6.3 The Client Function

The client function sits with the Council with a remit to:-

<b>Client</b>	Agree annual programmes for surface treatment and planned maintenance
	Define the service standards regarding what is expected from the Provider
	Monitor and audit the Provider to ensure that the standards and outcomes are being met
	Define the customer interface/contact with regard to how the Client and Provider interact on a daily basis

To support this, the Client function will utilise a Roads Commissioning function to:

- Commission roads maintenance including winter maintenance and emergency response.
- Discuss local requirements with Elected Members.
- Lead, develop and prepare emergency plans and responses to events.
- Lead on traffic management and road safety.
- Contribute to creation and delivery of the Local Transport Plan.
- Direct the Council response to the Flood and Water Management Act.

In summary, the reorganisation will ensure that the Council retains its technical expertise and knowledge to provide the capacity and skills to commission and quality control all works. The details of the client function to remain in the Council will be fully explored and costed in the recommended full Business Case.

### 6.4 The Provider Function

The Provider function will focus on the operational delivery of Roads specific works. The delivery areas are shown in detail in *Appendix 1- Section 5*, but in summary the Provider will deliver:-

- Reactive, Cyclic, Structural and Planned maintenance
- Inspection requirements
- Defects and rectification
- Winter Maintenance
- Emergency Response

The Client defines the outcome based levels of service, performance criteria and the budgets for the required works and to these standards and budget constraints, the Provider will:-

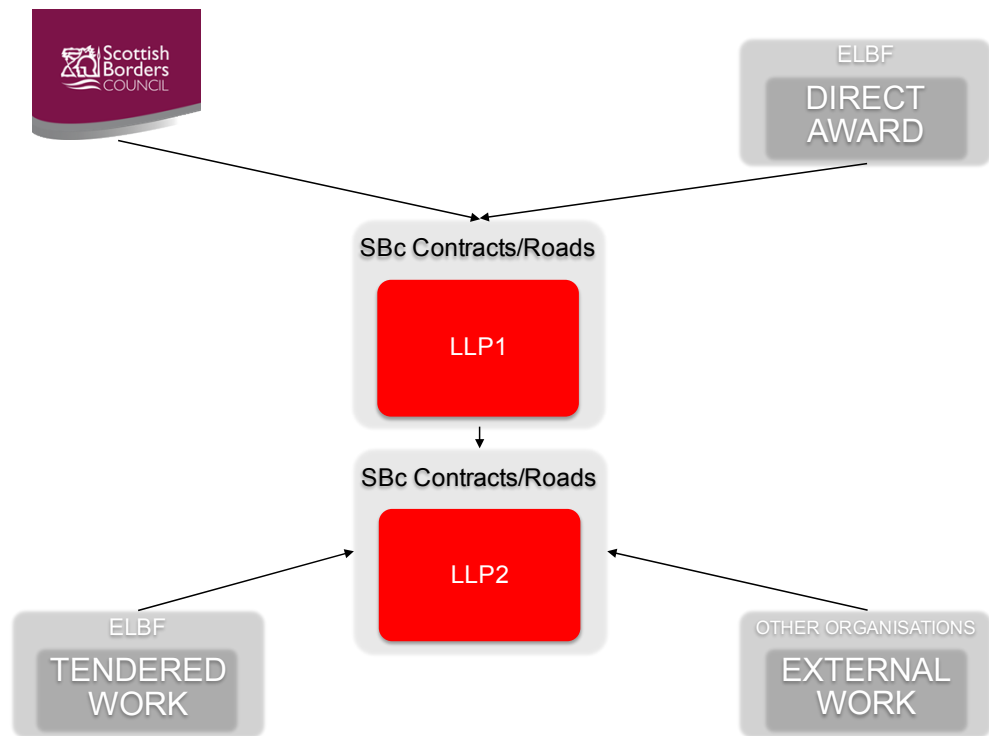
<b>Provider</b>	Carry out the Council's winter maintenance and emergency response requirements
	Undertake civil engineering works on the Council's capital programme
	Undertake external, income generating works
	Design and construct the schemes contained in the annual programme ie. the design small scale works typically undertaken as part of the capital block – as opposed to the design required for standalone schemes contained within the capital plan
	Carry out inspections and promote schemes for inclusion in the Capital Plan

## 6.5 **LLP as Client/Provider**

Restructuring as a 'Client/Provider' set-up and then transferring the restructured services into an LLP as 'Client/Provider' that is 100% controlled by the Council is the second potential option.

Such a move would entail the Council creating an LLP (LLP1) that would be capable of being directly awarded all Council (internal) works. This could be achieved without the need for any formal procurement process through the Teckal exemption that was successfully adopted in the creation of SB Cares LLP. A second LLP (LLP2) would then be formed which would be capable of conducting any external works, thus providing a sustainable trading environment. It should be noted that LLP2 is a subsidiary of LLP1. The diagram below shows the relationships between the parties:





## 6.6 Addressing the Drivers for Change

The table below sets out the level to which each option will address the drivers for change:-

Driver	Internal Restructure	LLP
1. Legal	Internal restructure would not give the services the legal freedom to increase their external contracts income	LLP would give the services the legal freedom to increase their external contracts income
2. Financial	Cost saving initiatives can be applied to the internal restructure or LLP	
3. Customer	One-stop-shop - internal restructure and LLP would create a one-stop-shop which would provide an opportunity for the services to work more coherently together, improving customer service and maintaining current levels of winter emergency service	
4. Governance	Council retains 100% control as an internal service	Council retains 100% ownership and exercises control through the new Governance structure as a TECKAL compliant organisation
5. Flexibility	Internal restructure has ability to exploit any ELBF offers of work for SBC	LLP has unlimited ability to exploit any ELBF offers of work for SBC

## **ADDITIONAL DETAIL - COMMON TO BOTH MODELS:-**

### **6.7 Improved Planning and Maintenance Scheduling**

Having repair and maintenance in one section provides opportunities to provide better outcomes through improved planning and scheduling.

### **6.8 Fleet**

Fleet will be owned and managed by the Council's current fleet management operation. The new organisation will rent/lease the vehicles and have a service level agreement for the maintenance from fleet.

### **6.9 Emergencies and Winter Services**

For emergency services service level agreement will have an element within it for stepping in for disasters etc. on a cost basis. The current level of service will continue to be provided.

The winter service will be done to a service level agreement set by the Council.

### **6.10 Residual Neighbourhood Operations Functions**

The remaining 'Environment' within Neighbourhood Operations, Parks and Open Spaces, Street Cleansing and Burials, will be reviewed as part of a separate process with the objective of maintaining, or improving, current performance.

## **7 APPRAISAL OF OPTIONS**

7.1 Both options were scored against the key drivers for change by: -

- Depute Chief Executive, Place
- Chief Financial Officer
- Service Director Neighbourhood Services
- Service Director Commercial Services
- Chief Officer Roads
- Consultants engaged in the review, Care and Health Solutions

7.2 The scoring resulted in a score of 280 for the Internal Restructure and 407 for the LLP:

Area	Driver	Restructure	LLP
<b>LEGAL</b>	Legally compliant	5	35
<b>FINANCIAL</b>	Financial pressures, income pressures. Opportunities to develop commercial operations	39	93
<b>CUSTOMER</b>	Customer service/one-stop-shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues	110	124
<b>GOVERNANCE</b>	Control is retained by Scottish Borders Council	102	98
<b>FLEXIBILITY</b>	Scottish Government agenda (eg) changes to Roads authorities including ELBF	24	57
<b>TOTAL:</b>		<b>280</b>	<b>407</b>

(See Appendix 1 for full rationale and details)

## 8 CONCLUSION AND RECOMMENDATIONS

8.1 The conclusion of the Options Appraisal, based on the work undertaken and the scored results, is that:

- The Client/Provider arrangement is the best set up for a redesigned Roads service.
- The Limited Liability Partnership (LLP) model is the best model for the redesigned services.
- A full Business case is developed for the LLP model within the next three months.

8.2 It is recommended that the Executive Committee agree that: -

- The Client/Provider arrangement is the best set up for a redesigned Roads service.
- The Limited Liability Partnership (LLP) model is the best model for the redesigned services.
- A full Business case is developed for the LLP model within the next 3 months and thereafter will be taken to Council for a final decision. The business case will contain:-
  - 5 year business plan for the LLP.
  - External and Internal Governance Structures, all fully costed.
  - 5 Year Profit & Loss Accounts, Balance Sheets and Cashflow forecasts.
  - Value for Money Calculation that valued the net worth of the LLP to the Council.
  - External Market analysis and opportunities with details of achievable increases in contracts and net profit.
  - Redesign of the services including management and supervision with all resultant savings.
  - Analysis of the drivers for change and how the LLP will meet those drivers.
  - High level implementation plan with major milestones and indicative costs.

- The management structure for the residual services within Neighbourhood Operations and other affected services within Place.
- Detail on how the winter service and emergency response will be delivered by the Council utilising the resources available to it.
- A SWOT analysis of both the new organization and the residual services.

## **9 IMPLICATIONS**

### **9.1 Financial**

There are no financial implications arising as a direct consequence of this report. However, as part of the options appraisal and business case, ongoing financial issues affecting both roads and Neighbourhoods Services would need to be addressed to put these services onto a sustainable financial footing for the future.

### **9.2 Risk and Mitigations**

If the recommendations in this report are not adopted there is a high risk that the timescales for the review would not be met.

### **9.3 Equalities**

An Equalities Impact Assessment has been carried out on this proposal and it is anticipated that there are no adverse equality implications.

### **9.4 Acting Sustainably**

Successful completion of the roads review would put the roads services onto a financially sustainable footing and in doing so, make best use of resources.

### **9.5 Carbon Management**

There are no effects on carbon emissions as a result of adopting the recommendations in this report.

### **9.6 Changes to Scheme of Administration or Scheme of Delegation**

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals in this report.

## **10 CONSULTATION**

- 10.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received incorporated into the final report.

**Approved by**

**Chief Officer Roads**

**Signature .....**

**Author(s)**

Name	Designation and Contact Number
Brian Park	Chief Officer Roads

**Background Papers:** NIL

**Previous Minute Reference:** Executive Committee, 12 May 2015

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Brian Park can also give information on other language translations as well as providing additional copies.

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# **SBC Options appraisal**

## **SBC Contracts and Roads**

**January 2016**

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# 1 Executive summary

## 1.1 Background

On 15 May 2015, Executive Committee recommended:

- A review of the operating model of the Council's wider roads service to ensure maximisation of services to the Borders and continued ability to operate in the external market place
- That any model be capable of interfacing with the ELBF proposal

On 20 October 2015, progress was reported back to the Administration Policy Working Group and the Group concluded that given the tight timescales for arriving at the most advantageous operating model the focus be placed on evaluating the options of:

- **Internal Restructure**
- **Limited Liability Partnership (LLP)**

The following key principles were set out and agreed to be applied to any option considered in the appraisal:

- The Council must retain control of the roads service.
- The future service must be capable of aligning with the ELBF proposal should it come to fruition.
- The future service must be capable of working effectively both for the Council and in the open market.
- The future service must be capable of delivering all of the roads maintenance and civil engineering works required of it by the Council.
- The future service must be capable of maximising the commercial return and financial contribution to the Council.

## 1.2 Work done to date

A series of workshops were held between October 2015 and mid November 2015 with Senior Managers from across the Roads Services, HR, Finance, Business Transformation and Trade Union representatives. The purpose of the workshops was to discuss the current provision and how best to set up the future provision.

Guided by the key principles, the workshops focussed on developing:

- Key drivers for change
- Detail of the services that should be in scope
- Redesigned service model
- Preferred delivery models being considered:
  - Internal Restructure
  - Limited Liability Partnership (LLP)

Consideration was given to issues and concerns raised and possible mitigations were discussed.

### 1.3 Drivers for change

The key drivers for change were identified as:

- **Legal**  
*Driver: Legally compliant*
- **Financial**  
*Driver: Financial pressures, income pressures. Opportunities to develop commercial operations*
- **Customer**  
*Driver: Customer service/one-stop-shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues*
- **Governance**  
*Driver: Control is retained by Scottish Borders Council*
- **Flexibility**  
*Driver: Scottish Government agenda (eg) changes to Roads authorities including ELBF*

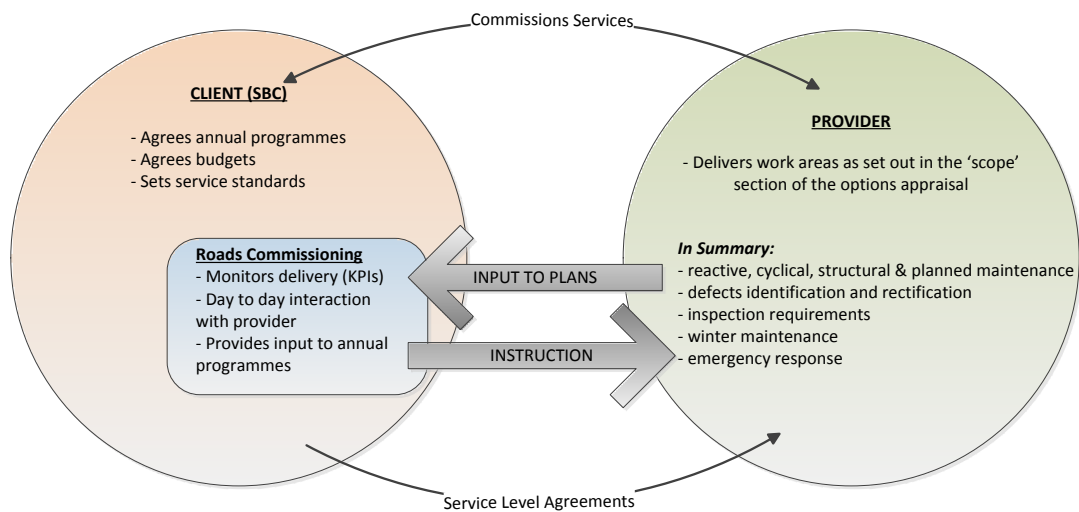
### 1.4 Options

#### Client/Provider set-up

The preferred redesigned service model for both an Internal Restructure and an LLP is a Client/Provider set-up:

Name	Description
1. Client	Council, including the Commissioning of services
2. Provider	Deliverer of services

The key elements of the Client/Provider set-up are illustrated as:



Benefits of the new arrangement include:

- Engagement, albeit in a limited fashion with ELBF or any other potential model that may be promoted nationally
- Provision of a one-stop-shop for customers (i.e.) one point of contact from reporting through to resolution:
  - Resulting in improved customer service
- Provides opportunity to streamline existing processes
- Better performance reporting through linking activity with improved outcomes
- Cohesive planning between repair and maintenance

## 1.5 The Client function

The client function sits with the Council with a remit to:

<b>CLIENT</b>	Agree annual programmes for surface treatment and planned maintenance
	Define the service standards regarding what is expected from the Provider
	Monitor and audit the Provider to ensure that the standards and outcomes are being met
	Define the customer interface/contact with regard to how the Client and Provider interact on a daily basis

To support this, The Client function will utilise a Roads Commissioning function to:

- Commission roads maintenance including winter maintenance and emergency response
- Discuss local requirements with Elected Members
- Lead, develop and prepare emergency plans and responses to events
- Lead on traffic management and road safety
- Contribute to creation and delivery of the Local Transport Plan
- Direct the Council response to the Flood and Water Management Act

In summary the reorganisation will ensure that the Council retains its technical expertise and knowledge to provide the capacity and skills to commission and quality control all works. The details of the client function to remain in the Council will be fully explored and costed in the recommended FBC.

## 1.6 The Provider function

The Provider function will focus on the operational delivery of Roads specific works. The delivery areas are shown in detail in the full report, but in summary the Provider will deliver:

- Reactive, Cyclic, Structural and Planned maintenance
- Inspection requirements
- Defects and rectification

- Winter Maintenance
- Emergency Response

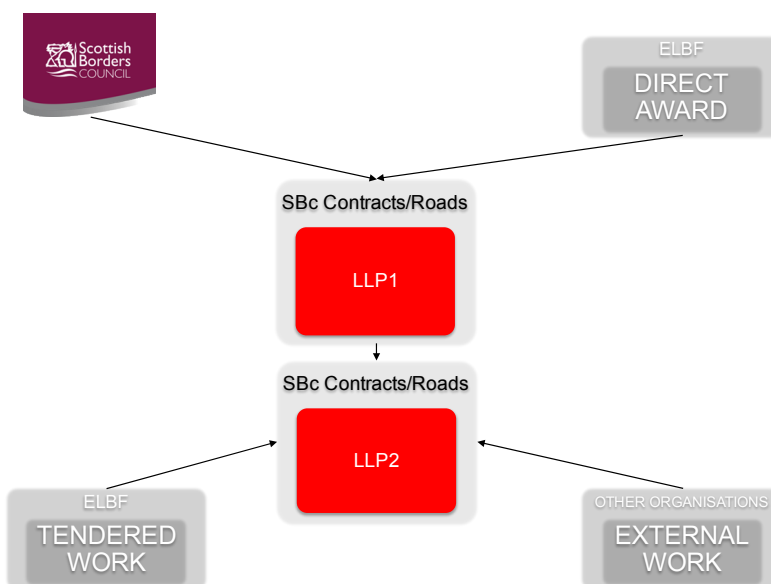
The Client defines the outcome based levels of service, performance criteria and the budgets for the required works. And to these standards and budget constraints, the Provider will:

<b>PROVIDER</b>	Carry out the Council's winter maintenance and emergency response requirements
	Undertake civil engineering works on the Council's capital programme
	Undertake external, income generating works
	Design and construct the schemes contained in the annual programme (i.e.) the design small scale works typically undertaken as part of the capital block – as opposed to the design required for standalone schemes contained within the capital plan
	Carry out inspections and promote schemes for inclusion in the Capital Plan

### 1.7 LLP as Client/Provider

Restructuring as a 'Client/Provider' set-up and then transferring the restructured services into an LLP as 'Client/Provider' that is 100% controlled by the Council is the second potential option.

Such a move would entail the Council creating an LLP (LLP1) that would be capable of being directly awarded all Council (internal) works. This could be achieved without the need for any formal procurement process through the Teckal exemption that was successfully adopted in the creation of SB Cares LLP. A second LLP (LLP2) would then be formed which would be capable of conducting any external works, thus providing a sustainable trading environment. It should be noted that LLP2 is a subsidiary of LLP1. The diagram below shows the relationships between the parties:



## 1.8 How does an Internal Restructure meet the drivers for change?

An Internal Restructure as a client/provider set-up would meet the drivers for change as follows:

1. **Legal**  
**Driver: Legally compliant**  
Internal restructure would not give the services the legal freedom to increase their external contracts income
2. **Financial**  
**Driver: Financial pressures, income pressures. Opportunities to develop commercial operations** Cost saving initiatives can be applied to the internal restructure
3. **Customer**  
**Driver: Customer service/one-stop-shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues**  
One-stop-shop - internal restructure would create a one-stop-shop which would provide an opportunity for the services to work more coherently together, improving customer service and maintaining current levels of winter emergency service
4. **Governance**  
**Driver: Control is retained by Scottish Borders Council**  
Council retains 100% control as an internal service
5. **Flexibility**  
**Driver: Scottish Government agenda (eg) changes to Roads authorities including ELBF**  
Internal restructure has ability to exploit any ELBF offers of work for SBC

## 1.9 How does an LLP meet the drivers for change?

Restructuring as a 'Client/Provider' set-up and then transferring the restructured services into an LLP as 'Client/Provider' that is 100% controlled by the Council would meet the drivers for change as follows:

1. **Legal**  
**Driver: Legally compliant**  
LLP would give the services the legal freedom to increase their external contracts income
2. **Financial**  
**Driver: Financial pressures, income pressures. Opportunities to develop commercial operations**  
Cost saving initiatives can be applied to the LLP including a cultural shift. Increased external income allows the Council to reduce net costs
3. **Customer**  
**Driver: Customer service/one-stop-shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues**  
One-stop-shop - internal restructure would create a one-stop-shop which would provide an opportunity for the services to work more coherently together, improving customer service and maintaining current levels of winter emergency service
4. **Governance**  
**Driver: Control is retained by Scottish Borders Council**

Council retains **100% ownership** and exercises control through the new Governance structure as a TECKAL compliant organisation

5. **Flexibility**

**Driver: Scottish Government agenda (ie) changes to Roads authorities including ELBF**

LLP has unlimited ability to exploit any ELBF offers of work for SBC

## 1.10 Key elements common to both models

### 1.10.1 Improved Planning and Maintenance Scheduling

Having repair and maintenance in one section provides opportunities to provide better outcomes through improved planning and scheduling.

### 1.10.2 Fleet

Fleet will be owned and managed by the Council's current fleet management operation. The new organisation will rent/lease the vehicles and have a service level agreement for the maintenance from fleet.

### 1.10.3 Emergencies and Winter Services

For emergency services service level agreement will have an element within it for stepping in for disasters etc on a cost basis. The current level of service will continue to be provided.

The winter service will be done to a service level agreement set by the Council.

### 1.10.4 Residual Neighbourhood Operations Functions

The remaining 'Environment' within Neighbourhood Operations will be reviewed as part of a separate process with the objective of maintaining, or improving, current performance.

## 1.11 Appraisal of options

Both options were scored against the key drivers for change and the scoring resulted in a score of 280 for the Internal Restructure and 407 for the LLP:

Area	Driver	Restructure	LLP
<b>LEGAL</b>	Legally compliant	5	35
<b>FINANCIAL</b>	Financial pressures, income pressures. Opportunities to develop commercial operations	39	93
<b>CUSTOMER</b>	Customer service/one-stop-shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues	110	124
<b>GOVERNANCE</b>	Control is retained by Scottish Borders Council	102	98
<b>FLEXIBILITY</b>	Scottish Government agenda (eg) changes to Roads authorities including ELBF	24	57
<b>TOTAL:</b>		<b>280</b>	<b>407</b>

## **1.12 Conclusion and recommendation**

**The conclusion of the Options Appraisal, based on the work undertaken and the scored results, is that:**

- 1. The Client/Provider arrangement is the best set up for a redesigned Roads service**
- 2. The Limited Liability Partnership (LLP) model is the best model for the redesigned services**
- 3. A full Business case is developed for the LLP model within the next 3 months**

**It is recommended that a Full Business Case is developed within 3 months that will contain:**

- 5 year business plan for the LLP.
- External and Internal Governance Structures, all fully costed.
- 5 Year Profit & Loss Accounts, Balance Sheets and Cashflow forecasts.
- Value for Money Calculation that valued the net worth of the LLP to the Council.
- External Market analysis with details of achievable increases in contracts and net profit.
- Redesign of the services including management and supervision with all resultant savings.
- Analysis of the drivers for change and how the LLP will meet those drivers.
- High level implementation plan with major milestones and indicative costs.

## 2 Introduction

### 2.1 Background

The 'Edinburgh, Lothians, Borders & Fife Roads Collaboration Programme (ELBF proposal) and SBC roads services' report approved by Executive Committee on 15<sup>th</sup> May 2015, recommended:

- A review of the operating model of the Council's wider roads service to ensure maximisation of services to the Borders and continued ability to operate in the external market place
- That any model be capable of interfacing with the ELBF proposal

Roads collaboration, or alternatively a re-structuring of roads authorities, is high on the Scottish Government's agenda. If local authorities don't positively engage there is a significant risk of the government imposing its own solution. Under ELBF proposals roads services under consideration for sharing cover:

1. Asset Management
2. Joint procurement
3. Flood Risk management
4. New Roads & Streetworks Act (coordinating roads projects)
5. Weather Forecasting
6. Traffic Signal Maintenance
7. Road Safety
8. Structures (bridges etc)
9. Street Lighting
10. Training
11. Packaging of Roads Maintenance Contracts
12. Rock Salt and Gritting

Progress on the roads review was reported back to Administration Policy Working Group on the 20<sup>th</sup> October. The Group concluded that given the tight timescale for arriving at the most advantageous operating model for the Council's roads services that focus be placed on evaluating the options of:

1. Internal Restructure
2. Limited Liability Partnership (LLP)

The following key principles were set out and agreed to be applied to any option considered in the appraisal:

- The Council must retain control of the roads service
- The future service must be capable of aligning with the ELBF proposal should it come to fruition
- The future service must be capable of working effectively both for the Council and in the open market
- The future service must be capable of delivering all of the roads maintenance and civil engineering works required of it by the Council



- The future service must be capable of maximising the commercial return and financial contribution to the Council

## **2.2 Work done to date**

Between October and mid November 2015 a series of workshops were held with senior managers from across the roads services, with human resources, finance, business transformation and union representatives.

The purpose of the workshops was to discuss current roads provision and how best to set up provision for the future.

Guided by the key principles, the workshops focussed on developing the:

- Key drivers for change
- Detail of the services that should be in scope
- Redesigned service model
- Preferred delivery models being considered:
  - Internal Restructure
  - Limited Liability Partnership (LLP)

Consideration was given to issues/concerns both from managers and trade unions, and possible mitigations were discussed.

### **2.2.1 Governance of programme**

Progress was overseen by the Alternative Service Delivery Models Programme Board who approved the criteria and methodology for the appraisal of the preferred delivery models.

The Board set out the following timeline that is currently being worked to:

- Options appraisal of preferred delivery model formally approved by Admin Policy Working Group – February 2016
- Business case developed – February to May 2016
- Business Case approved – June 2016
- Implementation – July to September 2016
- Go Live – October 1<sup>st</sup> 2016

### **3 Drivers for change**

The key principles were used as the basis to develop the key drivers for change, and then the key tests of those drivers, as set out below:

#### **Legal**

*Driver: Legally compliant*

*Tests:*

1. *Delivers a fully legislatively and legally compliant service?*

#### **Financial**

*Driver: Financial pressures, income pressures. Opportunities to develop commercial operations*

*Tests:*

2. *Delivers best value in performance for SBC?*
3. *Provides a mechanism for SBC to achieve financial efficiencies?*
4. *Enables the entity to maximise income/profit opportunities?*

#### **Customer**

*Driver: Customer service/one-stop-shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues*

*Tests:*

5. *Delivers the service change required?*
6. *Delivers a model acceptable to public, Members and external clients?*
7. *Safeguards essential services (eg) winter maintenance and emergency service?*
8. *Delivers improved outcomes for customers/users?*

#### **Governance**

*Driver: Control is retained by Scottish Borders Council*

*Tests:*

9. *Ensures that control is retained by SBC?*
10. *Ensures that scrutiny is retained by SBC?*
11. *Ensures that service levels are defined by SBC?*

#### **Flexibility**

*Driver: Scottish Government agenda (eg) changes to Roads authorities including ELBF*

*Tests:*

12. *Maximises the benefits to Scottish Borders Council resulting from changes to Roads Authorities e.g. ELBF?*
13. *Flexible enough to accommodate other services at a future date?*

## 4 Current service model

The Roads Service is currently undertaken by four sections:

- Neighbourhood Operations  
Undertake the planned, cyclic routine and reactive maintenance funded by the revenue budget.
- Asset Management  
Manage the asset, promote and design structural maintenance works funded by the roads capital allocation and also planned maintenance works funded by the revenue budget
- SBC Contracts  
Undertake structural maintenance as directed by Asset Management and carries out civil engineering work from the Council's capital programme
- Network Management  
Manage road usage and occupancy plus road safety and traffic management

### 4.1 Legal

Local Government legislation sets controls on the level to which a local authority - or any of its departments - can enter into trade agreements whereby the Council provide goods and services externally.

Clearly there are many occasions where councils do provide services to the public at large and charges for those services. These include services as diverse as car parking facilities to the provision of trade waste collections and many more in-between.

There are also many occasions where a council department will provide services either to the Council as a whole, or another council, or indeed to another department within the Council and where, for reasons such as Best Value, will actually compete for that work in a competitive environment. Where a department receives significant amount of income from such activities (as compared to the revenue income for the Council as a whole) it is recognised as a Significant Trading Operation (STO) and requires to keep separate trading accounts.

SBC Contracts is identified by SBC as a STO and is the only section of SBC so identified.

By virtue of the Power of Wellbeing, a Local Authority is able to enter into trade arrangements with external parties to the extent that is using no more than genuine surplus capacity. In other words, an authority should not legitimately retain "surplus" capacity solely for the purpose of trading externally.

Legislation does not establish the volumes within which an authority can trade under the Power of Wellbeing, but it is commonly agreed that any significant level of external trading income could be open to challenge.

SBC Contracts is resourced, in terms of its manpower and equipment, to be able to provide a significant level of external service and to assist in extreme weather events.

It has therefore the capacity to create revenue streams which could be utilised both to improve the service it provides and to further contribute to the revenue budget of SBC as a whole.

Unfortunately, that capacity cannot legally be used to trade externally while SBc Contracts remains an internal part of the Local Authority itself and that opportunity would therefore be lost.

#### **Power of Wellbeing**

***By virtue of the Power of Wellbeing, a Local Authority is able to enter into trade arrangements with external parties to the extent that is using no more than genuine surplus capacity.***

Legislation does not establish the volumes within which an authority can trade under the Power of Wellbeing, but it is commonly agreed, and understood, that any significant level of external trading income could be challenged by this limitation.

## **4.2 Financial**

The present arrangements have recurring financial pressures in both SBc Contracts and Neighbourhood Services Operations.

Within SBc Contracts there is pressure to achieve the surplus target, which is largely due to the competitiveness of the external market and the margins available.

This also has an impact on Neighbourhood Services which has an income expectation of £650K from SBc Contracts. This figure is made up of depot rent and through the use of Neighbourhood Services plant and labour.

Within Neighbourhood Services Operations there is a recurring budget pressure and an income pressure.

Opportunities to develop commercial operations are limited by legislation and also by the limited flexibility to operate commercially within the external market place.

Within the present structure the entering into commercial joint ventures in which risk and reward are shared, is a slow and cumbersome process, making it more difficult to be responsive to fresh commercial opportunities.

### **4.2.1 External income**

The "Roads" element of Neighbourhood Operations undertakes winter maintenance for Amey and street lighting installations on new housing developments.

SBc Contracts' external income is sourced from the following areas:

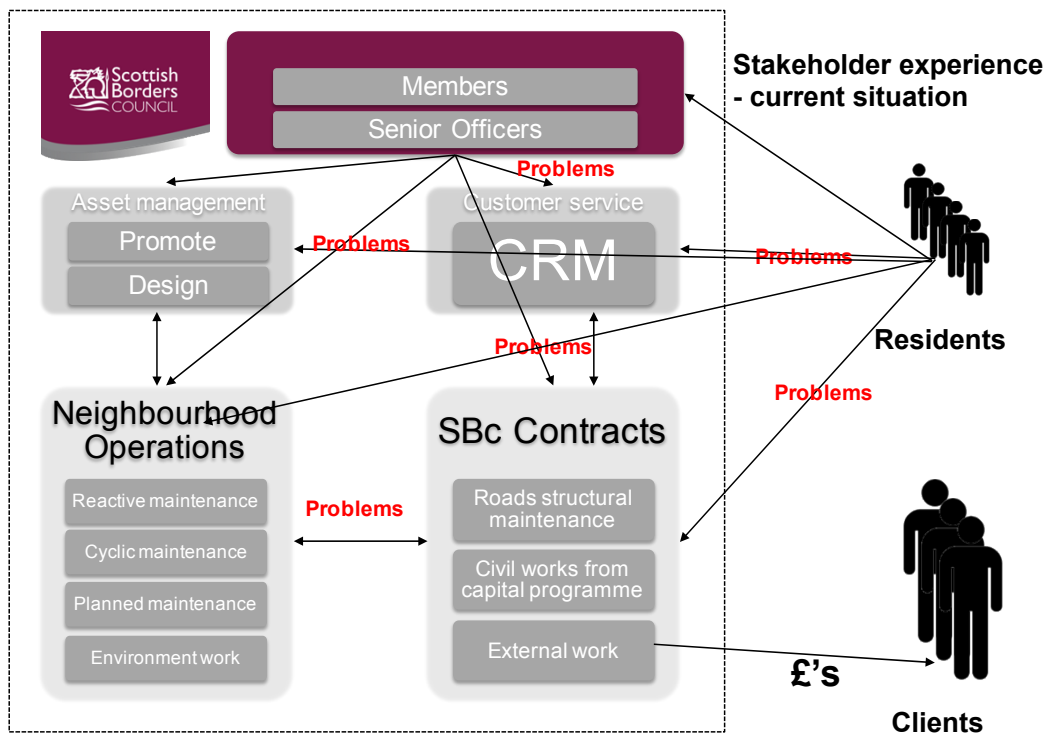
- Surfacing and surface dressing
- Road and Bridge works
- Civil Engineering works
- Groundworks
- Bond Coat application
- Traffic Management
- Sign Manufacture
- Private Driveways

### 4.3 Customer

There is currently a disconnect in the delivery of roads services by having them spread across two service areas. These service areas have conflicting priorities which can impact on the other. As a consequence of this there is difficulty in demonstrating that there is a cohesive roads repair and maintenance programme.

For the resident of Borders who wishes to register a problem, there is not a clear route to go through. Problems are routed through Members, to Customer Services, to Neighbourhoods, and direct to SBc Contracts.

Current customer service delivery model:



### 4.4 Governance

Current governance arrangement for SBc Contracts has restricted decision-making at committee level.

There is no documented SLA for roads repair between Neighbourhood Operations and the Council.

As part of this review, the new reorganisation will be designed to guarantee that there is clear and transparent governance and scrutiny of the services.

### 4.5 Flexibility

#### Scottish Government agenda (eg) changes to Roads authorities including ELBF

As a consequence of the Christie Commission, published in June 2011, public bodies across Scotland were encouraged to explore the sharing of services to maximise resources, deliver efficiencies and improve outcomes for the customer. In the context of this, council roads officers from Edinburgh, Lothians, Borders and Fife met to

discuss roads provision. This formed the basis of developing an ELBF proposal where Roads provision/delivery could be shared across these 4 regions.

In June 2012 the National Roads Maintenance Review (NRMR) was published. Under Option 30 it was recognised that:

“Delivery of roads services in each of the 33 roads authorities varies, with a wide range of management arrangements. It was further stated that current arrangements are likely to be unsustainable and as such, there appeared to be wider opportunities to improve the delivery of road services over the short, medium and long term.”

In short, the NRMR recognised the shared services exploratory work being undertaken in some authorities (such as ELBF) but rather than rely on this it reserved the right to explore the optimal delivery model for road maintenance services across Scotland. In support of the NRMR, in December 2013 the Improvement Service established the Roads Collaboration Programme to explore the opportunities to share services across the Council's and Transport Scotland.

Politically, whether ELBF is the preferred way forward or whether a solution will be imposed by Scottish Government through the NRMR is unclear. What is clear is that the operating model for Roads within SBC should be capable of aligning with either of these outcomes.

## 5 Scope of works to be included

The Alternative Service Model Programme Board were tasked to look at the Roads Service. The Roads Service is regarded as a critical strategic need and therefore we have not taken the scope beyond the following. (There is a separate process reviewing the future delivery of the wider Environment operations).

### 5.1 Scope

The work areas shown below will form the basis of the 'Roads Service', sitting in the provider side:

Work area		Current service area
1	Surfacing – dressing	SBc Contracts
2	Surfacing – resurfacing	SBc Contracts
3	Surfacing - 'other'	SBc Contracts
4	Traffic management	SBc Contracts
5	Sign shop	SBc Contracts
6	Bond coat (Tanker hire)	SBc Contracts
7	External works	SBc Contracts
8	Internal works: Major works for SBC departments	SBc Contracts
9	Cyclical maintenance: drainage (gully emptying)	NS Ops
10	Cyclical maintenance: grass cutting road verges	NS Ops
11	White lining	NS Ops
12	Winter service	NS Ops
13	Minor patching	NS Ops
14	Depot maintenance	NS Ops
15	Bridge maintenance	NS Ops
16	Street lighting	NS Ops
17	Emergency response (out of hours)	NS Ops
18	Langlee recycling	NS Ops
19	Flooding and Emergencies	NS Ops
20	Roads and bridges asset management	Infrastructure
21	Design – Asset (Road maintenance design)	Asset
22	Support area: Finance	Place Dept
23	Support area: Admin	Place Dept

In addition to these work areas, the Provider will, on a frequent or day-to-day basis, require to commission certain services from the Client e.g. the Provider may have an opportunity to undertake external design and build activities, but does not retain this design expertise in-house. Instead it would commission this expertise from the Client.

The service areas shown below are not 'Roads' specific. They are used by other SBC departments and will continue to be used by other SBC departments – however, their services can and will be commissioned by the Provider as and when required:

Work area		Current service area
24	Fleet	Fleet
25	Design (civil engineering)	Design
26	Roads network management	Infrastructure

## 5.2 Service budgets for services in scope

The table below summarises the cost budgets for 15/16 that relate to the services that have been considered for the options appraisal. The table also shows how many full-time equivalent posts to be included in the reorganisation:

SB Contracts & Roads Budget and Headcount Summary		
Services	Gross Cost Budget 15/16	Headcount
	£	FTEs
Neighbourhood Roads expenditure	10,059,693	154.5
SBC Contracts expenditure	12,909,162	58
Total expenditure	22,968,855	
SBC Contracts income	(13,240,767)	
<b>Net Cost to SBC</b>	<b>9,728,088</b>	<b>212.5</b>

Although SBC Contracts only has a surplus budget of £332,605 it has operating costs (including overheads) amounting to £12,90,162 for which it has no budget for. SBC Contracts is required to turn over £13,240,767 in order for it to cover its costs and achieve the budget surplus.

The plant and equipment used by the above services would also need to be reviewed and potentially reorganised to improve utilisation and reduce capital overheads.

The table below gives summary details of the value of the plant currently allocated to the services in scope.



<b>Value of Assets for Reorganisation</b>			
<b>Area</b>	<b>GBV</b>	<b>Acc Depr</b>	<b>NBV</b>
	£	£	£
Neighbourhood Roads	10,247,301	(7,576,846)	2,670,455
SBC Contracts	2,331,302	(1,418,019)	913,282
<b>Total value for reorganisation</b>	<b>12,578,602</b>	<b>(8,994,865)</b>	<b>3,583,737</b>

Glossary of Terms:

<b>Term</b>	<b>Definition</b>
<b>GBV</b>	Gross Book Value - Original Cost
<b>ACC Depr</b>	Accumulated Depreciation to date
<b>NBV</b>	Net Book Value - Possible second hand value

## 6 Preferred delivery models

It was agreed by all parties that to meet the key drivers for change there would need to be a restructure to a redesigned service model.

This arrangement was refined, with the preferred option being a:

**Client/Provider set-up**, where:

- Client = SBC
- Provider = Roads delivery

If taken into an LLP, this would be described as a:

**Client/Provider set-up**, where:

- Client = SBC
- Provider = SBC Contracts/Roads LLP

The consideration of options therefore was between:

**Option 1: Internal restructure – as Client/Provider**

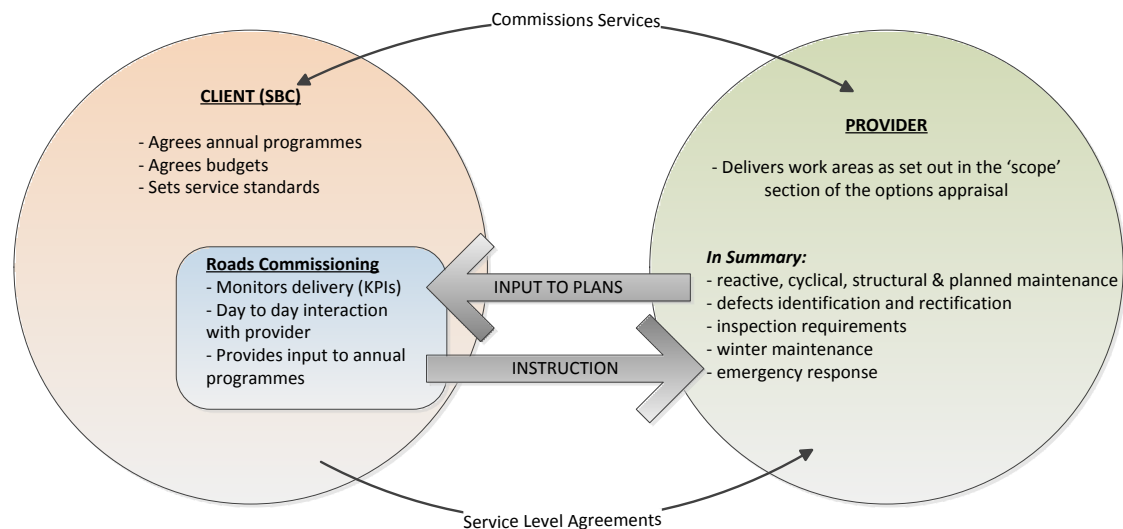
**Option 2: Limited Liability Partnership (LLP) – as Client/Provider**

### 6.1 Option 1: Internal restructure - as Client/Provider

The proposed set up mirrors a Management Agent Contract approach used by Transport Scotland, at present and for approximately the last 20 years, to deliver services on the Trunk Road network. The arrangement has 2 main parts:

Name	Description
3. Client	Council, including the Commissioning of services
4. Provider	Deliverer of services

This is set out visually in the diagram below:



Benefits of the new model include:

- Engagement, albeit in a limited fashion (see section 4.1), with ELBF or any other potential model that may be promoted nationally
- Provision of a one-stop-shop for customers (i.e.) one point of contact from reporting through to resolution:
  - Resulting in improved customer service
- Provides opportunity to streamline existing processes
- Better performance reporting through linking activity with improved outcomes
- Cohesive planning between repair and maintenance

### 6.1.1 Client

The client function sits with the Council with a remit to:

<b>CLIENT</b>	Agree annual programmes for surface treatment and planned maintenance
	Define the service standards regarding what is expected from the Provider
	Monitor and audit the Provider to ensure that the standards and outcomes are being met
	Define the customer interface/contact with regard to how the Client and Provider interact on a daily basis

To support this, The Client function will utilise a Roads Commissioning function to:

- Commission roads maintenance including winter maintenance and emergency response
- Discuss local requirements with Elected Members
- Lead, develop and prepare emergency plans and responses to events
- Lead on traffic management and road safety
- Contribute to creation and delivery of the Local Transport Plan.
- Direct the Council response to the Flood and Water Management Act

In summary the reorganisation will ensure that the Council retains its technical expertise and knowledge to provide the capacity and skills to commission and quality control all works. The details of the client function to remain in the Council will be fully explored and costed in the recommended FBC.

### 6.1.2 Provider

The Provider function will focus on the operational delivery of Roads specific works. The delivery areas are shown in detail in *Section 5.1*, but in summary the Provider will deliver:

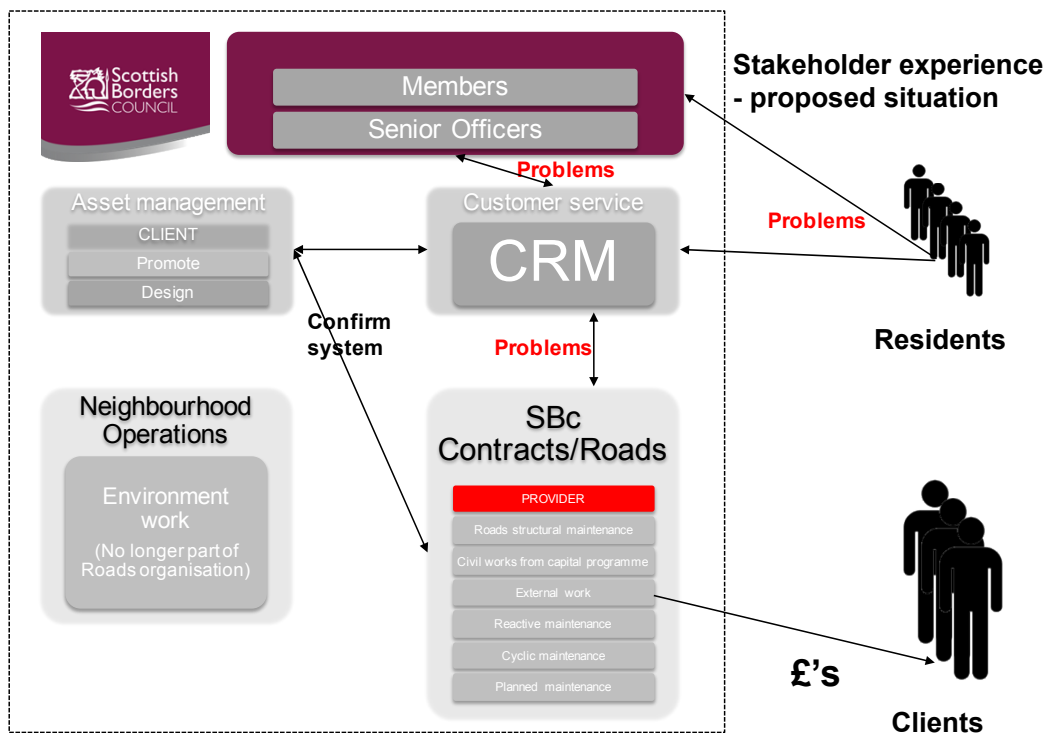
- Reactive, Cyclic, Structural and Planned maintenance
- Inspection requirements

- Defects and rectification
- Winter Maintenance
- Emergency Response

The Client defines the outcome based levels of service, performance criteria and the budgets for the required works. And to these standards and budget constraints, the Provider will:

<b>PROVIDER</b>	Carry out the Council's winter maintenance and emergency response requirements
	Undertake civil engineering works on the Council's capital programme
	Undertake external, income generating works
	Design and construct the schemes contained in the annual programme (i.e.) the design small scale works typically undertaken as part of the capital block – as opposed to the design required for standalone schemes contained within the capital plan
	Carry out inspections and promote schemes for inclusion in the Capital Plan

The diagram below illustrates how the new organisation will deal with customer and member complaints and issues from a single source:



### **6.1.3 Income streams**

An internal client/provider model will have a limited ability to develop new income streams (see section 4.1).

### **6.1.4 Improved planning and maintenance scheduling**

Having repair, maintenance and inspections within one section provides opportunities to provide better outcomes through improved planning and scheduling.

### **6.1.5 Fleet**

Will be owned and managed by the Council's current fleet operation. The new organisation will rent/lease the vehicles and contract for maintenance from fleet.

### **6.1.6 Emergencies and winter services**

Emergency services. Contract to have an element in of stepping in for disasters etc on a cost basis. The current level of service will continue to be provided.

Winter service will be done to the service levels set by the Council.

### **6.1.7 Improvement in services**

This is about client/provider benefits. Challenge to the support services eg IT (new systems) and fleet.

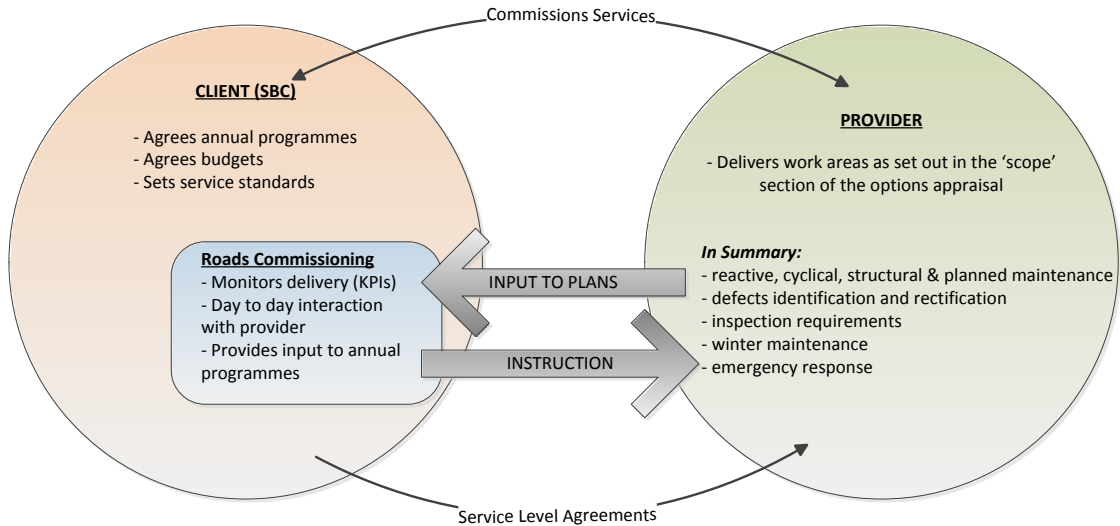
### **6.1.8 Residual NS Ops function**

The remaining Environment function will be reviewed as part of a separate process with the objective of maintaining or improving current performance.

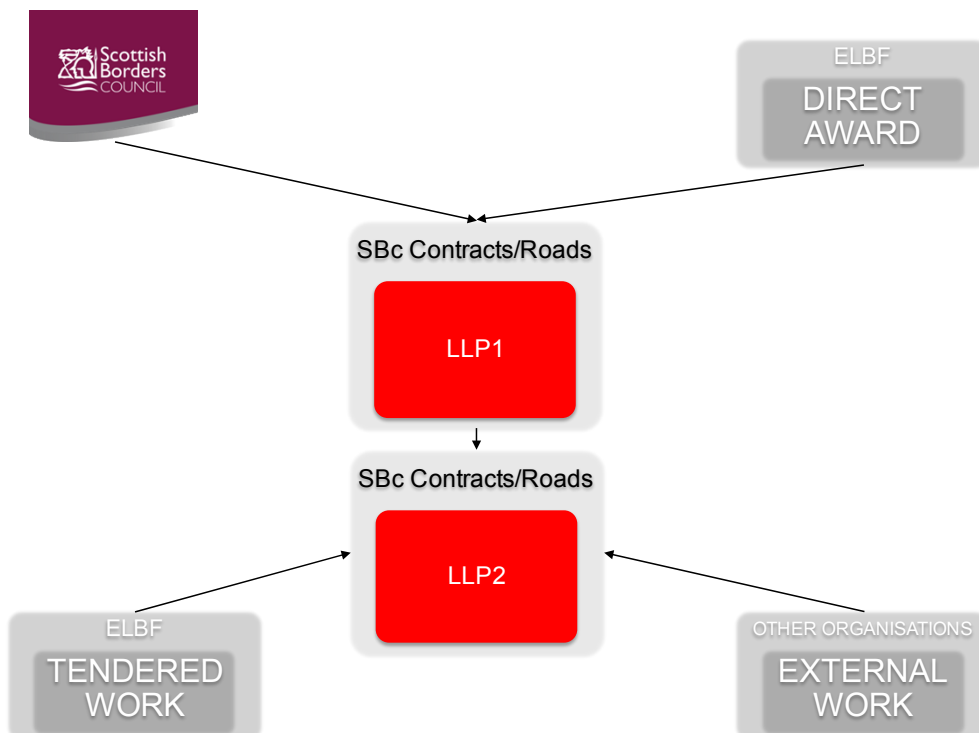
## **6.2 Option 2: Limited Liability Partnership (LLP) – as Client/Provider**

Restructuring as a 'Client/Provider' set-up and then transferring the restructured services into an LLP as 'Client/Provider' that is 100% controlled by the Council is the second potential option.

The model with the LLP as Provider would look the same as for the first option:



Such a move would entail the Council creating an LLP (LLP1) that would be capable of being directly awarded all Council (internal) works. This could be achieved without the need for any formal procurement process through the Teckal exemption that was successfully adopted in the creation of SB Cares LLP. A second LLP (LLP2) would then be formed which would be capable of conducting any external works, thus providing a sustainable trading environment. It should be noted that LLP2 is a subsidiary of LLP1. The diagram below shows the relationships between the parties:



The Council successfully launched this LLP model for its In-House Social Care Services, SB Cares. Elected Members and Officers therefore have a benchmark

model, within the Council, to which they can refer to and assess how their control is exercised and how successful the new organisation has been in achieving its efficiency and savings targets.

Therefore, an LLP option would allow the Council to undertake both its own works and those for non-Council customers, complying with the European framework, and still retain overall control of its roads services.

The Local Government Act 2003 provides powers for a local authority to transfer in-house services to a trading company, or LLP in Scotland, where the local authority is the majority partner.

Benefits of this new model include:

- Engagement with ELBF or any other potential model that may be promoted nationally
- Retain the capacity to enter into commercial arrangements for external work
- Provision of a one-stop shop for customers (i.e.) one point of contact from reporting through to resolution:
  - Resulting in improved customer service
- Provides opportunity to streamline existing processes
- Better performance reporting through linking activity with improved outcomes
- Cohesive planning between repair and maintenance

### **6.2.1 Legal**

SBc Contracts is resourced, in terms of its manpower and equipment, to be able to provide a significant level of external service.

By virtue of the Power of Wellbeing, a Local Authority is able to enter into trade arrangements with external parties to the extent that is using no more than genuine surplus capacity. In other words, an authority should not legitimately retain “surplus” capacity solely for the purpose of trading externally.

Legislation does not establish the volumes within which an authority can trade under the Power of Wellbeing, but it is commonly agreed that any significant level of external trading income could be open to challenge.

If SBc Contracts is transformed into an LLP – and in particular if it becomes an LLP – Group, then a legal solution exists. A wholly council owned LLP (LLP1) could be formed in a way that is “Teckal Compliant”. Put simply, this means the body will be subject to significant degree of control by the Council, but will be a separate legal entity. As it is Teckal compliant, SBC will be able to continue to directly award works to that LLP (LLP1), without the need for a formal procurement process.

Importantly, the LLP (LLP1) in turn will be free to trade externally - securing up to 20% of its income from that external source. External income generation is restricted to 20% under the Teckal provisions.

However, that capacity to trade externally can be increased. The LLP (LLP1) will be able to form a second LLP (LLP2). SBC itself would not seek to directly award any work to LLP2 and therefore it need not be Teckal compliant.

**LLP2 will therefore be free to trade on the open market without restriction or risk.**

LLP2 will enter into a contract with LLP1 to secure use of LLP1's resources (manpower and equipment) to enable it (LLP2) to complete those external contracts it secures.

Effectively then this mechanism will enable what is now SBc Contracts to lawfully maximise the use of its resources and to operate effectively in providing all the services needed by SBC, but also generating income streams from external trading, which in turn will support the improvement of Council services and will support SBC revenue budgets.

### **Teckal Exemption**

Codified within European Law and can be applied to public sector bodies wishing to externalise their services to another legal entity.

***Where a new legal entity is established by the public body (typically a Council), and that new body is "Teckal Compliant", the Exemption means that the Council can award a contract to provide those services directly to the new entity without any need for a formal procurement process***

Conditions:

1. The new legal entity must be 100% owned by Public Sector bodies
2. The Local Authority must be able to demonstrate that it can exercise significant control and influence on the new legal entity, through its governance structures. The level of control has to be the same as when it was a department of the Local Authority
3. The new legal entity must not derive more than 20% of its income from non-council contracts

## **6.2.2 Financial**

Only Option 2 (LLP) offers the opportunity to fully retain all of this external work and its associated cost contribution and profit. This option also offers the realistic prospect of further developing these financial benefits through opportunities that might arise either from ELBF or any other Scottish Government solution through the NRMR for future Council road maintenance.

## **6.2.3 Governance**

If this model is adopted it will require a new governance structure to be established and it is recommended that the Council adopt that structure which is currently in place for SB Cares LLP. This involves the creation of a Strategic Governance Group consisting of selected Members and Officers. This Group is tasked with meeting quarterly with SB Cares LLP management team to:

- Review and assess the financial and service performance
- Receive and then either accept or amend the annual 5 year business plans
- Receive and review any ad-hoc Business Cases presented by the LLP with a view to ratifying or not the proposed new activity
- Present the senior management team with the Council's strategic and long-term objectives

A Board of Directors would internally govern the LLP, and it would meet officially on a monthly basis where its decisions would be minuted.



The Board would include:

- An Independent Chair
- Managing Director
- Finance Director
- Operations Director
- 2 or 3 Non-Executive Directors

The above governance structure allows the Council to exercise its control over policy, service levels and influence the strategic direction of the LLP.

## **6.2.4 Flexibility**

### **ELBF**

The Scottish Government's desire to see change in the way roads services are provided - and in particular the emergence of the ELBF proposals - creates a significant impetus and driver for change in the way SBC Contracts is structured.

A key concept within the ELBF proposals is that the group of authorities will structure themselves in a way that they are then able to provide road services for each other, and in addition, that they may be able to secure contracts to provide work for bodies such as Amey.

In order to achieve this, it is essential that the Authorities adopt a structure that enables them to directly award works contract to other members of the group, without the need for a formal procurement process.

While there is not yet agreement on the finalised form that the ELBF grouping will take, the option of an ELBF company is being actively considered. Should the Authorities agree to establish a separate legal body to provide this shared function (be it an LLP or indeed any other legal body such as a Limited Company) that body will need to be Teckal compliant to enable that direct award of work to its members. This in turn means that the amount of income which can be derived from external work across its membership is limited to 20%. The immediate knock on effect for SBC Contracts – in its current structure – is that its own ability to undertake external work with its current surplus capacity, would be restricted by its membership of that body.

However, should SBC Contracts be restructured into an LLP 1 and LLP2 model, as explained above, this dilemma can be resolved. SBC will be a member of the ELBF grouping and will provide the works directly awarded to it through LLP 1.

LLP 2 will not be a member of the ELBF group, nor will it undertake any work directly awarded to SBC through the ELBF. It is a separate legal body from both LLP1 and SBC and therefore its ability to trade in competitive external markets will be unfettered by SBC's involvement in the ELBF grouping.

In addition, it is likely that ELBF may tender certain work to external providers such as AMEY or Scottish Water. If the LLP Group structure has been adopted, LLP2 will in turn be able to take the opportunities that might then arise to in turn bid to subcontract in those projects.

## **7 High level financial assessment and implications**

### **7.1 Introduction**

As outlined in the introduction, one of the principles that the reorganisation must follow is the ability of the new organisation to deliver the savings and efficiencies required by the Council and to increase the level of profitable external income. This assessment will confirm whether either of the 2 selected options has that capacity.

The two options to be assessed below are:

#### **Option 1: Internal restructure – as Client/Provider**

#### **Option 2: Limited Liability Partnership (LLP) – as Client/Provider**

The services in scope, as detailed earlier, have a cost base of over £22.2m per annum and their establishment holds over 192 FTE posts. This level of expenditure and activity will provide the opportunities for efficiencies for both options.

The viability and success of organisations is often derived from the size of its budget and workforce, in order for a new legal entity such as an LLP to survive, it must be able to generate sufficient savings and income to finance its own governance and management structure, as well as provide SBC with the savings it requires.

### **7.2 Assessment and implications**

#### **7.2.1 Internal restructure – as Client/Provider**

The restructure of these services would be based on the Client/Provider model whereby the Council and external customers provide the client instructions and commissions and the services becomes the provider to both type of client.

The restructure would involve the bringing together of SBc Contracts, Asset Management and the Neighbourhood Roads services. This amalgamation would allow the following to occur:

- Elimination of the disconnect between roads repair and maintenance resulting in improved efficiencies.
- More efficient management structures designed to eliminate duplicate lines of reporting
- More efficient use of plant and equipment
- Better management of resources

One major implication of the internal restructure is the limitations in relation to additional external income including tendered work from ELBF.

A recent review of local authority powers to trade has raised the possibility that the in-house would need further legal clarification to increase its external income, thus putting into question its ability to meet the principle of achieving additional external revenue.

The in-house services could benefit from the ELBF initiative if works and contracts were awarded to participating authorities without adopting a competitive tender process. However, SBC as a local authority would not be legally able to enter any competitive tender process, so if the ELBF body opted to adopt a competitive tender process for all contracts, SBC would not be able to participate. This again questions this model's ability to meet one of its guiding principles.

## **7.2.2 Limited Liability Partnership (LLP) – as Client/Provider**

The design and the restructure of the services would be exactly the same as that proposed in the internal restructure option.

The differences between the two options manifest themselves in the following areas:

- Increasing external client income
- Better opportunities in engaging with ELBF
- Internal Board and Governance structures for the LLP
- Cultural change and increased commercialisation

### **ELBF and Increased external income**

As a separate legal entity to the Council, the LLP would not fall under the same legal constraints as the Council and would therefore be free to pursue additional external income with no statutory limit.

Where the ELBF programme allocates work directly to local authorities, SBC could carry out that work through its 100% subsidiary of the Council, LLP1.

In addition, as a separate legal trading entity, LLP2 would be eligible to take the opportunity to enter into any competitive tender process instigated by any ELBF contractors for subcontracting contracts.

### **Internal Board and Governance structures for the LLP**

As a separate legal entity the LLP must demonstrate a high level of internal governance and accountability, and the Council must also demonstrate that it can exercise control and influence over the LLP as the principal partner.

The internal governance of the LLP would take the form of a Board of Directors as detailed in section 6.

### **Cultural change and increased commercialisation**

Experience with earlier externalised services and the performance of SB Cares LLP provides evidence that services undergo cultural change once they have been put into a competitive trading environment. As SBC Contracts currently operate in this environment, the culture that they have already installed can be spread across the other services. Some of the factors in this cultural change are explored below:

#### **Continuous management focus**

The executive team that makes up the Board of Directors has a legal and commercial duty to act in the best interest of the LLP. This manifests itself in a focus and drive on the performance of the LLP from a financial and service perspective. This focus should be continual and relentless and it is often the first time that managers and staff have experienced such focus and scrutiny. Most staff reacts positively to this increased focus as they begin to feel that their performance is being noticed and their actions can make the difference that is needed.

#### **Competitive trading environment**

Placing services into a real competitive environment forces staff and management to recognise that the consequences of their actions could have a positive or detrimental effect on the trading position of the LLP. This realisation results in staff taking greater care in ensuring that their decisions are made in the best interest of the organisation whilst still maintaining the service to its Clients. Being wholly owned by the Council owned retains the spirit of public service across SBC.

### **7.3 Achieving savings**

One of the fundamental principles of the restructure is to develop the ability to reduce costs and increase efficiency. Both options that we have appraised will include the same service restructure, so both will follow this reduced cost principle. Below is a high level summary of where or how the restructure will achieve the efficiencies and savings required:

- Streamlining processes
- Improving works programming
- Increased income and margin
- Dilution of fixed overheads
- Reorganisation and rationalisation of fleet capacity and usage

## **8 Options appraisal**

### **8.1 Overview**

The options appraisal followed the methodology taken for SB Cares, and Audit Scotland's '*Options Appraisal: are you getting it right*' guidance, with regard to Elected Members being involved in option selection rather than being presented with a fait accompli.

The process followed was:

1. Step 1 - Define scope and criteria
2. Step 2 - Develop options
3. Step 3 - Gather information
4. Step 4 - Stakeholder engagement workshop
5. Step 5 - Options appraisal

### **8.2 Options selection criteria**

The criteria for the appraisal were based on the agreed key principles:

- The Council must retain control of the roads service
- The future service must be capable of aligning with the ELBF proposal should it come to fruition
- The future service must be capable of working effectively both for the Council and in the open market
- The future service must be capable of delivering all of the roads maintenance and civil engineering works required of it by the Council
- The future service must be capable of maximising the commercial return and financial contribution to the Council

From these key principles the key drivers, and tests for these drivers, were developed and are set out in the following summary table:

Drivers	Tests – The delivery model proposal:		Internal restructure	LLP
<b>LEGAL</b> Driver: Legally compliant	1	Delivers a fully legislatively and legally compliant service?		
Rationale:				
<b>FINANCIAL</b> Driver: Financial pressures, income pressures. Opportunities to develop commercial operations	2	Delivers best value in performance for SBC?		
	3	Provides a mechanism for SBC to achieve financial efficiencies?		
	4	Enables the entity to maximise income/profit opportunities?		
Rationale:				
<b>CUSTOMER</b> Driver: Customer service/one-stop-shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues	5	Delivers the service change required?		
	6	Delivers a model acceptable to public, Members and external clients?		
	7	Safeguards essential services (eg) winter maintenance and emergency service?		
	8	Delivers improved outcomes for customers/users?		
Rationale:				
<b>GOVERNANCE</b> Driver: Control is retained by Scottish Borders Council	9	Ensures that control is retained by SBC?		
	10	Ensures that scrutiny is retained by SBC?		
	11	Ensures that service levels are defined by SBC?		
Rationale:				
<b>FLEXIBILITY</b> Driver: Scottish Government agenda (eg) changes to Roads authorities including ELBF	12	Maximises the benefits to Scottish Borders Council from participation in ELBF?		
	13	Flexible enough to accommodate other services at a future date?		
Rationale:				
<b>TOTAL :</b>				

### **8.2.1 Scoring**

The options were scored 0-5 against the tests and drivers, where:

0 = minimal delivery against the tests

5 = delivers fully against the tests

A weighting was applied for the key drivers:

- Financial
- Legal

### **8.2.2 Scored by**

The Alternative Models Delivery Board approved the following individuals to score the options:

- Philip Barr
- David Robertson
- Brian Park
- Jenni Craig
- Andrew Drummond-Hunt
- Care & Health Solutions

### 8.3 Options appraisal

The following sections summarises the results of the options appraisal:

#### 8.3.1 Detailed scores with rationale

Drivers		Tests – The delivery model proposal:	Restructure	LLP
<b>LEGAL</b> Driver: Legally compliant	1	Delivers a fully legislatively and legally compliant service?	5	35
Sub-total:			5	35
<p>Rationale/reasons for Score:</p> <p><b>Internal restructure:</b></p> <ul style="list-style-type: none"> <li>• To comply, the scale of external/private work would need to substantially reduce, compromising the economy of scale of operations and resulting in significant staff losses</li> <li>• Undertaking the current volume of external work is on the limit of the legal boundaries</li> <li>• An integrated in-house model would deliver better performance but would be limited based on lack of income available</li> </ul> <p><b>LLP:</b></p> <ul style="list-style-type: none"> <li>• Allows subcontract and joint venture income to be maximised</li> <li>• LLP would allow access to unlimited external work</li> <li>• Legal advice confirms that the LLP structure can allow trade to continue and grow</li> <li>• It would deliver financial efficiencies but it would be difficult to engender a culture change</li> <li>• The proven two company structure complies with Teckal and other statutory obligations</li> </ul>				



Drivers		Tests – The delivery model proposal:	Restructure	LLP
<b>FINANCIAL</b> Driver: Financial pressures, income pressures. Opportunities to develop commercial operations	2	Delivers best value in performance for SBC?	15	30
	3	Provides a mechanism for SBC to achieve financial efficiencies?	17	31
	4	Enables the entity to maximise income/profit opportunities?	7	32
Sub-total:			39	93

Rationale/reasons for Score:

**Internal restructure:**

- Only limited income
- Won't deliver savings or income and would make roads works more expensive through reduced economies of scale and probably need to bring in contractors from outwith the Borders for larger works
- Reduces the ability to generate income and would add to the financial pressure
- Savings and income not maximised
- Council's ability to make savings and efficiencies not as good as moving to an external body
- It would deliver improvements to the customer experience and modern IT will help enormously. However, due to the budget constraints visible improvements will be limit
- Won't have cultural and business change to achieve sufficient savings
- Theoretically could compete in the private sector but its status is confusing to the market

**LLP:**

- Reinvestment is key to delivering best value
- Greater focus on competitive costs and costing
- Allows the pursuit of external/private work without any restrictions as to scale (good business management allowing)
- Can deliver savings and income but cost base needs to be reduced
- SB Cares proves that moving out will enhance ability to perform
- SB Cares proves that externalising into an LLP will allow efficiencies to be gained relatively easily  
The LLP would be set up to develop income and as a vehicle would allow the management to focus on this as their sole raison d'etre
- Offers probably the best model for maximising performance - slight risk around SBC vs other external customers. Will allow a culture change
- Allows required culture change and scrutiny of financial performance
- Other externalised services in SBC and other authorities have proven that they can provide best value
- The new levels of flexibility and management focus on cost and efficiencies will result in savings

Drivers		Tests – The delivery model proposal:	Restructure	LLP
<b>CUSTOMER</b> Driver: Customer service/one-stop-shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues	5	Delivers the service change required?	25	31
	6	Delivers a model acceptable to public, Members and external clients?	27	30
	7	Safeguards essential services (eg) winter maintenance and emergency service?	32	32
	8	Delivers improved outcomes for customers/users?	26	31
Sub-total:			110	124

Rationale/reasons for Score:

**Internal restructure:**

- In-house reduction will lead to lower morale and resistance to change
- Customers will also be Scottish Government (AMEY)
- Only partially delivers the required change and any change is offset by reduced efficiency through not being able to pursue private/external work
- Acceptable to the public and possibly the Members and ELBF (if external/private work was appropriately reduced) but won't be viable for external/private customers. May jeopardise the Council's ability to undertake work for Amey
- Debateable whether this could be fully achieved if the economies of scale aren't maintained - in reality there might be a need to reduce some of these services to offset the possible need to use external (central belt) contractors for larger roads repairs
- Debateable whether this could deliver improved outcomes if the economies of scale are reduced
- Would sort out the disconnect seen in the current services
- On the face of it yes....but could be a better service as very reactive
- Yes, safe now so safe if stays in Council
- Restructure would deliver better outcomes

**LLP:**

- Income generation drives customer focus
- Understandable structure, service and one-stop-shop and reinvestments
- If customers are private sector and/or Government then this model would be preferred
- Protects the in-house services and enables the development of external/private work to help subsidise/compliment the former
- This is a win/win/win - all customers should get a better service
- Maximises the prospects of retaining/enhancing essential services
- Potentially offers the better prospects for improved outcomes, particularly with the combining of maintenance with repairs
- Yes, as SB Cares has proven to them that it can work. However there is still a feeling that you could do all of this in house
- The contract will set out what has to be delivered
- It has the potential to do this provided the commissioning and customer engagement arrangements are right
- Safeguarding essential services, (e.g.) winter maintenance and emergency service, will be a key part of the success of any new model - financially this model gives these areas the best opportunity but there needs to be careful management of both areas to ensure that priority is given as required
- This model has the opportunity to do this – same risk exists around balancing priorities with other external customers
- The freedom and flexibility to redesign services for the better will enable service change
- The Council as commissioner can contractually oblige the LLP to safeguard winter and emergency services

Drivers		Tests – The delivery model proposal:	Restructure	LLP
<b>GOVERNANCE</b>	9	Ensures that control is retained by SBC?	34	32
Driver: Control is retained by Scottish Borders Council	10	Ensures that scrutiny is retained by SBC?	34	34
	11	Ensures that service levels are defined by SBC?	34	32
Sub-total:			102	98

Rationale/reasons for Score:

**Internal restructure:**

- Service under direct control
- Safeguards essential services (e.g.) winter maintenance and emergency service
- Yes, no change to control
- Stays the same
- Current scrutiny levels will prevail or could be enhanced
- If current service levels are deemed satisfactory, they can be maintained

**LLP:**

- SGG and Commissioning keeps Council control
- Will be open to full Council scrutiny
- Strategy, Policy & Commissioning set by Council
- If structured/managed appropriately, rigorous scrutiny can be put in place through performance monitoring and management by the commissioning arm
- Council will own the company and exercise control over its activities
- Contract will set out the service levels and the commissioning provider split will be more effective at setting the requirements and monitoring what happens
- This LLP vehicle has the legal capacity to take in other services transferred from the Council. This could be in a group structure or within the existing Roads LLP
- Governance structures and quarterly financial/quality performance reports will provide greater scrutiny and transparency than currently available
- Service contract commissioned by SBC "intelligent client" will define acceptable service levels

Drivers		Tests – The delivery model proposal:	Restructure	LLP
<b>FLEXIBILITY</b> Driver: Scottish Government agenda (eg) changes to Roads authorities including ELBF	12	Maximises the benefits to Scottish Borders Council from participation in ELBF?	14	29
	13	Flexible enough to accommodate other services at a future date?	10	28
Sub-total:			24	57
<p>Rationale/reasons for Score:</p> <p><b>Internal restructure:</b></p> <ul style="list-style-type: none"> <li>• Just another Council within ELBF</li> <li>• Can accommodate new services but no benefits</li> <li>• Will allow participation but not as a provider Assuming the external/private work is scaled down to suit then it would be possible to interface with ELBF; otherwise the interfaced would be significantly hampered</li> <li>• Only provide they are in-house services only</li> <li>• Will allow participation but not as a provider</li> <li>• Can take part as a commissioner but not as a provider</li> <li>• Not the right vehicle to put further services into</li> <li>• Remaining in the Council will not allow aggregation of various services into one "conglomerate service"</li> </ul> <p><b>LLP:</b></p> <ul style="list-style-type: none"> <li>• SBC would have commercial contract arm generating income</li> <li>• Capable of accommodating service with some synergies to Roads</li> <li>• Will allow in-house participation through LLP1 and participation with external clients through LLP2 - very flexible solution</li> <li>• Will allow participation in ELBF</li> <li>• Model is flexible enough to adapt to change</li> <li>• The LLP can deliver services to the ELBF under Teckal</li> <li>• Yes. The LLP can expand and add other services plus set up more companies in a group structure</li> <li>• Will allow participation as a provider</li> </ul>				
<b>TOTAL:</b>			280	407

### 8.3.2 Summary of scores

Area	Driver	Restructure	LLP
<b>LEGAL</b>	Legally compliant	5	35
<b>FINANCIAL</b>	Financial pressures, income pressures. Opportunities to develop commercial operations	39	93
<b>CUSTOMER</b>	Customer service/one-stop-shop. Current disconnect between repair and maintenance, lack of clarity on who to contact to resolve issues	110	124
<b>GOVERNANCE</b>	Control is retained by Scottish Borders Council	102	98
<b>FLEXIBILITY</b>	Scottish Government agenda (eg) changes to Roads authorities including ELBF	24	57
<b>TOTAL:</b>		<b>280</b>	<b>407</b>

As referred to in the earlier section, this scoring did not apply any weighting to the results of the appraisal. If the three drivers of Legal, Financial and Flexibility had been weighted higher than the other drivers, the resultant score would have shown an even greater difference.

## **9 Conclusion and recommendation**

**The conclusion of the Options Appraisal, based on the work undertaken and the scored results, is that:**

- 1. The Client/Provider arrangement is the best set up for a redesigned Roads service**
- 2. The Limited Liability Partnership (LLP) model is the best model for the redesigned services**
- 3. A full Business case is developed for the LLP model within the next 3 months**

The Full Business Case will contain the following:

- 5 year business plan for the LLP
- External and Internal Governance Structures, all fully costed
- 5 year Profit & Loss Accounts, Balance Sheets and Cashflow forecasts
- Value for Money Calculation that valued the net worth of the LLP to the Council
- External Market analysis with details of achievable increases in contracts and net profit
- Redesign of the services including management and supervision with all resultant savings
- Analysis of the drivers for change and how the LLP will meet those drivers
- High level implementation plan with major milestones and indicative costs

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**Performance Management Framework for the Integrated Sport and Culture Trust**

**Report by Corporate Transformation and Services Director**

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**Executive Committee**

**8 March 2016**

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**1 PURPOSE AND SUMMARY**

- 1.1 **This report proposes a Performance Management Framework for the integrated Sport and Culture Trust. This will allow SBC's Executive Committee to oversee the work of the integrated trust and ensure that the required outcomes are being achieved.**
- 1.2 On 7 October 2015, Scottish Borders Council agreed to the formation of an integrated Sport and Culture Trust (referred to as the Trust) and that the necessary work be done to facilitate the successful transfer to the Trust of the agreed services, facilities and staff with an anticipated go-live date of 1 April 2016.
- 1.3 As part of the transfer to Trust, it was recommended that a Performance Management Framework (PMF) be developed and brought back to the Executive Committee for approval in March 2016 and that the Executive Committee then receives regular performance reports thereafter.
- 1.4 Appendix 1 presents a draft PMF that has been developed in conjunction with Cultural Services, Borders Sport and Leisure Trust (BSLT) and the Scottish Borders Council Member Officer Working Group, allowing for regular performance monitoring and oversight against agreed outcomes, for both Elected Members and Council Officers.
- 1.5 As part of a wider Corporate Transformation Programme, SBC is looking to do things differently to ensure that customers are not affected by the budget cuts it faces in the future. Service delivery across a range of areas is currently being reviewed and Trust models are one important way of developing more cost effective and sustainable services for the future.

**2 RECOMMENDATIONS**

- 2.1 **I recommend that the Executive Committee:**
  - (a) **Approves the framework presented at Appendix 1;**
  - (b) **Agrees to accept performance reports from the Trust twice yearly; and**
  - (c) **Agrees that the two Executive Members (specified in Para 4.6) participate in the Member-Trustee Liaison Group.**

### 3 BACKGROUND

- 3.1 On 7 October 2015, Scottish Borders Council agreed to the formation of an integrated Sport and Culture Trust (the Trust). It agreed that the Chief Executive, Corporate Transformation & Services Director and Chief Financial Officer in consultation with the Council Leader, the Deputy Leaders and Executive Member for Culture & Sport be authorised to work with BSLT to complete all necessary due diligence processes and develop the necessary agreements to facilitate the successful transfer to the Trust of the agreed services, facilities and staff with an anticipated go-live date of 1 April 2016.
- 3.2 In order to ensure that this date is met, a number of work streams have been progressing, one of which is around performance management. The output of this work stream is a Performance Management Framework that will ensure SBC can monitor the progress the Trust is making towards the achievement of a set of agreed outcomes. The Performance Management Framework will be an important part of the Service Provision Agreement (contract) with the Trust, providing SBC with the assurance that robust systems are in place to monitor performance, focus on continuous improvement and achieve the best possible outcomes for people in the Scottish Borders.

### 4 DEVELOPMENT OF THE PERFORMANCE MANAGEMENT FRAMEWORK

- 4.1 Effective performance management is critical to the success of any organisation, including local authorities and those with whom it contracts. It provides a framework to achieve aims/objectives and promotes the continuous improvement of services provided to the public, including services provided by a trust or other body. In the Accounts Commission's series of reports "How Councils work" (2011), it states that while councils can choose who is responsible for the delivery of services (e.g. in-house, arms-length organisation, trust, etc.), councils remain accountable for how public money is spent and the quality of services delivered.
- 4.2 Appropriate control of an independent organisation such as the Trust, delivering services on SBC's behalf, is best managed through a robust partnership agreement, a strong Performance Management Framework, regular performance reporting and oversight against agreed outcomes. This ensures that the Trust is given sufficient latitude to run its business appropriately and maintain its independence which is a requirement for continued charitable status with the Office of the Scottish Charity Regulator (OSCR) whilst also allowing the Trust to be held to account by the Council for the services it is contracted to deliver.
- 4.3 The Performance Management Framework (PMF) presented at Appendix 1 presents the strategic context for the work of the Trust, both from the perspective of sport and culture and proposes a set of six outcomes that SBC requires the Trust to work towards. These are:
- (a) Improved **mental and physical health and wellbeing** for people of all ages through participation with the Trust, with a focus on inclusion;
  - (b) Enhanced **learning opportunities**, training and experiences through participation with the Trust, with a particular focus on reducing inequalities;



- (c) Increased **economic benefits** to the Scottish Borders through high quality sport and cultural services and events, and support to creative micro-businesses and organisations;
  - (d) **Enhanced partnerships, pathways and access** to a wide range of services and activities within facilities and communities (including structures for talent development);
  - (e) **Stronger communities** through involvement in service planning, delivery and participation;
  - (f) Increasingly **effective operations** and creative approaches to income maximisation across the Trust whilst maintaining appropriate quality and standards.
- 4.4 The PMF also presents the monitoring and reporting requirements which include:
- (a) Quarterly performance reporting to the Integrated Trust's Board;
  - (b) Quarterly performance reporting to a Joint Officer Liaison Group (senior officers from SBC/Trust) which will review:
    - i) business plans, key strategies, Active Schools, and general performance information, and assurance processes (e.g. around self-assessment);
  - (c) Twice yearly reporting to CMT and Executive Committee to include:
    - i) High level outcomes measures
    - ii) Case studies
    - iii) Feedback and dialogue
- Full details of requirements are provided in Appendix 1.
- 4.5 In addition to the regular meetings and reporting outlined above, it is proposed that a Member-Trustee Liaison Group meets three times a year to discuss strategic direction, future priorities and commissioning, as well as raising any concerns about service delivery and/or the partnership.
- 4.6 It is recommended that the Membership, to be specified in the Service Provision Agreement, includes the Executive Member for Culture, Sport, Youth and Communities and the Executive Member for HR and Corporate Performance. In addition would be the Chairman of the Trust, one other Trustee, the Trust's CEO, the SBC Director in charge of Culture and Sport (currently Corporate Transformation and Services Director) and the SBC Director Children and Young People. This group will provide an opportunity for individuals in their roles as the portfolio holders to engage with the Trust on Culture/Sport matters outwith Executive and out with the Trust board.
- 4.7 Working with SBC's Corporate Performance team, Trust performance reports will form part of the regular performance reporting to SBC's Executive Committee under each of the Council's Corporate Priorities, namely Priority 8 (Ensuring excellent, adaptable, collaborative and accessible public services) and will also help demonstrate progress against a number of other priorities in relation to young people (and inclusion), older people and communities.

## 5 IMPLICATIONS

### 5.1 Financial

There are no costs attached to any of the recommendations contained in this report.

## 5.2 Risk and Mitigations

- (a) While SBC can choose who is responsible for the delivery of services (e.g. in-house, arms-length organisation, trust, etc.), it remains accountable for how public money is spent and the quality of services delivered. Although performance management arrangements were specified within the previous contract with BSLT (2012), they were weak and not sufficiently adhered to. This was recognised by SBC's Internal Audit Section in its report dated 16 September 2014, which included recommendations around the development of more robust monitoring and reporting.
- (b) There is a risk that if these weaknesses and recommendations are not addressed, SBC will not be able to demonstrate accountability, or monitor the progress that the Trust is making in working towards the agreed outcomes.
- (c) The revised Service Provision Agreement and the PMF proposed at Appendix 1 (and included as a schedule to Service Provision Agreement) will ensure that this risk is mitigated. It will also ensure that SBC's requirement to report publicly is covered (a statutory duty placed on SBC under the Local Government Act 1992, specifically in relation to the publication of performance information).

## 5.3 Equalities

- (a) As part of the Service Provision Agreement, and to fulfil its duties under the Equality Act 2010, SBC will require to review the Trust's Equality Policy and to receive annual employee monitoring reports, ensuring that the diversity that exists within Scottish Borders communities is reflected in the Trust's workforce.
- (b) SBC will assist the Trust, in years 2 and 3 after transfer, to expand this monitoring to include reporting on accessibility, staff training and on monitoring the breakdown of service user characteristics (at least by age, gender and disability). This equalities reporting will form part of regular reporting to Executive Committee and can then be used by SBC when preparing its Equalities Mainstreaming report (required of public bodies under the Equality Duty).

## 5.4 Acting Sustainably

The economic, social and environmental impacts of the business of the Trust will more effectively be monitored and assessed through the adoption of the PMF.

## 5.5 Carbon Management

There are no effects on carbon emissions.

## 5.6 Rural Proofing

N/A.

## 5.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made.

# 6 CONSULTATION

- 6.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

- 6.2 The Depute Chief Executive People, the Corporate Transformation Services Director, the Director of Public Health, Chief Officer Health & Social Care Integration and the Service Director Children & Young People have also been consulted and any comments received have been incorporated into the final report.

**Approved by**

**Rob Dickson**

**Corporate Transformation and Services Director**

**Signature .....**

**Author(s)**

Name	Designation and Contact Number
Sarah Watters	Corporate Performance and Information Manager (Tel: 01835 826542)

**Background Papers:** Scottish Borders Council Performance Management Framework, Revised Edition with Updates, October 2015

**Previous Minute Reference:** Scottish Borders Council, 7 October 2015

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Sarah Watters can also give information on other language translations as well as providing additional copies.

Contact us at Sarah Watters, Scottish Borders Council Headquarters, Newtown St Boswells, Melrose, [swatters@scotborders.gov.uk](mailto:swatters@scotborders.gov.uk)

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**DRAFT**  
**Performance Management Framework**  
**for Scottish Borders Council's oversight of**  
**the Integrated Sport and Culture Trust**

**March 2016**

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## 1) Purpose

This Performance Management Framework (PMF) enables Scottish Borders Council (SBC) to monitor the progress that the Integrated Sport and Culture Trust (referred to as “the Trust”) is making towards the achievement of the outcomes required as part of the Service Provision Agreement (**signed on XX/XX/2016**). It provides SBC with the assurance that robust systems are in place to monitor performance and focus on continuous improvement.

The framework allows SBC to demonstrate how the Trust contributes to addressing the priorities identified with Community Planning partners (and currently defined within the Single Outcome Agreement\*) and within the SBC Corporate Plan\*\*.

\*[http://www.scotborders.gov.uk/info/691/council\\_performance/1351/single\\_outcome\\_agreement](http://www.scotborders.gov.uk/info/691/council_performance/1351/single_outcome_agreement)

\*\* [www.scotborders.gov.uk/corporateplan](http://www.scotborders.gov.uk/corporateplan)

In addition, the PMF addresses the finding and recommendations made by SBC’s Internal Audit Section in its report dated 16 Sep 2014 around weaknesses in the Council’s arrangements for monitoring and reporting the performance of Borders Sport and Leisure Trust (who will become “the Trust”) and would therefore be required whether or not additional services were being moved to Trust.

## 2) Performance Management

Effective performance management is critical to the success of any organisation, including Local Authorities and those with whom it contracts. It provides a framework to achieve aims/objectives and promotes the continuous improvement of services provided to the public, including services provided by a Trust or other body. In the Accounts Commission’s series of reports “How Councils Work” (2011), it states that while they can choose who is responsible for the delivery of services (e.g. in-house, arms-length organisation, trust etc.), Councils remain accountable for how public money is spent and the quality of services delivered.

Local Authorities that are recognised as having good performance management in place demonstrate the following characteristics:

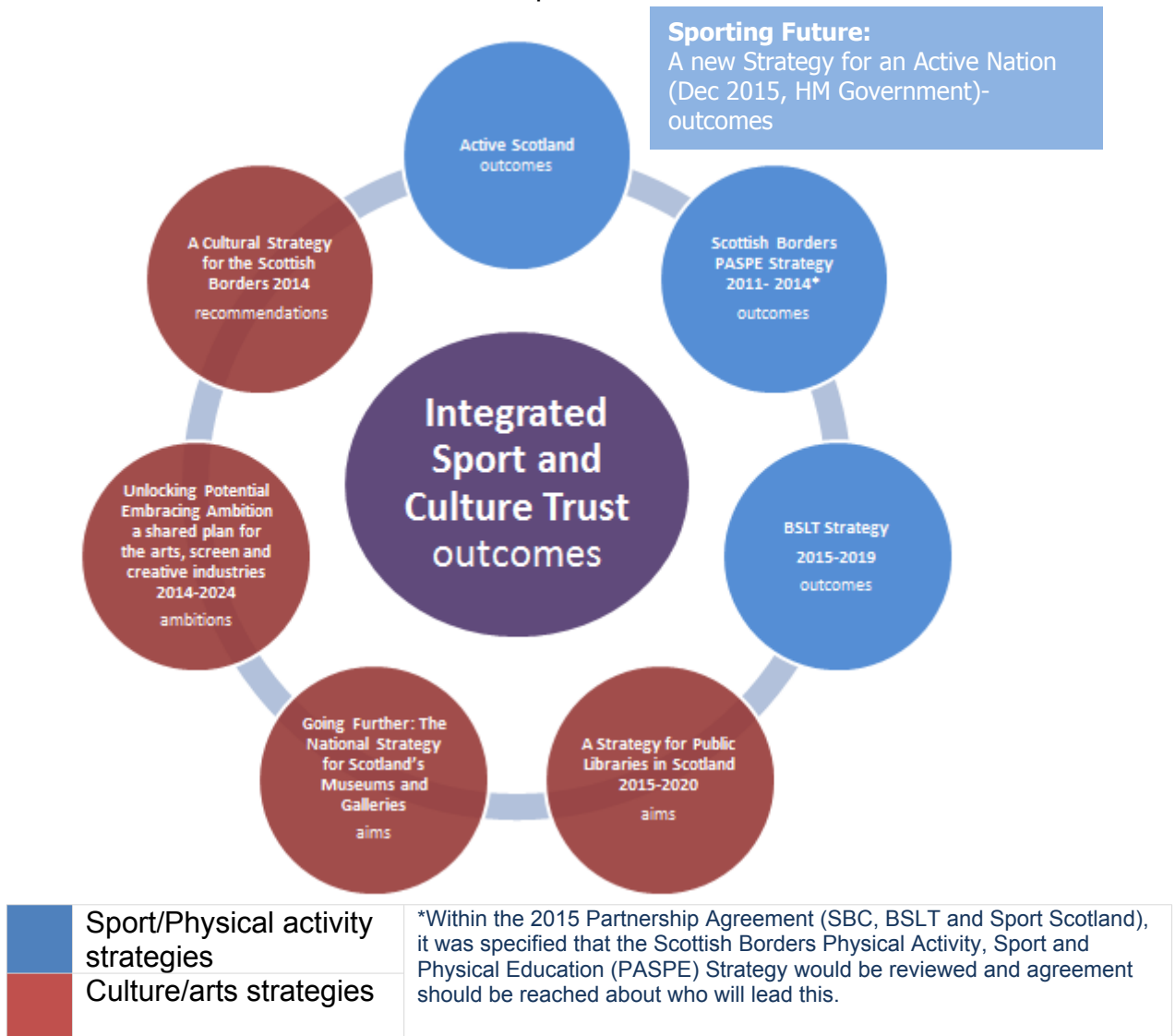
- A focus on community priorities, based on facts about customer and citizen need;
- A strong shared vision of what the organisation is trying to achieve, which is effectively communicated within the organisation and with partner;
- Robust and effective planning systems linked to the allocation of resources (including business and financial planning);
- Clear measures demonstrating the impact of delivery;
- Effective systems for addressing areas of underperformance and for implementing improvement actions;
- Accountable staff empowered to act within a clear managerial framework.

Central to demonstrating these characteristics is having a systematic approach to monitoring performance, a core part of being able to demonstrate that public money is being used wisely (known as “best value”). Even when not directly delivering services itself, SBC must ensure that:

- Performance, including financial performance, is systematically measured and reported across all areas of activity;
- Performance information is accurate, up to date and rigorously monitored;
- Performance information is reported publicly in accordance with the Council’s statutory duty under the Local Government Act 1992 (specifically in relation to the publication of information).

### 3) Strategic Context for the work of the Integrated Trust

There are a number of key strategies that have influenced the outcomes that SBC wishes the Trust to work towards, presented below:





These strategies contain a mix of *outcomes, aims, ambitions* and *recommendations* and are presented in the table below:

Sport / Physical activity strategies	Culture / arts strategies
<p><b>Active Scotland Outcome 2015:</b></p> <ul style="list-style-type: none"> <li>• We encourage and enable the inactive to be more active</li> <li>• We encourage and enable the active throughout life</li> <li>• We develop physical confidence and competence from the earliest age</li> <li>• We improve our active infrastructure- people and places</li> <li>• We support wellbeing and resilience in communities through physical activity and sport</li> <li>• We improve opportunities to participate, progress and achieve in sport</li> </ul>	<p><b>A Strategy for Public Libraries in Scotland 2015-2020-</b> aims:</p> <ul style="list-style-type: none"> <li>• Reading, literacy and learning</li> <li>• Digital inclusion</li> <li>• Economic well-being</li> <li>• Social well-being</li> <li>• Cultural creativity</li> <li>• Excellent public services</li> </ul>
<p><b>Scottish Borders Physical Activity, Sport &amp; Physical Education (PASPE) Strategy 2011-2014</b> outcomes:</p> <ul style="list-style-type: none"> <li>• <b>Promoting Wellbeing through Physical Activity-</b> Increase participation in purposeful physical activity; Develop lifelong habits of physical activity</li> <li>• <b>Developing Facility Provision &amp; Community Access</b> - Borders Communities have access to local facilities/high quality innovative facilities</li> <li>• <b>Sustaining &amp; Developing Coaches/Leaders &amp; Volunteers-</b> High quality networks to support coaches and volunteers, More qualified coaches and volunteers</li> <li>• <b>Supporting Thriving Clubs &amp; Organisations</b> - increased club membership</li> <li>• <b>Creating Athlete Potential</b> – pathways and structures</li> <li>• <b>Physical Education-</b> increase participation in PE</li> </ul>	<p><b>Going Further: The National Strategy for Scotland’s Museums and Galleries, 2012-</b> aims:</p> <ul style="list-style-type: none"> <li>• Maximise the potential of our collections and culture</li> <li>• Strengthen connections between museums, people and places to inspire greater public participation, learning and well-being</li> <li>• Empower a diverse workforce to increase their potential for the benefit of the sector and beyond</li> <li>• Forge a sustainable future for sector organisations and encourage a culture of enterprise</li> <li>• Foster a culture of collaboration, innovation and ambition</li> <li>• Develop a global perspective using Scotland’s collections and culture</li> </ul>
<p><b>BSLT Strategy 2015-2019-</b> outcomes:</p> <ul style="list-style-type: none"> <li>• More children participating in active play opportunities with BSLT</li> <li>• More people, in all stages, participating in regular physical activity with BSLT</li> <li>• More people participating directly in sport or in the delivery of sport, supported or led by BSLT</li> </ul>	<p><b>Unlocking Potential Embracing Ambition a shared plan for the arts, screen and creative industries 2014-2024-</b> ambitions:</p> <p><b>We want Scotland to be a country where:</b></p> <ul style="list-style-type: none"> <li>• Excellence and experimentation across the arts, screen and creative industries is recognised and valued</li> <li>• Everyone can access and enjoy artistic and creative experiences</li> <li>• Places and quality of life are transformed through imagination, ambition and an understanding of the potential of creativity</li> <li>• Ideas are brought to life by a diverse, skilled and connected leadership and workforce</li> <li>• Scotland is a distinctive creative nation connected to the world.</li> </ul>

**Sporting Future: A new Strategy for an Active Nation, Dec 2015** (HM Government)- outcomes:

- physical wellbeing
- mental wellbeing
- individual development
- social and community development
- economic development.

**A Cultural Strategy for the Scottish Borders 2014-** recommendations:

- Communicate- database, online presence, exchange ideas, co-operate, gather, tourism promotion
- Connect- cultural forum, executive body, integration within SBC, cross border collaboration, access to specialist expertise
- Value- share achievements, demonstrate social and economic return, enhance sector visibility, cultural tourism, support quality, cultural diversity
- Empower- work with other regional and national agencies, CPP, involve young people, better access to cultural spaces, develop leadership

#### 4) Local context and outcomes required

The Community Planning and SBC corporate context is presented below:

<b>Scottish Government</b>	
Purpose:	to focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.
Underpinning this purpose are the <u>16 national outcomes</u> . Key national policies and strategies then support the achievement of these outcomes	
<b>Scottish Borders Community Planning Partnership (CPP)</b>	
Priorities:	Grow our Economy; Reduce Inequalities; Maximise the impact from the low carbon economy
Underpinning these 3 priorities are a ranges of partnership plans and strategies that support the CPP to deliver against national priorities e.g. Integrated Children and Young People’s Plan 2015 – 2018	
<b>Scottish Borders Council</b>	
Vision:	<i>We seek the best quality of life for all the people in the Scottish Borders, prosperity for our businesses and good health and resilience for all our communities</i>
SBC has 8 corporate priorities that support the achievement of this vision ( <a href="http://www.scotborders.gov.uk/corporateplan">http://www.scotborders.gov.uk/corporateplan</a> ).	

**The work of the Integrated Sport and Culture Trust should support Scottish Borders Council and the Scottish Borders CPP to delivery against its priorities, deliver on its statutory requirements (e.g. around Children and Young People) and enhance quality of life for residents of the Scottish Borders.**

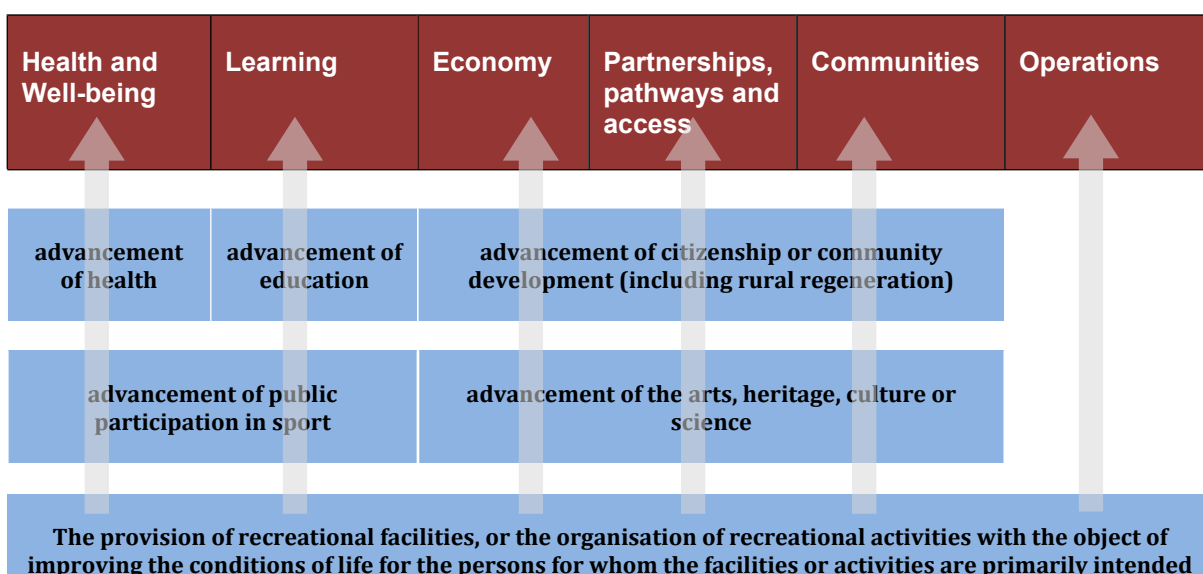
### Outcomes required

The Integrated Sport and Culture Trust, through its Service Provision Agreement with the Council, shall work towards achieving the following outcomes:

Improved mental and physical <b>health and wellbeing</b> for people of all ages through participation with the Trust, with a focus on inclusion	Enhanced <b>learning opportunities, training and experiences</b> through participation with the Trust, with a particular focus on reducing inequalities	Increased <b>economic benefits</b> to the Scottish Borders through high quality sport and cultural services and events, and support to creative micro-businesses and organisations	Enhanced <b>partnerships, pathways and access</b> to a wide range of services and activities within facilities and communities (including structures for talent development)	<b>Stronger communities</b> through involvement in service planning, delivery and participation	Increasingly <b>effective operations and creative approaches to income maximisation</b> across the Trust whilst maintaining appropriate quality and standards
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The framework presented within this document should ensure that SBC can see how effectively the Trust is working towards these outcomes (through a combination of quantitative and qualitative reporting) but will give the Trust sufficient latitude to run their business appropriately, and maintain their independence which is a requirement for continued charitable status with the Office of the Scottish Charity Regulator (OSCR).

The outcomes required by SBC allow the Integrated Trust to work towards its charitable status and as such, its charitable aims. All the charitable purposes that have been applied for through the Office of the Scottish Charity Regulator (OSCR) are considered to support fully the outcomes required from this contract. These are shown below, in blue, and linked to the outcomes:



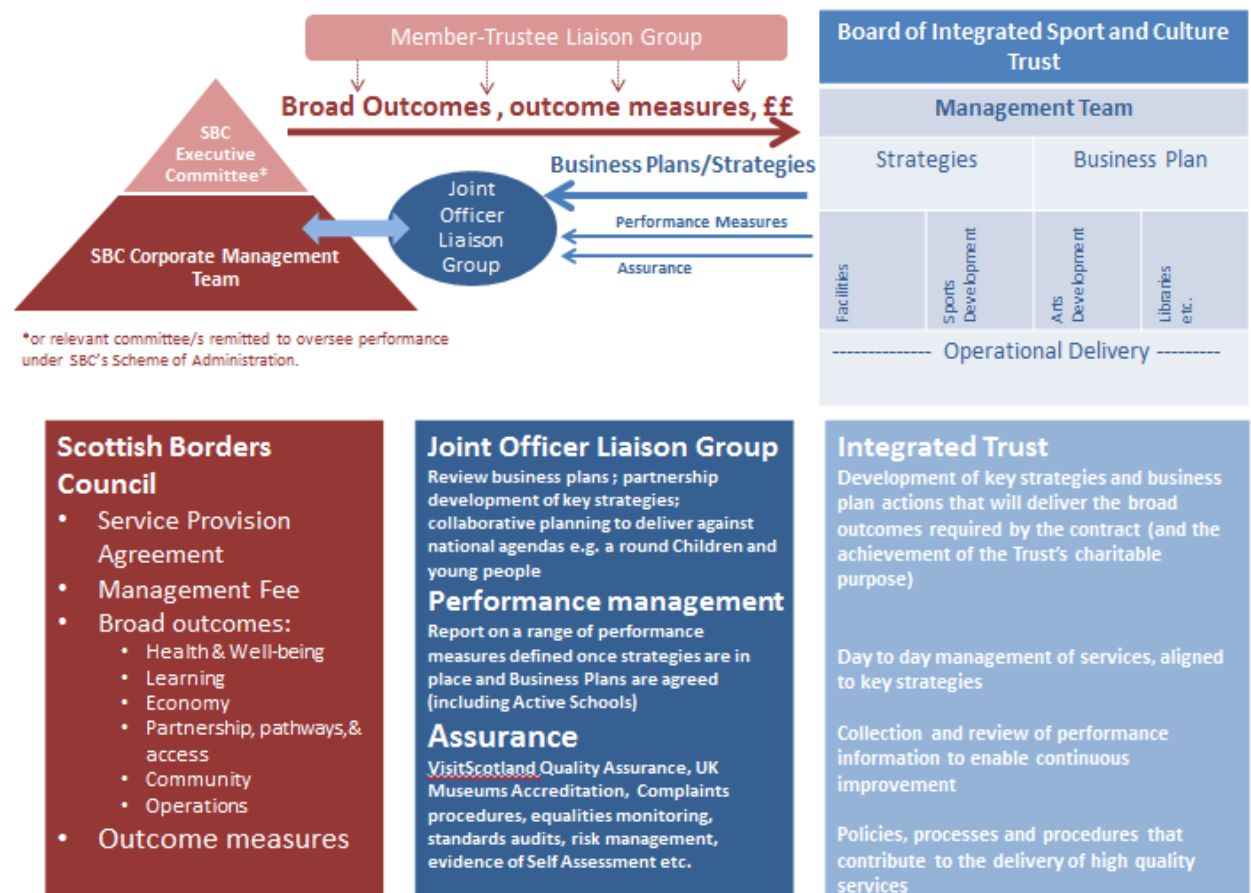
## 5) Monitoring and Reporting to Scottish Borders Council

The purpose of monitoring and reporting, when using the public money that SBC is accountable for, is to:

- ensure delivery of the outcomes specified within Section 4 of this framework, and demonstrate that value is being added by the Service Provision Agreement;
- demonstrate, over time, improvement in areas where weaknesses have been identified;
- evidence achievement of best value, that can be reported publicly.

Regular reporting should promote accountability and provide reassurance to SBC that the work being undertaken by the Trust, under the terms of the Service Provision Agreement, is improving or maintaining performance.

The following diagram defines the relationship between SBC and the Trust in the context of performance management:



## Scottish Borders Council

The broad outcomes required of the Trust have been defined by SBC and are required as part of the Service Provision Agreement (for which a management fee is received). The broad outcomes are accompanied by a set of high level outcome measures (Annex 1). This range of high level outcome measures, which will evolve over time, will allow SBC's Corporate Management Team (CMT) and Executive Committee (or relevant committee/s remitted to oversee performance under SBC's Scheme of Administration) to monitor the high level progress that is being made.

As well as this *quantitative* performance information, it is important to capture qualitative information about the value that is being added to the Scottish Borders by the work of the Trust and for this purpose, case studies should be used. This has been used very successfully as part of Falkirk Community Trust's performance reporting and can be used as part of ongoing awareness raising and publicity as well as to provide evidence of the achievement of outcomes. The Trust is asked to submit 2 short case studies each year (including photographs where possible and appropriate) as evidence under each of the 6 outcomes. These will feed into the twice yearly reporting to Executive Committee and initial ideas are proposed in Annex 1.

Based largely on information collected within services on a regular basis, a range of reports will be required at various points throughout the year. These high level reporting requirements, including statutory returns, have been detailed in Annex 2, and in relation to Public Performance reporting, within Section 7 of this document.

## Joint Officer Liaison Group

A Joint Officer Liaison Group (membership and remit to be specified within the Service Provision Agreement) will be key to:

- ensuring that the outcomes required are addressed by considering a range of performance measures and engaging in discussions on how services can best be developed, using the resources available to both SBC and the Trust e.g. staff, premises, external funding etc. and Community Planning partners. (New performance measures will, from time to time, be developed to accompany new initiatives, jointly funded projects etc. and will help the Trust to evidence success/impact and influence future service delivery);
- Reviewing performance and financial information on a quarterly basis;

- reviewing business plans (including financial plans) on an annual basis, ensuring that appropriate high level actions that will contribute to the achievement of the outcomes are included (including for Active Schools). This should include improvement actions, based on audit/inspection, accreditation recommendations and any self-assessment undertaken;
- developing key strategies in partnership to ensure that national agendas are addressed effectively (for example around Getting it Right for Every Child (GIRFEC)) and that community planning priorities are worked towards.

Assurance on various aspects of service delivery will also be provided to the Joint Officer Liaison Group (see Section 6).

## Integrated Trust

Within the context of the Service Provision Agreement, the Trust, which has its own management and operating structure, will decide *how* the outcomes are best achieved. Evidence of *how* the Trust is working towards these outcomes should be clear within the Trust's key strategies and business plan (to be submitted to SBC on an annual basis (as specified within the Service Provision Agreement)).

How performance is managed at a detailed service level, to ensure a focus on high quality services and continuous improvement is the business of the Trust but should be robust and auditable (and can be audited at any time by SBC, as specified within the Service Provisions Agreement). A key part of this will be the assurance that more detailed performance information is presented to the Trust's management team on a regular basis and then to the Integrated Trust's Board on a quarterly basis.

### Reporting

Reports that are taken to the Trust's Board will be shared and discussed at the Joint Officer Liaison Group four times a year.

High level measures from within these reports will then be shared with SBC's Corporate Management Team and Executive Committee twice yearly and reported publicly.

Proposed calendar of reporting is shown overleaf:

April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Trust Board	Joint Officer Liaison Group  <u>Q4 data</u>		Trust Board	Joint Officer Liaison Group  <u>Q1 data</u>		Trust Board	Joint Officer Liaison Group  <u>Q2 data</u>		Trust Board	Joint Officer Liaison Group  <u>Q3 data</u>
						SBC to indicate Budget for following year		Initial Business Plan discussions		Finalised SBC Budget	Finalised Business Plan for coming financial year
							Business Planning →				
Member-Trustee Liaison Group				SBC Exec (Q3 & 4 data)	Member-Trustee Liaison Group				Member-Trustee Liaison Group	SBC Exec (Q1 & 2 data)	
		Annual return: CIPFA Libraries		Annual return: LGBF		Annual return: CIPFA Culture	Annual return: CIPFA Archive				

It is proposed that going forward, reporting adheres to this calendar as closely as possible and will be confirmed by the Joint Officer Liaison Group towards the end of each financial year.

Reporting will involve a combination of **high level performance measures, financial performance measures, qualitative information and assurances that robust processes are in place** to ensure the achievement of best value.

SBC uses the “Covalent” performance management software which offers the functionality required to effectively monitor performance and drive improvement. It also uses “infographics” and commentary to ensure as full a picture as possible is presented. The Council’s Corporate Performance and Information Team will work with the Trust to ensure that outcome measures are presented in a way that is consistent with current reporting to the Executive Committee, linked to SBC’s Corporate Priorities.

### Member-Trustee Liaison Group

In addition to the regular meetings outlined above, a Member-Trustee Liaison Group will meet three times a year to discuss strategic direction, future priorities, and commissioning, as well as raising any concerns about the service delivery and /or the partnership. The membership and remit are specified in the Service Provision Agreement. Membership will include

- SBC Executive Member for Culture, Sport, Youth and Communities
- SBC Executive Member for HR and Corporate Performance



- Chairman of the Trust
- One other Trustee
- Trust's CEO
- SBC Director in charge of Culture and Sport (currently Corporate Transformation and Services Director)
- SBC Director Children and Young People.

This group will provide an opportunity for individuals in their roles as Executive Members to engage with the Trust on Culture/Sport matters outwith Executive and out with the Trust's Board.

## **6) Assurance**

### **Improvement through self-evaluation**

Self-evaluation is central to the continuous improvement process. It is the basis for planning for improvement, for action to improve and for reporting on standards and quality.

Culture, Sport and Library services are encouraged to use the following frameworks to get to know themselves well and identify the best ways to improve services for individuals and communities. The Trust will be expected to demonstrate that self-assessment is being undertaken and is linked to business planning.

The two key public sector frameworks are summarised below:

#### *How Good is our Culture and Sport*

The aim of this publication is to support continuous improvement in culture and sport provision in local areas. A range of organisations provide services and activities for culture and sport in local areas. The principal target and user of the framework is the local authority, but it is recommended that local authorities should bring the framework to the attention of other service-providing organisations, e.g. those it commissions and its Community Planning Partners. Other organisations providing culture and sport are also encouraged to use the framework to self-evaluate their provision and its impact on the community. The framework for self-evaluation will assist their individual and, where appropriate, collective evaluation of the quality of their provision and in planning and implementing improvements in services.

[http://www.educationscotland.gov.uk/inspectionandreview/Images/HGIOC&S%20-%20251012\\_tcm4-712897.pdf](http://www.educationscotland.gov.uk/inspectionandreview/Images/HGIOC&S%20-%20251012_tcm4-712897.pdf)

#### *How Good is our Public Library Service*

This approach will enable public library services to demonstrate the impact which they have on individuals and communities, and how well the services meet the needs of users and the wider community. The evidence gathered during the process should clearly show outcomes which articulate and demonstrate the local authority's delivery of standards of cultural planning activity and entitlements, involving local people, and other local government



processes. Again, it is recommended that local authorities should bring the framework to the attention of other service-providing organisations.

Any data that is collected and reported should aim to provide a strong evidence base in support of these frameworks. For example, participation figures, especially amongst equality groups, will support health and well-being outcomes. <http://scottishlibraries.org/standards/hgiopls/>

### **Accreditation**

The ongoing achievement of accreditation with various external bodies provides assurance to SBC that certain performance and quality standards are continuing to be met. For example, Visit Scotland accreditation for Museums and Galleries will ensure that standards in relation to visitor experience, customer satisfaction, accessibility etc. are being met and that ultimately, the outcomes will be achieved. The accreditations that are required to be maintained are covered within the Service Provision Agreement.

Accreditation feedback from, for example Museums and Galleries Scotland (MGS), may include improvement actions and the requirement for an annual report. The Joint Officer Liaison Group would expect to see improvement actions included within business plans.

### **Equalities Monitoring**

As part of the Service Provision Agreement, and to fulfil its duties under the Equality Act 2010, SBC will require to review the Trust's Equality Policy and to receive annual employee monitoring reports, ensuring that the diversity that exists within communities is reflected in the Trust's workforce.

SBC will assist the Trust, in years 2 and 3 after transfer, to expand this monitoring to include reporting on accessibility, staff training and on monitoring the breakdown of service user characteristics (at least by age, gender and disability). This equalities reporting will form part of regular reporting to Executive Committee, and will be used by SBC when preparing its Equalities Mainstreaming report (required of public bodies under the Equality Duty).

### **Other Policies and Procedures**

There are other policies and procedures that SBC will require to see as part of the Service Provisions Agreement, for example Complaints Handling Procedure, and around Freedom of Information.

The Joint Officer Liaison Group may, from time to time, ask to see performance information in relation to these, for example around % of FOIs responded to within specified timescale.

## 7) Public Performance Reporting (PPR)

The Accounts Commission now expects Councils to report a range of performance information publicly (including benchmarking) to demonstrate best value, including for the work of trusts and other alternative models of service delivery.

The Commission issues guidance each year, designed to enable councils to determine how best they present performance information for the year but the expectation is that performance information, including financial performance, should be presented in an understandable and easily accessible way. By using this PMF, the Trust will be able to assist the Council to fulfil its statutory duty under the Local Government Act 1992, in relation to the publication of performance information.

### **Benchmarking as part of PPR**

The introduction of the Local Government Benchmarking Framework (LGBF), co-ordinated by the Improvement Service, requires Councils to include comparisons with other Local Authorities as part of their public performance reporting. The LGBF is made up of a range of data drawn from a range of already collected and validated sources e.g. Local Financial Return, CIPFA return etc., as well as 11 performance indicators retained from the old Statutory Performance Indicators, where information is provided by Councils. As part of the LGBF, there are a number of returns that the Trust will be required to make in August of each year (for the previous financial year):

- Number of attendances (pools)
- Number of attendances at Indoor sport and leisure facilities (excluding pools in a combined complex)  
(Number of attendances refers to the total number of visits to the sport and leisure facilities, not the number of users)
- Number of visits to/usages of council funded or part funded museums  
(Number of Visits refer to the total number of visits, not visitors)
- Number of visits to libraries (this refers to the number of visits to library services, not the number of users, and includes virtual visits)

Details of what is required for these indicators (known as the “metadata”) are available from the Corporate Performance Team at SBC. For all LGBF indicators, the Corporate Performance Team works with SBC’s Audit and Risk section and Finance team to ensure the accuracy of data submitted. It is expected that the same processes would be applied to the four indicators detailed above, prior to submission in August each year.

The Trust would also be encouraged to benchmark using other networks such as SPORTA, and to share this information with SBC and publicly about how it compares to others.

### Annex 1: Proposed measures for reporting to SBC Executive

The following tables present a range of measure that will be used during the first 2 years of the Integrated Trust. They will be reviewed and added to as appropriate.

Biennial Outcome Measures (from Scottish Household Survey)	Scottish Borders 2014	Scotland 2014	Difference	Short term trend (2 years)	Long term trend (2007/8)
Cultural engagement by adults in the last 12 months	<b>91%</b>	91%	<b>0</b>	↑	↑
Participation in cultural activities in the last 12 months (excluding reading)	<b>50%</b>	50%	<b>0</b>	n/a	n/a
Participation in cultural activities in the last 12 months (including reading)	<b>80%</b>	79%	<b>1</b>	n/a	n/a
Participation in sport and exercise (excluding walking) in the last 4 weeks	<b>48%</b>	51%	<b>3</b>	↓	↓
Participation in sport and exercise (including walking) in the last 4 weeks	<b>75%</b>	78%	<b>3</b>	↓	↓
Satisfaction with cultural and sport facilities (service users in the past year only)*:					
Very/fairly satisfied	<b>82%</b>	87%	<b>5</b>	↑	↓
Very/fairly dissatisfied	<b>8%</b>	7%	<b>1</b>	–	–

*Some of these can be broken down by age, gender and long term physical/mental health condition  
\* local satisfaction surveys may be used to supplement this information when available*

Annual measures	Scottish Borders	Scotland	Difference	Short term trend (2 years)	Long term trend (2007/8)
Cost per attendance at sports and leisure facilities	<b>£3.72</b>	£3.68	<b>4p</b>	↓	↓
Cost per library visit	<b>£4.60</b>	£2.57	<b>£2.03</b>	–	–
Cost per museum and gallery visit	<b>£6.02</b>	£3.53	<b>£2.49</b>	–	↓
Number of sites holding Visit Scotland "4 star" accreditation	<b>3</b>	n/a	n/a	–	↑

Other annual measures	
<b>Equalities</b>	Employee monitoring Accessibility of facilities Service user equality monitoring
<b>Finance</b>	Management Accounts Income, expenditure, surplus/deficit, SBC subsidy per visit

**Executive: Twice Yearly, under each of the 6 outcomes**

(note that some indicators may support more than one outcome; most data will be collected quarterly within services)

Health and Well-being: suggested indicators	Lead
"Books on prescription"- number of issues	M Menzies (Library & Information Services Manager)
Number of "Book Bug" sessions run and participants	M Menzies
Housebound/home book- number of issues	M Menzies
Sport- participant visits (0-5 5-16 17-64 65+)	BSLT
Admissions to sports facilities <ul style="list-style-type: none"> <li>Pool</li> <li>Other</li> </ul>	BSLT
BSLT (Live Borders) Membership	BSLT
Swim Borders Direct Debits	BSLT
<b>Culture case studies suggested:</b> Participant experience- improvement in health and well-being; Targeted events e.g. PACE	

+ **Active schools**- participant sessions (school year and gender), activity sessions, deliverers (e.g. volunteers, pupils), school club links

Learning	Lead
Number of young people participating in VOMO/Leadership programmes	S Garnsworthy (Creative Learning Manager)
Number of library visitors <ul style="list-style-type: none"> <li>for library use &amp; non-library use (integrated sites)</li> <li>virtual visits</li> <li>active members</li> </ul>	M Menzies (Library & Information Services Manager)
Use of public networks in libraries <ul style="list-style-type: none"> <li>Availability</li> <li>recorded usage</li> </ul>	M Menzies
Number of library based learning sessions (e.g. Get clicking, Get surfing) and participant numbers	M Menzies
Number of Museums & Galleries learning & outreach events and participant numbers	F Colton (Senior Museums Curator)
Number of Heritage Hub outreach events and participant numbers	P Brough (Archive Manager)
<b>Culture case studies suggested:</b> Youth sessions; Young people's progression stories i.e. into employment; Museum/heritage outreach	

<b>Economy</b>	<b>Lead</b>
Museums & Galleries: (including supported independents & Harestanes) <ul style="list-style-type: none"> <li>• visitor numbers</li> <li>• sales income (including art commission)</li> </ul>	F Colton (Senior Museums Curator)
Heart of Hawick: <ul style="list-style-type: none"> <li>• visitor numbers and sales income (including from business units)</li> <li>• film audience numbers and income</li> <li>• auditorium live event audience numbers and income</li> </ul>	S Taylor (Marketing and Operations Manager)
Heritage Hub visitor numbers	P Brough (Archive Manager)
Eastgate Theatre: <ul style="list-style-type: none"> <li>• film audience numbers and income</li> <li>• live event audience numbers and income</li> <li>• sales income (café)</li> </ul>	Eastgate (through Partnership Agreement)
Number of creative businesses supported (CABN)	M Morrison (Creative Leader, CABN)
<b>Culture case studies suggested:</b> Exhibitions/events; Support for independent museums; CABN showcase events (partnership projects; workshops; participant experience); Support for Ancestral Tourism businesses	

<b>Pathways, partnership, access</b>	<b>Lead</b>
Number of Heritage Hub web visitors [Memory Bank, Blog, Voyage of the Vampire, Hubcat, Scran]	P Brough (Archive Manager)
Museums & Galleries- use of collections	F Colton (Senior Museums Curator)
Borders Live Touring: number of performances and audience numbers	S Garnsworthy (Creative Learning Manager)
Performing Arts Partnership: number of performances and audience numbers	S Garnsworthy
Number of Mobile Library users and issues	M Menzies (Library & Information Services Manager)
<a href="http://www.liveborders.org">www.liveborders.org</a> analytics	BSLT
<b>Culture case studies suggested:</b> Performing Arts Partnership / Borders Live Touring events; Customer experience e.g. mobile library	

<b>Communities</b>	<b>Lead</b>
Community Centres*: <ul style="list-style-type: none"> <li>• Number of lets</li> <li>• Hours let</li> <li>• Income</li> <li>• Number of management committee members</li> </ul>	L Wood (Business Manager)
Public Halls*: <ul style="list-style-type: none"> <li>• Number of lets</li> <li>• Hours let</li> <li>• Income</li> </ul>	A Scott (Community Venues Manager)
Culture: number of people volunteering for cultural services	All Cultural Services (CS)
Sport: number of active volunteers and volunteer coaches	BSLT
<b>Case studies suggested:</b> Public hall events; Management committee development/growth; Individual volunteer experience; Hall user group experience	

\*develop reporting by 5 localities

<b>Operations</b>	<b>Lead</b>
External Funding gained and leverage (e.g. match funding)	All CS/BSLT
Projects and/or funding applications in development	All CS/BSLT
Standards Audit (Physical checks of buildings covering condition, cleanliness, staff presentation)- <i>currently used by BSLT</i>	BSLT
Energy Consumption : Energy used per sq m	BSLT
Customer Satisfaction: net promoter score - <i>currently used by BSLT</i>	BSLT
Quarterly management accounts	BSLT
<b>Culture case studies suggested:</b> External funding success; VisitScotland/Museums Galleries Scotland feedback	

## Annex 2: High Level Performance Reporting requirements for Community Planning Partnership and SBC

Audience	Report	Frequency	Purpose / Content
Scottish Government	Local Outcomes Improvement Plan progress report (replacing Single Outcomes Agreement (SOA) update)	Annual	The Scottish Government required Community Planning Partnerships (CPP) to provide a SOA progress report in September of each year including PI results and local outcome narrative. However, this will now be replaced by an annual report on progress against the <b>Local Outcomes Improvement Plan</b> , a new requirement under the Community Empowerment Act and will include the community planning partnership's assessment of whether there has been any improvement in the achievement of each local outcome agreed as a priority for the Community Planning Partnership.
	Locality Plans: progress report	Annual	Under the Act (see above), each community planning partnership must prepare and publish a locality plan progress report each reporting year, setting out the community planning partnership's assessment of progress at a locality level. <i>Details are still to be confirmed by the Scottish Government.</i>
BSLT has recently joined the Board of the Scottish Borders Community Planning Partnership and as such will be required to prepare and publish an annual report setting out its progress in working towards specified local outcomes			
Scottish Government/Improvement Service	SPI return/Local Government Benchmarking Framework- <i>specific measures only</i>	Annual (end Aug)	Annual comparison report where Scottish Borders Council performance is compared with the other 31 Local Authorities in Scotland, against a range of performance measures. The measures are largely taken from returns already submitted to other bodies (SEPA, CIPFA etc.), combined with financial information from the Local Financial Return (LFR), but SBC is still required to make a separate return on 11 measure (including library, museum, and sport/leisure attendance/visit and cost figures)
CIPFA	Cultural Services	Annual (October)	An analysis of actual and estimated expenditure and income in Scotland on: sport, community recreation, parks and open spaces, arts, heritage and museums, tourism, libraries, archives, and other cultural activities. Non-financial information includes details on the number and size of facilities, and in the case of theatres, concert halls, exhibition spaces, arts centres, and museums and galleries, the number of events / performances / exhibitions and actual attendances.

Audience	Report	Frequency	Purpose / Content
	Public Libraries In Scotland	Annual (June)	Analysis of revenue expenditure and income; staffing levels; service points open to the public (including the number with access to online information); book stock and audio, visual and electronic stock; annual issues; inter-library loans; requests; enquiries and visits. Also includes details of agency services.
	Archive Service (Heritage Hub)	Annual (November)	A detailed analysis of local authority archive services, including: staff resources; access points; holdings and storage capacity; availability of resources to the public; use of resources and financial statistics.
Joint Officer Liaison Group	Quarterly performance report	Quarterly (June, Sep, Nov, March)	Based on the Integrated Trust's Board reports and the measures covered in <b>Annex 1</b> , performance reports on the Trusts' delivery against the outcomes defined within the Service Provision Agreement including action being taken to maintain or improve performance. Review of key strategies and business plan once a year as part of Liaison meetings.
Corporate Management Team (CMT)	Corporate Performance against Corporate priorities	Twice Yearly (June, Dec)	Performance reports on the Trusts' delivery against the outcomes defined within the Service Provision Agreement, including action being taken to maintain or improve performance.
SBC Executive Committee	Corporate Performance Against Corporate Priorities	Twice Yearly (Aug and Feb)	High level performance report on the Trusts' delivery against the outcomes defined within the Service Provision Agreement, including action being taken to maintain or improve performance. To include two case studies under each outcome.
Public Performance reporting	SB Connect	3 times a year	Provide public interest articles on Trust activity and performance, and relationship with SBC (take from Case Studies, as part of twice yearly reporting)
	Trust and Council Website	Ongoing	Council and CPP performance information is now co-ordinated through a revised performance page ( <a href="http://www.scotborders.gov.uk/performance">www.scotborders.gov.uk/performance</a> ). This performance page will link to the Integrated Trust's website where its performance information will be published clearly, on a regular basis.



For more information on anything within this framework, contact the Corporate Performance Team on 01835 826542 or email [performance@scotborders.gov.uk](mailto:performance@scotborders.gov.uk)

You can get this document on audio CD, in large print, and various other formats by contacting the Corporate Performance Team.

In addition, contact the address below for information on language translations, additional copies, or to arrange for an officer to meet with you to explain any areas of the publication that you would like clarified:

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