Policy and Co-ordination Committee

Due to Scottish Government guidance relating to Covid-19, this meeting will be held remotely

Thursday, 4th November, 2021 - 10.00 a.m.

AGENDA

11./

> **Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.**

Lindsay Thomson
Head of Legal and Democratic Services
Finance and Corporate Services
Fife House
North Street
Glenrothes
Fife, KY7 5LT

28th October, 2021.

If telephoning, please ask for:
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THE FIFE COUNCIL - POLICY AND CO-ORDINATION COMMITTEE – REMOTE MEETING

16th September, 2021.   **10.00 a.m. – 12.55 p.m.**

PRESENT:	Councillors David Ross (Convener), David Alexander, David Barratt, John Beare, Tim Brett, Altany Craik, Dave Dempsey, Linda Erskine, Derek Glen (substituting for Craig Walker), David Graham, Judy Hamilton, Andy Heer, Linda Holt, Helen Law, Donald Lothian, Mino Manekshaw, Karen Marjoram, Alice McGarry (substituting for Carol Lindsay), Tony Miklinski, David Ross, Fay Sinclair and Ross Vettraino.
ATTENDING:	Steve Grimmond, Chief Executive; Eileen Rowand, Executive Director (Finance and Corporate Services), Elaine Muir, Head of Finance, Les Robertson, Head of Revenue and Commercial Services, Sharon McKenzie, Head of Human Resources, Lindsay Thomson, Head of Legal and Democratic Services and Michelle McDermott, Committee Officer, Legal and Democratic Services, Finance and Corporate Services; John Mills, Head of Housing Services; Diarmuid Cotter, Head of Customer and Online Services and Paul Vaughan, Head of Communities and Neighbourhoods Service; and Alan Paul, Senior Manager (Property Services), Assets, Transportation and Environment.

Prior to the start of business, the Convener intimated the intention to vary the sequence of items from that on the agenda with Item 5 - Updated Financial Plan and Revenue Monitoring 2021-22 - being taken prior to Item 4 - General Fund Revenue Budget 2022-25.

314.   DECLARATIONS OF INTEREST

No declarations of interest were submitted in terms of Standing Order No. 7.1.

315.   MINUTES

(i)   **Policy and Co-ordination Committee of 5th August, 2021.**

Decision

The Committee approved the minute.

(ii)   The following minutes were submitted for noting:-

- Assets and Corporate Services of 19th August, 2021.
- Community and Housing Services of 26th August, 2021.

Decision

The minutes were noted.

316./

316.   **GENERAL FUND REVENUE BUDGET 2022-25**

The Committee considered a report by the Executive Director (Finance and Corporate Services) outlining the significant financial challenge the Council faced in both the short and medium-term.

Decision

The Committee:-

(1)   noted the terms of the report;

(2)   agreed to use the information contained within the report as the basis for the development of initial budget strategy for 2022-23 and beyond; and

(3)   noted that the figures were subject to change following the UK Spending Review and the Scottish Government budget.

The following item was dealt with following para. 315 above.

317.   **UPDATED FINANCIAL PLAN AND REVENUE MONITORING 2021-22**

The Committee considered a report by the Executive Director (Finance and Corporate Services) which provided members with a strategic overview of Fife Council's finances and an updated financial plan for the current financial year. Funding solutions were also outlined to deal with the continued financial implications of Covid-19 as well as reform and recovery from the pandemic in the current financial year, 2021-22.

Motion

Councillor David Ross, seconded by Councillor Alexander, moved an additional recommendation as follows:-

"It is recommended that members: -

v)   approve the short-term investment detailed in the attached schedule using unallocated COVID funding". (The schedule is attached as an Appendix to the minute.)

Amendment

Councillor Tim Brett, seconded by Councillor Donald Lothian, moved a further recommendation, in addition to that proposed by Councillor Ross, that the report also be submitted to the Environment, Finance and Communities Scrutiny Committee for further scrutiny.

Councillor Dempsey requested that it be recorded that his amendment to add the following words at the end of the joint Administration motion "and assign to Area Committees the task of working up the detail of how this investment will be made", be withdrawn following an assurance from the Convener that, where appropriate, Area Committees would be involved in working up proposals contained within the motion.

Roll/

Roll Call

For the motion – 15 votes

Councillors David Alexander, David Barratt, John Beare, Altany Craik, Linda Erskine, Derek Glen, David Graham, Judy Hamilton, Linda Holt, Helen Law, Karen Marjoram, Alice McGarry, David Ross, Fay Sinclair and Ross Vettraino.

For the Amendment – 2 votes

Councillors Tim Brett and Donald Lothian.

Abstained – 4

Councillors Dave Dempsey, Andy Heer, Mino Manekshaw and Tony Miklinski.

The motion was accordingly carried.

Decision

The Committee:-

(1)   noted the high level financial position as detailed in the report;

(2)   supported the updated financial plan for 2021/22 in response to the financial pressures as detailed in section 2 of the report;

(3)   instructed all Services to continue to mitigate additional costs, continue to deliver approved savings and to contain expenditure within the approved budget provision wherever possible;

(4)   noted that detailed provisional outturn reports would be submitted to the relevant Sub-Committees when it was practical to do so; and

(5)   approved the short-term investment detailed in the attached schedule using unallocated COVID funding.

318.   **CAPITAL INVESTMENT PLAN UPDATE**

The Committee considered a report by the Executive Director (Finance and Corporate Services) providing a strategic financial overview of the Capital Investment Plan and advised on the projected outturn for the 2021-22 financial year.

Decision

The Committee:-

(1)   approved the proposed Capital Investment Plan re-profiling contained within Appendix 1 of the report to deal with carry forward budgets from 2020-21 into later years of the Plan and noted the following:-

- the projected outturn position, the risks and mitigating actions for the major projects within the Capital Investment Plan;
- the projected outturn position for the 2021-22 Capital Investment Plan;
- that/

- that more detailed capital outturn reports for 2021-22 would be submitted to relevant Sub-Committees of the Council, in accordance with agreed financial reporting arrangements; and
- that budget variances would be managed by the appropriate Directorate in conjunction with the Investment Strategy Group.

319. BAD DEBTS 2020-21

The Committee considered a joint report by the Head of Revenue and Commercial Services and the Head of Housing Services summarising the irrecoverable bad debts that had been written off during 2020-21 by the Finance and Corporate Services Directorate and Housing Services.

Decision

The Committee noted the contents of the report.

The meeting adjourned at 11.30 a.m. and re-convened at 11.45 a.m.

320. PAYMENT STRATEGY UPDATE

The Committee considered a joint report by the Head of Customer and Online Services and the Head of Revenue and Commercial Services updating members on the approach taken to payments being made in the Council.

Decision

The Committee approved the approach in relation to payments being taken in the Council.

321. TAY CITIES - CITY OF CULTURE

The Committee considered a report by the Head of Communities and Neighbourhoods Service providing information on the bid for Tay Cities to be UK City of Culture 2025.

Decision

The Committee:-

(1) approved the joint expression of interest to be City of Culture in 2025 made by the Tay Cities Region; and

(2) agreed that further reports be brought forward if the Tay Cities expression of interest was successful in being included on the longlist.

322. VOLUNTARY EARLY RETIREMENT (VER)

The Committee considered a report by the Head of Human Resources providing an update on the implementation of the revised VER (Voluntary Early Retirement) policy and seeking agreement on the Council's revised Discretion Policy Statement.

Decision/

Decision

The Committee:-

(1) noted that the updated position in terms of the UK's exit payment cap did not affect the Council's revised policy position;

(2) noted the revisions to Council policy following Policy and Co-ordination Committee's agreement to change discretionary elements of exit packages;

(3) noted the minor administrative changes to the Council's Employer Discretion Statement;

(4) noted the arrangements for transition and implementation of the new Policy;

(5) noted the review of the Council's payback periods and agreed to the implementation of the proposed payback period of two years with increased scrutiny of exits with a payback between two and three years;

(6) agreed to the implementation of the payback period on an individual basis in the first instance with increased scrutiny applied to any payback period made on a group basis;

(7) noted the intention of Trusts and ALEOs to adopt the Council's new Policy;

(8) noted the costs associated with exits during 2020/21;

(9) noted the changes to the workforce profile during 2021/21; and

(10) agreed to the proposed change to the panel within the Internal Disputes Resolution Procedure.

323. **FUTURE WORKSTYLES**

The Committee considered a joint report by the Head of Human Resources and the Head of ICT providing an update on the progress of the Future Workstyles project specifically in relation to introducing blended workstyles.

Decision

The Committee:-

(1) noted the update on the delivery plan which detailed the numbers in scope and the proposed approach for the move management plan;

(2) noted the principles of providing technology and deploying devices;

(3) noted that the lessons learned from the pilot were at an early stage of development and that further updates would be provided in due course;

(4) agreed the revised interim principles (terms and conditions) for those covered by the blended workstyle pilot (detailed in Appendix 1);

(5)/

(5)   approved funding of £1.250m from reserves as outlined in the resource implications section of the report; and

(6)   noted the range of benefits linked to this programme of work.

FIFE COUNCIL
GENERAL FUND REVENUE BUDGET 2021-23
ONE-OFF INVESTMENT

One-Off Investment
In recognition of the need to continue to provide Services and support communities we propose to make the following short-term investments:

Environmental Vandalism - £0.050m
Joint project with safer communities to improve the public realm.

Planned Patching - £2.000m
Inspections and surveys have highlighted an immediate need for additional programmed patching works which will be delivered in 2021/22 and 2022/23. This will be achieved using existing staff resources and awarding work to external Contractors.
Bringing forward this work will greatly enhance the routes to the Open Golf in 2022 and improve Fife's economy and road transport links.

Reactive Pothole Patching - £1.000m
Many urban isolated potholes have developed due to the limited ability to react to repairs of this nature during the pandemic.
Whilst the Risk Based approach to pothole patching and maintenance will prove effective in the longer term, funding will be used to reduce and mostly eliminate the backlog of urgent repairs.

Work to improve road drainage and at flood locations - £0.800m
Desk top studies and investigations are now well underway and have identified road drainage and flooding hotspots.
Additional funding will advance solutions at these locations.
Some of this additional funding will allow work to be carried out to re-cut off lets and clear roadside rural ditches, improving drainage

Extend Seasonal worker contracts to address weeds legacy - £0.100m
Seasonal workers are employed each year between April and October, this year contracts will be extended until December to facilitate weed removal in all areas.

Demolition of a small number of unoccupied/derelict buildings - £0.300m
There are a number of unoccupied/derelict buildings that require demolition which in turn will open up the land for development promoting recovery. Financial benefits may also be generated in future years with potential for moderate savings.

Tourism - £0.100m
An additional post for a period of 2 years to support local tourist associations through COVID recovery and build the capacity in the sector.

FIFE COUNCIL
GENERAL FUND REVENUE BUDGET 2021-23
ONE-OFF INVESTMENT

Employability - £0.300m
The following will be brought forward this year to address skilled worker vacancies in key sectors:
- Match funding for the Interreg RIGHT programme for the development of skilled training in welding techniques to support the decommissioning sector;
- Partnership working with Capital City Partnership for delivery of a Care at Home recruitment campaign to address staff shortages, targeted at adult unemployed (matched to Kickstart and Young Person's Guarantee for 16-24 year old recruitment incentive payments
- Delivery of a road haulage academy for driver training and recruitment (21 year old plus)
- Design and delivery of a hospitality recruitment campaign delivered with DYW Fife and Fife College, linked to YPG sector pledges

Private Sector Adaptations - £0.400m
As a result of COVID-19 there is a back log of adaptation cases. Funding will facilitate clearing of this back log and allow the service to maintain the level of adaptations required in year.

Contact Centre/Welfare Fund - £0.300m
Processing of crisis and community care grants to deal with current demand levels and additional aspects such as isolation support will be enhanced by providing additional funding.

Parks maintenance - £0.360m
Approval of the Play Spaces strategy has identified immediate improvements required to playparks across Fife. The level of investment is being complemented by funding received from Scottish Government.

Sports Pavilion and Parks immediate dilapidation works - £0.500m
An increase in outdoor sport activity and the recent approval of the Active Fife sports strategy requires a number of existing sports pavilions across Fife to be renewed or refurbished in order to provide fit for purpose outdoor facilities for Community Groups.

GENERAL FUND REVENUE BUDGET 2021-23
ONE-OFF INVESTMENT

	2021-22 £m	2022-23 £m
Enterprise & Environment		
Assets, Transportation & Environment		
Environment & Building Services		
Environmental Vandalism	0.050	0.000
Environment & Building Services		
Planned Patching	1.000	1.000
Reactive Pothole Patching	0.500	0.500
Environment & Building Services		
Work to improve road drainage and at flood locations	0.400	0.400
Environment & Building Services		
Extend Seasonal worker contracts to address weeds legacy	0.100	0.000
Environment & Building Services		
Demolition of a small number of unoccupied/derelict buildings	0.300	0.000
Business & Employability		
Tourism	0.050	0.050
Employability	0.300	0.000
Total Enterprise & Environment	**2.700**	**1.950**
Communities		
GFH - Housing & Neighbourhood Services		
Private Sector Adaptations	0.400	0.000
Customer Service Improvement		
Contact Centre/Welfare Fund	0.300	0.000
Community & Corporate Development		
Parks maintenance	0.360	0.000
Sports Pavillion and Parks immediate dilapidation works	0.500	0.000
Total Communities	**1.560**	**0.000**
Total Budget Investment (One-Off)	**4.260**	**1.950**

THE FIFE COUNCIL - ENVIRONMENT & PROTECTIVE SERVICES SUB-COMMITTEE – REMOTE MEETING

2 September 2021   **10.00 a.m. – 12.40 a.m.**

PRESENT:	Councillors Ross Vettraino (Convener), David Barratt, Rod Cavanagh, Dave Dempsey, Gavin Ellis, David Graham, Sharon Green-Wilson, Jean Hall-Muir, Judy Hamilton, Andy Heer, Gordon Langlands, Alice McGarry, Derek Noble, Jonny Tepp and Jan Wincott.
ATTENDING:	Ken Gourlay, Head of Assets, Transportation and Environment; Nigel Kerr, Head of Protective Services; Kenny Bisset, Lead Officer (Land & Air Quality), Economy, Planning & Employability Services; John Rodigan, Senior Manager, Environment & Building Services; David Goodenough, Service Manager (Corporate Operations & Projects), Fife Resource Solutions; Rick Haynes, Lead Consultant, Flooding, Shoreline and Harbours, Roads & Transportation Services; Chief Superintendent Derek McEwan, Police Scotland; Mark Bryce, Local Senior Officer, Iain Brocklebank, Group Commander, Scottish Fire & Rescue Service; Barry Collie, Accountant, Finance and Elizabeth Mair, Committee Officer, Legal & Democratic Services.
ALSO ATTENDING:	Dr Paul Dale, SEPA and Stephen Ritchie, Defence Infrastructure Organisation (for Para. 200).

197.   CHANGE TO MEMBERSHIP

The Committee noted that Councillor Dave Dempsey had replaced Councillor Dominic Nolan as a member on the Environment & Protective Services Sub- Committee and thanked Councillor Nolan for his work during his time as a member of the Sub-Committtee.

198.   DECLARATIONS OF INTEREST

Councillors David Barratt and Jan Wincott declared an interest in paragraph 202 - Policy Update - Household Waste Recycling Centres Booking System Review, as they were on the Board of Fife Resource Solutions, however, they considered that this was covered by a Specific Exclusion so they would remain and participate.

199.   MINUTE

The Sub-Committee considered the minute of the meeting of the Environment & Protective Services Sub-Committee of 24 June 2021.

Decision

The Sub-Committee agreed to approve the minute.

Councillor Tepp joined the meeting following consideration of the above item.

 200./

200. RADIATION AT DALGETY BAY

Dr Paul Dale, SEPA and Mr Stephen Ritchie, Defence Infrastructure Organisation, gave a verbal report providing details of the works currently underway to remediate the radioactive contamination at Dalgety Bay. The works would take place between 1st April and 30th September each year to protect overwintering birds and the target date for completion was 30th September 2022. Following the completion of the works, monitoring of the site would be carried out to ensure the remediation remained successful.

Decision

The Sub-Committee noted:-

(1)   the information given; and

(2)   that the local community would be notified in advance of any changes to working patterns.

201. FIFE'S AIR QUALITY STRATEGY 2021-25 & AMENDMENTS TO AIR QUALITY MANAGEMENT AREAS

The Sub-Committee considered a report by the Head of Protective Services advising of the Fife Air Quality Strategy for 2021-2025 and the amendments made to the Bonnygate, Cupar and Appin Crescent, Dunfermline Air Quality Management Area Orders and associated Air Quality Action Plans.

Decision

The Sub-Committee approved:-

(1)   Fife's Air Quality Strategy for 2021-2025; and

(2)   the amendments made to the Air Quality Management Area Orders and Air Quality Action Plans.

202. POLICY UPDATE - HOUSEHOLD WASTE RECYCLING CENTRES SAFETY MEASURES REVIEW

The Sub-Committee considered a report by the Head of Assets, Transportation and Environment providing an update on the review of Household Waste Recycling Centre safety control measures in preparation for a return to open access for the deposit of non-commercial waste, with appropriate mitigation to address health and safety issues.

Decision

The Sub-Committee agreed:-

(1)   that the booking system be removed in respect of the deposit of non-commercial waste by car at all of the recycling centres except that at Ladybank;

(2)/

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(2)   that the booking system remain in place for the deposit of non-commercial waste by vehicles which were classed by the DVLA as commercial vehicles and trailers;

(3)   that the booking system remain in place at Ladybank for all vehicles until a separate access to the recycling centre is formed;

(4)   that the cost of providing pedestrian access and access by bicycle at the recycling centres at Cupar, Dalgety Bay, Kirkcaldy, Lochgelly, Methil and St Andrews be determined and reported to the Sub-Committee;

(5)   to ask the Fife Resource Solutions Board to action the above at the earliest opportunity;

(6)   that an update report be submitted to the Sub-Committee at its next meeting; and

(7)   that the Council website contain either a link to the DVLA or other information to allow users to determine whether their vehicle was classed as commercial.

203. SCOTTISH FIRE & RESCUE SERVICE LOCAL PLAN ANNUAL PERFORMANCE REPORT

The Sub-Committee considered a report by the Local Senior Officer, Scottish Fire and Rescue Service, providing incident information for the period 1 April 2020 to 31 March 2021 to enable the Sub-Committee to scrutinise the Fife Local Senior Officer Area activity against its key performance indicators (KPI's).

Decision

The Sub-Committee noted the progress across a range of KPI's as contained within the report.

204. SCOTTISH FIRE & RESCUE SERVICE - LOCAL FIRE AND RESCUE PLAN FOR FIFE 2021

The Sub-Committee considered a report by the Local Senior Officer, Scottish Fire & Rescue Service, presenting the Local Fire and Rescue Plan 2021 which focused on priorities in the national Strategic Plan for 2019–2022 and those more acute priorities that impacted on the safety and wellbeing of communities within the Fife area.

Decision

The Sub-Committee approved the Local Fire and Rescue Plan for Fife 2021.

205. CONSULTATION ON OPTIONS FOR RESPONDING TO AUTOMATIC FIRE ALARMS

The Sub-Committee considered a report by the Local Senior Officer, Scottish Fire and Rescue Service (SFRS), advising of the SFRS 'Time for Change' - Reducing Unwanted Fire Alarm Signals (UFAS) - Consultation on Options for Responding to Automatic Fire Alarms' and setting out the reasons for the need for change, the potential options, the process to be followed and how stakeholders and members of the public could get involved in shaping this decision.

Decision/

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Decision

The Sub-Committee agreed:-

(1)   to note that members could complete the survey on the consultation if they wished to participate; and

(2)   that details of the consultation be circulated to all members of the Council to also allow them the opportunity to participate.

206.   POLICE SCOTLAND PERFORMANCE REPORT - QUARTER 1 2021/2022

The Sub-Committee considered a report by the Chief Superintendent, Police Scotland, presenting the Fife Division Performance Report for Quarter 1, 2021/2022.

Decision

The Sub-Committee:-

(1)   noted the performance information contained in the report; and

(2)   agreed that the Chief Superintendent arrange a briefing for members on Operation Pinnacle and related activities.

The meeting adjourned at 11.44 a.m. and reconvened at 11.55 a.m.

207.   SEVERE FLOODING - AUGUST 2020 - UPDATE

The Sub-Committee considered a report by the Head of Assets, Transportation and Environment providing an update on progress of investigation and mitigation works relating to the August 2020 flood events across Fife and advising of the proposed initial list of projects identified for progression in the capital works programme in 2021-23.

Decision

The Sub-Committee agreed:-

(1)   to note that work continued with the investigation and development of mitigations where appropriate on the collated Priority Flooding List;

(2)   that the projects identified in paras 3.2 and 3.4 of the report be progressed within the flooding capital programme in 2021-23;

(3)   to note that, as projects developed, they would be added to the Area Roads Programme which was available to view on the Council website, and updated accordingly; and

(4)   that a further update report be submitted to the next meeting of this Sub-Committee.

208./

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208.   2020/21 REVENUE MONITORING PROVISIONAL OUTTURN

The Sub-Committee considered a joint report by the Executive Director, Finance and Corporate Services and the Executive Director, Enterprise and Environment providing an update on the provisional outturn financial position for the 2020/21 financial year for the areas in scope of the Environment and Protective Services Sub-Committee.

<u>Decision</u>

The Sub-Committee noted the current financial performance and activity as detailed in the report.

209.   2020/21 CAPITAL MONITORING PROVISIONAL OUTTURN

The Sub-Committee considered a joint report by the Executive Director, Finance and Corporate Services and the Executive Director, Enterprise and Environment, providing an update on the Capital Investment Plan and advising on the provisional financial position for the 2020/21 financial year for areas in scope of the Environment and Protective Services Sub-Committee.

<u>Decision</u>

The Sub-Committee noted the current performance and activity across the 2020/21 Financial Monitoring as detailed in the report.

210.   2021/22 REVENUE MONITORING PROJECTED OUTTURN

The Sub-Committee considered a joint report by the Executive Director, Finance and Corporate Services and the Executive Director, Enterprise and Environment, providing an update on the projected outturn financial position for the 2021/22 financial year as at June, for the areas in scope of the Environment and Protective Services Sub-Committee.

<u>Decision</u>

The Sub-Committee noted the current financial performance and activity as detailed in the report.

211.   2021/22 CAPITAL MONITORING PROJECTED OUTTURN

The Sub-Committee considered a joint report by the Executive Director, Finance and Corporate Services and the Executive Director, Enterprise and Environment, providing an update on the Capital Investment Plan and advising on the projected financial position for the 2021/22 financial year as at June 2021, for areas in scope of the Environment and Protective Services Sub-Committee.

<u>Decision</u>

The Sub-Committee noted the current financial performance and activity as detailed in the report.

212./

212. **ENTERPRISE AND ENVIRONMENT DIRECTORATE - SECTION/SERVICE PERFORMANCE REPORTS**

The Sub-Committee considered a report by the Executive Director, Enterprise and Environment, presenting the performance scorecard for Protective Services, Grounds Maintenance and Domestic Waste and Street Cleansing Service for 2020/21 and providing information on environmental service requests/complaints and workforce profiles.

Decision

The Sub-Committee agreed to note:

(1)   the Protective Services, Grounds Maintenance and Domestic Waste and Street Cleansing Service performance information presented in Appendices 1 and 2 to the report;

(2)   the detailed Environmental service requests and complaints information in Appendix 3 to the report;

(3)   the arrangements set out to fulfil the Council's obligation to comply with Audit Scotland's 2018 SPI Direction; and

(4)   the information regarding the workforce profile in Appendix 4 to the report.

213. **NOTICE OF MOTION**

In terms of Standing Order No. 8.1(1), the following Notice of Motion had been submitted:-

Councillor Dempsey, seconded by Councillor Heer, moved as follows:-

"The Sub-Committee asks officers to issue an invitation to the Procurator Fiscal service to attend a meeting of the Sub-Committee, preferably its next, to explain the approach and procedures around prosecuting alleged fly-tippers."

The Convener advised that, prior to the motion being submitted, he had contacted the Procurator Fiscal's office regarding this matter and that arrangements had been made for the Procurator Fiscal Depute to attend the next meeting of this Sub-Committee to discuss this issue.

Decision

In light of the information provided by the Convener, the motion was withdrawn.

214. **ENVIRONMENT & PROTECTIVE SERVICES SUB-COMMITTEE FORWARD WORK PROGRAMME**

The Sub-Committee noted the current Environment and Protective Services Sub-Committee Forward Work Programme, which would be updated as appropriate.

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THE FIFE COUNCIL - EDUCATION & CHILDREN'S SERVICES SUB-COMMITTEE – REMOTE MEETING

7th September, 2021   10.00 a.m. – 1.50 p.m.

PRESENT:	Councillors Craig Walker (Convener), Bobby Clelland, Dave Dempsey, Linda Erskine, Ian Ferguson, Derek Glen (substituting for Councillor Julie Ford), Gary Guichan, Helen Law, Kathleen Leslie, Rosemary Liewald, Jane Ann Liston (substituting for Councillor James Calder), Ross Paterson, Fay Sinclair, Alistair Suttie and Mr. Alastair Crockett and Mr. George Haggarty.
ATTENDING:	Carrie Lindsay, Executive Director, Kathy Henwood, Head of Education & Children's Services; Maria Lloyd, Head of Education & Children's Services; Angela Logue, Head of Education & Children's Services; Shelagh McLean, Head of Education & Children's Services; Alan Cumming, Education Manager, Deborah Davidson, Education Manager, Sarah Else, Education Manager, Lynn Porter, Education Manager; Avril Graham, Sustainable Estate Officer, Education; Lesley Henderson, Quality Improvement Officer, Stuart Booker, Improvement Officer, Sandy McIntosh, Rector, Zoe Thomson, Depute Rector, Education & Children's Services; Lynn Gillies, Service Manager, Children & Families and Criminal Justice Services; Alan Paul, Senior Manager (Property Services), Louise Playford, Service Manager (School Estate), Property Services, Assets Transportation & Environment; Chris Campbell, Team Manager, Social Work Resources Service; Alison Binnie, Business Partner, Finance; Margaret McFadden, Solicitor, Legal & Democratic Services; and Diane Barnet, Committee Officer, Legal & Democratic Services, Finance & Corporate Services.
APOLOGY FOR ABSENCE:	Mr. William Imlay.

Prior to the start of business, the Convener, on behalf of the Sub-Committee, welcomed Councillor Heer to the Education and Children's Services Sub-Committee, having replaced Councillor Nolan. The Sub-Committee acknowledged Councillor Nolan's contribution during the period of his membership.

The Convener also welcomed Councillors Glen and Liston to the meeting, substituting for Councillors Ford and Calder respectively on this occasion.

218. DECLARATIONS OF INTEREST

No declarations of interest were submitted in terms of Standing Order No. 7.1.

219. MINUTE

The Sub-Committee considered the minute of the Education and Children's Services Sub-Committee of 11th May, 2021.

Decision/

Decision

The Sub-Committee agreed to approve the minute, subject to an amendment to reflect that Councillor Nolan had declared an interest in Para. 216 - 'Support for Voluntary Organisations' - as he was a Council appointed member of an organisation from whom Families First, St Andrews had received funding.

220. MINUTES OF EDUCATION APPOINTMENT COMMITTEE

The Sub-Committee considered the minutes of meetings of the Education Appointment Committee of 4th, 14th, 17th, 21st, 25th, 27th and 31st May, 2021; and 1st, 2nd, 8th, 9th, 15th and 21st June, 2021.

Decision

The Sub-Committee noted the minutes.

221. MINUTES OF EAST FIFE EDUCATION TRUST COMMITTEE AND WEST FIFE EDUCATION TRUST COMMITTEE

The Sub-Committee considered the minutes of the East Fife Education Trust Committee and the West Fife Education Trust Committee of 2nd June, 2021.

Decision

The Sub-Committee noted the minutes.

222. STATUTORY CONSULTATION REPORT ON THE PROPOSAL TO RELOCATE ST COLUMBA'S RC AND WOODMILL HIGH SCHOOLS

The Sub-Committee considered a report by the Executive Director, Education and Children's Services presenting the statutory Consultation Report, in terms of the Schools (Consultation) (Scotland) Act 2010, in respect of the proposal to relocate St Columba's RC High School from the existing school site of Woodmill Road, Dunfermline, and to relocate Woodmill High School from the existing school site of Shields Road, Dunfermline to a new single site south of Calaiswood Crescent, adjacent to Roe Deer Place, Dunfermline (former Shepherd Offshore site), a site which would also encompass a new Fife College (Dunfermline) campus, for full consideration by members. The report also sought approval to proceed with the recommendations contained within the Consultation Report.

Decision

The Sub-Committee agreed to approve the proposal to relocate St Columba's RC High School from the existing school site of Woodmill Road, Dunfermline, and to relocate Woodmill High School from the existing school site of Shields Road, Dunfermline, to a new single site, south of Calaiswood Crescent, adjacent to Roe Deer Place, Dunfermline (former Shepherd Offshore site), a site which would also encompass a new Fife College Campus.

Councillor Clelland joined the meeting during consideration of the above item.

223./

223.   DIRECTORATE IMPROVEMENT PLAN 2021-23

The Sub-Committee considered a report by the Executive Director, Education and Children's Services providing an update on the publication of the Education and Children's Services (ECS) Directorate Plan 2021-23, setting the plan in the context of other keys strategic plans for children and families in Fife, and presenting a draft reporting timetable to Committee covering progress against those statutory plans.

Decision

The Sub-Committee:-

(1)   noted the ECS Directorate's draft reporting timetable for reporting on delivery of the Directorate Plan; and

(2)   agreed to continue to support the work across other key strategic plans for children, young people and families.

224.   PROFESSIONAL LEARNING & LEADERSHIP STRATEGY UPDATE

The Sub-Committee considered a report by the Executive Director, Education and Children's Services providing an update on the Education and Children's Services Professional Learning and Leadership Strategy for education staff.

Decision

The Sub-Committee:-

(1)   noted the progress made with the Professional Learning and Leadership Strategy since the report approved by the Education, Health and Social Care Scrutiny Committee in January, 2016; and

(2)   noted the leadership models as agreed in the Professional Learning and Leadership Strategy (2016) which had been progressed successfully over the last five years and the intention to continue with the development and implementation of Leadership Model 2 - School grouping model of leadership; and Model 3 - Learning journey model of leadership - to best meet the needs of schools and local communities.

The meeting adjourned at 11.45 a.m.

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The meeting re-convened at 11.55 a.m.

225.   SUPPORT FOR VOLUNTARY ORGANISATIONS - UPDATE

The Sub-Committee considered a report by the Executive Director, Education and Children's Services providing an update on the re-modelling of Children and Families Commissioned Services and recommendations for funding for 2021-22.

Decision/

20

Decision

The Sub-Committee:-

(1)   noted the progress that had been achieved relating to commissioning arrangements;

(2)   approved the predicted overspend of £127,614 in the current financial year - this being accommodated within the projected underspend for Children and Families Service;

(3)   noted that this overspend was one off and non-recurring; and

(4)   noted the required activity to bring service briefs 2A and 6 in line with the available budget by the end of March, 2022.

Mr. Crockett left the meeting during consideration of the above item.

226.   SQA RESULTS OF 10TH AUGUST, 2021

The Sub-Committee considered a report by the Executive Director, Education and Children's Services including:

(1)   the background to the awarding of SQA qualifications 2021;
(2)   the Alternative Certification Model (ACM) for awarding SQA qualifications 2021;
(3)   Fife guidance and approaches to supporting the ACM via quality assurance;
(4)   attainment outcomes for young people 2021 including analyses by SIMD; and
(5)   conclusions and next steps for session 2021-22.

Decision

The Sub-Committee:-

(1)   congratulated Senior Leaders in schools, teachers and students on their hard work and results awarded, which generally showed trends in line with national trends;

(2)   endorsed the next steps identified for Session 2021-22; and

(3)   requested an update report on the Organisation for Economic Co-operation and Development (OECD) Review Recommendation (Scotland's Curriculum for Excellence: Into the Future) - the OECD's working paper, due to be published in September, which would outline possible options to enhance qualifications and assessment moving forward.

227.   ATTAINMENT SCOTLAND FUND 2020/2021

The Sub-Committee considered a report by the Executive Director, Education and Children's Services outlining the progress of the Attainment Scotland Fund (ASF), which encompassed the Schools Fund and Pupil Equity Fund, through updating members/

members on the work of schools in their practice to address the challenge of Closing the Poverty Related Attainment Gap. The report presented an overview of the rationale, implementation and impact, to date, of the Attainment Scotland Fund across Fife school establishments.

Decision

The Sub-Committee:-

(1)   noted the contents of the report;

(2)   agreed to continue to seek updates on the impact of these interventions on improving educational outcomes for our children, at a Fife wide level through this Sub-Committee and locally through Local Area Committees; and

(3)   noted the work of schools in developing their practice to address the challenge of Closing the Poverty Related Attainment Gap.

228.   EDUCATION & CHILDREN'S SERVICES DIRECTORATE REVENUE BUDGET 2020-21 PROVISIONAL OUTTURN

The Sub-Committee considered a joint report by the Executive Director, Education and Children's Services and the Executive Director, Finance and Corporate Services advising on the provisional outturn for the 2020-21 Education and Children's Services Directorate Revenue Budget, for the areas in scope of the Education and Children's Services Sub-Committee.

Decision

The Sub-Committee:-

(1)   noted the provisional outturn position (subject to audit) for 2020-21, as detailed in the report and the reasons given for the main variances;

(2)   noted the impact of the Education and Children's Services Directorate's Children and Families Strategy in reducing the reliance on purchased care placements and increasing the number of children who could be looked after safely at home, or in kinship care;

(3)   noted the position regarding the costs and funding of the impact of Covid-19 across the Directorate; and

(4)   otherwise noted the contents of the report.

229.   EDUCATION AND CHILDREN'S SERVICES DIRECTORATE CAPITAL INVESTMENT PLAN 2020-2021: PROVISIONAL OUTTURN REPORT

The Committee considered a joint report by the Executive Director, Education and Children's Services and the Executive Director, Finance and Corporate Services providing a summary of the financial position of Education and Children's Services Directorate's capital programme for the current financial year 2020-21, including progress on major projects.

Decision/

22

Decision

The Committee noted:-

(1)   the provisional outturn position for the 2020-21 Capital investment Plan, the figures being provisional and subject to audit; and

(2)   the reported spend of £44.851m represents 86% of the approved capital programme for 2020-21.

230.   EDUCATION & CHILDREN'S SERVICES DIRECTORATE REVENUE BUDGET 2021-22 PROJECTED OUTTURN

The Sub-Committee considered a joint report by the Executive Director, Education and Children's Services and the Executive Director, Finance and Corporate Services providing an update on the forecast financial position for the 2021-22 financial year, for the areas in scope of the Education and Children's Services Sub-Committee.

Decision

The Sub-Committee:-

(1)   considered and noted the current financial performance and activity as detailed in the report;

(2)   noted that the Education and Children's Services Directorate's implementation of the Children and Families Strategy had reduced the reliance on purchased care placements and increased the number of children who could be looked after safely at home or in kinship care; and

(3)   noted the estimated costs and related funding in relation to the continuing impact of Covid-19 on the Directorate.

231.   EDUCATION AND CHILDREN'S SERVICES DIRECTORATE CAPITAL INVESTMENT PLAN 2021-2022: PROGRESS REPORT

The Sub-Committee considered a joint report by the Executive Director, Education and Children's Services and the Executive Director, Finance and Corporate Services providing information on the overall progress of the Education and Children's Services Directorate's capital programme for the current financial year 2021-22, including progress on major projects.

Decision

The Sub-Committee noted:-

(1)   the financial position as detailed in the report; and

(2)   that the budget had been revised to reflect the outcome of the Capital Plan review undertaken in February, 2021 and the subsequent re-phasing exercise carried out in July, 2021.

232./

232.   **EDUCATION & CHILDREN'S SERVICES SUB-COMMITTEE FORWARD WORK PROGRAMME**

The Sub-Committee considered the Education and Children's Services Sub-Committee Forward Work Programme 2021/22.

Decision

The Sub-Committee noted the Education and Children's Services Sub-Committee Forward Work Programme 2021/22, subject to amendment as necessary.

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THE FIFE COUNCIL - ECONOMY TOURISM STRATEGIC PLANNING AND TRANSPORTATION SUB-COMMITTEE – REMOTE MEETING

9th September, 2021   **10.00 am – 12.40 pm**

PRESENT: Councillors Altany Craik (Convener), John Beare, Ian Cameron, Dave Coleman, Colin Davidson, Sharon Green-Wilson, Jean Hall Muir, Jane Ann Liston, Mino Manekshaw, Ross Paterson, David J Ross, Alistair Suttie, Ann Verner and Jan Wincott.

ATTENDING: Keith Winter, Executive Director - Enterprise and Environment; Gordon Mole, Head of Business and Employability, Pam Ewen, Head of Planning, Morag Millar, Strategic Growth & City Deals Programme Manager, Peter Corbett, Lead Officer Economy, Economy, Planning & Employability Services; Derek Crowe, Senior Manager (Roads & Transportation Services), Bill Liddle, Service Manager (Roads Maintenance), Phil Clarke, Lead Consultant, Traffic Management (South Fife), Assets, Roads and Transportation Services; Jackie Johnstone, Accountant and Lesley Robb, Lead Officer (Committee Services), Finance and Corporate Services.

174.   DECLARATIONS OF INTEREST

No declarations were submitted in terms of Standing Order 7.1.

175.   MINUTE

The Sub-Committee considered the minute of the meeting of the Economy, Tourism, Strategic Planning and Transportation Sub-Committee of 10 June, 2021.

Decision

The Sub-Committee agreed to approve the minute.

176.   TRANSPORT (SCOTLAND) ACT 2019: UPDATE ON PROPOSED PAVEMENT PARKING BAN

The Sub-Committee considered a report by the Head of Assets, Transportation and Environment updating Members on the progress towards implementation of the pavement parking ban proposal, that would be introduced as part of the Transport (Scotland) Act 2019.

Decision/

Decision

The Sub-Committee noted the contents of the report and considered the potential implications and impacts of this legislative proposal for Fife.

177. **WINTER GRITTING AND SNOW CLEARING SERVICES REVIEW AND UPDATE**

The Sub-Committee considered a report by the Head of Assets, Transportation and Environment advising of the updated Winter Gritting and Snow Clearing Services - Policy Statement 2021-22, following a sub-group review of the policy and operational practices required to deliver Fife's winter services, in line with future budgets.

Decision

The Sub-Committee:

(1) agreed that the report resolved Motion 4, agreed at Fife Council on 25 February 2021 (previous Minute Reference - paragraph 217 of 2021 FC 253 - Fife Council meeting of 25 February 2021 - refers) that a Winter Review be completed in the usual manner and the outcome reported to the Economy, Tourism, Strategic Planning and Transportation Sub-Committee; and

(2) considered the findings of the review and endorsed the Winter Gritting and Snow Clearing Services - Policy Statement 2021-22, as detailed in appendix 1 of the report.

178. **LEADING ECONOMIC RECOVERY (LER) ACTION PLAN: PROGRESS UPDATE JUNE 2021**

The Sub-Committee considered a report by the Head of Business and Employability providing Members with an update on the progress against actions identified in the Leading Economic Recovery Action Plan, agreed by Policy and Coordination Committee on 4 March 2021 (previous minute reference paragraph 272 of 2021 PC 137 - Policy and Coordination Committee of 4 March 2021 - refers).

Decision

The Sub-Committee:

(1) reviewed progress in relation to actions identified within the Leading Economic Recovery Action Plan;

(2) recognised continuing uncertainties in terms of the economic impact of the Covid-19 pandemic, consequences of the EU exit, and associated government responses to both; and

(3) noted that the outcomes of the Leading Economic Recovery workstream (which formed part of the Council's wider Reform and Recovery programme) have fed into the current refresh of the Plan4Fife, and that it remained/

(4) remained the intention to undertake a more detailed review of the Fife Economic Strategy in 2022.

Councillor Coleman joined the meeting during consideration of the above item.

The meeting adjourned at 11.20 am and re-convened at 11:30 am, with all members present.

179.   **FINAL UPDATE ON THE EXTENDED BUILD (APRIL 2018 - MARCH 2020) OF THE DIGITAL SCOTLAND SUPERFAST BROADBAND (DSSB) REST OF SCOTLAND (ROS) PROGRAMME**

The Sub-Committee considered a report by the Head of Business and Employability presenting the results of the extended build for Digital Scotland Superfast Broadband (DSSB) Rest of Scotland (RoS) programme to March 2020.

Motion

Councillor Manekshaw, seconded by Councillor Ross moved as follows:

"This Sub-Committee accepts the recommendations in the report.

While Sub-Committee applauds the significant progress that has been made in broadening the availability of Fibre to the Cabinet (FTTC) and Fibre to the Premise (FTTP) access throughout Fife, it is concerned that on current projections, at least 3% of domestic/business premises, which by definition are 'hard to reach', will have no such benefit without the availability of alternative solutions that are deliverable, affordable and sustainable.

As such alternative solutions must be fully compliant with the regulations that surround State Aid/Subsidy, it is important that all parties understand the boundaries.

The Sub-Committee therefore requests that Officers bring forward a report that describes the pertinent regulations with particular emphasis on how the funding provided to Angus Council, for a Community Network through Tay Cities Funding, does not trigger a challenge under these regulations."

Amendment

Councillor Craik, seconded by Councillor Beare moved an amendment to the motion as follows:

"This Sub-Committee accepts the recommendations in the report

While Sub-Committee applauds the significant progress that has been made in broadening the availability of Fibre to the Cabinet (FTTC) and Fibre to the Premise (FTTP) access throughout Fife, it is concerned that on current projections, at least 3% of domestic/business premises, which by definition are 'hard to reach', will have no such benefit without the availability of alternative solutions that are deliverable, affordable and sustainable and notes that the rolling out of the Scottish Government's £600m Reaching 100% (R100) programme will build/

build on the success of the DSSB programme.

As such alternative solutions must be fully compliant with the regulations that surround State Aid/Subsidy, it is important that all parties understand the boundaries.

The Sub-Committee therefore requests that a Members briefing be circulated to Members of the Sub-Committee that describes the pertinent regulations with particular emphasis on how the funding provided to Angus Council, for a Community Network through Tay Cities Funding, does not trigger a challenge under these regulations."

Following discussion, Councillors Manekshaw and Ross agreed to accept the amendment proposed by Councillors Craik and Beare. The Sub-Committee unanimously agreed the amendment.

<u>Decision</u>

The Sub-Committee:

(1) endorsed the report, Delivering on Our Commitment in Fife (Final) Report, dated June 2021;

(2) noted that as a result of the DSSB programme 99.3% of homes and businesses in Fife have access to fibre enabled broadband and 97% have superfast access (greater than or equal to 24Mbps);

(3) applauded the significant progress that had been made in broadening the availability of FTTC and FTTP access throughout Fife, but was concerned that on current projections, at least 3% of domestic/business premises, which by definition are 'hard to reach' would have no such benefit without the availability of alternative solutions that were deliverable, affordable and sustainable;

(4) noted that the rolling out of the Scottish Government's £600m Reaching 100% (R100) programme would build on the success of the DSSB programme;

(5) noted that as such alternative solutions must be fully compliant with the regulations that surround State Aid//Subsidy, it was important that all parties understood the boundaries; and

(6) requested a Members Briefing be circulated to Members of the Sub-Committee that described the pertinent regulations with particular emphasis on how the funding provided to Angus Council, for a Community Network through Tay Cities Funding, would not trigger a challenge under the regulations.

180. **CONNECTIVITY UPDATE**

The/

The Sub-Committee considered a report by the Head of Business and Employability presenting an update on activities by the Scottish and UK Governments to improve connectivity and proposed to investigate the options for the Council to ensure no one is left behind by these activities.

Motion

Councillor Manekshaw, seconded by Councillor Ross moved as follows:

The Sub-Committee:

(1) notes the connectivity activity taking place because of investment by the Governments of Scotland and the United Kingdom;

(2) is aware of the achievements of "Cupar Now" which is the UK and Scotland's first and only Digital Improvement District;

(3) understands that at Officer request, a business case has been presented to Fife Council that seeks funding for a two year pilot to deliver a 'community benefit network'. Such a network deployed wirelessly across the five electoral wards of North East Fife and two wards covering Levenmouth – will enable essential and transformational support to be delivered as part of a fully monitored and evaluated pilot project; and

(4) requests that Officers conduct a full and objective analysis of the Destination Digital business case/proposal, such report to be presented at the next meeting of this sub-committee.

Amendment

Councillor Craik, seconded by Councillor Beare moved an amendment to the motion as follows:

The Sub-Committee:

(1) notes the connectivity activity taking place because of investment by the Governments of Scotland and the United Kingdom;

(2) is aware of the achievements of "Cupar Now" which is the UK and Scotland's first and only Digital Improvement District;

(3) understands that at Officer request, a business case has been presented to Fife Council that seeks funding for a two year pilot to deliver a 'community benefit network'; and

(4) requests that Officers conduct a full and objective analysis of the Destination Digital business case/proposal and presents this analysis in a report to a future meeting of this sub-committee.

Following discussion, Councillors Manekshaw and Ross agreed to accept the amendment/

amendment proposed by Councillors Craik and Beare. The Sub-Committee unanimously agreed the amendment.

<u>Decision</u>

The Sub-Committee:

(1) noted the connectivity activity taking place because of investment by Governments of Scotland and the United Kingdom;

(2) was aware of the achievements of "Cupar Now", which was the UK and Scotland's first and only Digital Improvement District;

(3) understood that at Officer request, a business case had been presented to Fife Council that sought funding for a two year pilot to deliver a 'community benefit network'; and

(4) requested Officers conduct a full and objective analysis of the Destination Digital business case/proposal and presented the analysis in a report to a future meeting of the Sub-Committee.

181. **ENTERPRISE AND ENVIRONMENT DIRECTORATE SECTION/SERVICE PERFORMANCE REPORTS**

The Sub-Committee considered a report by the Executive Director, Enterprise and Environment presenting the performance scorecard for Planning, Business and Employability and Roads and Transportation Services for 2020-2021.

<u>Decision</u>

The Sub-Committee:

(1) considered the Planning, Business and Employability and Roads and Transportation Services performance information presented as appendix 1, 2 and 3 to the report;

(2) considered if any further review work or scrutiny is required and the scope of that review;

(3) noted the arrangements set out to fulfil the Council's obligation to comply with Audit Scotland's 2018 SPI Direction; and

(4) noted the information regarding the workforce profile, presented as appendix 4 to the report.

Councillor Davidson left the meeting during consideration of the above item.

182. **2020-21 REVENUE MONITORING PROVISIONAL OUTTURN**

The Sub-Committee considered a joint report by the Executive Director, Finance and/

and Corporate Services and the Executive Director, Enterprise and Environment providing Members with an update on the provisional outturn financial position for the 2020-21 financial year, for the areas in the scope of the Economy, Tourism, Strategic Planning and Transportation Sub-Committee.

Decision

The Sub-Committee considered and noted the current financial performance and activity, as detailed in the report.

Councillor Hall-Muir left the meeting during consideration of the above item.

183. **2020-21 CAPITAL MONITORING PROVISIONAL OUTTURN - ENTERPRISE AND ENVIRONMENT DIRECTORATE**

The Sub-Committee considered a joint report by the Executive Director, Finance and Corporate Services and the Executive Director, Enterprise and Environment providing Members with an update on the Capital Investment Plan and advising on the provisional outturn for the 2020-21 financial year, for the areas in the scope of the Economy, Tourism, Strategic Planning and Transportation Sub-Committee.

Decision

The Sub-Committee considered and noted the current performance and activity across the 2020-21 financial monitoring period, as detailed in the report.

184. **2021/22 REVENUE MONITORING PROJECTED OUTTURN**

The Sub-Committee considered a joint report by the Executive Director, Finance and Corporate Services and the Executive Director, Enterprise and Environment providing Members with an update on the projected outturn financial provision for the 2021-22 financial year, for the areas in the scope of the Economy, Tourism, Strategic Planning and Transportation Sub-Committee.

Decision

The Sub-Committee considered and noted the current financial performance and activity as detailed in the report.

185. **2021-22 CAPITAL MONITORING PROJECTED OUTTURN - ENTERPRISE AND ENVIRONMENT DIRECTORATE**

The Sub-Committee considered a joint report by the Executive Director, Finance and Corporate Services and the Executive Director, Enterprise and Environment providing Members with an update on the Capital Investment Plan and advising on the provisional outturn for the 2021-22 financial year, for the areas in the scope of the Economy, Tourism, Strategic Planning and Transportation Sub-Committee.

Decision/

<u>**Decision**</u>

The Sub-Committee considered and noted the current performance and activity across the 2021-22 financial monitoring period, as detailed in the report.

186. **ECONOMY, TOURISM, STRATEGIC PLANNING AND TRANSPORTATION SUB COMMITTEE FORWARD WORK PROGRAMME**

<u>**Decision**</u>

The Sub-Committee noted the contents of the Economy, Tourism, Strategic Planning and Transportation Sub-Committee forward work programme.

4th November, 2021.

Agenda Item No. 4

National Care Service Consultation

Report by:	Steve Grimmond, Chief Executive

Wards Affected:	Fife wide

Purpose

The purpose of this report is to consider Fife Council's response to the National Care Service consultation being carried out by the Scottish Government.

Recommendation(s)

It is recommended that Committee note the main issues arising from the consultation and considers, comments upon and approves the response.

Resource Implications

The proposals, if implemented, could have significant resource implications but these are difficult to assess fully based on the information provided in the consultation.

Legal & Risk Implications

As above – further information is needed before we can properly assess implications.

Impact Assessment

None carried out as yet.

Consultation

Senior officers in the services most affected by the proposals have been involved in developing this response and have consulted with staff. The response takes account of feedback from Scrutiny Committee members who attended a workshop organised by Fife's Health & Social Care Partnership.

1.0 Background

1.1 The consultation on a National Care Service for Scotland was published by the Scottish Government on 9th August 2021. This consultation sets out the Scottish Government's proposals to improve the way social care services are delivered in Scotland, following the recommendations of the Independent Review of Adult Social Care.

1.2 The delivery of social care support is currently the statutory responsibility of local government under the 1968 Social Work (Scotland) Act. In February 2021, the Independent Review of Adult Social Care report was published. It concluded that whilst there were strengths of Scotland's social care system, it needed revision and redesign to enable a step change in the outcomes for the people in receipt of care. The review provided a number of high-level areas of focus:

- Ensuring that care is person-centred, human rights based, and is seen as an investment in society
- Making Scottish Ministers responsible for the delivery of social care support, with the establishment of a National Care Service to deliver and oversee integration, improvement and best practices across health and social care services
- Changing local Integration Joint Boards to be the delivery arm of the National Care Service, funded directly from the Scottish Government
- The nurturing and strengthening of the workforce, and
- Greater recognition and support for unpaid carers.

1.3 It is expected that a National Care Service will, at a minimum, cover adult social care services. However, the consultation asks that respondents consider the merits of extending the scope of a National Care Service to oversee all age groups and a wider range of needs including:

- children and young people;
- community justice;
- alcohol and drug services; and
- social work.

1.4 It proposes the reform of the current Integration Joint Boards to become Community Health and Social Care Boards (CHSCBs), which will be the local delivery body for the National Care Service (NCS).

1.5 The consultation document invites responses from individuals with experience of social care and support and from organisations. Proposals and questions are structured in sections as follows, each with a number of sub-themes:

Section 1 - Improving care for people
Section 2 - National Care Service
Section 3 - Scope of the National Care Service
Section 4 - Reformed Integration Joint Boards: Community Health and Social Care Boards
Section 5 - Commissioning of services
Section 6 - Regulation
Section 7 - Valuing people who work in social care

1.6 The Council's response follows a similar structure, additionally outlining some further considerations. It aims to address the elements of the consultation which are likely to have the most significant impact on our workforce and citizens.

1.7 At the end of the consultation process, the Scottish Government have stated that the feedback will be analysed and the conclusions will be used to shape and develop new legislation which will be introduced in the Scottish Parliament in summer 2022. The intention is to set up the National Care Service by the end of the current parliamentary term.

2.0 Issues and Options

2.1 **Improving care for people**

2.1.1 Fife Council fully support the ambition and need to improve care for people. The consultation document accurately identifies a range of issues with the current system. However, these are largely a result of chronic under-investment. Pressure on budgets and staffing has meant that support for critical and substantial need has had to be prioritised, leaving very limited capacity to focus on lower tier preventative support.

2.1.2 This response is based on our understanding of the proposals as they are presented. However, the lack of information on modelling of volume / costs of demand for the options presented, the resource available and how the additional investment will be funded on a recurring basis makes it difficult to provide a properly informed response.

2.1.3 Fife Council support the aspiration of a rights-based, strengths-based and person-centred model of care. Significant investment will be needed to ensure manageable levels of caseload that allow for proper person-centred discussions, early support and regular review.

2.1.4 Individuals should be able to access clear and consistent information about potential entitlements from a range of sources. It will also be important that individuals/carers have access to consistently high-quality advocacy support where required, which could be through local community/voluntary organisations.

2.1.5 Where higher levels of support are needed, care and support should be co-ordinated by a lead professional. This should remain as the local authority social work services who, adequately resourced, are best placed to engage with the individual / carer and with relevant services and partners, to ensure appropriate support is in place.

2.1.6 A Getting it Right for Everyone national practice model could provide an underpinning practice model and consistency of language to deliver similar benefits as derived from the GIRFEC model in children's services.

2.1.7 In terms of a right to breaks from care, the offer would have to be tiered to reflect different circumstances, while ensuring ease of access and minimal bureaucracy to support preventative and early intervention.

2.1.8 We support the need for an integrated health and social care record to support improved data sharing and portability of records across different areas. This should build on the existing work of the Local Government Digital Office and would not require the structural change associated with transferring legal accountabilities from local government.

2.1.9 A great deal of data is already collected. We would support greater consistency in the collation and analysis of data and action to facilitate the appropriate flow of information, to support planning, policy development, performance monitoring and improvement. However, it is not clear that a NCS is needed to achieve this.

2.1.10 While the consultation does not pose a specific question on this, we note that the portability of care packages across boundaries is a relevant issue for a national approach; services should be able to be transferred between local authority / IJB areas.

2.1.11 It is not clear that a single centralised procedure would improve the responsiveness of complaints handling. The focus should be on addressing issues timeously at local level. This may be supported by increased investment in advocacy support.

2.1.12 We agree that the development of a Charter of rights and responsibilities could help promote understanding of rights and entitlements. We do not envisage there would be much additional benefit in having a commissioner to "champion" the rights of individuals / carers.

2.1.13 Regarding questions on charging for care, details of demand modelling, costs and proposed investment are needed before conclusions can be reached. Currently, charges for residential care effectively help supplement grant-based funding and are locally determined, reflecting decisions taken on levels of service and resourcing from income.

2.1.14 In our view, the scale of charges to invest further into social work / care services should remain a local decision for partnerships, reflecting local circumstances and priorities.

2.2 **National Care Service / Scope**

2.2.1 Transferring accountability to Ministers and implementing structural change will not address the broad context within which social work and social care services operate. If the proposed entitlement-based model is developed and the associated investment in services is made, improvements can be delivered better, more quickly and more effectively within existing structures. This will enable critical linkages with other local government services, such as housing and education, to be maintained and further enhanced.

2.2.2 Local authorities have a close connection with local people and a better understanding for the needs and requirements in their areas. There is a risk that the proposed arrangements will be detrimental to democratic accountability.

2.2.3 We support the value in establishing a NCS with a focus on:

- standards / assurance / performance reporting and scrutiny
- workforce planning / fair work / terms and conditions / training and development
- ethical commissioning and procurement
- complex and specialist care commissioning
- improvement and innovation
- development of the single health and social care record and system integrators
- use of aggregate data for system level planning and policy development.

Local authorities should retain responsibility for:

- Adult social work and social care services
- Children and Families social work and social care services
- Mental Health services
- Community Justice services
- Housing and homelessness services
- Leisure and culture services
- Alcohol and Drug Partnerships
- Child and adult protection
- Other public protection (including partnership working in relation to gender-based violence; MAPPA; MARAC; etc.)

2.2.4 In our view, there is no evidence that including children's services in a NCS and the disruption that structural reform would cause would be of benefit to children and young people. Separating the responsibilities for the delivery of key services for children and young people is likely to increase complexity and may weaken the support provided.

2.2.5 We have concerns that this would disrupt the ongoing progress to strengthen integrated children's services planning and the effective work already under way to improve outcomes for children and young people, and to implement the Promise by 2030.

2.2.6 The consultation document does not clearly demonstrate the benefits of justice social work's inclusion in a NCS or how this would lead to better outcomes.

2.2.7 The evidence shows that justice social work is currently working well. We have concerns about loss of consistency, experience, strategic leadership and expertise, and the potential weakening of relationships with partners. There is a risk that local responsiveness and local decision-making are diminished.

2.2.8 Supporting people with alcohol or drug issues and their families requires a multi-disciplinary approach that is constructed around the individual and their specific needs. Very often this involves services that sit within local authorities and the third sector.

2.2.9 The consultation document does not clearly demonstrate the case for transferring Alcohol and Drug Partnerships into a NCS. Moreover, the impact on the wider public protection agenda needs to be taken into account.

2.2.10 The consultation proposes bringing some elements of mental health service provision into the NCS and is seeking feedback on which should be considered. It is difficult on the basis of the information provided to give a full response. However, while we recognise that there are improvements to be made, we believe that these would be better dealt with through frameworks and relational approaches than through structural reform.

2.2.11 Regarding proposals to establish a National Social Work Agency (NSWA), greater clarity is needed on the relationship between its proposed role and those of the registration body (SSSC) and professional representative body, Social Work Scotland (SWS).

2.2.12 Within local government, a high standard of training and continuous professional development is already available to social work employees. There could, however, be benefits in a NSWA procuring this training. National publicity to highlight the value of social work and promote social work careers would be of assistance. A NSWA may also play a useful role in supporting the work on national standards and best practice.

2.2.13 We do not support the proposal for a NSWA to lead on setting terms and conditions and pay, or workforce planning. There should be no duplication with what employers currently do in relation to their workforce, including those areas where there are legal requirements of employers.

2.2.14 If social workers were to be governed by the NSWA, with the agency determining pay and grading, this may create a range of equality and equal pay issues for the remainder of the local government workforce, including social care. If this transpired, it could also have significant financial consequences.

2.3 Community Health and Social Care Boards

2.3.1 The proposals around the creation of CHSCBs leave a range of uncertainties in terms of intent. It is therefore difficult to evaluate the proposals as they stand. We have concerns however about the scale of the proposed expansion of remit and its impact on local democracy. We would support continued development of the IJB current construct.

2.4 Commissioning

2.4.1 We support the principle that commissioning should move towards a more collaborative approach which, in our view, is only possible at a local level. Moreover, current practices are a reflection of the existing financial context. With a different financial envelope that supports standardised terms and conditions and protections, procurement bodies will be able to rebalance tendering practices.

2.4.2   The proposals on local authority provision of services in relation to commissioning are ambiguous and contradictory – particularly as regards transfer / employment of staff. The consultation appears to suggest that CHSCBs will 'commission' work in the future and the assumption would be that local government will be required to 'bid' for work. Assuming this workforce will stay with their current employer, it must be recognised that the employer is assuming all of the employment risks but with limited or no ability to provide direction on what is needed locally. This is very different to the current arrangements with HSCPs where it very much operates as a partnership.

2.4.3   The consultation does not provide detail on the proposed balance between local and national commissioning and what 'overseeing' local commissioning would mean in practice. Too much focus towards national commissioning would reduce locally flexibility and could have a negative impact on local economies.

2.5   **Regulation**

2.5.1   We support the core principles set out in the consultation document, though note there needs to be clarity about how this would work in practice and be monitored.

2.5.2   In terms of market oversight, it would be appropriate for this function to be exercised through collaboration with partners and stakeholders who can provide appropriate local knowledge and expertise, such as local authorities and Scotland Excel.

2.5.3   On questions of enhanced powers for regulating care workers and professional standards, it would be helpful to have greater clarity on what this proposed change is aiming to achieve. Codes of Practice already exist through SSSC. These could, as alternative, be strengthened, without creating new regulations.

2.5.4   We would agree that staff in social care roles in registered social care settings or through direct employment should be registered – this would include the inclusion of Personal Assistants and those in adult daycare settings.

2.6   **Valuing people who work in social care**

2.6.1   Fife Council agree that there needs to be a revaluing of the social care workforce. Further exploration is needed into how this can be achieved within the current pay and grading structures of local government and whether national guidance / regulation is required in terms of pay and conditions in the private / third sector.

2.6.2   Fife Council firmly support the Fair Work commitment and we are broadly supportive of accreditation for Fair Work. However, for there to be a positive impact on terms and conditions, achievement of accreditation would have to be a requirement before providers are able to access contracts / work.

2.6.3   In terms of enabling social care workers to feel more valued in their role, pay is important, as are a range of other factors. Increasing pay would need to be supported with appropriate funding. Consequences for the rest of the local government workforce (and the workforce of other social care providers) of making changes to pay, terms and conditions would have to be considered. There should also be consideration of enabling a more flexible and self-managed workforce, and more flexible work patterns.

2.6.4   Local government is already strong in a number of the areas outlined. There would however be benefits from national support in the promotion of social care as a profession with opportunities for career progression supported by training and development.

2.6.5 A strategic approach to workforce planning – for example, to ensure a sufficient supply of qualified staff through access to university and college courses – would be a valuable role for a NCS. However, workforce planning within front line social care is very much influenced by local requirements and demands. Any new arrangements should not hamper the ability of local employers, who understand local issues, to work with local partners to find solutions.

2.6.6 We agree that consistency of care (and the required training to achieve this) is an area where a NCS could add value. It is not clear, however, how any standards set by the NCS would link to the SSSC standards, to avoid duplication and ensure added value. Clarity is also needed on the future roles of the SSSC and the Care Inspectorate.

2.6.7 Training and development should flow from workforce plans as well as from the professional standards. This means local needs may differ.

2.6.8 A co-ordinated approach to the procurement and provision of training for social care across Scotland may add value, as would the consistent provision and delivery of high-quality training. This would be a positive development and ensure standards across Scotland are similar, enhancing the profession and increasing employability.

2.7 **Further Considerations**

2.7.1 We note that the consultation document lacks clarity in a number of key areas, making it difficult to provide an informed response.

2.7.2 The consultation does not provide any modelling around demand volumes for the various models of care which are presented as options, the potential costs and how these would be met. It offers no detail about the relationship with the local government grant settlement. There is no reference to the VAT status of the new structures – of particular significance given the proposed commissioning role for CHSCBs.

2.7.3 It is contradictory in terms of the employment status of local government social work and social care employees. Areas including application of TUPE, pension liabilities, the proposed process for harmonisation of terms and conditions, equal pay / value impacts on pay and grading models all require clarification.

2.7.4 In terms of the scope of the NCS, the rationale for the transfer of legal accountabilities is unclear. The consultation document does not properly consider the anticipated benefits or disbenefits from the proposed expansion of the NCS or how it would affect other public services such as housing and homelessness, education and early years, and others. There is no detailed consideration of the impact of the proposals on the integrated public protection agenda and governance.

2.7.5 There is a lack of information about contracting for support services currently provided by local authorities, proposed financial arrangements and how the potential gap in local authority funding would be filled.

2.7.6 There is similarly a lack of clarity around the proposed treatment of local authority assets used for the delivery of social work / care services by a NCS, capital accounting to reflect impacts and transfer / assignment of existing contractual obligations.

2.7.7 We also note the lack of reference to the Local Governance Review and absence of equalities, environmental and social impact assessments. There is no detailed consideration of the impact of the proposals on resilience arrangements.

2.7.8 The scale of the changes being proposed may bring significant disruption to the delivery of services for some of the most vulnerable in our communities. It would be helpful to know what consideration has been given and what support will be provided over this period of change to help manage the delivery of service to ensure limited impact and added value for our communities

3.0 Conclusions

3.1   We recognise and support the need for improvement. We welcome the focus on a human-rights based approach and strengthened focus on prevention. We support provision which is tailored to the level of complexity and need and provides a 'No Wrong Door' approach to accessing care and support.

3.2   We support the consideration of establishing a NCS which can drive national standards, assurance and performance. However, we do not support, in the absence of a detailed consideration and assessment of options, the transfer of a wide range of Local Government responsibilities from Adult Social Work, through Children & Families and Community Justice as part of the NCS. Simply relocating functions alone seems unlikely to drive significant improvement and, further, it risks absorbing time, focus and resource which could be better invested.

3.3   Transferring accountability to Ministers and implementing structural change will not address the broad context within which social work and social care services operate. If the proposed entitlement-based model is developed and the associated investment in services is made, improvements can be delivered better, more quickly and more effectively within existing structures, retaining critical linkages with other local government services.

3.4   Given the areas of uncertainty, ambiguity and lack of clarity in relation to the consultation proposals, we would support further work being undertaken to develop detailed, considered and evidenced based options which should include: design, development and costing of new care models; and a detailed options appraisal of the various accountability and governance models, with impact assessments. This would then benefit from a further and full detailed consultation before embarking on a programme of legislative or structural reform.

Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

- A National Care Service for Scotland: consultation
  https://www.gov.scot/publications/national-care-service-scotland-consultation/documents/

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4th November 2021
Agenda Item No. 5

Housing Revenue Account (HRA) Consultative Budget 2022-23

Report by: John Mills, Head of Housing Services and Elaine Muir, Head of Finance

Wards Affected: All

Purpose

The purpose of this report is to agree appropriate options for increasing HRA rents and associated charges in 2022-23. The proposed options will form the basis of statutory consultation with tenants, to subsequently inform the HRA budget decision at full Council on the 24th February 2022.

Recommendation(s)

It is recommended that Committee:

1. Agrees to survey Council tenants around options for a rent increase in 2021-22 of 2.5%, 3.0%, and 3.5%, to also apply to charges for services, garage sites, lockups, and temporary accommodation.

2. Notes that the outcome of the full tenant consultation will be reported to full Council on the 24th February 2022.

3. Notes the assumptions that underpin the HRA medium-term financial strategy.

4. Considers the current HRA financial position and emerging pressures, including the potential costs of the Energy Efficiency Standard for Social Housing (EESSH 2) over the period 2022-32.

5. Agrees the recommendation for implementing an HRA reserves policy aiming to hold minimum reserves based on 2% of the mainstream rent income budget.

6. Agrees the proposals for use of HRA reserves in 2022-24, and remits to the Community & Housing Services Sub-Committee any decisions around the use of £1.5m uncommitted reserves.

Resource Implications

Providing the Council works within the parameters set by the 30-year HRA Business Plan, there will be no significant resource implications over and above those previously identified.

Legal & Risk Implications

The HRA Business Plan is designed to support the Council in meeting statutory requirements and there will be no additional legal and risk implications providing the model is preserved.

Impact Assessment

An EQIA will be provided to full Council on the 24ᵗʰ February 2022 around the rent increase proposal. An EQIA has been completed for the change of reserves policy and use of reserves as highlighted in Section 7.0, a summary report being provided in Appendix 1.

The proposals for the HRA reserves policy and use of reserves has been tested through the FEAT Tool with most results showing positive or no impacts. The use of funding for affordable housing has mixed impacts, a short-term negative impact arising from the construction and supply process.

Consultation

This report details initial and planned consultations with tenants around the HRA rent increase and budget proposals for 2022-23.

1.0 Background

1.1 The Housing (Scotland) Act 2001 requires the Council to consult with tenants affected by any proposal to increase rents and have regard to the views expressed by those consulted. In developing HRA budget and rent proposals for full Council on the 24th February 2022, members are asked to consider the:

- Performance of the Council's HRA compared to other social landlords.
- Context of the HRA Business Plan, key assumptions, risks and impacts.
- Initial and planned consultation with tenants around the HRA rent increase.
- General impact and affordability of the HRA rent proposal.
- Adherence to the HRA Medium-Term Financial Strategy and policy for the use of reserves arising through the Covid-19 lockdown.

2.0 HRA Performance

2.1 The Housing Revenue Account (HRA) provides the financial framework supporting the Council's role as housing landlord. The HRA is required by legislation to be a ring-fenced account used for the sole benefit of Council tenants. It is financed almost entirely by rents and other charges with no contribution made from Council Tax revenues.

2.2 The latest Scottish Government HRA financial statistics are for 2020-21. These indicate Fife's average weekly Council rent of £75.45 in 2020-21 remained below the average of £75.84 for Scotland. The Council performs well in terms of supervision and management costs per property, while spend on loan charges is closer to, but still below, the average for Scotland. Repairs and maintenance spend per property has increased from average to ninth highest in one year. The Council was the fifth highest investor in new house building and housing improvements.

Figure 1: HRA Performance 2020-21

Average weekly rent 13th lowest	Supervision & management spend per house 7th lowest	Average loan charges spend per home 13th highest	Repairs and maintenance spend per home 9th highest

5th highest investing local authority - HRA gross capital expenditure

Scottish Government Housing Statistics / Based on estimates of Local Authorities Operating HRAs 2020-21

2.3   Fife Council's average weekly rent of £76.58 in the current year 2021-22, is between £4.75-£17.17 (6%-18%) lower than the average rents charged by the Fife-based Registered Social Landlords (Table 1).

Table 1: Average Weekly Rents (2021-22)

Organisation	Average Weekly Rent 2021-22	Difference / Comparison with Fife Council
Fife Housing Association	£93.75	£17.17
Glen Housing Association	£83.93	£7.35
Kingdom Housing Association	£85.50	£8.92
Ore Valley Housing Association	£81.33	£4.75
Fife Council	**£76.58**	-

Source: Fife-based social landlords 2021

3.0 HRA Business Plan

3.1   The Council's 30-year HRA Business Plan is updated annually, most recently in 2021 with the aim of:

- Ensuring financial capacity for repairs, maintenance, and improvements to Council homes - the plan sets aside £1.065 billion investment in component replacement over 30-years.

- Maintaining support for wider housing investment priorities, including regeneration, estates action, property acquisitions, improvements to high-rise, non-traditional and specific needs housing – the plan includes £236 million for this investment over 30-years.

- Assessing the opportunities for business growth, particularly through the delivery of new-build Council housing – the plan includes £89 million investment to complete the Council's Phase 3 affordable housing programme. The fundability of a Transitional Affordable Housing Programme from 2022-24 has also been tested within the plan, this being considered through separate reporting to Policy & Coordination Committee on the 9th December 2021.

- Minimising risks to the housing business through scenario testing and financial analysis - the plan identifies significant risks arising from a change in rent policy, the potential cost of achieving the Energy Efficiency Standard for Social Housing (EESSH2), increasing void levels, bad debts, and construction cost increases (discussed in Section 6.0).

3.2   The HRA Business Plan assumes that rents will increase by the Retail Price Index inflation plus one percent (RPI+1%) per annum over 30-years. The plan is modelled on a national Treasury assumption that inflation will average at 2.5% per annum, therefore RPI+1% equals 3.5%. However, given that the actual RPI will fluctuate year-on-year, the Council uses the September RPI rate to inform the rent increase for the year ahead. This provides a consistent benchmark for comparing rent increases over time, the September rate also being used nationally for increases in pensions and benefits. The RPI rate for September 2021 was 4.9%, with RPI+1% therefore being 5.9%.

3.3   The rent increases approved in the last three years have been below the September RPI+1% rate, placing financial pressure on the HRA. This arises when costs borne by the HRA continue to grow due to increasing stock numbers, inflation, staff salary increases and other pressures. Table 2 shows the previous years' rent increases compared to the September RPI+1% rate each year:

Table 2: Percentage Rent Increase Applied 2017-22

Financial Year	Percentage Rent Increase Applied	September RPI+1%	Percentage difference in relation to RPI+1%
2017-18	3.0%	3.0%	Balanced
2018-19	4.9%	4.9%	Balanced
2019-20	3.2%	4.3%	-1.1%
2020-21	3.0%	3.4%	-0.4%
2021-22	1.5%	2.1%	-0.6%

4.0 HRA Rent Proposal

4.1   Taking into consideration the trend in inflation and the level of rent increases applied in recent years, rent scenarios were tested through the HRA Business Plan, including increases of 2.5%, 3.0% and 3.5%. In recognising the continuing financial pressure on households, these remain well below the September RPI+1% rent assumption of 5.9%; are tested as affordable in the context of the HRA Business Plan; and are in line with the current HRA Medium Term Financial Strategy (discussed in Section 6.0). These form the HRA rent proposal which extends to housing rents, services, lockups, garage sites and temporary accommodation.

4.2   The rent options would result in an increase in the annual mainstream rent income of £2.751m to £3.965m, with the following impact on the average weekly Council rent:

Table 3: Average Weekly Council Rent 2022-23

Year	Average Weekly Rent	Average Weekly Rent Increase
Baseline 2021-22	£76.58	-
2022-23 Option 1: 2.5%	£78.49	£1.91
2022-23 Option 2: 3.0%	£78.88	£2.30
2022-23 Option 3: 3.5%	£79.26	£2.68

4.3   The HRA Business Plan assesses emerging pressures each year to ensure that a balance of efficiencies can be created to maintain HRA services and keep the HRA within a low to medium risk position. The level of efficiencies depends on the pressures identified, projected rent income, inflation levels and commitments to fund capital expenditure. In 2022-23, all known budgetary pressures, including those arising from previous policy decisions, and unavoidable costs such as salary increases and increments, can be accommodated within the rent options proposed to Committee.

5.0 Affordability / Tenant Impact

5.1 **Housing benefits** - the affordability of housing rents will depend on the circumstances of individual tenants. Given the general profile of Council tenants, the uptake of benefits is of importance. At the start of September 2021, 10,052 (34%) Council households were claiming Housing Benefit, with an estimated 7,500 (26%) now receiving Universal Credit. The total uptake of Housing Benefit throughout 2020-21 is shown in Table 4:

Table 4: Housing Benefit Uptake / Council Households 2020-21

Household Circumstances	Estimated Number (%) of Council Households	Comment
Total households claiming Housing Benefit in year	12,513 (48%)	Council households claiming Housing Benefit during year
- Receiving Passported Housing Benefit in year	8,623 (69%)	Rent increase covered by Housing Benefit
- Receiving Non-Passported Housing Benefit in year	3,890 (31%)	Rent increase covered by Housing Benefit

Source: Fife Council, 2021 / Estimates of Households and Housing Benefit Uptake in 2020-21

5.2 In 2020-21, 48% of Council households claimed Housing Benefit at some point during the year, overall numbers diminishing with the transition to Universal Credit. Tenants in receipt of Universal Credit are entitled to any increase in their housing costs in a similar way to those on Housing Benefit. However, the Department for Work & Pensions administers Universal Credit applications and holds data around claimants. This makes it difficult to predict with any accuracy the exact number of Council tenants claiming Universal Credit at any point in time, and how they will be impacted by a rent increase.

5.3 Based on the estimated uptake in benefits shown in paragraph 5.1, it can be assumed that around 11,900 (40%) Council households will not claim benefits in 2022-23 and will be required to fully fund any rent increase. These figures should be considered indicative in view of the element of unknown through Universal Credit.

5.4 **Living Rent** - the introduction for a 'living rent' was recommended by the Fairer Fife Commission and an appropriate definition for social housing was agreed by the Fife Housing Partnership. A 'living rent' is defined as being affordable for a household with someone in full-time employment and not assisted through benefits, based on a calculation of charging a fixed percentage (28%) of net lower quartile earnings. In Fife, the current 'living rent' threshold for a single person is £102.16 per week. Housing costs below this threshold are affordable and above the threshold will be unaffordable.

5.5 The affordability of the proposed rent options of between £78.49-£79.26 per week can be tested against different types of Council households on low income and not in receipt of benefits.

Table 5: Affordability Scenarios

	Household / Income Scenario	28% of Weekly Earnings (net of tax)	Affordability of FC Rent Options
	Single person household, in full-time employment with lower quartile earnings (i.e. 'Living Rent' scenario')	£102.16	Rent options affordable / below threshold
	Two-person household with a full-time and part-time employee, both with lower quartile earnings	£146.46	Rent options affordable / below threshold
	Single person household, in full-time employment with lower <u>decile</u> earnings	£89.25	Rent options affordable / below threshold

Source: Annual Survey of Hours and Earnings 2020 / Fife Statistics

5.6 Table 5 indicates that single people and working couples on lower quartile earnings would be able to afford the proposed rent options without the assistance of benefits. Even if the 'living rent' definition is remodelled to assess lower <u>decile</u> earnings, reducing the living rent threshold, the average full-time employee could afford the proposed rent options. Therefore, the average Council rent across each option would remain affordable to those on the lowest earnings and would continue to be classed as a 'living rent'.

5.7 Meetings were held in September and October 2021 with the Tenants' Federations, each indicating strong opposition to the rent proposals. Their preference is for a 0% option due to economic uncertainty, the end of furlough, the ongoing fuel crisis, the increase to home energy costs, the suspension of the triple lock on pensions, the £20 reduction on Universal Credit and rising food prices. A series of meetings is being arranged with the Federations in November-December 2021 to improve understanding of the HRA Business Plan, work through the rent options and consider potential areas for future budget savings.

5.8 To meet statutory requirements for consultation with tenants it is recommended that the options of 2.5%, 3.0% and 3.5% form part of a postal and on-line survey of all Council tenants during December 2021-January 2022. The outcome of this survey and feedback from the meetings with the Federations will inform a decision on the rent increase for 2022-23, setting the HRA budget at full Council on the 24th February 2022.

6.0 HRA Medium Term Financial Strategy

6.1 The HRA is ring-fenced and funded by rent payers, any savings and/or pressures are retained and managed within the HRA. The HRA Medium Term Financial Strategy includes an agreed approach to the financial management of the HRA, including loan debt, risks, and reserves. The baseline assumptions of the strategy include:

- A rent increase of RPI+1% per annum.

- Inflation of 2.5% per annum on expenditure.

- A void rent loss level of 1%.

- A maximum bad debt level of up to 2%.

- A minimum level of reserves to be maintained to manage risk.

6.2 **Loan debt** - the HRA uses prudential borrowing limits to measure debt affordability. The prudential limit is calculated by looking at the cost of loan charges as a percentage of net rent income. There is a risk to the HRA's ability to meet statutory duties if borrowing increases to a level where a high percentage of rent income must go towards repaying loan charges.

6.3 The Council works to an agreed maximum prudential limit of 38%, ensuring borrowing remains within affordable levels. A borrowing level below 30% is deemed low risk and between 30%-33% is deemed to be medium risk. Anything over 33% is classed as high risk. The HRA Business Plan 2021 indicates that the HRA is in a relatively strong position with debt affordability peaking at 28%. However, the baseline plan assumes rent increases of RPI+1% and does not account for future risks that may occur, unless are already specified within budget.

6.4 **Risks** – to prevent any increasing risk to the HRA moving forward, risk factors were tested as scenarios within the HRA Business Plan 2021 to consider the impact on HRA loan debt.

Table 6: HRA Business Plan 2021 Key Risk Factors

Risk Factor	Maximum Debt Level
Baseline Plan	28%
Voids increase from 1% to 2%	29%
Bad debts increase to 5% for 5 years	30%
Construction price inflation+15% uplift 2022	30%
EEESH 2 Investment £300 M (Years 3-10)	38%

- Voids – Covid-19 has increased the time taken to process void properties. If rent loss from empty property increases from 1% to 2%, debt levels would increase to 29%, this being classed as low risk.

- Bad debts – an increase in bad debts from 1.5% up to 5% for five years would result in debt levels of 30% which is at the lower end of medium risk.

- Construction price inflation – a 15% uplift on the baseline plan would lead to a debt position of 30%, this being at the lower end of medium risk.

- Energy Efficiency Standard for Social Housing (EESSH 2) – the most significant risk to the HRA Business Plan is the unknown cost of meeting EESSH2 from 2022-32. The HRA Business Plan has modelled this at £300m over 8 years although the actual cost requires specialist technical and financial assessment. Costs of this level would increase debt to the Council's current prudential threshold of 38% which is the upper end of high risk, although discussions are ongoing with the Scottish Government surrounding a potential funding contribution for EESSH 2. A paper outlining how this will be taken forward was presented to the Community & Housing Services Sub-Committee on the 29th October 2021.

6.5 With the exception of the emerging risk of EESSH2, a combination of the above risks would not cause serious concern for the HRA. Scenarios were then developed to test a range of rent increases for 2022-23, together with continued investment in new-build Council housing. The proposed rent options of 2.5%, 3.0% and 3.5%, combined with a Transitional Affordable Housing Programme in 2022-24, would place the HRA in no more than medium risk position. A separate paper will be presented at this Committee on the 9th December 2021 to seek approval for additional borrowing to allow this programme to proceed in 2022-24.

7.0 Reserves

7.1   As at the end of 2020-21 The HRA held reserves of £8.005m. The HRA reserves grew significantly at the end of 2020-21 with a contribution of £5m, taking the total reserves to the current balance of £8.005m. This contribution represents a reduced level of spend in 2020-21 due to COVID-19 preventing non-essential works from taking place, rather than true savings.

7.2   The Council has previously worked towards a minimum level of reserves of £1.5m. However, the HRA has grown in the last several years due to the new-build housing and property acquisition programme. With this growth in stock, annual expenditure also increased. It is therefore appropriate that the minimum level of reserves should also grow and be maintained at an appropriate level.

7.3   As additional mitigation to the financial risks facing the HRA, it is proposed that the reserves policy should retain a minimum level of 2% of the mainstream annual rent income budget. This will ensure that the minimum reserves grow in line with the future increase in HRA expenditure. Under the three rent options the minimum reserves position would be in the region of £2.5m. The minimum balances of 2% will be assessed based on a rolling three-year period. This will allow for small short-term fluctuations in the reserves figure.

7.4   Draft proposals for the use of HRA reserves in 2022-24 are shown in Table 7 for consideration by Committee.

Table 7: Draft Proposals for Use of Reserves for 2022-24

HRA Proposal	Budget £m	Balance £m
HRA Reserves 31st March 2021	-	8.0
Minimum reserves	2.5	5.5
Covid mitigation fund / construction & supply	1.5	4.0
Transitional Affordable Housing Programme 2022-24	2.5	1.5
Non-committed reserves	1.5	0

- Covid-19 mitigation fund - £1.5m would be set aside to cover a range of unplanned costs throughout 2022-23, particularly to prepare for any further construction and supply chain issues.

- Transitional Affordable Housing Programme 2022-24 – a contribution of £2.5m would be made to the programme to maintain continuity in delivery and mitigate against any rising prices for new-build housing.

- Non-committed reserves – after accounting for the above, a balance of £1.5m is available investment between 2022-24. In view of the potential to support a range of policy options with this fund, it is recommended that the Community & Housing Services Sub-Committee determine the preferred options for this investment.

8.0 Conclusions

8.1   The HRA Business Plan continues to demonstrate that the Council can deliver revenue and capital commitments in a financially sustainable way. The HRA Business Plan assumes a policy to increase rents and other charges by RPI+1% to maintain the viability of the plan. There is flexibility within that policy to allow alternative rent increases for a limited term, this having been provided over the last three years.

8.2   The rent options proposed for 2022-23 are affordable in the context of the 'living rent' and HRA Business Plan. The options are in line with the HRA Medium Term Financial Strategy, taking into account the current HRA pressures, loan debt, risks and reserves position. Proposals for the reserves policy and use of reserves are included within the report.

8.3   Subject to agreement of members, the next steps will be to consult with Council households during December 2021-January 2022 around the rent options for 2022-23. Feedback will be reported to Fife Council on the 24th February 2022 when an appropriate increase in rents and other charges will be agreed, thereby setting the HRA budget.

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Appendix 1: Equality Impact Assessment Summary Report

Which Committee report does this IA relate to (specify meeting date)?   Policy & Coordination Committee 4th November 2021 / relating to a change in HRA reserves policy & use of HRA reserves
What are the main impacts on equality?   Tenants living in Fife Council housing will indirectly benefit from the proposal to increase the level of reserves and mitigate risk to the HRA – improved financial planning and risk management leading to longer term benefits in the delivery of housing services. The proposed us of reserves to cover construction cost increases and new affordable housing will directly benefit Council tenants. There will be no difference in the benefits for tenants who share a protected characteristic and those who do not.
What are the main recommendations to enhance or mitigate the impacts identified?   The use of the agreed HRA budget has the potential to benefit those tenants with a protected characteristic, subject to agreement of investment priorities through the financial planning framework.
If there are no equality impacts on any of the protected characteristics, please explain.   See above – specific policy proposals will be impact-assessed through the planning and policy framework.
Further information is available from: Name / position / contact details: John Mills, Head of Housing Services

4th November, 2021.

Agenda Item No. 6

Ratification of the Regional Prosperity Framework for the Edinburgh and South East Scotland City Region, and Fife i3 Programme Update

Report by:	Keith Winter - Executive Director (Enterprise and Environment)

Wards Affected:	Ward Nos. 1-15, 21,22

Purpose

This report seeks formal ratification by Fife Council of the Regional Prosperity Framework for the Edinburgh & South East Scotland City Region. It also provides an update on the Fife Industrial Innovation Investment (i3) Programme, which is funded through the Edinburgh & South East Scotland City Region Deal.

Recommendation(s)

Members are asked to:

(1)   formally endorse the full final version Regional Prosperity Framework (RPF) for the Edinburgh & South East Scotland City Region, attached as Appendix 1;

(2)   note the overall number and content of responses to the consultation, the major themes which emerged and the broadly positive nature of the majority of responses;

(3)   note that, following approval of the RPF by the Joint Committee, a number of additional actions are underway to support the RPF, namely:

    i.   formal endorsement of the RPF by regional partners;

    ii.   preparation of an implementation and action plan to support delivery; and

    iii.   finalisation of a publication version to include additional graphic content

(4)   note that the RPF will inform the review of Fife's Economic Strategy in 2022, the next iteration of the Local Development Plan, and the now in hand Local Transport Strategy; and

(5)   note the update on the Fife i3 Programme

Resource Implications

The RPF heralds a new way of working to deliver on shared regional priorities, beyond the formal City Region Deal. This will have implications for staff resource. The implementation and action plan will provide further detail on this.

The RPF has been developed using officer time from a range of regional partners. The RPF consultation process was supported by a consultancy contract – there are no further financial implications for Fife Council from this.

There are no additional costs directly attached to any of the recommendations contained in this report. It is anticipated that the RPF will be a key tool to attract investment into the Edinburgh & South East Scotland City Region.

The Fife i3 Programme is fully resourced in terms of both staff and financial requirements.

Legal & Risk Implications

There are no legal implications associated with endorsement of the RPF – it is a non-statutory document developed to assist and strengthen regional working.

There are no strategic risks associated with endorsement of the RPF. Operational risks will be considered and managed through the implementation and action plan.

The strategic risks and legal implications associated

Impact Assessment

An Equality Impact Assessment (EqIA) is not required as there are no changes to existing service delivery and policy.

Consultation

The RPF has been the subject of a public consultation, with the final document reflecting the feedback received during the consultation process.

Elected members were consulted during the development of the Fife i3 Programme Tranche 2 business case, via a series of Member workshops across the six relevant areas.

1.0 Background

Regional Prosperity Framework

1.1   Through the Edinburgh and South East Scotland City Region Deal, the Scottish and UK Governments committed to embarking on a new collaborative relationship. The Deal has demonstrated that partners can collaborate effectively to deliver cross-regional projects, create future regional infrastructure and strategically co-ordinate transport, housing and economic development. The Edinburgh and South East Scotland city region is Scotland's greatest economic asset. For our local, regional and national wellbeing, Scotland must maximise the potential and opportunities that exist in Edinburgh and South East Scotland.

1.2   The decision to prepare a 'Regional Growth Framework' was taken in September 2019, prior to COVID-19 and the United Kingdom's exit from the European Union. Ambitions and action on climate change have also intensified. In a very short period of time there has been significant change in the world that has impacted, and will continue to impact, our local, regional and national economy and our way of life in an unprecedented way. During its development, the ambition became prosperity rather than growth.

1.3   The Regional Prosperity Framework was approved for consultation by the Joint Committee on Friday 4 June 2021. The consultation period ran from Monday 14 June until Monday 26 July (6 weeks) and included a number of ways for respondents to contribute their views. More detail on the consultation is included in section 2.1.

1.4   The final Framework identifies nine "big moves" that (subject to partner endorsement) will form the basis of regional activity. Further detail is provided in section 2.2.

Fife i3 Programme

1.5   The Fife i3 Programme is a £50 million, ten-year programme delivered by Fife Council with funding support from the Edinburgh & SE Scotland City Region Deal. The investment will deliver new business premises and immediately available serviced land. The new business accommodation will be located within existing business clusters in mid and south Fife, adjacent to growth corridors (M90 and A92). It will facilitate more joint working between the region's universities and Fife businesses, drive productivity and deliver higher value, skilled, permanent jobs from data driven innovation.

1.6   The Fife i3 Programme commenced in April 2019. Tranche 1 of the Programme's investment is scheduled to complete in March 2022. Tranche 2 will follow immediately afterwards, beginning in April 2022 and now has Fife Council and Joint Committee approval.

2.0 Issues and Options

2.1   Regional Prosperity Framework – Consultation Responses.

2.1.1   In total 71 responses were received through the consultation portal, or by email submission. In addition to the formal consultation, two additional online engagement sessions were organised. These informal events engaged around 47 individuals from around the region. The online sessions were held as anonymous feedback.

2.1.2   The major emerging themes from the formal consultation are summarised below. The latest version of the Framework incorporates the major themes above and where appropriate specific feedback and comments made by individual participants and on behalf of organisations

- **Travel** – including detailed feedback from Transport Scotland, also relates to environment

- **Environment** – including input from Nature Scot

- **Society/Place** – including feedback from Scottish Government More Homes Division and National Planning Framework 4 (NPF4) teams; Scottish Enterprise; Creative Scotland; and Homes for Scotland.

2.1.3   Similar themes came up during the informal online consultation process, including:

- **People & Workforce** – access to skills and training is key, including upskilling and apprenticeships (perhaps with an emphasis on "green skills"), access to jobs, addressing skills shortages, developing transferable skills. The wider context of EU Exit and Covid-19 as significant threats to future workforce stability and opportunities was highlighted

- **Environmental** – appetite to place environmental sustainability more centrally in the vision and document (including development of microgrids, response to climate emergency

- **Place & Transport** – quality of place; pride in place and a positive legacy; successful economy, access to affordable housing, changing patterns of travel accelerated by the Covid-19 pandemic

- **Wellbeing** – including fair work, active travel / core path improvements, addressing (fuel and other) poverty recognising the link between poverty and poor health, community wealth building, and the need to create better career paths in the care sector in order to meet our future care needs as a society

- **Equality** – and a desire to see a fairer region.

2.1.4   The full consultation report, and more detail on the changes made in finalisation of the Framework document, can be found here: Consultation Report.pdf

2.2   Regional Prosperity Framework – Overview

2.2.1   The vision for the Regional Prosperity Framework is set out in the Executive Summary:

"Our aim is to become the data capital of Europe. We will ensure the social and economic benefits of this capability **extend to all**. All sections of the community will have the opportunity to develop the key **skills that will help to end inequalities in our society**. We will **protect our environment** and **make best use of our extraordinary built and natural assets**, ensuring that the Edinburgh and South East Scotland City Region delivers a just transition to a net zero economy. **Our institutions, ancient and modern, will deliver positive outcomes that enhance our local, national and international reputation.**"

2.2.2   The Regional Prosperity Framework is framed around 9 "Big Moves" and recognises the importance of both *infrastructure* (physical and digital) and *people and organisations* as key enablers to the delivery of these. These are shown in Figure 1 below:

Figure 1: The Nine Big Moves and the Two Key Enablers

2.2.3 Each of the nine Big Moves is relevant to Fife, and it is expected that Fife Council will play a supporting role across all of the Moves, taking a lead implementation role in at least one. The key opportunities for Fife are set out below:

Data Capital of Europe:

- The Fife i3 Programme is focused on innovation, with data-driven opportunities emerging for businesses involved in the Programme and through the supply chain

- Rosyth remains a key focus for Advanced Manufacturing, with strong partnership between industry and academia already established. The focus in becoming Data Capital of Europe will strengthen the focus on this work as part of a strategic regional approach

Re-thinking our Place:

- A regional approach to placemaking will allow successes and lessons learned to be shared across the region as we lead the recovery from COVID. Implementing new approaches to town centres, twenty-minute neighbourhoods, hybrid working models and strategic development across the varied region will help us to adapt more quickly

Sustainable Transport:

- Fife Council is part of a successful regional Transport Advisory Board, and this Big Move will build on that success

- The development of the Levenmouth Rail Link is a significant opportunity for Fife and this Big Move will help to ensure that this is embedded in a network approach across the region (and beyond)

- The emphasis on how transport can support net zero ambitions, through improved active travel opportunities and regional mass transit, is likely to be an increasing focus that we must work together to realise

Regenerating the Forth:

- Fife has a number of significant opportunities along the Forth coastline including

  - the former Longannet site

  - our port infrastructure and the freeport/greenport proposals

  - significant offshore energy opportunities for Fife and the wider region

Sustainable Tourism & Culture:

- Fife is already involved in regional tourism opportunities via Local Tourist Associations across Fife, including the Forth Bridges and cruise ship opportunities. There is potential for continuing benefits from an approach that sees Edinburgh as a gateway to the rest of the region. There is a crossover with Sustainable Transport as a way of supporting this

- The emphasis on fair employment is shared by all partners – and is a issue in the tourism/hospitality sector

Supporting Enterprise:

- The region has a strong track record as place for new businesses to start-up and grow and as an area that attracts investment

- New challenges and opportunities are emerging, and this Big Move is focused on how we support innovation ecosystems through supply chains and skills to continue success
- Given Fife's track record in this area it is likely that Fife Council will play a strong role in shaping and delivering the approach

Aligning Skills:

- This Big Move will build on the success of the City Region Deal Integrated Regional Employability and Skills (IRES) Programme

- It will focus on forward-looking aspects of future and digital skills that support many of the other Big Moves, including *Data Capital of Europe* and *Sustainable Tourism & Culture*

Re-Inventing Healthcare:

- This work is at an early stage but will offer a significant regional opportunity. Discussions are underway between Health & Social Care and the Usher Institute on how to share data

- Work being led by the Usher Institute around a One Health approach bringing together human and animal health to offer new insights (many of which align to future pandemic risk) is a regional USP

- Aspects around the future of social care, including skills and digital solutions are also likely to form part of the implementation and will present opportunities for Fife

Anchor Institutions:

- This Big Move will embed regional Community Wealth Building (CWB) approaches

- It will also identify and deliver significant actions around net zero, where these are led by anchor organisations

- The power of this Big Move is in widening the approach to a range of regional partners, beyond local authorities

- Fife Council has already done significant work to develop CWB activity and is likely to play a significant role in this delivering this Big Move

2.3 Regional Prosperity Framework – Next Steps

2.3.1 Work is underway to develop an implementation and action plan to support delivery of the Framework; and develop an investment prospectus.

2.3.2 The Elected Member Oversight Committee remains in place and will be closely involved in the delivery of next steps.

2.3.3 The planned review of Fife's Economic Strategy in 2022 will be informed by the RPF, and reflect local dimensions of regional priorities and key opportunities.

2.4   Fife Industrial Innovation Investment (i3) Programme – Update on Progress

2.4.1   Work on construction of the first projects in the Fife i3 Programme has continued throughout the disruption caused by the COVID-19 pandemic. The Programme has reached an exciting stage with the first two projects at Queensway Industrial Estate, Glenrothes and Dunnikier Business Park, Kirkcaldy now complete. The interest has been strong for both properties and marketing activities through InvestFife provide a clear route for interested businesses to make enquiries and apply for space in the units.

2.4.2   The Edinburgh & SE Scotland City Region Deal Annual Report for 2020/21 records the following key milestones, which have been completed for the Fife i3 Programme (to end-August 2021).

- Completion of nine new business units at Flemington Road, Queensway Industrial Estate, Glenrothes (March 2021)

- Construction project underway at Dunnikier Business Park, Kirkcaldy (this was scheduled for completion in September 2021 and is now complete)

- Acquisition of Fife Interchange North, Dunfermline (March 2021) and site servicing works underway (June 2021) – scheduled for completion in November 2021

- Construction Project underway at Hillend & Donibristle Industrial Estate, Dalgety Bay (August 2021) – scheduled for completion in September 2022

- Early closure of Construction Project at The Avenue, Lochgelly, to take advantage of a private sector interest. This has been replaced with a larger-scale Site Servicing Project which will deliver circa 2 ha. of serviced land – scheduled for completion in May 2022.

3.0 Conclusions

3.1   The RPF heralds a new way of working to deliver on shared regional priorities, beyond the formal City Region Deal. It offers new opportunities for Fife Council to benefit from regional opportunities that will deliver for Fife. It complements the recently approved Mid-Fife Economic Investment Prospectus and the work already underway through the Edinburgh & SE Scotland City Region Deal, including the Fife i3 Programme and the Integrated Regional Employability & Skills (IRES) Programme.

List of Appendices

1.   Regional Prosperity Framework for the Edinburgh & South East Scotland City Region

Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

- Edinburgh and South East Scotland City Region Deal Joint Committee, 3 September 2021, Item 5.4, see: https://democracy.edinburgh.gov.uk/documents/s36808/Item%205.4%20-%20RPF%20and%20app.pdf

- Edinburgh and South East Scotland City Region Deal Joint Committee, 4 June 2021, Item 5.5, see: https://democracy.edinburgh.gov.uk/documents/s34517/5.5%20-%20RPF%20plus%20appendices.pdf

- Fife Council Policy & Coordination Committee, 13 May 2021, Item 6 Edinburgh and South East of Scotland City Region Deal and Regional Growth Framework, see: https://www.fife.gov.uk/__data/assets/pdf_file/0019/216325/Policy-and-Coordination-Committee-Public-Agenda-Pack-13-May-2021.pdf

- Fife Council Policy & Coordination Committee, 19 November 2020, Item 11 Fife Industrial Innovation Investment Programme – Edinburgh and South East Scotland City Region Deal - Full Business Case for Tranche 2, see: https://www.fife.gov.uk/__data/assets/pdf_file/0023/266324/Policy-and-Co-ordination-Committee-of-19-November-2020-Remote-Public-Agenda-Pack.pdf

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Edinburgh and South East Scotland

Regional Prosperity Framework (2021 – 2041)

EDINBURGH

FIFE

EAST LOTHIAN

MIDLOTHIAN

WEST LOTHIAN

SCOTTISH BORDERS
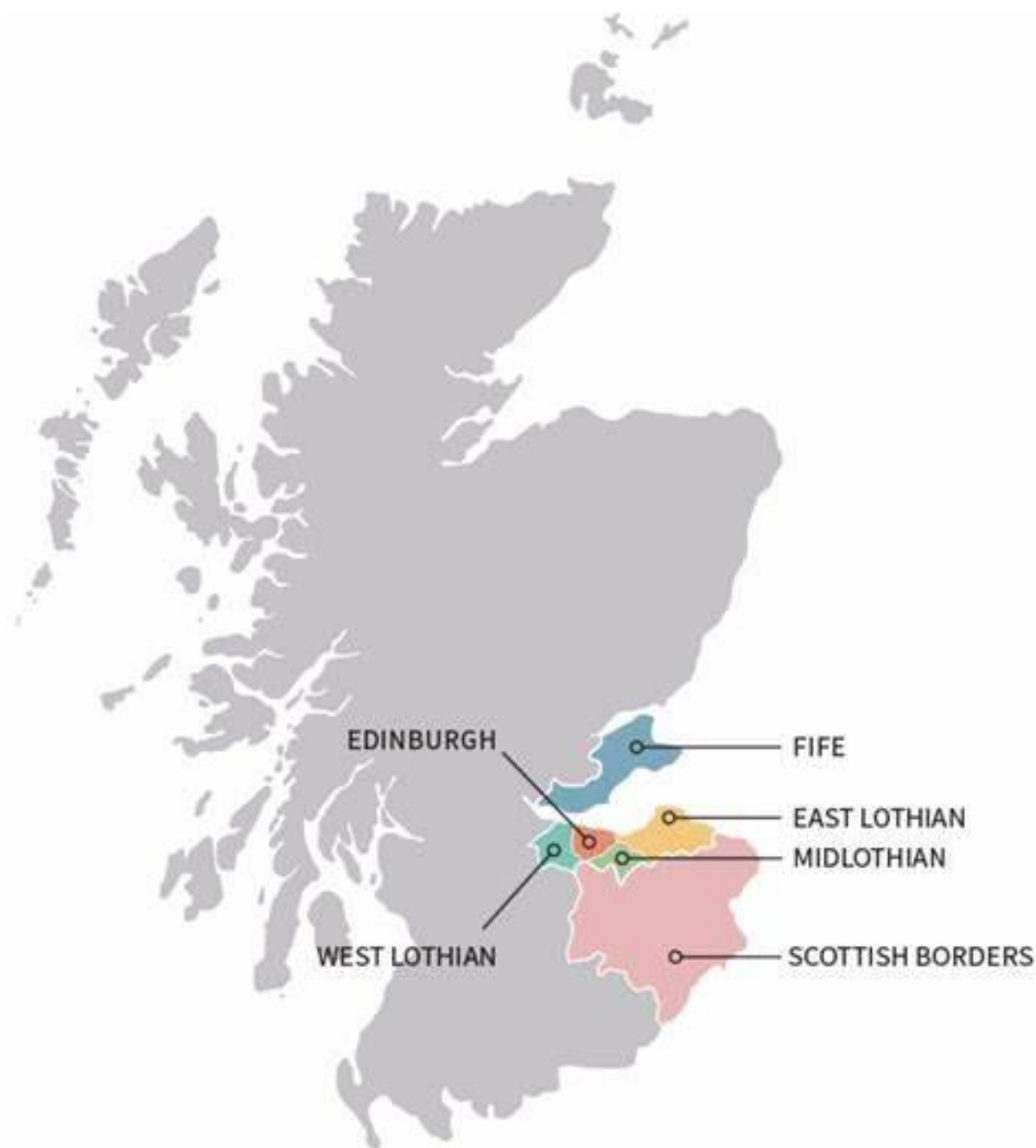
**Final Report for Joint Committee Consideration – 3rd
September 2021**

CONTENTS

EXECUTIVE SUMMARY

The Edinburgh and South East Scotland (ESES) city region has an extraordinary platform to build on. The region, home to 1.4m people, of whom 65% are of working age, hosts a strong economy, incredible natural assets, world class educational institutions and cultural programmes, and diverse and innovative private and third sector businesses. The region delivers approximately 30% of Scotland's total economic output from a diverse industry base.

While the platform for the future is strong, there are a number of challenges that must be addressed to support future development. These include: the recovery from Covid-19 and its economic and social impact; addressing inequalities across the region; and delivering a just transition to a net carbon zero economy, responding to the Climate Emergency declared by Scottish Government in April 2019.

Partners across the region have been working hard to deliver on the City Region Deal that will bring investment of £1.3bn over a 15-year period. Partnerships across the region have been strengthened as a result of closer working that the City Region Deal has brought, allowing our collective and individual priorities to be articulated more clearly than ever before. It has helped us to develop a mechanism by which we are able to deliver on the key needs of our citizens. In developing this Framework, partners have articulated a vision for what they hope to achieve collectively through this approach.

Our Vision

Our aim is to become the data capital of Europe. We will ensure the social and economic benefits of this capability **extend to all**. All sections of the community will have the opportunity to develop the key **skills that will help to end inequalities in our society**. We will **protect our environment** and **make best use of our extraordinary built and natural assets**, ensuring that the Edinburgh and South East Scotland City Region delivers a just transition to a net zero economy. **Our institutions, ancient and modern, will deliver positive outcomes that enhance our local, national and international reputation.**

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*At the heart of the Framework are three key components: delivering a future society that is **resilient, flourishing and innovative**.*

*The challenges of Covid-19 have highlighted the need for **resilience** to ensure that our citizens have the support they need to respond quickly to the key issues in our communities.*

***Flourishing** because we need to design a society and economy that works for everyone. The inequalities across our region must be tackled head-on by this work*

*The ESES region was home to the Scottish Enlightenment and now has a unique opportunity to build on the investment from the Data Driven Innovation programme. We must embrace the spirit of **innovation** found across our communities and businesses and direct this to solving a wider range of challenges*

While this document mentions the economic successes of the region and plans for future growth, it also recognises the need for the environment, inequalities, well-being and quality of life to be prioritised. The region regularly tops UK city lists for quality of life[1], but there are significant challenges we must address

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[1] For example https://www.numbeo.com/quality-of-life/country_result.jsp?country=United+Kingdom

within our communities to support all our citizens. In order to build this society, there are a number of key initiatives reflected within this document. This includes the need for critical infrastructure to enable this development. It also includes how we will protect the environment and support individuals to maintain the sense of community through a neighbourhood approach that helps maintain the culture, identity and vibrancy throughout our communities. Partners recognise that each forward step we take must be imbued with the need to reduce our carbon emissions impact and to reduce inequality across our region.

This Framework alone is not a silver bullet to deliver our vision. Our recommendations on collaborative working, engagement and the infrastructure must be backed up by action, and it must continue to be updated to reflect our changing circumstances. To deliver on these outcomes will require government and city region partners to work differently.

Our region's attractiveness and existing strengths both as a place to do business and where to enjoy an unrivalled quality of life provide an incredible platform from which a prosperity framework can be launched to ensure that the region's successes are enjoyed by all residents. However, it also recognises the challenges faced by the region to remain competitive on a global scale. To achieve this, there are a few critical elements that this framework must deliver:

1) ***What, not how**. This document sets out a strategic vision. It helps to define the future that the region aspires to. This document will be supported by subsequent action plans that articulate the "how" of delivery. These will be delivered within 4 months of the publication of this framework.*

2) ***Leading to Deliver**. The future state, as defined by the "big moves" that will cement the reputation of the region, will only be achieved by effective use of our major infrastructure to support delivery. This will require strong leadership to ensure cross-boundary benefits are delivered. These moves are captured at the end of this Summary.*

3) ***Playing to Our Strengths**. These moves (also captured in the image below) capitalise on the competitive advantage of our world class data infrastructure to deliver the society that our citizens demand.*

4) ***Taking Complex Decisions**. Our leaders must make a number of challenging and complex decisions which must be transparent to support the public's understanding of how these choices have been made.*

5) ***Working Together**. This framework shows a region of different communities, geographies and populations working together to deliver a future that works for its people and businesses. The commitment from each local authority in helping define this vision has been absolute.*

We have identified 9 major regional opportunities – "The Big Moves". The diagram below highlights how the 9 "big moves" (which we explore in Section 8) mesh together to benefit our people, places and planet and can be delivered by building on the major enablers across our region. Within each of our big moves, we have included illustrative projects to deliver the big moves. Details of each are included in Section 8.

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OUR BIG MOVES	**Data Capital of Europe**	**Re-thinking Our Place**	**Sustainable Transport**
	• *Agri-tech and Healthcare* • *Fintech* • *DDI across key sectors* • Usage of Infrastructure	• *Sustainable approaches* • *Society & business* • *Regenerating High Streets* • Regional Spatial Strategy	• *Rail network* • *Waverly transformation* • *Regional Mass Transit* • *Active travel*
	Regenerating the Forth	**Sustainable Tourism & Culture**	**Supporting Enterprise**
	• *Forth Ports Freeport/ Greenport programme* • *Regeneration of Edinburgh Waterfront* • *Cockenzie Regeneration and Blindwells*	• *Regional tourism network* • *Fair working principles* • Edinburgh Festivals	• *Innovation ecosystems* • *Support for young people* • *Wellbeing at heart of recovery*
	Aligning Skills	**Re-Inventing Healthcare**	**Anchor Institutions**
	• *Future skills* • *Digital skills* • *Addressing shortages* • Employer skills	• *Usher Institute* • *Advanced Care Research Centre* • *BioQuarter* • Strong regional partners	• *High local impacts* • *Sustainable employment* • *Reputational pull*

ENABLER	**INFRASTRUCTURE**
	PEOPLE AND ORGANISATIONS

Figure 1 – Regional Prosperity Matrix

Our Major Regional Opportunities are inter-dependent and will require careful design to maximise delivery potential. We have also included within each opportunity explicit references to the projects for each of these within Section 8.

This document represents our statement of intent for the furture of the region. The delivery of this vision will be enabled by a number of tangible pieces of work, some of which are highlighted in the table above. Each activity that helps to deliver this vision must contribute to the environmental journey and must help us to eradicate poverty in our region. Where activities fail to support either of these ambitions, we must take action to address this.

FOREWORD - REGIONAL PROSPERITY FRAMEWORK

Why Prosperity?

Prosperity reflects our ambition of a future that works for everyone. Economic success must not be at the expense of our planet, it must not exploit or marginalise anyone, and it must be shared more equally across the region.

This focus on a prosperous region benefitting all is what underpins the Framework.

The Framework is intended to be a document that articulates the long-term aspirational goals for Edinburgh and South East Scotland to **guide the future direction** of regional economic and wider policy across stakeholders. It seeks to set an ambitious **20-year vision** for the regional economy, up to 2041.

The region has always been a key part of, and of critical importance to, the Scottish and UK economy. It was home to the Scottish Enlightenment where leading thinkers influenced and innovated global thinking across fields such as science, medicine, engineering, agriculture, botany, zoology, law, culture, philosophy and economics. We must lead and initiate change again. We have world-class resources, institutions and talent and, more than at any other period of recent history, need to utilise these in working together to address our challenges and opportunities in an integrated, sustainable and equitable way.

Building on the successful regional partnership that is delivering the £1.3bn Edinburgh and South East Scotland City Deal, the Framework aims to set out a broader, ambitious joint approach to regional collaboration. It seeks to identify how partners in the region can build on other significant investments, such as those supported through the City Region Deal to further improve the way the regional economy functions, particularly in a post COVID-19 environment. It has been developed with input from public, private and third sector organisations. It aims to address the region's challenges and opportunities to make Edinburgh and South East Scotland a better place to live, work, study, visit and invest for current and future generations.

The Framework will be non-statutory, but it will be a **public statement of Regional Collaboration, with a wide range of partners coming together to support an agreed vison, ambition and priorities** for Edinburgh and South East Scotland. This level of regional collaboration needs all those able to contribute to the growth of the region to use the Framework to shape their individual and collective local, regional and national plans and strategies. Our nine major regional opportunities in Section 8, are an indication of the nature of our ambition for transforming the region.

The development of the Regional Prosperity Framework requires impactful collaboration between Government(s), national agencies and regional partners to drive prosperity that promotes greater equity. An empowered Regional Economic Partnership, as envisaged by the Scottish Government's Enterprise and Skills Review, would provide business and the third sector, regional partners, including higher and further education, and national agencies practical influence over regional economic planning.

Recognising the significant changes that the region and Scotland as a whole face in the next few years, the Framework will be flexible and adaptable. As such, it will be subject to regular review and update over its lifetime, and parts of it will also be kept 'live' to take account of and to allow responses to very rapid change.

1. WHO ARE WE?

The Edinburgh and South East Scotland City Region comprises around 10% of the Scottish land mass and with a population of 1.4 million, around 26% of Scotland's population. It is also a key driver of the Scottish economy.

However, given the scale of the region, it is also a place of vast diversity. The circumstances and experiences of places are very different. This is true at the local authority level with marked differences, for example, between respectively the urban and rural contexts of City of Edinburgh and the Scottish Borders; attached as Appendix 3 is a summary of some of the unique characteristics of each of the 6 Council areas that make up the region. It is also true at the local level with significant differences between neighbouring places in the same localities.
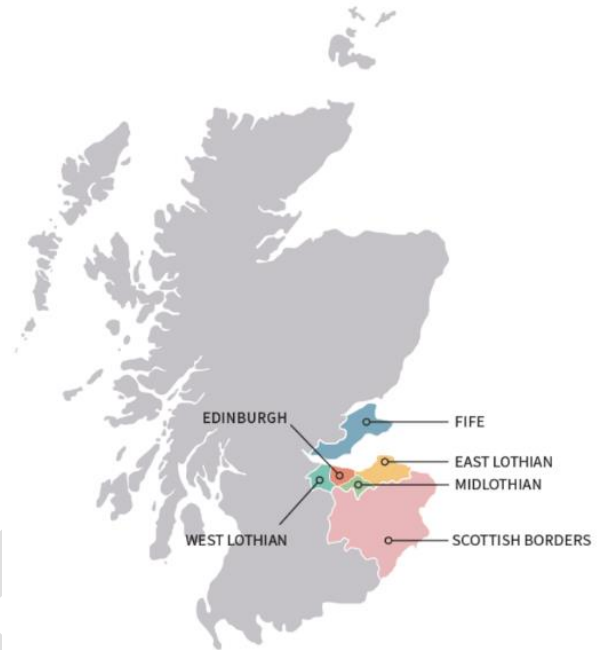
This Framework has been developed by a range of organisations who recognise the significant benefits of coming together and working collaboratively to support the best possible future for the region. Key partners include the Edinburgh City Region Deal signatories (the six local authorities, together with regional universities, colleges and the Regional Enterprise Council, UK and Scottish Governments), as well as a range of other organisations with a key role in the Region such as Scottish Enterprise, Skills Development Scotland, South of Scotland Enterprise and SEStran.

2. WHY ARE WE WORKING TOGETHER?

Through our highly successful City Region Deal in Edinburgh and South East Scotland, we are already working in a co-ordinated way and are seeing the clear benefits achieved by partnering together. It is the stated ambition of Scottish Government for Regional Economic Partnerships to draw upon growth deals to further maximise the benefits that arise when local authorities work together and with national agencies, universities and colleges, the third sector and the private sector. The Scottish Government believes that REPs bring together regional interests, focussing and aligning resources, sharing knowledge, and identify new joined-up plans to accelerate inclusive economic growth at a local, regional, and national level. We share the Scottish Government's ambitions for regional working and believe that the Edinburgh and South East REP can set the example for other partnerships elsewhere in Scotland by deepening and expanding collaborative working in the months and years ahead.

To secure the best possible future for the region the public, private, voluntary and education sectors now see an opportunity to work more effectively to deliver greater collective impact. There is a lot that connects the different parts of the region, with interdependencies in areas including labour markets, housing markets, transportation and supply chains. The City cannot succeed without the wider region and vice versa. Against this background, the Edinburgh and South East Scotland region, like other regions across Scotland, is facing a period of unprecedented challenge and opportunity.

We have a shared duty to address the interrelated challenges of climate change, sustainability, biodiversity loss, inequalities, health and well-being, and the need to create new jobs and businesses while enabling a just transition to a net zero economy by 2045.

To face our current challenges, we need to rebuild our economy so that it supports:

People – to access fair work, to learn and develop new skills and to live happy and healthy lives

Places – that are sustainable, and attractive to live and work in and where enterprise thrives

Planet – meeting our needs in a way that will allow future generations to meet theirs, with a focus on reduction of greenhouse gas emissions (sustainability).

We need to do this against the backdrop of the UK's exit from the European Union (EU), and the global COVID-19 pandemic. We need to collaborate to enable a net zero recovery and to address our shared and interrelated challenges. Business as usual is not an option, as the cost of inaction will be too great. We need to think globally, act locally, and meet our needs in a way that allows future generations to meet theirs. Feedback from the public consultation has emphasised the need to prioritise environmental choices that must be central to the region's identity.

Our next step, through the development of this Regional Prosperity Framework, is to agree common goals and to work together to achieve them. This will allow us to develop a shared understanding of how the region can make a more significant contribution to the Scottish and UK economy, and highlight the important role each region, sector and organisation can play individually and collectively in realising the region's potential.

To achieve this the Regional Prosperity Framework will be used as a basis to guide and integrate public, private and third sector decisions, actions, collaborations, strategies, policies and investments across areas such as **sustainability, climate change, energy, transport, planning, housing, infrastructure, education, digital, services, equalities, well-being, economic development, procurement and delivery.**

3. HOW DID WE GET HERE?

Our Region before the UK Exit from EU and Covid-19

Ambitions to deliver economic growth, particularly in our region, tasked successive regional strategies to accommodate more development and increase our population. The pace and scale of this change, and environmental and infrastructure constraints, meant economic development had to be distributed across more of the region to meet growth requirements. Whilst this approach has been successful in some cases, not all our communities have equally benefitted from the work so far. Some parts of the region continue to be among the mostly poorly performing parts of the country when measured according to conventional economic measures such as GVA, while others have seen negative impacts from growth such as overheated housing markets. Within the City and across the region there are stubborn pockets of economic under-performance, inequalities and deprivation.

Areas of deprivation often exist where industries have declined and were not replaced. Comprehensive development programmes did not deliver mixed, sustainable communities, while other areas have never experienced sustained programmes of economic support. This mixed picture is also reflected in the strength of town centres across the region, with some more than others impacted by changing retail patterns, behaviours and trends, and out of centre retail locations, further deepening inequalities.

The region's outstanding higher education institutions are located in key strategic locations across the region, and its further education institutions serve their local communities. The 2016 BEIS-funded Science and Innovation Audit[2] highlighted the regional opportunity around data science and innovation. This was the foundation for the development of the Data-Driven Innovation (DDI) Programme, which set the differentiating vision for Edinburgh and South East Scotland as the **Data Capital of Europe**.

The Universities of Edinburgh, Heriot Watt and Queen Margaret University extended to locations on the southern and eastern edges of Edinburgh to create innovation clusters. This has enabled wider collaborations with the public and private sector to improve public and commercial service delivery.

West Lothian have strategic plans in the pipeline to capitalise on the advanced technology and manufacturing industry for potential university presence in the years to come. It is crucial that this builds on the supported growth of key data-driven innovation sectors, including: public services, finance and fintech, insurance, artificial intelligence and robotics, and bio, health and life science, food and drink and agricultural innovation.

Colleges have a crucial role to play in facilitating skills and process innovation activity to support local and regional economies and increase productivity across Scotland. Colleges will continue to build on their positive relationships with SMEs and give those enterprises opportunities to develop new and innovative business processes.

Through their close working with industry and individual business, the region's colleges have a vital part in supporting business development and sustainability, enabling the sector to play a role in supporting the region's research and innovation economy and positioning them to make a difference to future prosperity, building on existing work in this space around emerging skills needs, areas of innovative economic growth and the green recovery.

There has been notable growth in other key economic sectors such as services and freight and logistics, particularly beyond Edinburgh. Generally, though, the pattern has been a decline in traditional industries and reuse of former industrial sites for housing. Across the region many industrial premises are ageing and require adaptation or replacement to meet current and future needs.

Agriculture, horticulture, fishing, forestry and food and drink remain important regionally, with strong international reputations. tourism offer is genuinely world class but most activity is focused on Edinburgh's

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[2] See Audit points to city and region's digital potential | The University of Edinburgh

city centre, putting a strain on infrastructure and assets. This overshadows the wider regional tourism offer and undermines the potential for linking our cultural, natural heritage and leisure tourism assets and workforce in a more compelling and integrated way.

House prices are unaffordable to many, particularly in areas within easy commute to central Edinburgh. A number of key settlements across the region expanded significantly in response to housing need and mobile demand, but jobs did not follow. Employment density has remained low outside the City of Edinburgh. Housing demand, and prices, are high across the whole region, and there is a need to significantly increase the supply of affordable homes with a wider range of house types, sizes and tenures including mid-market rent and specialist housing.

Housing-led regeneration has been successful where aligned with wider interventions, programmes and investments, including job creation, skills development and training, but less so where such approaches were not followed. Access to land and funding for affordable housing delivery is and will be a significant factor in influencing where people can live, and if and how they can access opportunities and amenities in future.

Whilst the growth of the region has brought much success, in-commuting (commuting with the City Deal boundary) and greenhouse gas emissions have increased and contributed to transport accounting for 37% of Scotland's greenhouse gases. Combined with the increased pressure on infrastructure and services it has contributed to pressure on the environment and sustained inequalities, and in some places widening them. More can be done to improve well-being, accessibility, connectivity and productivity. These factors are replicated across Scotland and contributed to the Scottish Government's declaration of a climate emergency in April 2019.

There are high levels of transport poverty[3] across the region, even pockets in Edinburgh (please refer to the Transport Poverty Map in Appendix 2 from SEStran RTS Main Issues Report – June 2020), reflecting the high cost of transport, poor connectivity, which all contribute to the reliance on the private car exacerbating the barriers to employment, training and education. This has an impact for cross-regional travel, presenting an issue for individuals on entry level wages requiring public transport. This is reinforced by the Workforce Mobility Deprivation Index that is a blend of 4 SIMD factors affecting citizen access to employment, training and education.

Different issues and opportunities mean that a one-size-fits-all approach across all six local authority areas would not make sense. Complexity has been increased with the home/blended working response from Covid 19. Detailed transport issues, that take account of Covid 19, are captured in Strategic Transport Projects Review 2 – Edinburgh and South East Scotland Case for Change, SEStran RTS Main Issues Report – June 2020 and the regional partner's Main issues Reports to support the development of national, regional and local Transport Strategies and Mobility Plans. The extent to which we can adapt and be more resilient and successful in future will depend on how effectively we transition. Collaborative working will be an important part of the response.

The Framework must not only be sensitive to the distinctiveness of places, its goal is to create a framework which responds to our differences, enabling us to marshal capacities and assets across our region more effectively to meet challenges and make the most of opportunities.

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[3] Transport poverty is disadvantage experienced by those who are disproportionately affected by high transport costs compared with their income, lack of suitable transport options or service accessibility that impacts on the ability to access employment, education, amenities or services

4. WHERE ARE WE NOW?

OUR CURRENT REGIONAL ECONOMIC PROFILE

The following section summarises some the region's key economic and demographic trends as well as infrastructure assets and sectoral strengths. This information is drawn from the technical annex and from other relevant contextual documents, including the City Regional Deal document.

Figure 1 – Economic Overview

The Regional Economy

Gross Value Added (GVA)[8]

Total **Edinburgh and South East City Deal** GVA 2020: **£38,365m** and **30%** of total Scottish output

From 2010-2020, GVA in **Edinburgh and South East City Deal: increased by 7.5% or £2,676m**

Forecast average annual growth (2020-2030):
Edinburgh and South East City Deal: 2.4%
Scotland: 2.2%
United Kingdom: 2.4%

Productivity[9]

Edinburgh and South East City Deal productivity 2020: **£51,600**, in **Scotland** it was **£45,500**

From 2010-2020, Productivity in **Edinburgh and South East City Deal: decreased by 4.2% or £2,200**

Forecast average annual growth (2020-2030):
Edinburgh and South East City Deal: 1.8%
Scotland: 1.9%
United Kingdom: 2.0%

The greatest contributing factor to each region's economic recovery will be their sectoral footprint, however other place based factors will also influence their recovery. This includes the persistence of COVID-19 in the community and greater levels of homeworking altering demand for services – particularly in urban areas – as well as factors less specific to COVID-19, such as levels of deprivation and the number of highly skilled/educated workers in the region.[10]

Oxford Economics Forecast data has been updated to reflect the current impact of COVID-19 as of November 2020

Prior to the COVID-19 pandemic, the Edinburgh and south east Scotland economy was performing strongly, with a level of growth that exceeded the Scottish average. Overall, the region was contributing approximately £36 billion per year to the Scottish and UK economies through its diverse economy.

The distinctiveness of Edinburgh and South East Scotland's culture, history and tourism offer continued to draw visitors from across the world. In 2020, the total GVA for the region was £38,365 million, accounting for 30% of the Scottish total GVA output. This is an increase of 7.5%, or £2,676 million, from 2010. This also accounts for roughly 2.2% of UK GDP, highlighting how the region continues to outperform expectations.

A key factor contributing to the region's economic output is the strength of its key sectors. Across the City Region, GVA in 2020 was primarily driven by the following key sectors: Finance and Business Services; Health and Social Care; Engineering; and Digital. Each of these top performing sectors have continued to operate throughout the COVID-19 pandemic, with heightened demand and increased opportunities emerging in Health and Social Care and Digital Technologies.

Despite significant strengths, sectors such as manufacturing, hospitality & tourism and creative industries in the region have been especially impacted by COVID-19. In addition, the region is composed of local authorities with varying levels of socio-economic resilience, based on Oxford Economics Vulnerability Index. The vulnerability index provides an indication of how well equipped a local authority is to withstand the economic shocks resulting from COVID-19, by considering its economic diversity, business environment and digital connectivity.

Local authorities across Edinburgh and South East Scotland with a lower share of small businesses, self-employment and reliable digital connectivity tend to be most resilient, such as the City of Edinburgh and Midlothian, which are the 1st and 4th most resilient local authorities in Scotland respectively. Other local authorities such as the Scottish Borders (the 3rd least resilient local authority area in Scotland), however, have lower levels of resilience due to poor connectivity and lower rates of home working, with a relatively high number of small businesses and individuals who are self-employed.

Despite the economic impact of COVID-19 across the City Region, economic growth is forecast to continue with average annual growth projections from 2020-2030 suggesting a growth rate of 2.4%. This is higher than the average annual growth projected for Scotland as a whole.

Demographics

The area is home to almost 1.4 million people, around a quarter (26%) of Scotland's total population. However, over the past 10 years, the rate of population growth has begun to decline due to a reduction in natural birth rates. This is coupled with an increase in life expectancy across the region. Over the 10 years from 2009 to 2019, across all six of the local authorities, the increase in those of non-working age has been higher than those of working age (16-64). This is felt most acutely in Fife and the Scottish Borders, where the working age population has decreased by 1% and 4% respectively since 2009.

Figure 2 - Population

Spotlight on Demography[6]

Edinburgh and South East City Deal Population 2018-2043

Total population 2018: **1,385,000**

Working age population 2018: **898,700**

Forecast change 2018 to 2043:
Edinburgh and South East City Deal: 126,600, (9.1%)
Scotland: 136,700, (2.5%)
United Kingdom: 5,982,400 (9.0%)

Forecast change 2018 to 2043 :
Edinburgh and South East City Deal: 64,300, (7.2%)
Scotland: -7,300, (-0.2%)
United Kingdom: 2,644,500 (6.4%)

Population by age (2018 and 2043) Scotland and Edinburgh and South East City Deal

Dependency Ratio 2018 and 2043

Dependency ratio for **Edinburgh and South East City Deal:**
2018: **54%** 2043: **57%**

Dependency ratio for **Scotland:**
2018: **56%** 2043: **60%**

The dependency ratio considers the non-working age (0-15 years and 65+) population compared to those of working age. A ratio of 54% would mean that for every 1,000 people of working age there were 540 of non-working age. The dependency ratio is important when considering the demand for public services and the funds available to provide these services - the income from taxes and National Insurance.

Dependency Ratio (2018 and 2043), by Region

A demography with an ageing population and a high dependency ratio (the number of people of non-working age dependent on those of working age) means that a smaller pool of people of working age are supporting a larger pool of older people who are not working. This in turn puts additional pressure on public services. There is also a more limited labour pool on which to draw to address regional recruitment needs. Some sectors such as Health and Social Care are already experiencing skills challenges and could find it increasingly challenging to recruit the people they need unless more people of working age are attracted into the region.

Regions with high dependency ratios such as the Scottish Borders, East Lothian, and Fife, are more likely to experience labour shortages. However, this could be offset by enhanced automation in certain sectors and a focused talent attraction and retention strategy. It is also worth noting that people of non-working age contribute much through ongoing paid work, volunteering, and formal and informal mentoring.

Labour Market and Skills Landscape

The COVID-19 pandemic has had a demonstrable impact on businesses and key sectors across Edinburgh and South East Scotland. As of February 2021, there were 95,000 individuals who have had their employments furloughed across the region: accounting for 26.1% of Scotland's total furloughed workforce. All local authorities, with the exception of the City of Edinburgh, have a higher number of females than males currently on furlough.

Figure 3 – Furloughed Jobs and Redundancy

The Impact of COVID-19 on Business and People

Furloughed Jobs by Region*

The UK Government have announced that the Coronavirus Job Retention Scheme will be extended to September 2021. The rules allow individuals made redundant before 23rd September to be re-hired and placed on furlough leave. There are concerns that continued weak economic performance could mean furlough is a precursor to redundancy[14].

Number of jobs furloughed in **Edinburgh City Deal** at 28th February:
95,000
accounted for 26.1% of Scotland's furloughed workforce

Females: 49,000
Males: 46,000

Number of jobs furloughed by local authority:

East Lothian: **7,800**
Females: **4,300**
Males: **3,500**

City of Edinburgh: **39,000**
Females: **19,300**
Males: **19,700**

Fife: **22,200**
Females: **11,500**
Males: **10,700**

Midlothian: **6,700**
Females: **3,400**
Males: **3,300**

Scottish Borders: **7,200**
Females: **3,900**
Males: **3,300**

West Lothian: **12,100**
Females: **6,200**
Males: **5,900**

Number of jobs furloughed at 28th February in Scotland:
364,100

Females: **189,600**
Males: **174,500**

Fully furloughed: **255,300**
Partially furloughed: **108,800**

*Figures at 28th February 2021 are provisional and will be revised in the future.

Redundancy[15]

Partnership Action for Continuing Employment (PACE) aims to help minimise the impact for people and businesses facing redundancy. Data is for 1st April – 31st July 2020 and 1st April 2020 – 28th February 2021.

PACE information provision (Individuals):
Edinburgh and South East City Deal:
Apr-Jul: **1,640**   Apr-Feb: **6,135**

Scotland:
Apr-Jul: **13,935**   Apr-Feb: **33,222**

PACE engagement (Employers):
Edinburgh and South East City Deal:
Apr-Jul: **70**   Apr-Feb: **215**

Scotland:
Apr-Jul: **355**   Apr-Feb: **954**

PACE information provision for individuals in Edinburgh and South East City Deal 1st April 2020 – 28th February 2021
Sectors with the greatest information provision for individuals:

Accommodation and Food Services: 1,725

Wholesale and Retail Trade: 1,085

Manufacturing: 710

Arts, Entertainment and Recreation: 485

* Sub-Scotland data is rounded to the nearest 5

Modern Apprenticeship Redundancies

MAs **in training** (1st January 2021):
Edinburgh and South East City Deal: 7,482
Scotland: 34,725

MA **redundancies** (1st April 2020 – 1st January 2021):
Edinburgh and South East City Deal: 207
Scotland: 834

MA The Coronavirus Job Retention Scheme is likely to be masking the full economic impact of the pandemic. We may see an increase in the number of MA redundancies when furlough is no longer an option for businesses.

Despite the financial impact on businesses, there has been a steady rise in the number of job postings across the region over the past 12 months, highlighting a return of recruitment. The number of new job postings has increased by 5,958 from 3,651 in April 2020 to 9,609 in March 2021. This suggests that as lockdown measures were relaxed over the latter half of 2020 business confidence began to return.

Over half of these job postings were advertised in Edinburgh, followed by Livingston and Dunfermline. Programmers and Software Development Professionals, Care Workers and Home Carers, and Nurses were the most frequently advertised occupations with skills such as teamwork and collaboration, customer service and budgeting, in high demand.

The top employing industries across the City Region over the past 12 months have been Human health activities (22%), Education (16%) and Public administration and defence (8%) with the median real time salary associated with all postings across the 6 local authorities reaching £31,800.

However, job postings in the City Deal region remain 15% lower in March 2021 when compared to March 2020, suggesting that many businesses are struggling to stay afloat – and the types of jobs available may not offer the security or hours in demand from those in the labour market.

Forecast opportunity areas and recent job postings data all highlight the importance of softer skills as well as technical skills to employers across the city region. Going forward, ensuring meta-skills such as 'Social intelligence', 'Self-management' and 'Innovation' are part of provision planning will enable individuals to compete in a competitive and changing labour market.

Looking ahead, the number of people forecast to be needed to fill job openings in the labour market by 2023 is 95,100; accounting for 28% of Scotland's total number of job openings. This is primarily driven by replacement demand, when people retire from the labour market as opposed to new job creation. It is anticipated that despite the short-term labour market challenges facing the region, there could be some job growth and new opportunities created in the mid-term.

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REGIONAL IMPACT FROM UK EXIT FROM EU & COVID-19

The cumulative effects of Brexit and Covid-19 will have short, medium, and longer term economic, social and environment effects at a regional and national level.

The COVID-19 global pandemic has had wide-reaching economic, social and health impacts around the world. For Edinburgh and South East Scotland, the impact on the economy has been significant because of the large number of people employed in tourism, travel, hospitality/food service, arts, culture and (non-food) retail.

Health, economic, digital and transport inequalities that existed before the pandemic have made it more difficult for some households to cope with the effects of lockdowns and restrictions and COVID has placed significant pressures on personal finances. The effectiveness of community action projects, right across the region, have provided strong support and helped to minimise the impact on the most vulnerable in society.

Many existing business models are under threat, not just because of the immediate restrictions, but in the medium-term trends (e.g. home working) affecting patterns of consumer behaviour. This particularly affects transport, culture, retail and hospitality/food service. An economic divide between those businesses and individuals who can adapt to new ways of working, or move into new roles, and those who cannot, will develop and widen, unless support is put in place.

In addition to COVID-19, the UK's recent withdrawal from the European Union has the potential to create additional challenges for Edinburgh and South East Scotland's labour supply. In June 2020, there were 85,000 EU nationals living across the six local authorities in the City Deal, accounting for 35% of the total number of EU nationals residing in Scotland. This is a decrease of 37% (1,000 people) from December 2019. Once Hospitality and Tourism enters a stronger recovery phase there may be an increase in skills shortages across the sector due to its high composition of non-UK nationals. This skills deficit has been noted through the public consultation of this framework, with a clear voice on how the region's employers will depend on the education institutes to minimise these risks.

The outmigration of people from the City Region over the 6 months to from December to June 2020, hints at the potential future direction of travel in migration flows. Given that Scotland and the City Region's only forecast population growth was due to inward migration, the UK's exit from the EU has the potential to create skills shortages across a range of sectors and occupations, whilst adding to longer-term labour supply challenges related to a shrinking working age population.

Identification of Vulnerable Groups

Throughout the pandemic, the unemployment rate for 16–64-year-olds in Edinburgh and South East Scotland increased gradually from 3.1% in March 2020, to 3.7% in September 2020 (25,500 people). This is lower than the Scottish unemployment rate of 4.4% (Feb. 2021). Fife has consistently had the highest rate of unemployment of all six local authorities, and women across the City Region currently have a higher unemployment rate (4.1%) than males (3.4%).

Modelling suggests that in a worst-case scenario, if the unemployment rate across Edinburgh and the South East of Scotland were to reach 20%, we could see up to 141,700 individuals unemployed.
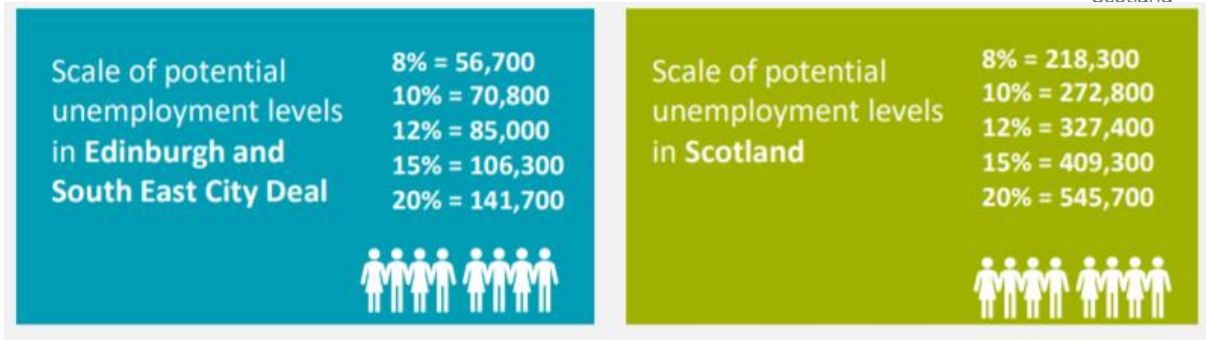
The impact of COVID-19 has not been evenly dispersed across the labour market. Young people have been at a particular economic disadvantage, with many employed in sectors that have been heavily restricted or closed due to physical distancing measures. In September 2020, the 16–24-year-old unemployment rate was 12.4% (9,600 individuals), higher than the Scottish rate of 11.1%. This is three times higher than the 16-64 unemployment rate.

There is also concern that the furlough scheme could be operating as a potential buffer to rising unemployment rates in the long term. Assessing the number of people on universal credit provides a timelier indication of COVID-19 potential financial impact on individuals across Edinburgh and South East Scotland. Between March 2020 and February 2021, the claimant count rose by 94.5% (57,300 people) from 60,600 to 117,900. This suggests that there has been an immediate number of job losses since the outbreak of COVID-19 across the region.

For rural regions such as the Scottish Borders, increased youth unemployment has the potential to lead to a talent drain as young people look for employment and training opportunities in other areas. This, in combination with rural transport and digital connectivity poverty, could create further labour market and skills supply challenges that persist beyond the COVID-19 pandemic. The Strategic Transport Projects Review 2 - Edinburgh and South East Scotland Case for Change report includes contextual information of relevance to these issues as well as further details on the transport problems and opportunities in the region.

Recent insight provides that 10,276 of 11,083 (93%) school leavers across the City Region transitioned into positive destinations. Most school leavers in went into Higher Education (4,554) or Further Education (3,311), and 396 individuals went on to training opportunities. It is worth highlighting that the number of school leavers going into employment increased by 49.8% to 2,849 in 2019/20 from 1,902 in 2018/19. In addition, the number of unemployed and job-seeking young people fell from 503 in 2018/19, to 395 in 2019/20.

A key area of focus over the years after the COVID-19 pandemic will be ensuring that all young people are supported into employment and training opportunities within the labour market, with additional support provided to those living in areas of high multiple deprivation. There is an expectation that the future of the labour market including portfolio working; increasing automation; and the rapid pace of change in the nature of work are likely to impact on support requirements. This is an area where our ambition is to target support appropriately, in a way that continues to respond to changes, but it is envisaged that young people will be particularly affected and will therefore be an important priority group. As part of this work, our education institutes across the region may have to deliver new apprenticeships or career pathways to support these people.

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Regional Skills and Talent Development

Significant regional benefit has been achieved from the development of the Integrated Regional Employability and Skills (IRES) Programme, which continues to underpin each aspect of the ESES City Region Deal. The IRES Programme is facilitating a growing network of private, public and third sector organisations who are working together to ensure employability and skills investments are maximized. This change programme continues to embed inclusive growth factors within the network enhancing opportunities for those who live and work within the region to access higher skilled and higher paid opportunities.

The IRES Programme is comprised of seven projects:

- Housing Construction and Innovation (HCI) targeted skills gateway
- Data-Driven Innovation (DDI) targeted skills gateway
- Integrated Employer Engagement
- Intensive Family Support service
- Labour Market Analysis and Evaluation
- Workforce Mobility
- Integrated Knowledge Systems

Some of these are designed as enablers, promoting longer-term partnership working and richer collaboration between stakeholders throughout our city region area. For example, Integrated Knowledge Systems and Labour Market Analysis & Evaluation projects are ensuring the better collation, analysis and evaluation of data from stakeholder across the six regions, in order to support enhanced skills planning and supporting our response to the changing labour market in response to the Covid-19 pandemic.

Other projects such as the targeted skills gateways and the Intensive Family Support service will provide more tailored client-specific support, through engagement, training and access to progression opportunities.

Inclusive growth priorities ensure that the IRES Programme continues to address the needs of citizens including disadvantaged and marginalised groups, unlocking access to good opportunities. Closely aligned school, college, and university planning will enable educational and workforce routes for learners into key sectors. Labour market demands will inform skills planning and the delivery of upskilling opportunities providing transition into successful and sustained careers. This will prove critical to help upskill or retrain those who may wish to pursue alternative careers available to them across the region.

By supporting the needs of the regions labour market, the IRES Programme will continue to identify opportunities to enhance the skills of residents through alignment with key growth sectors. Tackling inequalities and promoting fair work agenda will remain a key focus for the project, supporting economic success as well as enhancing the wellbeing and prosperity of citizens, communities, and business. A strong regional network remains key to the success of the IRES Programme. Working closely with partners the project aims to inform evolving policy and practice needed to support the region to achieve outcomes.

Transport

COVID-19 has changed the demand for, how, why and when people travel. This has been experienced nationally, regionally and locally and longer term impacts remain to be seen, but it can be expected that there will be longstanding changes that impact on the transport network in the region and also present opportunities to lock-in positive behaviour change such as an uptake in walking and cycling. Information on

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monitoring of the transport trends during the COVID-19 pandemic is available on Transport Scotland's website.

Emerging Opportunities

Despite the challenges presented by the COVID-19 pandemic, there are emerging areas of innovation and opportunity that could be the drivers of future economic growth. Enhanced reliance on digital technology has not only driven business innovation across key sectors, but it has also reshaped the landscape of work as we know it. Many sectors, such as Financial and Business Services across the City Region, are changing to a more flexible 'work-from-home' model and increasing their digital capacity. As a result, more opportunities could be brought to the region, with an increase in remote working from any local authority, while recognising the potential impact on the existing office sector and city centre retail and other support services.

This opportunity could extend beyond COVID-19 and result in several societal and economic benefits to the region, such as reducing congestion and carbon emissions as commuting activity decreases leading to a change in investment priorities aligned with the NTS2 sustainable travel hierarchies and promoting greater use of local services and shopping (inclusive growth). In the mid-long term, new opportunities in 'green jobs' are a growing area of opportunity that align with Scotland's carbon reduction aspirations (net-zero by 2045), particularly in Construction, Engineering and Manufacturing, Transport and Land-Based Sectors. Particular focus on bringing forward land use planning and transport proposals in a truly integrated manner. There also continue to be opportunities in sectors that have struggled to attract sufficient numbers to fill vacancies including health & social care, construction and teaching.

In order to prepare for and capitalise on 'green jobs[4]' it is critical to ensure that there is a pipeline of individuals trained to enter these roles throughout the supply chain. It is important to have a clear understanding of the skills associated with these jobs, and to ensure that these are being developed through new and emerging provision pathways across all institutes in the region. This includes guaranteeing that everyone in society benefits fairly from the change towards a green economy, our collective impact to progress the environmental impact is maximised and ensuring that those who are most likely to be disadvantaged by structural changes in employment receive targeted support.

The region is also home to a wealth of natural capital, with numerous parks, coastal areas and a rich and varied wildlife. The "greenspace" across our region was highlighted as a real source of pride in the responses to our public consultation from citizens across all six local authorities. The Scottish Government declaration of a Climate Emergency in 2019, and the heightened discussions leading to COP 26 in Glasgow this November have forced the region to prioritise environmental developments.

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[4] A green job is either: any job in a business that produces good or services that benefit the environment or conserve natural resources; or a job in which workers' duties involve making their establishment's production processes more environmentally friendly or use fewer natural resources (see: https://www.scottish-enterprise.com/support-for-businesses/funding-and-grants/business-grants/green-jobs)

5. WHERE ARE WE GOING?

Currently, our region is in a period of profound uncertainty, facing unprecedented economic, societal and environmental challenges. It is difficult, in such a period, to set a fixed direction for the region. We recognise the need for adaptability, flexibility and agility, as we hopefully move into a post Pandemic context, and we the recognise that the region is in a strong position to respond to the ongoing challenges and opportunities facing all parts of the world, and is well placed to be adaptive, flexible and agile. For the environmental concerns highlighted throughout our consultation process, it is evident that doing nothing is not an option for the region. These changes must be delivered to protect the future generations of our region.

In terms of immediate priorities, the Scottish Government has published an Economic Recovery Plan, which sets out actions across a number of themes to secure a jobs-focused and socially-just economic recovery. These include:

- Protecting jobs by supporting business recovery and sustainable, green growth
- Creating jobs through business engagement and a partnership approach
- Supporting access to good quality jobs through employment, skills and training
- Boosting local job creation through resilient people, communities and places
- Creating jobs and a Just Transition through investment-led sustainable growth

There is a clear link between better regional distribution of economic activity and improved social outcomes. The Scottish Government wants to facilitate collaborations between local government, the private sector, education and skills providers, our enterprise and skills agencies, and the third sector to use regional economies to drive inclusive and sustainable economic growth. We stand ready to work constructively and collaboratively across the public sector to achieve these aims.

Recent months have also seen development of UK Government policy and proposals in areas including levelling up, community development, R&D Place Strategy and Innovation Strategy. We must ensure that we are ready to respond to emerging policies.

Scottish Government Housing to 2040 and NPF4 – the twenty-year ambition of the Framework aligns well with the timelines of both the national housing and planning strategies. Delivering the RPF, Regional Housing Programme and seven City Region Deal strategic sites aligns closely with the investment, commitment and certainty provided by both Housing to 2040 and NPF4. It will also contribute significantly towards the national ambition to deliver 100,000 affordable homes by 2032, with at least 70% of these being for social rent. The implementation and action plans for the RPF will align closely with the new plan for Scotland and reflect the direction this will provide on future investment into our region and local communities.

The National Transport Strategy 2 (February 2020) sets the strategic direction to help deliver the 2019 Scottish Government commitment to be Net-Zero by 2045, while protecting the environment, reducing inequalities, help deliver inclusive growth and improving health & wellbeing. There is greater synergy between economic, planning, environmental and transport strategies that will provide consistent direction and shared outcomes.

Linked to these areas of Government Policy, we have also seen the publication of a range of research to inform future economic priorities, both national and local. One, produced by Oxford Economics, provided an assessment of Scotland's economic prospects and challenges. It looked at how existing resources and policy instruments could be used more effectively to raise Scotland's economic growth prospects and considered more ambitious policies which, if introduced, might generate a significant uplift in Scotland's economic growth. Incremental improvements could be achieved by more focus and resources around:

- Reform in the complexity of policy goals and instruments that exist;
- The Scottish National Investment Bank (SNIB) should play a key role to achieve a step change in economic growth;
- Continuing to attract inward investment as a key policy ambition;
- More support for 'on-shoring', particularly around manufacturing related sectors;
- Increased supported for SMEs through a more streamlined system of business support;
- Better linkages between the education and skills sector and future needs of Scotland's workforce.

The report proposed that more radical changes were needed in Government policy to support a transformation of Scotland's economic performance, with focus on:

- Increases in government borrowing and/or cuts in interest rates to stimulate stronger growth in demand and hence output;
- Significant tax cuts and deregulation, to improve competition and incentives in the economy; and
- Large increases in government support for businesses, either directly or through increased spending on infrastructure, education & skills, innovation, or the green economy.

So, what might this mean for the Region and how can it focus its considerable resources to achieve something sustainable, achievable and for the collective wellbeing of everyone? The region has real strengths and successes to build on, as well as new challenges and opportunities to face. These include:

High Quality Places and Investment in Homes and Neighbourhoods

- Some of our **urban and rural environments are enviable**, and provide an unrivalled quality of life, but this is not universal across the region. Few other regions in Europe match the quality of our natural and built assets, right across the region;

- **But the reality remains very different for many**, and policy must focus on Fair Work, local regeneration, and support for those in greatest need;

- **Home working across the Region's communities has risen sharply** as a result of the COVID-19 pandemic. This change can support our local economies and town centres, and we need to consider the future of office locations, infrastructure and provision. For some this way of working can enable a better work life balance, enhance productivity and well-being, but can also bring work/life balance issues for many. We must remember that these options are not available to all, and not all jobs can be done from home. Increased home working presents a challenge in footfall for retailers and hospitality, and for developers/investors in relation to property provision with risk of increased dereliction;

- The delivery of a **major housebuilding programme across all types and tenures**, aimed at increasing affordable living in sustainable communities with high quality place and local infrastructure. In doing so, such a programme needs to recognise the potential of the new blended / hybrid working environment, and has appropriate homeworking and wellbeing space;

- The creation of sustainable mixed communities and new destinations and attractors across the region, through regeneration and new development, can increase job density, amenities and housing options with matching service and infrastructure with appropriate legislation within more self-contained **20-minute neighbourhoods**. This must work within the Scottish Governments Housing 2040 strategy and the National Planning Framework (NPF) 4 scheduled to be published shortly with a focus on long-term developments in keeping with this proposed framework.

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- A new-found emphasis on sustainability and natural capital in the light of the COVID pandemic also gives us the opportunity to recalibrate our understanding of what economic development, flows and opportunity and supporting infrastructure mean in a rural context. Typically, these features are overwhelmingly conceived as something which extends 'out' from cities, and it is assumed that networks exist predominantly to serve the interests of primary urban centres. While this perspective is understandable in terms of critical mass and cost efficiency, it tends to obscure an understanding of the strategic requirements of rural and less densely populated areas. If **rural areas are to maximise their contributio**n to Scotland's National Ambition for Inclusive Economic Growth and to our region, then we must take **a new approach which builds on the opportunities for flexible and digitally supported working**. This greater flexibility in residency choices and housing, with wider implications for travel and the pressure on services, creates enhanced opportunities around natural capital, for example, through renewable energy, carbon storage, or the redesign of farming support.

Major Economic Strengths and New Opportunities

- Our educational institutions, the **research-intensive Universities** in particular, give us a strong competitive advantage. Our innovation systems must maximise these flows and linkages.

- We have a major opportunity to re-focus support on **key growth areas of the economy** such as Software, the Creative Industries, Life Sciences/Healthcare, Business Services and Food and Drink. All underpinned by Data Driven Innovation, and with a skills system ensuring new skills are constantly driving innovation.

- A **commitment to more locally based supply chains** and more of a 'near me' economy, linked to the broader objective of supporting Community Wealth Buildings, particularly through the procurement policies of our anchor institutions can bring new economic benefit if properly channelled.

- The profile of the region having Scotland's capital, a city of international profile and reputation.

To build on the Region's strengths and address the existing challenges and opportunities, it is important the Region's seeks to be 'Resilient' in its solutions, 'Innovative' in the way in which organisations work together flexibly and quickly, and seek to support a region that ultimately 'Flourishes' to the benefit of everyone who lives here. These themes are explored in more detail in the next section.

6. OUR EMERGING VISION FOR THE FUTURE

Having reviewed the challenges and opportunities that the region needs to address, the following section outlines our collective Vision for the region, as well as the themes that will focus our activity.

In doing so, it seeks to recognise the importance of the area's natural, cultural, built and community assets, and our determination to create a more equal economy and society, improve citizens' health & wellbeing, address climate challenges and help develop an internationally recognised, well-connected and outward looking city-region.

Our Vision

Our aim is to become the data capital of Europe. We will ensure the social and economic benefits of this capability **extend to all**. All sections of the community will have the opportunity to develop the key **skills that will help to end inequalities in our society**. We will **protect our environment** and **make best use of our extraordinary built and natural assets**, ensuring that the Edinburgh and South East Scotland City Region delivers a just transition to a net zero economy. **Our institutions, ancient and modern, will deliver positive outcomes that enhance our local, national, and international reputation.**

Delivering the Vision

A series of future regional priorities have been outlined below, these seek to maximise the opportunities the Region offers, while addressing the challenges which it faces; both existing and as a result of Brexit and COVID-19. These are emerging priorities and will require further work, consideration and consultation as the Framework develops. These priorities fall broadly into three key thematic areas – **Resilient, Flourishing and Innovative.**

7. OUR EMERGING STRATEGIC THEMES

Theme 1 – Flourishing

- We want to spread the benefits and prosperity more evenly around the region in an environmentally sustainable way, to ensure inclusive growth, community wealth building, community wellbeing and reduced inequalities are achieved. Technological and climate change is transforming the types of skills requirements and job opportunities available and how companies do business and it's vital that people in the region have the skillsets required to work in key sectors. We want to have economic wellbeing levels well above the Scottish average and equal to or better than comparable international City Regions, which are spread across all our citizens in the region. We want our governance, investments and institutions to support the economic activities that will define the region as a global pioneer and leader that our citizens are truly proud of. We aim to have a wide labour market with diverse skills base to match current and emerging business requirements as well as future growth sectors. We have education, skills and training opportunities, targeted at underrepresented groups and sectors with appropriate support to enable their increased participation. There is improved access to such employment, education and training opportunities across the whole region. This supports a diverse, broad and resilient economic base with a wide range of job types and employees linked to innovation, a just transition to net zero and local production and supply chains. Delivering new zero carbon homes, maintaining and retrofitting existing homes will be central to changing our behaviours to support of a transition towards a zero-carbon economy.

Future opportunities include:

- Delivering the 21,000 jobs that the City Region Deal projects will bring and helping our most disadvantaged communities have the skills and ability to access these opportunities.
- The City Region Deal Integrated Regional Employability and Skills (IRES) Programme will provide part of the support required to help people in the region adapt to these changes.
- Sustainable, accessible and integrated transport as an enabler to universal access for opportunities and reduce inequalities.
- Maximising community benefits from the City Region Deal and future collaboration projects can deliver economic opportunities linked to areas of disadvantage.
- Distribution of key sectors and jobs and assets - building on the region's core sectoral strengths which include: tourism, agri-tech, life sciences, data science, tech, finance, fintech, creative industries, food & drink, renewables/energy, health and social care, manufacturing, construction, warehouse and distribution.
- Growing export value and the number of exporters. Consider economic opportunities at a regional scale e.g. future warehouse, distribution, industrial and retail uses, and how those organisations maximise their global reach.
- Work in partnership with utility suppliers to ensure the combined ambition for net-zero, community wellbeing and inclusive growth can be delivered across the region.
- Embed the principles of the Logan Review across all sectors to support and nature innovation and entrepreneurship.
- Maximising the benefits of an inclusive economy to extend beyond existing urban centres to smaller towns and rural areas, to develop/enhance 'locally' functioning hubs. Reducing the need to travel unsustainably with sustainable and low carbon transport choices connecting places, create conduits for business and enterprise, workers, skills, training, and goods and services
- Collaboration with Scottish Government to deliver wide range of financial innovation opportunities that will enable the delivery of a 'Regional Housing Programme' and our seven transformational strategic sites:

- o Deliver upfront land remediation and shared infrastructure delivery across sites that require it – Blindwells and the former Cockenzie Power Station Site, Edinburgh's Waterfront, Dunfermline, Shawfair, Winchburgh, Calderwood and Tweedbank.
- o To also deliver the associated low and zero carbon, green and blue infrastructure on these sites that will enable adaptation and mitigation to climate change and reduce fuel poverty, increase energy efficiency and deliver wider multiple benefits.
- o Investment required to meet the greatest affordable housing need in Scotland, through an expanded regional affordable housing programme that builds on work to produce a Regional Strategic Housing Investment Plans and delivers more social homes for rent
- o To enable wider delivery of affordable, specialist provision, 'Mid-Market Rent' and 'Build to Rent' and therefore mixed tenures and communities
- o Regional Home Demonstrator – delivering a new business model for affordable housing that is key to the transformation of delivery (including collaborative procurement, design standardisation, whole life costs and net zero carbon performance) and moving towards the mainstreaming of modern methods of construction that can be deployed across the region
- o Housing Construction & Infrastructure Skills Gateway
- o Housing developments based on digital connectivity and supported by 20min neighbourhoods promoting the NTS 2 hierarchy of walking, wheeling, cycling and public transport access supported by an infrastructure first approach.

Theme 2 - Innovative

Innovation is critical to developing new solutions to the challenges and opportunities the region faces. Within our region the differentiating opportunity is Data, which is critical to future economic growth, social change, and public services. The region has ambitious plans to establish the region as the Data Capital of Europe and ensure that communities across the region benefit from data-driven and other forms of innovation. We must build on this platform to ensure that the RPF delivers for all our citizens in new and innovative manners.

The City Region is home to the £1bn+ businesses FNZ, FanDuel and Skyscanner. Major international tech companies such as Amazon, Cisco, Oracle, Microsoft and IBM have also created bases in the City Region. In 2020, Scottish start-ups collectively raised £345m with nearly 2,500 start-ups. However, as the Logan review recognised, attracting investments for these from London or abroad continues to be a challenge. The Tech Ecosystem in the region is strong and is one that has the potential for further consolidation and growth right across the region. In terms of academic and research capability, the University of Edinburgh has been ranked first in the UK for computer science and informatics research and Heriot-Watt University is a global leader in Robotics and Artificial Intelligence (RAI). East Lothian's Food & Drink Business Improvement District includes an Edinburgh Innovation Park with Queen Margaret University to innovate around Food & Drink practices and products, including the practice of translational medicine to impart medicines in food products to address acute medical conditions.

Future opportunities include:

- Formation of a Regional Tech Ecosystem collaboration, to facilitate and promote the collective opportunities for local development and international growth, as Fintech Scotland has done for the Scottish Fintech community.
- Collaboration across public, private and academic sectors to apply data science approaches, to develop innovative and financially sustainable models to business operations, including regional opportunities in the fintech sector and in health and social care.
- Building on the infrastructure available across the region to enhance the provisions of services to our communities in a responsive and appropriate manner.
- Data-driven approaches to prevention, treatment, and health and care service provision, enabling high quality and efficient care within a world-leading learning healthcare system.

- Delivering business premises of the future are ready for data-driven innovation opportunities, including the City Region Deal Fife i3 Programme and Borders Innovation Park, as well in other major development areas like West Edinburgh, Fountainbridge and Granton in Edinburgh.
- Innovative and future-proofed infrastructure – ensuring the region is at the forefront of new infrastructure and in a position to enable 5G and superfast fibre delivery across the region, to enable businesses to locate, invest and grow in our more remote and rural locations whilst also allowing people to work from more flexibly from home and other locations.
- Innovative and future proofed transport – ensuring the region has coordinated information and flexible transport modes that are easily accessible and deployed to promote growth in the sector and support net-zero and the reduction of inequalities.
- Innovative and future proofed utility networks to effectively and efficiently serve the region and its ambitions.

Theme 3 – Resilient

Our region must be resilient and be responsive to change. Economic changes, including technological advances are rapidly taking place and changing the way we work and access services. Climate change is bringing challenges and opportunities for the region, including the need for adaptation, mitigation and sequestration measures; this could also bring significant opportunities to justly transition to a low carbon economy. Our people also need to live in places in all parts of the region that support new fair work, have access to travel and lifestyle choices and we must also evolve the skills base of people in our region to meet the requirements of our future economy.

Partners across the region will work with the Scottish and UK Governments and regional partners to ensure our national, regional and local plans, consents, investment and delivery are co-ordinated, streamlined and accelerated to ensure:
- Nationally and regionally significant transport projects will be coordinated by SEStran and delivered to connect the region better to other city regions, places and markets including:

  o Rail
  o Road based public transport
  o Active travel
  o Demand Responsive Transport
  o Mobility as a Service
  o A720/A1
  o Air
  o Marine
  o Mass Transit
  o Borders Railway Extensions

- The delivery of a fairer distribution of economic growth across the region, not just population and housing, to:

  o increase diversity of economic activity and job density across the region,
  o make more resilient communities,
  o minimise need to travel,
  o make best use of assets – e.g. contra peak capacity in transport network
  o encourage new ways of working
  o use of digital connectivity

- Masterplan Consent Areas, major developments and / or New Towns will be designated as appropriate, with major national and cross boundary transport projects to be delivered through national, regional and local level collaborative teams

- Regional Spatial Strategy and major development plans will collaborate strongly with national/regional/local transport strategies and work in partnership with transport agencies, where appropriate, to input and prioritise the delivery of sustainable transport infrastructure to help support greener travel behaviours

- We will work as regional partners to ensure
    o Our plans and strategies are coordinated across local authority boundaries and projects; and
    o Initiatives to deliver more frequent, reliable, integrated and affordable public transport are supported and active travel services and options are improved for all in the region by working closely with transport providers and SEStran and Sustrans Scotland etc.

- Better connected - Future priorities to ensure that the region is better connected, include:
    o Pursuing strategic public transport projects and priority schemes to deliver greater connectivity in the region quickly, as well as contributing to challenging national targets, such as 20% reduction in car kilometres travelled within the next ten years
    o Measures to increase workforce mobility, especially for residents of disadvantaged communities, primarily through the creation of a fully coordinated, integrated, flexible and affordable transport network across the regions that helps reduce inequalities. Strategically, future plans need to acknowledge the integration of land use and transport, to support 20-minute neighbourhoods, 'blended working' and innovative transport solutions.
    o Interventions that, individually and/or collectively, demonstrably address climate change and reduce carbon emissions.
    o A single point of information and ticketing, which is affordable and integrated for public transport across the region.
    o Helping to deliver the National Transport Strategy (NTS2) priorities and outcomes underpinned by the sustainable travel and investment hierarchies and Regional Transport Strategy objectives through appropriate infrastructure and services in new strategic sites, as well as from main centres of population to centres of employment, education and training as well as other public facilities including health care;
    o Enhancing mode choice and offering to ensure that transport network can become more flexible to adapt to the differing transport needs of the region.
    o Focusing on investments on modal shift and supporting the more disadvantaged communities.
    o Considering potential longer-term schemes for tram, light rail and heavy rail.
    o Supporting freight operators using new approaches to freight decarbonisation across the region

- Sustainable – Partner organisations are developing four strategic outline cases for the development of sustainable Energy Management Systems, Regional Supply Chains, developing an Investment Prospectus for COP 26 and setting out a Risk impact for climate change consequences, including economic consequences. Additional opportunities to help ensure the region can adapt to climate change and transition to zero carbon emissions include:
    o Sustainable Modern Methods of Construction – The scale and pipeline of regional housing development presents a unique opportunity for innovation and use of offsite manufacturing methods of construction to ensure that homes are future proofed being built to the highest quality and energy efficiency standards with significantly reduced waste and carbon emissions. Continued collaboration with Edinburgh Napier University's Institute for Sustainable Construction and Construction Scotland Innovation Centre.
    o Energy - The region already has some significant assets that can help to enable the transition to a low carbon economy. However, harnessing this collective potential combined with future investment, behavioural change, and a move towards a circular economy will be essential to meet ambitious targets. Existing key assets and opportunities across the region include:

- Energy Park Fife - Energy Park Fife is a world leading engineering and research zone within the energy sector.
- Energy from Waste Plants - Maximising connections to Midlothian and East Lothian sites to deliver low carbon heating in the South East of Scotland.
- Geothermal - There are several former coal fields across south east Scotland, such as the Midlothian and East Lothian and Fife coal fields, where there is significant potential to abstract and make use of warm mine water to develop geothermal heat networks.
- Recycling - Significant expansion in recycling facilities, consideration could be given to regional recycling hubs.
- Transport – Transport accounts for 37% of Scotland's greenhouse gas emissions. There are a number of national, regional and local initiatives that are demonstrating or investigating the decarbonisation of transport and will help to reduce kilometres travelled by car.
- Transport – A true modal shift from the private car (even EV powered) to active travel and public transport will help maximise the efficient use of energy, but this can only be achieved by providing a viable alternative to the private car. SESTran's Mobility as a Service and Demand Responsive Transport approaches across the region will provide the platform to create a fully integrated public transport offering, coupled with Demand Responsive Transport to respond to the customer needs and the changing dynamics of the region.
- The Scottish Borders is already a significant net generator of onshore renewable (wind) energy. There remains potential to expand this output in areas set out in the Local Development Plan, as well as to develop the associated upskilling, well-paid jobs and local economic benefit.
- Offshore renewable also offer opportunities reflected, for example, in Eyemouth's selection as an Operations & Maintenance base to support EDF Renewables UK's Neart na Gaoithe Offshore Wind Farm.

o Green and Blue Infrastructure and nature-based solutions, including carbon capture and sequestration. We will identify regional project, programmes and actions that will help us to adapt to and mitigate future climate, focusing on reduction measures and the mitigation and sequestration. The work of this framework must enable difficult local decisions around carbon emissions but operate within the regional framework. This will support the local needs of each council, providing overarching best practice to work within. Afforestation and enhancing the significant woodland and wetland assets within the region; particularly the Scottish Borders. New developments provide green corridors for safe wildlife passage and connections to nature, natural waterways protected and preserved, natural wetlands and floodplains protected through masterplanning to provide vital future water management and prevent erosion.
o The region has much to contribute to the net zero agenda, but there is work to do to better understand the regional issues and opportunities. Change will be rapid and we aspire to be at the forefront of this. This means developing a much stronger understanding of the impact of our collective carbon emissions impact, and what we should target first to make the biggest difference. A working group has been formed and this work is already underway as an early priority. As this develops, we will work closely with:
    a. Scottish and UK Governments to ensure emerging good practice is reflected in our approach to GHG measurement and costing
    b. Transport Scotland and other transport partners to seek ways to complement the emerging Regional Transport Strategy through our work
    c. NatureScot and others to develop nature-based solutions that add to quality of environment and quality of life
    d. Private sector partners who can deliver so much of what is needed, and require a supportive policy backdrop to enable this
o We have a powerful range of organisations and individuals across the region who can all contribute in different ways to this critical agenda. Our "Big Moves" will all consider how best to

support our net zero aspirations. We recognise that this will require new ways of working, and new ways of thinking about our environment. Our approach to risk must reflect the urgency of the situation and look ahead to likely future legislation, taxation and GHG obligations.

8. OUR EMERGING BIG MOVES

A Better-Connected Region

The interdependence between local partners has never been greater with increased mobility of workers and people choosing to live, work and invest in locations across the region irrespective of administrative boundaries. Within the region we will ensure that employment, training and education can be accessed by all, through sustainable transport modes.

South East Scotland is well placed to capitalise on improved international, UK cross-border, including between Edinburgh and London, as well as national connectivity. Edinburgh Airport, ports on the Firth of Forth and the radial transport corridors to, through and from our region connect it to other UK regions, Scottish regions and City Region Deals including Tay Cities and Borderlands. These routes and our digital connectivity provide the means to develop wider relationships and to seek out, attract and share new opportunities.

Edinburgh city centre and the regional core are a key connecting node, but many of our major cross boundary connections converge elsewhere in the region. A better, more sustainably connected, region underpins its future success.

Many of these strategic corridors are part of the NTS2 Strategic Transport Projects Review 2 and will inform the Scottish Government's transport investment programme in Scotland over the next 20 years (2022-42). The regional and local corridors will be developed by SEStrans and Local Authority strategies and mobility plans. Although these commitments will be longstanding, they have been developed during a period of unprecedented change and uncertainty, so regional partners will need monitor and assess the effectiveness of the commitments for the region and work with the Scottish Government and SEStran to react to any further development that may be required

Some of our key objectives are to promote future growth within the city centre, regional core and along our growth corridors in line with the high-level approach below:

- Connecting West – we want to build a new partnership between the east and west of Scotland right across the region, to address labour market linkages, sustainable connectivity and sectoral collaboration. This will exploit the existing M8 corridor to support the themes of education and manufacturing from Livingston into central Scotland and beyond. We also want to ensure we take advantage of our shared UK cross border connectivity and associated development opportunities, including logistics, freight and storage and distribution as well as manufacturing;
- Connecting North – utilising recent investment in the new Forth crossing, we want to improve connections to the Tay Cities Region and Aberdeen City Region areas, and to make available growth opportunities in key locations within Fife, including the former Longannet Power Station site, Port of Rosyth and Fife Energy Park, as well as around the Forth Bridge heads and at Edinburgh Airport, including growth of our financial, insurance and other professional sectors. This also includes the developments at Winchburgh as a southern bridgehead from which this can be enabled. The Levenmouth Rail Link will also offer new opportunities for both passenger and freight transport. A key focus of this will include ongoing support for further development of sustainable energy connections with key partners across the region and beyond;
- Connecting East – utilising existing and future enhancement of UK cross border connections between south east Scotland, north east England and London we want to reduce journey times and strengthen the UK cross border cities network. Along the element of this corridor within the region there is significant potential to align plans for substantial economic and housing growth in a new strategic regional growth gateway location focused on an enlarged new settlement at Blindwells with new regional town centre, the redevelopment of former Cockenzie Power Station site and a new regional gateway transport hub. The creation of a new railway station in Reston will also provide opportunities for inclusive growth and opportunities within the east of the Scottish Borders;

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- Connecting South – the BioQuarter, and Edinburgh Innovation Park at Musselburgh cluster around the A720 (east end), A1, and East Coast Main Line; with Easter Bush nearby in the A701 growth corridor. The Borders Railway remains a major corridor for sustainable growth and rural regeneration; and a new North South tram line must connect North and Central Edinburgh to the Bio Quarter and then to the growing communities to the south of the city. To strengthen links further, the region requires the extension of the Borders Rail Line to Carlisle to improve UK cross border connectivity between the south of Scotland and the north west of England. For the movement of freight between the north of England and South of Scotland the A7, and A68 are key strategic routs that require future investment.

## Major Regional Opportunities

This section sets out the nine major regional opportunities that have been identified through the Framework development process. Each aligns with one or more of the themes set out above and indicative projects have been captured against each of these big moves to provide an indication of how this will be delivered. Note that the indicative projects (in a,b,c format below) are not exhaustive. These opportunities cannot be fully realised without a regional approach and will deliver significant impact with the potential to reshape the region's future.

1. **A data-driven region:** *Our goal is to be the Data Capital of Europe. We have made huge strides in this direction, but this ambition now means major investment in data collation and capacity, deployment, absorption and skills – to support sectors and innovation ecosystems right across the region.*
    a) Delivery of the major Agritech programme, aligned with health innovation activity at the Usher Institute and the wider & BioQuarter programme;
    b) Supporting our Fintech network to diversify and future proof our financial services excellence;
    c) Embed the DDI programme in key sectors such as tourism and advanced manufacturing (the latter initially in Fife);
    d) Optimise the usage of the World Class Data Infrastructure investment.

2. ***New approaches to sustainable development:*** *over recent decades, our travel to work dynamics have changed, often to the detriment of local communities and sustainability objectives. The aftermath of the Pandemic can change that; we will see more working from home for some, changed commuting patterns and a much greater emphasis on local quality of life. We will embrace the 20-minute neighbourhood concept across the region, and, look to spatial planning and transport policies to reduce the need for travel, and where required, for mobility to be as close to net zero carbon as possible.*
    a) Embedding sustainable approaches to delivering new communities at strategic sites such as Winchburgh and Blindwells;
    b) The development of 'working close to home hubs' in local centres and at key transport interchange locations;
    c) The regeneration of our high streets to imaginatively reuse the existing built infrastructure;
    d) The development of a Regional Spatial Strategy to put these approaches on a statutory footing.

3. **Sustainable transport and mobility: –** *we will reduce car dependency and the need to travel unsustainably, right across the region by delivering key aspects of the National and Regional Transport Strategy such as interconnected cross boundary active travel links and better infrastructure for affordable public transport provision. A new mindset is needed which recognises the essential contribution of rural and less urbanised parts of SE Scotland make to the economy and society. We will provide affordable, coordinated public transport options for those who live in transport poverty for access to employment, training and education opportunities.*
    a) The rail network is a key enabler of mobility within and without the city region. Enhancing connectivity, expanding capacity and ensuring provision is critical to a sustainable travel network. Key ambitions must include East Coast Main Line improvements including four-tracking of the line; new local stations at Reston and East Linton; the Leven Rail extension project enabling connectivity between some of East Fife's most deprived communities and attracting new business and investment

to the area; Scottish Borders Rail extension, enabling further vital links into the Borders - a historically disconnected and deprived part of the region;

b) The transformation of Waverley Station as the gateway to the city and country, providing the basis for improved passenger services and train operations, and supporting economic growth at the heart of the region;

c) Building on the expanding existing network, the development of a regional mass transit network, integrated with upgrades at Sheriffhall junction on the City Bypass to facilitate greater public transport priority;

d) An active travel network that delivers for all our citizens. We will build on the work achieved to date in urban and rural settings through a comprehensive regional network of safe and where possible segregated routes to encourage the most sustainable forms of mobility;

e) Targeted bus priority measures on local and trunk roads to facilitate modal shift, increase bus patronage, reduce congestion and contribute to the climate emergency response. Regional partners, working in partnership with bus operators, will develop and deliver ambitious schemes to improve bus provision and make use of the Bus Partnership Fund and align with other key national, regional and local projects.

4. *The Forth: a green industrial and regeneration exemplar:* Working with colleagues in the Forth Valley, we can make the Forth a national focus for renewables investment, and the mixed use regeneration potential along the Firth and coast can confirm our place as a leading European waterfront destination.

a) Development and private/public delivery of the Forth Ports led Freeport/Greenport programme from the Forth Valley to Leith, including Rosyth;

b) The Edinburgh Waterfront regeneration programme, with a focus on delivery at Granton Waterfront;

c) The regeneration work proposed at the former Cockenzie Power Station Site including the major development at Blindwells.

5. *Sustainable tourism and cultural distinction: The city region is one of Europe's most important cultural destinations. But we cannot be complacent. The tourism and hospitality sector must meet skills and sustainability challenges, and we must remain rooted in authenticity. That is what makes the region so attractive. Both our 'here all year' cultural offer and our Festivals must remain internationally competitive and locally rooted and valued.*

a) Design and delivery of a city regional tourism support network;

b) Optimising the role of Edinburgh as a gateway for the region and country to ensure discovery of all the region has to offer;

c) Building net zero and fair work principles into the sector;

d) Ensuring the Edinburgh Festivals remain world leading, environmentally and socially, as well as creatively.

6. *Support for starting and building a business: post Pandemic, new forms of enterprise will emerge. We need to ensure that national and local business support is aligned to enable the start-up and scale up process to be much more effective – and that local and regional support networks are at European standard.*

a) Ensuring our innovation ecosystems are high functioning – involving business, HEIs, business growth agencies such as Codebase in Edinburgh alongside access to capital and advice;

b) Redesign our business support programmes to enable younger people across the region to start their own business, particularly supported by peer to peer networks, and supply of premises and equipment;

c) Explore Wellbeing economy principles to advance new economic models in the wake of the pandemic.

7. **Aligning the skills system to maximise progression** towards, into and through employment in emerging sectors and technologies including the green economy and supporting those who have been disproportionately affected by the COVID-19 pandemic (particularly young people) to secure sustainable employment.

a) Work with our Further Education Colleges to ensure key sectors in the region can shape skills needs and programmes;

b) Build our digital skills programme in every High School in the region, learning from the work at Newbattle High in Midlothian;

c) Addressing skills shortages in growth areas of the regional economy through local, regional and national intervention;

d) Enhancing our employer led programmes to upskill the existing workforce to equip employees with the skills they need for the future.

8. *Healthcare and Well-being focus for all: Our One Health programme will build an international network of healthcare innovation at Easterbush, Edinburgh Bio Quarter and beyond. The programme encompasses core research, applied solutions, company formation and co-location, and new ways of working in local communities. We understand wellbeing is as much about Place as about science and medicine, and sustaining and building active and healthy communities is a core part of our ambition.*

a) The Usher Institute as a future-facing institute to help understand and advance global health;

b) Advanced Care Research Centre, shaping world-class data-driven care for those who need it;

c) The Bio Quarter as an innovative institution for industry, academia and healthcare experts;

d) A stronger regional partnership between Councils, Health Boards, and the third sector in creating wellbeing in local neighbourhoods.

9. *Maximising the role of 'anchor institutions': The region is host to internationally respected institutions which are anchored in their communities – in the public, private and voluntary sectors. They are the foundations of our strategy whether in employability, procurement, or fair work. Universities and Colleges in particular have a key role to play in attracting talent and ensuring our skills base is fit for the future.* We will develop a charter of these institutions to cover:

a) Procurement and buying policies, to ensure local economic impact is maximised;

b) Employment policy, to ensure these institutions support those further from the labour market;

c) Reputational impact – to ensure these bodies are beacons for the city region, nationally and internationally.
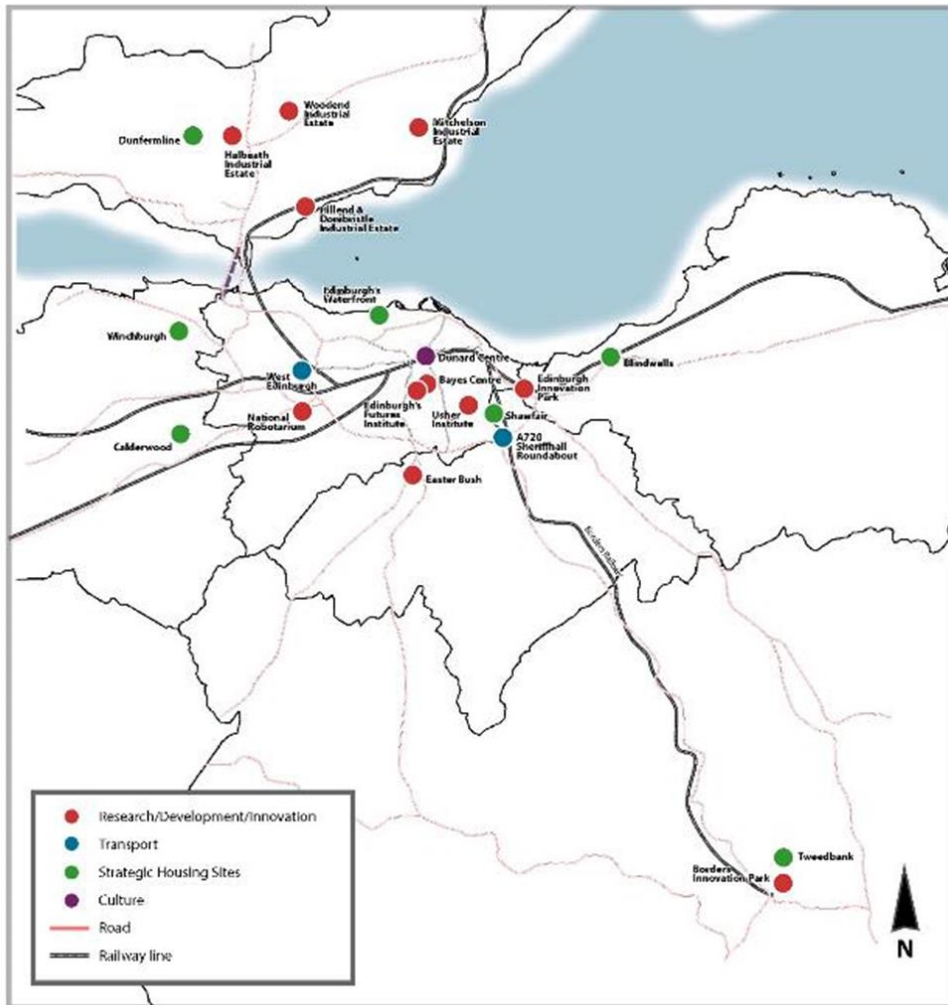
9. OUR PROPOSED APPROACH TO DELIVERY

Delivering this Regional Prosperity requires new ways of working

The Edinburgh and South East city region is Scotland's greatest economic asset, generating wealth and opportunity for its citizens and the rest of the nation. Economically, the city region is a national force for good, acting as a catalyst for the country as a whole. Socially, culturally and creatively, it is an iconic touchstone for the Scottish people, projecting much of Scotland's global profile and as the primary gateway to Scotland. It is in the national interest for investment and funding decisions to be taken coherently to provide for the continued and increased success for the benefit of everyone throughout the country.

To achieve and deliver upon this Regional Prosperity Framework requires a new way of working. Through the City Region Deal, the Scottish and UK Governments and regional partners embarked on a new relationship. The Deal has demonstrated that partners can collaborate effectively to deliver cross-regional projects, create future regional infrastructure and strategically co-ordinate transport, housing and economic development.

For our national wellbeing, Scotland must maximise the potential and opportunities that exist in Edinburgh and the South East as articulated in this Regional Prosperity Framework. Scotland's economic health is dependent on a thriving economy that protects the environment across the region. The Scottish and UK

Governments, national agencies and regional partners must align funding programmes and investment priorities alongside the wider contributions of private and 3rd sector partners including housing associations, voluntary/charitable organisations and social enterprises to ensure this success. This will secure maximum value for taxpayers' money and will attract business, create jobs and boost prosperity to benefit the region and the nation.

These innovative and ambitious projects require a collective approach to align strategy, investment and funding, and to deliver prosperity and wellbeing across the region and for the rest of Scotland. Government has been clear that the logical extension of the positive progress of City Region Deals is for regional collaboration to go further through the development of regional economic plans, with shared outcomes, responsibilities, and alignment of priorities and resources. An unrelenting focus on the strengths of place and communities is critical to planning for and ultimately realising meaningful change. The Scottish and UK Governments and regional partners must build upon the close partnership successfully established through the Edinburgh and South East Scotland City Region Deal and ensure that powers and resources exist to provide for coherent investment in the region's key strategic priorities.

This section sets out how the projects, big moves and themes converge into a framework for delivery. The Framework Action Plan will reflect a short-term focus (years 1-3), and it is envisaged that the action plan will be a live document, which will be updated frequently as projects are developed and delivered. The overarching Framework will be refreshed at 3 – 5 year intervals. Over the short, medium (years 4-6), and longer (years 7-10) term horizons, the City Region Deal; the regional pipeline of projects; and the identified "big moves" will all inform action plan updates. Further information on each element and how it links to Framework delivery is outlined below:

Delivering the Deal

In these uncertain times the £1.3bn ESESCR Deal provides certainty both in terms of investment but also the 15-year commitment made between the Deal signatories. The projects and programmes in the Deal provide committed investment, together providing a strong foundation to grow, leverage and develop opportunities for the regional economy.

The ESESCR Deal is of national importance with significant implications for Scotland's future growth. This Framework seeks to build on the ESESCR Deal and maximise our existing assets by outlining key measures, priorities and opportunities which have arisen from the collaboration and which respond to the economic and climate challenges that face us all. In addition, the existing collaboration ongoing across partners and the established working relationships from the City Region Deal have provided a platform from which this framework can further deliver benefits for our citizens.

Monitoring and Evaluation

Effective monitoring is essential to provide timely feedback and the ability to 'flex' projects if they are not delivering the intended benefits for our citizens. At the heart of the City Region Deal, a well-defined Benefits Realisation Plan, recognised for its best practice, has proved critical to the success of the Deal. The RPF will learn from this work, ensure resources and processes are in position and ensure that right data is held for all the regions to ensure a high quality of information to assess this ongoing work.

Pipeline Projects

The region has worked collaboratively to prioritise a pipeline of projects which can be delivered over the short to medium term (1-6 years) with the right investment and partnership approach to deliver against the three key thematic areas of the Regional Prosperity Framework.

Big Moves

The strategic programmes, partnership and approaches outlined in the 'Big Moves' section aims to ensure that the region delivers the vision and ambition of the Regional Prosperity Framework over the next 20 years.

Action Plan

An action plan with a short timescales focus will be regularly updated to ensure that the key projects and deliverables of the framework are live and area able to react and respond to future economic, societal and environmental factors to best meet the needs of our communities. We will continue to refine our approach to delivery based on evidence and the feedback from our citizens.

This action plan must be appropriately resourced to deliver on the strategy captured within this framework. It requires continued commitment from the 6 Local Authorities and key partners to drive the initiatives forward to build the society that our citizens demand. Long term investment commitments by the Scottish Government and Transport Scotland are being further developed in 2021 with regional partner involvement. The region needs to support this investment to maximise the positive impact across the region and the delivery of the national ambitions, monitor the outcomes and continually work with Scottish Government and Transport Scotland to react to changing circumstances within their 20 year investment programme.

10. OVERSEEING CHANGE

The delivery of the change proposed within the Framework will require a significant collective effort from a range of organisations, alignment and influence on national and regional strategy/investment and long-term governance arrangements.

Key partners in the delivery of the Regional Prosperity Framework will include the Edinburgh City Region Deal signatories (the six local authorities, together with regional universities, colleges and the Regional Enterprise Council, UK and Scottish Governments), as well as a range of other organisations with a key national and regional roles such as Transport Scotland, Scottish Enterprise, South of Scotland Enterprise, SEStran and SUStran.

The successful delivery of the Framework and action plan requires each of its elements to be implemented in a coordinated way. An existing structure is already in place to support the delivery of the Edinburgh and South East Scotland City Deal, and this will be the basis of a broader public/private sector economic partnership to guide and monitor the long term delivery of the Framework in the long term.

The Regional Enterprise Council – has already started to influence and shape the Framework and will continue to ensure that strong, effective leadership and input is provided across the public and private sectors.

The Elected Member Oversight Committee established in January 2021, ensures that that the Framework is developed and governed through to the delivery phase with the appropriate local level scrutiny.

The regional partners are committed to working together to develop and deliver our vision for the future of our region. We are keen to continue to focus on our strong relationship with national agencies, and the Scottish and UK Governments, to ensure that our regional efforts are both supported by, and contribute strongly to, the wider national context. We look forward to continued joint working to share and realise our Vision.

Economic Performance

Chart 1: City Region GVA 2020 (£m) by Local Authority

Edinburgh and South East Scotland City Region Deal total GVA in 2020: **£38,365 million**

Local Authority	GVA (£m)
Midlothian	1,412
East Lothian	1,606
Scottish Borders	1,907
West Lothian	4,352
Fife	6,353
City of Edinburgh	22,735

Source: Oxford Economics Forecasts (Skills Development Scotland)

Figure 1: Oxford Economics Vulnerability Index – Edinburgh and South East Scotland

Resilience of Edinburgh and South East City Deal to COVID-19 Impacts

The Oxford Economics Vulnerability Index[11] considers a local authority's economic diversity, business environment and digital connectivity to consider how able, or not, an area is to withstand and respond to the economic shock resulting from COVID-19. **A score above 100 on the index means an area is more vulnerable than the Great Britain average.**
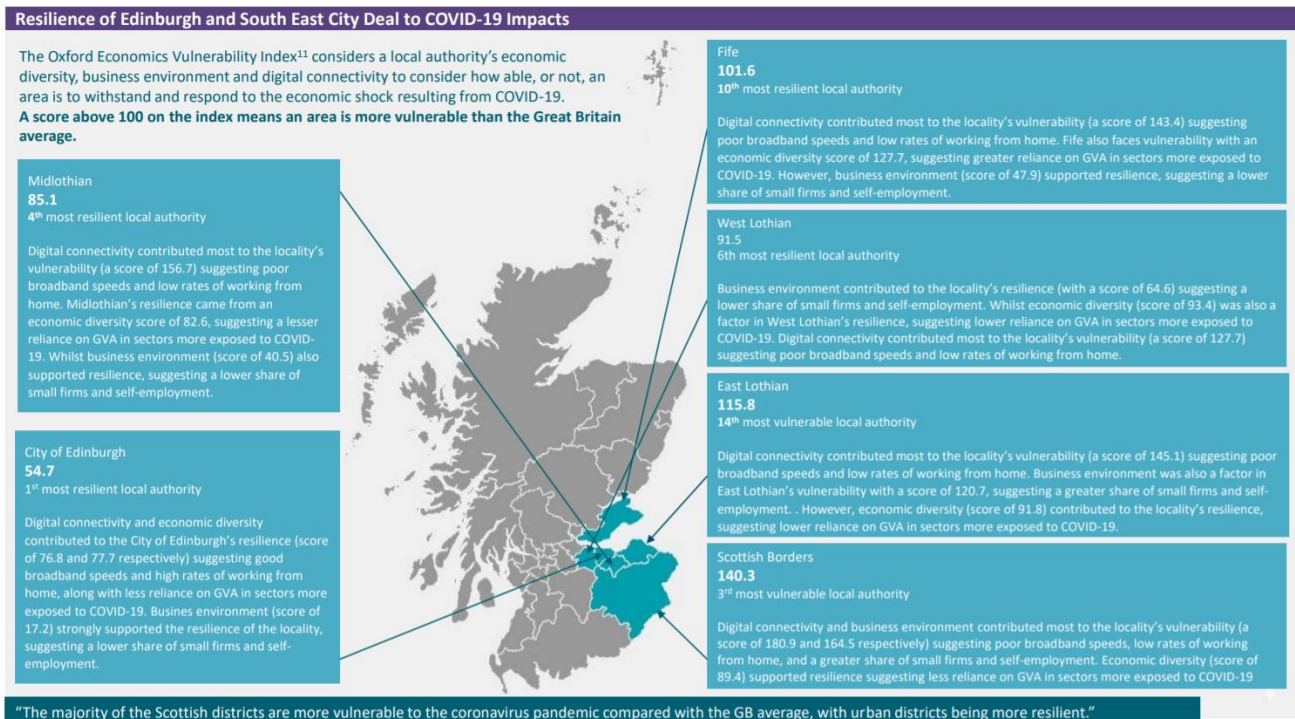
Midlothian
85.1
4th most resilient local authority

Digital connectivity contributed most to the locality's vulnerability (a score of 156.7) suggesting poor broadband speeds and low rates of working from home. Midlothian's resilience came from an economic diversity score of 82.6, suggesting a lesser reliance on GVA in sectors more exposed to COVID-19. Whilst business environment (score of 40.5) also supported resilience, suggesting a lower share of small firms and self-employment.

City of Edinburgh
54.7
1st most resilient local authority

Digital connectivity and economic diversity contributed to the City of Edinburgh's resilience (score of 76.8 and 77.7 respectively) suggesting good broadband speeds and high rates of working from home, along with less reliance on GVA in sectors more exposed to COVID-19. Business environment (score of 17.2) strongly supported the resilience of the locality, suggesting a lower share of small firms and self-employment.

Fife
101.6
10th most resilient local authority

Digital connectivity contributed most to the locality's vulnerability (a score of 143.4) suggesting poor broadband speeds and low rates of working from home. Fife also faces vulnerability with an economic diversity score of 127.7, suggesting greater reliance on GVA in sectors more exposed to COVID-19. However, business environment (score of 47.9) supported resilience, suggesting a lower share of small firms and self-employment.

West Lothian
91.5
6th most resilient local authority

Business environment contributed to the locality's resilience (with a score of 64.6) suggesting a lower share of small firms and self-employment. Whilst economic diversity (score of 93.4) was also a factor in West Lothian's resilience, suggesting lower reliance on GVA in sectors more exposed to COVID-19. Digital connectivity contributed most to the locality's vulnerability (a score of 127.7) suggesting poor broadband speeds and low rates of working from home.

East Lothian
115.8
14th most vulnerable local authority

Digital connectivity contributed most to the locality's vulnerability (a score of 145.1) suggesting poor broadband speeds and low rates of working from home. Business environment was also a factor in East Lothian's vulnerability with a score of 120.7, suggesting a greater share of small firms and self-employment. . However, economic diversity (score of 91.8) contributed to the locality's resilience, suggesting lower reliance on GVA in sectors more exposed to COVID-19.

Scottish Borders
140.3
3rd most vulnerable local authority

Digital connectivity and business environment contributed most to the locality's vulnerability (a score of 180.9 and 164.5 respectively) suggesting poor broadband speeds, low rates of working from home, and a greater share of small firms and self-employment. Economic diversity (score of 89.4) supported resilience suggesting less reliance on GVA in sectors more exposed to COVID-19

"The majority of the Scottish districts are more vulnerable to the coronavirus pandemic compared with the GB average, with urban districts being more resilient."

## Population and Demographics

Percentage change in the 16-64 yea-old Working Age Population (WAP) and the non-Working Age Population (non-WAP) across the City Deal region between 2009 and 2019.

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Figure 1: Percentage change in age categories by local authority 2009-2019
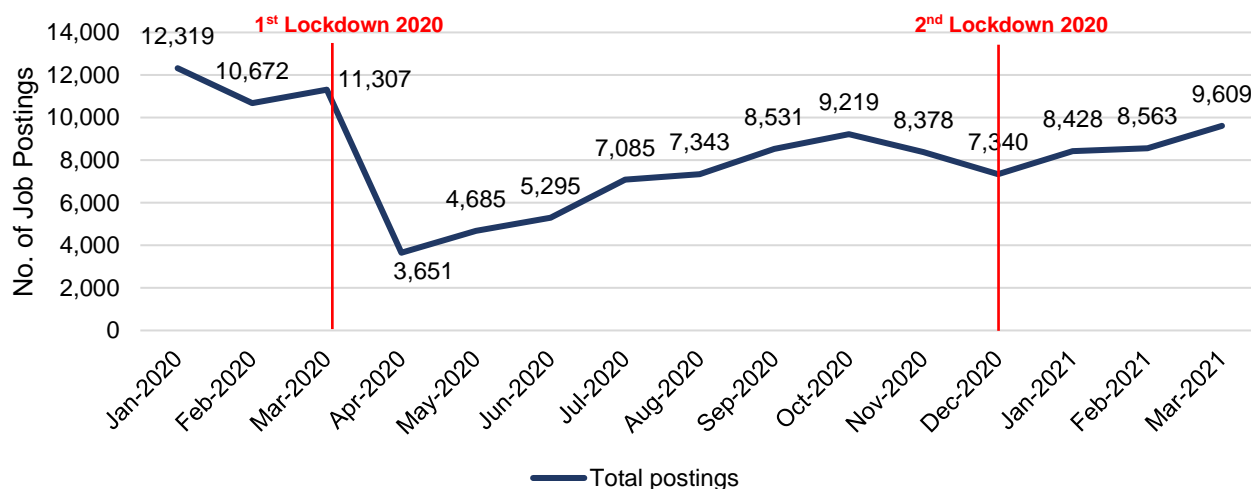

Source: National Records of Scotland

Figure 2: Population projections by age category and local authority in 2043
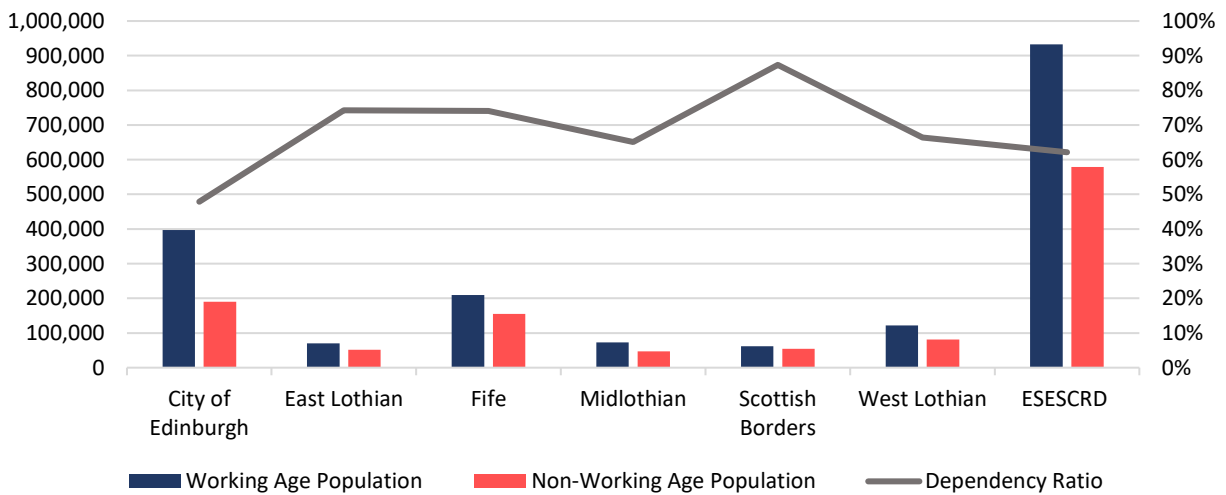
Source: National Records of Scotland (based on mid-2018 population estimates)

Labour Market and Skills Landscape

Chart 1: No. of Job Postings Jan 220 to March 21 – Edinburgh and South East Scotland

Source: Burning Glass Technologies (2021) *Please note that Burning Glass Job Postings data may not sum due to absence of information associated with some postings e.g. no salary information or SIC or SOC Code.

Table 1: Top Job Postings by 2 Digit SIC – Edinburgh and South East Scotland

Industry	Job Postings	% of Total Postings
Human health activities	10,581	22%
Education	7,396	16%
Public administration and defence; compulsory social security	3,914	8%
Retail trade, except of motor vehicles and motorcycles	3,044	6%
Financial service activities, except insurance and pension funding	2,919	6%
Social work activities without accommodation	2,318	5%
Activities of head offices; management consultancy activities	1,790	4%
Legal and accounting activities	1,323	3%
Residential care activities	1,249	3%
Food and beverage service activities	1,140	2%

Source: Burning Glass Technologies (2021)

Table 2: Top Job Postings by 4 Digit SOC – Edinburgh and South East Scotland

Occupation	Job Postings	% of Total Postings
Programmers and software development professionals	5,706	7%
Nurses	3,568	4%
Care workers and home carers	3,440	4%
Other administrative occupations n.e.c.	2,107	2%
IT business analysts, architects and systems designers	1,975	2%
Managers and proprietors in other services n.e.c.	1,953	2%
Chartered and certified accountants	1,795	2%
Sales related occupations n.e.c.	1,650	2%
Customer service occupations n.e.c.	1,610	2%
Management consultants and business analysts	1,450	2%

Source: Burning Glass Technologies (2021)

COVID-19, BREXIT, and the Labour Market

Chart 1: Unemployment Rates (16-64) by Local Authority (%)

Legend: City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders, West Lothian, ESESCRD
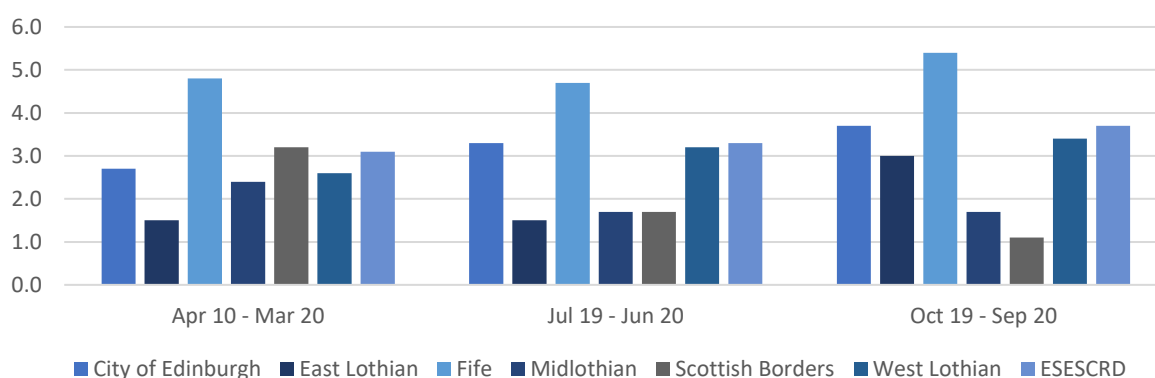
Source: Annual Population Survey (Labour Force Survey)

Chart 3: Number of People on Universal Credit in Edinburgh and South East Scotland (February 2020 – February 2021)
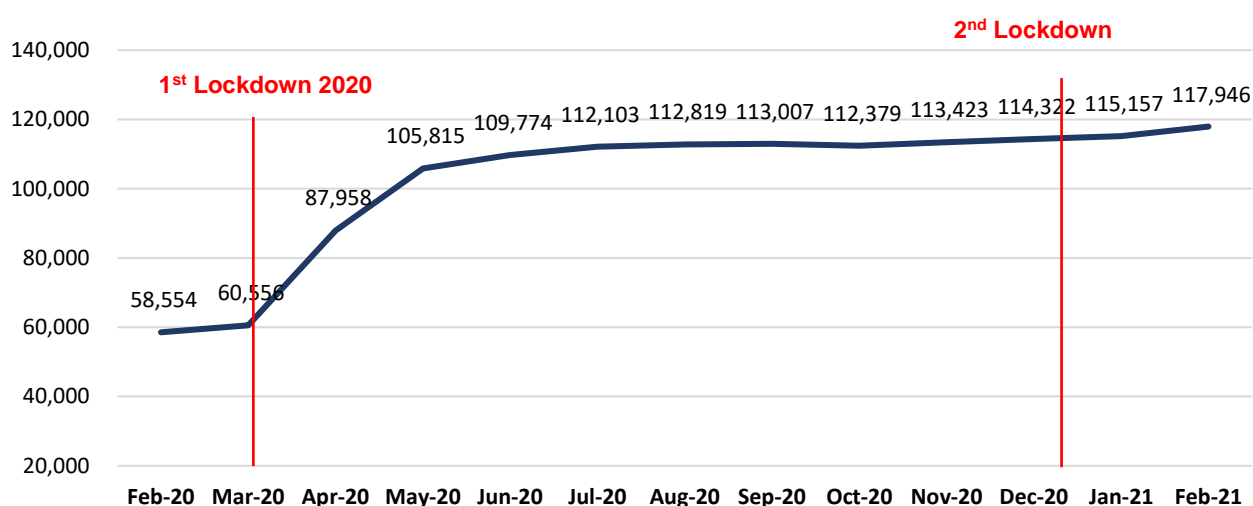

Table 1: Population by country of Birth, December 2019, and June 2020 (Thousands)

Area	EU Total (December 2019)	EU Total (June 2020)
Scotland	234,000	240,000
City of Edinburgh	46,000	47,000
East Lothian	4,000	4,000
Fife	15,000	15,000
Midlothian	5,000	3,000
Scottish Borders	4,000	2,000
West Lothian	12,000	14,000
ESESCRD Total	**86,000**	85,000

Source: National Records of Scotland (2020)

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Chart 4: Initial School Leaver Destinations – Edinburgh and South East Scotland (2018/19 and 2019/20)
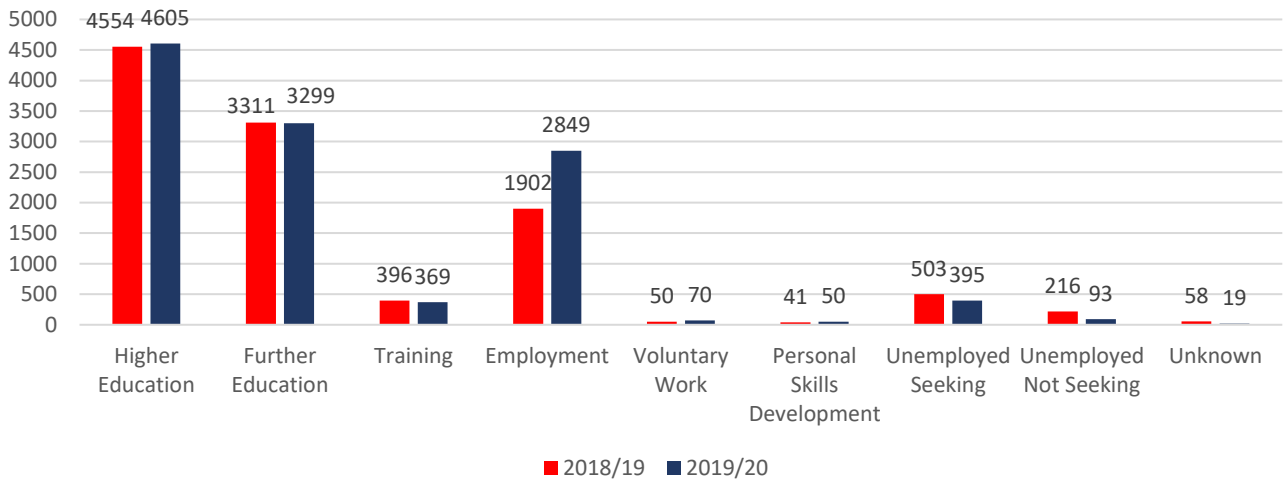
Source: Summary Statistics for Attainment and Initial Leaver Destinations, No. 3: 2021 Edition

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Transport Background

Workforce mobility is a barrier to employability, training and education across the region. It is evident that the transport barrier in Edinburgh & South East Scotland is not solely related to affordability. A number of factors have created a fragmented transport system, such as:

- patronage decline on the bus network since 2010,
- 5% of the population not connected to the public transport system,
- The majority of the City Deal region in medium and high transport poverty (SEStrans RTS Main Issues Report 2020);
- the need for more partnership working within the sector and across transport modes;
- multiple points of travel information,
- a plethora of ticketing structures/subsidies/concessions, and
- the lack of data-based route optimisation.

All of these elements have led to multiple barriers that include affordability, accessibility, complexity, integration and declining service provisions. Figure 1 from the SEStran RTS Main Issues Report 2020' highlights the majority of the region being at medium to high risk of transport poverty.
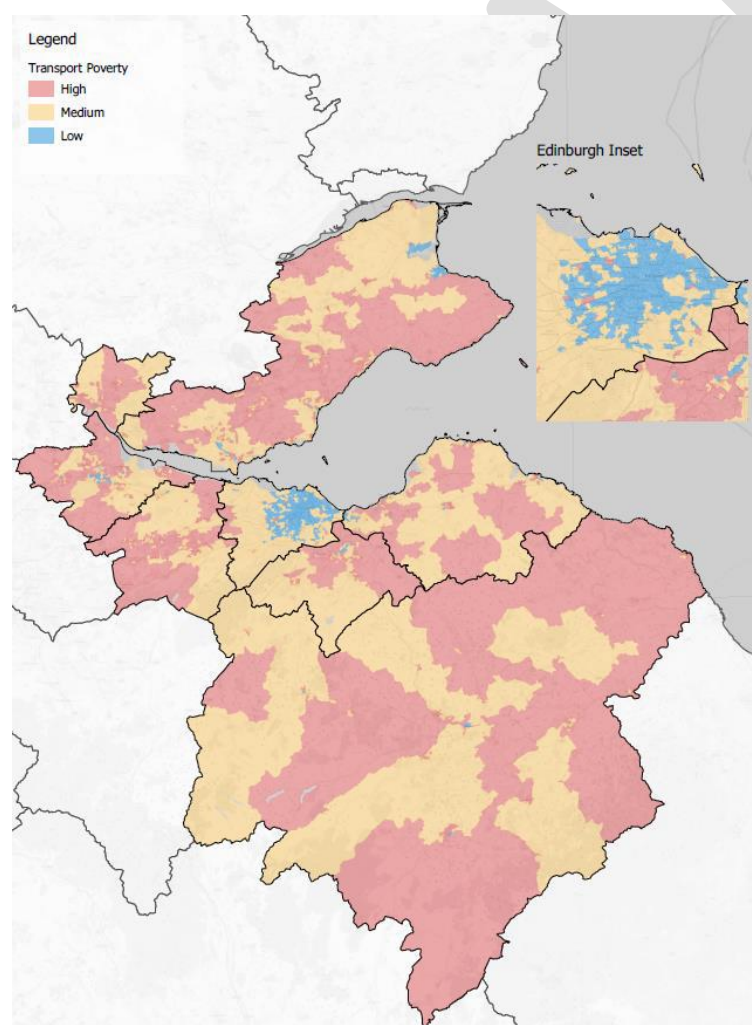
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This is reinforced by the Workforce Mobility Deprivation Index that is a blend of 4 SIMD factors affecting citizen access to employment, training and education.
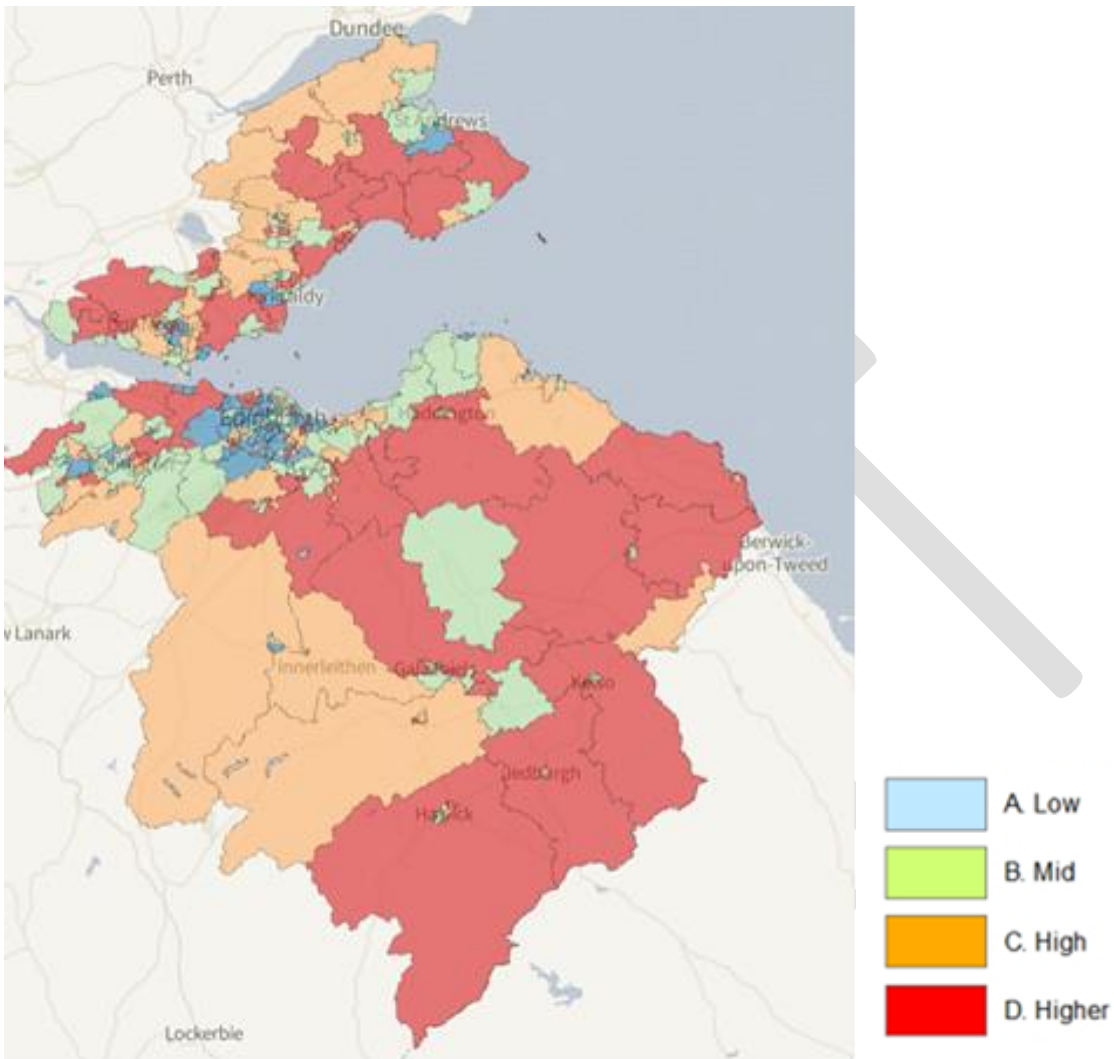
Workforce Mobility Deprivation Index – Scoring Methodology

15% Access Deprived	Income Deprived	Employment Deprived	Education Attainment	WFI / Scorce
A. None (0%) : 0 Points	A. Under 5%: 1 Point	A. Under 5%: 1 Point	A. Under 5: 4 Points	A. Low / 3 to 5
B. Under 25%: 2 Points	B. 5% to Under 10%: 2 Points	B. 5% to Under 10%: 2 Point	B. 5 to Under 5.5: 3 Points	B. Mid / 6 to 8
C. 25% to Under 50%: 4 Points	C. 10% to Under 15%: 3 Points	C. 10% to Under 15%: 3 Points	C. 5.5 to Under 6: 2 Points	C. High / 9 to 10
D. 50% or More: 6: Points	D. 15% or More: 4 Points	D. 15% or More: 4 Points	D. 6 or Higher: 1 Point	D. Higher / 11 to 18

Workforce Mobility Deprivation Index – Definitions

Component	Definition	Year
People living in 15% most 'access-deprived' areas	Number and percentage of population living in 15% most 'access-deprived' areas (data zones) in Scotland. Source - SIMD2020 via ScotPHO profiles	2018/2019
Population income deprived	Number and percentage of total population classified as income deprived within SIMD income domain. Source - SIMD2020 via ScotPHO profiles	2017
Working age population employment deprived	Number and percentage of working age population (16-64 years) classified as employment deprived within SIMD income domain. Source - SIMD2020 via ScotPHO profiles	2017
Educational attainment of school leavers	The score is based on school leavers' highest level of qualification, averaged across all leavers within a data zone. Source: Scottish Government via Statistics.gov.scot	2016/17-2018/19

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Local Authority Area Summaries

City of Edinburgh

About the region:

Edinburgh, the capital of Scotland, is an international hub for business, tourism, and research. Its rich history, lengthy record of innovation and creativity, iconic architecture, and vibrant culture makes Edinburgh a desirable place to live, work, visit, and study.

Edinburgh has a resilient knowledge-based economy. Productivity is high, averaging over £70,000 per worker (gross value added), unemployment is the lowest of any major UK city (with a Jobseeker's Allowance claimant rate of just 1.9% in December 2019), and gross disposable income is the highest outside of London.

- Key drivers of growth include the city's highly skilled population (over 50% of working-age residents are graduates)
- Edinburgh is an international hub for financial services and technology. The city also benefits from buoyant tourism and a strong higher education sector.
- The city is increasingly focusing on ensuring growth is sustainable and inclusive.

Edinburgh has been an international centre of learning since the renaissance, a financial services hub since the 17th century, and a centre for science and technology since the industrial revolution. Today, Edinburgh combines these long-established capabilities with strengths in modern sectors such as film and contact centres.

Key regional characteristics include:
- Edinburgh has a population of 525,000. The city has grown steadily in recent years, with annual net growth of around 1% (5,000 new residents each year).
- In 2019, JLL ranked Edinburgh the 15th top city in the world for talent concentration in its Innovation Geographies index. Edinburgh is a popular destination for international workers. In the 2020 Global Talent Competitiveness Index - a ranking of cities by their ability to grow, attract, and retain talent - Edinburgh ranked second in the UK and 45th worldwide.
- Each August, Edinburgh hosts the world-famous Edinburgh International Festival and Edinburgh Festival Fringe, along with a myriad of other world leading events like 'Edinburgh's Hogmanay'.
- Edinburgh is a hotbed of scientific discovery and technological progress. The city's four universities, two colleges, and other research institutes have world-leading capabilities in disciplines include medical science, animal bioscience, software, electronics, and energy.
- The city has set an ambitious goal of becoming carbon neutral by 2030.

Key Sectors include:

- Software & Technology
- Financial Services
- Tourism
- Higher Education
- Film & Television
- Food & Drink
- Contact Centres

East Lothian

About the region:

East Lothian is part of the Edinburgh city region and is located to the east of Edinburgh's suburban edge. The area measures approximately 270 square miles in area, and includes 43 miles of coastline. The area currently has a population of around 100,000 people, and by 2035 this is anticipated to grow to 130,000.

East Lothian has a relationship with the wider region, but it offers something different. It has wide variety of high quality built and natural environmental capital and, with countryside and coast, an abundance of leisure tourism opportunities. All this is within easy access of Edinburgh and places East Lothian in high demand as a place to live, learn, invest, work, recreate and to visit. East Lothian has to strategic economic aims and these are to increase the number of business in the area and the number of jobs.

The area also has a number of strategic long term and transformational projects and opportunities, which will be a focus of East Lothian's economic recovery and renewal, including:

- Food & Drink Innovation Hub and Edinburgh Innovation Park - adjacent to Queen Margaret University there are plans to deliver a state of the art food and drink innovation facility being the initial phase of a wider Edinburgh Innovation Park supported by partial funding from City Deal. The Hub and EIP will drive company growth, develop existing and sustainable new businesses to access a global market for healthy and functional food;
- ClimatEvolution Zone, including Blindwells New Town and the redevelopment of the former Cockenzie Power Station site. – there are plans for strategic shared infrastructure and land remediation here to deliver a significant new town with new regional town centre, and to redevelop the former power station site. Taken together, these projects present significant development potential for a wide range of uses and to create a new low carbon destination and attractor, with delivery supported City Deal;
- Torness Nuclear Power Station site - there will be a need to consider the future of this site as the current generating licence extends to 2030, but an extension to this is not ruled out. Key considerations will be decommissioning the site, utilisation of the grid connection, and future land use where deep water harbouring opportunities exist adjacent to the strategic transport network.

Key regional characteristics include:
- One of the fastest rates of population growth in Scotland, and the region;
- the lowest job density in the region, with around 50% of the working age population commuting from the area to work across boundaries;
- significant leakage of expenditure across boundaries, particularly from the west of East Lothian to other nearby areas, impacting town centres and equalities;
- significant investment will be required to overcome the transport, education and other infrastructure constraints, including to address climate change targets and effects;

Key sectors include:
- Tourism
- Small and medium size enterprise
- Farming, fishing and food and drink
- Education, health and bio and life sciences
- Renewables
- Care

Fife

About the region:

Fife is home to 373,550 people, and over 10,000 businesses. It makes a significant contribution to the Scottish economy with an annual business turnover of around £12,500 million.

A peninsula set between the Firth of Forth and Firth of Tay its coastal path and award-winning beaches encircle most of the area. It contains a mix of urban and rural areas, from large settlements to significant areas of undeveloped forest and woodland, including the Lomond Hills. Known around the world as the 'home of golf', Fife offers a total of 48 golf courses.

Key regional characteristics include:

- Scotland's third largest local authority by population size.
- Strong tourism industry worth over £650m annually (2019).
- The average age for residents of Fife is projected to increase significantly over the next decade.

These sectors offer significant opportunities, however, there is also a recognition that Fife, particularly the Mid-Fife area, continues to suffer from long standing socio-economic issues that limit its economic growth:

- Earnings and productivity are lower than the national averages.
- Business start-up rates remain below the Scottish averages.
- There are higher than average rates of youth unemployment and
- Areas of deprivation persist in some parts of Fife (particularly Mid-Fife).

Key sectors include:

The Fife Economic Strategy 2017 – 27 identifies eight key economic sectors where Fife has a particular strength or that are growing strongly :

- Energy & Renewables
- Manufacturing
- Finance & Business Services
- Tourism
- Food & Drink (including agriculture)
- Health & Social Care
- ICT and
- Construction

Midlothian

About the region:

Midlothian lies in the east-central lowlands, bordering the City of Edinburgh, East Lothian and the Scottish Borders local authority areas. The region covers 354 square miles and has a population of approximately 92,500, and encompasses seven urban centres and is surrounded by rural communities. Midlothian has a range of vibrant outdoor spaces, dedicate sports facilities, cycle routes and country parks which support diverse health, social and economic outcomes.

Key regional characteristics include:

- The fastest growing local authority area in Scotland, with an increase in households of 15% over the past decade
- Midlothian is the 4th most resilient local authority in Scotland
- Approx. 55% of the working age population commuting from the area to work across boundaries;
- Midlothian has some areas in the top 20% of deprivation and child poverty for Midlothian in 18/19 was 23.2%, the latest figure for 19/20 is 23.9%.
- Scottish Government statistics show that 94.5% of school leavers in Midlothian were in 'positive destinations' during 2019/20.
- Committed to reducing carbon emissions in Midlothian to net zero by 2030

The vision for economic growth is for Midlothian to be a recognised area in which to live, work, visit and do business with an economy that is sustainable, inclusive and ambitious.

Key sectors include:

- Life Sciences - The internationally recognised Midlothian Science Zone is a world-leading centre for research in animal science and food security, and is the largest concentration of animal related expertise in Europe.
- Data Driven Innovation - Midlothian and the University of Edinburgh have invested heavily in DDI and our Newbattle Digital Centre for Excellence prepares young people with the data and digital skills for the future world of work, fostering digital inclusion and enabling young people to engage in a wider programme around data skills.

Midlothian's Economic Priorities are to integrate the region with the regional economy and promote the region internationally

- To improve the skills landscape
- To increase economic participation
- To build on the success of our key sectors
- To improve the vibrancy of our town centres and make them more environmentally friendly
- To accelerate growth through infrastructure upgrades and reduce carbon emissions

Scottish Borders

About the region:

The Scottish Borders geographically is one and half times that of the rest of the other local authority areas which form the City Region. The region is 1,827 square miles and has a population of 115,270.

However, much more than simply size it is the combination of characteristics across the Scottish Borders, which give it its distinctiveness particularly when assessed against the rest of the ESES region.

Key regional characteristics include:
- rurality and geographic scale
- significant natural capital
- Strong agriculturally offering (farm to fork)
- Culture, history and sport create a strong tourist market and the hospitality sector, with significant capacity for growth
- Significant Net-Zero potential with a commitment to reducing carbon emissions to net zero by 2045
- Resilient communities with strong local identities
- Borders and partnership working with Dumfries & Galloway and the north England counties of Cumbria and Northumberland.
- Strong educational attainment and progression into positive pathways as highlighted with Borders College.

Key sectors include:

- Manufacturing
- Wholesale and Retail
- Construction
- Agriculture

Scottish Borders Economic Strategy 2013 – 2023 - Vision for the economy:
- Creating the conditions for businesses to compete - reflecting our entrepreneurial strength and the need to create the conditions for businesses to grow, and/ or to attract entrepreneurial people;
- Building on our assets - attracting and retaining people and growing businesses will be helped by what the Scottish Borders as a place has to offer and by our ability to maximise our assets;
- Developing the workforce of the future - fundamental to future prosperity and competitiveness is the supply of, and demand for, a skilled workforce. As there are fewer jobs available here than residents in work, people are travelling outside the area for work and this means economic performance is lower;
- Providing leadership - essential for successful economic development to be achieved, leadership will also help deliver other policy and organisational priorities too – around education, health, and the public good.

West Lothian

About the region:

The area is strategically located between Edinburgh and Glasgow at the hub of the wealth creating, central Scotland metropolitan region, identified as key to Scotland's future economic growth.

West Lothian has actively managed and facilitated change over many decades. It has moved on from its industrial past and built on its post-industrial legacy to re-emerge as a progressive and diverse place for people to live and work.

West Lothian is strategically located in the Central Belt of Scotland and is well served by a number of motorways and trunk roads and it has direct rail links from twelve rail stations to Edinburgh, Stirling, Glasgow and beyond. West Lothian's central location and excellent business and labour market connections make the area an important economic hub.

The area's business base includes both SMES and multinationals with global connections and reputations. Over the last decade it has become clear that global and technological change is a constant, and West Lothian has successfully demonstrated its capacity to respond to challenges and reinvent itself as a business location.

Over the last five years, West Lothian has seen increasing levels of school leavers achieving a positive destination:
- 93% of school leavers entered a positive destination in 2019/20 comparable to the Scottish national average.
- Progression into higher education at 43% is at its highest level in ten years.
- A quarter of leavers have gone into further education (26%) and around 19% of young people entered employment.

Effective working with Skills Development Scotland, local further education and training providers and other Community Planning Partners has improved support and opportunities available to young people in the region.

Key regional characteristics include:
- West Lothian has a population of about 183,100
- One of the youngest and second fastest growing in Scotland (with an average age of 41 compared with 42 across Scotland)
- Levels of employment and economic activity remain high in West Lothian
- 77% of West Lothian's working age population are economically active
- There are 78,000 jobs based in West Lothian
- Some 4,700 businesses are known to be operating in West Lothian
- At 5.5%, unemployment in West Lothian remains lower than the 6.0% rate of Scotland.

Key sectors include:
- Biotech & life sciences,
- Logistics & distribution,
- Electronics & software,
- Engineering,
- Construction,
- Food and drink manufacture,
- Retail and creative industries.

This Framework has been shaped by an extensive consultation process, during which the officers listened and acted upon comments and suggestions from organisations and members of the public from across the region. Listed below is a snapshot of the key activities which have shaped this framework.

- A draft version of the framework was produced by officers from across the six local authorities and partners including Scottish Enterprise.
- This version was communicated out to the Elected Members Oversight Committee (EMOC), as well as Directors from across the local authorities for feedback and approval to proceed to public consultation.
- Colleagues at Edinburgh Council supported the RPF by hosting the framework on the consultation hub, which was set to run for a period of six weeks.
- Towards the end of the six weeks, the team also facilitated two online discussions on a virtual platform, designed to engage with members of the public to assess the priorities identified within the framework.
- As the public consultation ended, feedback was received in three formats:
  - Feedback on the consultation hub;
  - Feedback from the two hosted discussions and the participants' responses; and
  - Email feedback, largely from organisations (e.g. Scottish Government).
- The team then analysed these responses, aggregating them into the appropriate themes (e.g. transport, environment etc.) which were then considered in full.
- Each theme was considered against the draft framework to revise the content within to reflect the views communicated with the team.
- These views are now reflected within this version of the framework, which has been issued through the necessary governance cycles.

4th November, 2021.

Agenda Item No. 7

Levelling Up Fund Update

Report by: Keith Winter, Executive Director (Enterprise and Environment)

Wards Affected: All.

Purpose

The purpose of this report is to provide members of the Policy and Co-ordination Committee with an update on the UK Levelling Up Fund.

Recommendation(s)

It is recommended that Committee:

(1)   Note the progress in developing Levelling Up Fund applications for a Fife transport application and four Constituency applications.

(2)   Note the latest information on possible projects to be included in five potential future bids to the UK Levelling Up Fund and asks Members to agree that the shortlisted projects be developed further prior to submission in the next round of funding.

(3)   Agree that a one off £225,000 additional revenue budget will be provided from uncommitted balances held, to increase the UK government funding that has been provided for developing applications

(4)   Delegate to the Executive Director (Finance and Corporate Services) and the Executive Director (Enterprise and Environment) in consultation with the Co-Leaders, to complete and submit the applications once the deadline for the next round of Levelling Up funding is announced.

Resource Implications

The applications are being developed with a cross-council officers group supported by external consultants. The UK Government's has provided funding of £125,000. Additional funding of £225,000 will be provided. This will be funded from uncommitted balances held.

This will deliver indicative designs and costs for the projects led by the Council. Any funding required for detailed designs, costs, and Statutory consents for the Council's projects, prior to the decision on the Levelling Up applications, will be sought from the Council's Capital budget through assessment by the Investment Strategy Group.

The requirement for match funding will be assessed for each individual project.

Legal & Risk Implications

Only local authorities are eligible to apply for Levelling Up funding. However, several community-led projects are part of the Constituency applications. If successful, the Council will act as "accountable body" for these projects. The Council will submit grant claims and reports on behalf of the project owner. A back-to-back legal agreement will be required to pass on the grant conditions to the project owner, so that the Council's risk is minimised.

All financial risks lie with the project owner. If costs increase or a project fails to draw down the grant by the end of the funding period, there will be no additional grant available. Given the Council's budget constraints, the Council will not be able to close any funding gap for the Community-led projects. Rigorous project management processes will be used to ensure that these risks are managed throughout the project.

There is a risk over the timing of the bid. No date has been announced for the second round. This may have a short period to prepare the bids, that may not fit with Committee meetings. Delegated authority is sought to complete the bids in this situation.

There is also risk attached to the requirement for "shovel-ready" projects. This generally means to have detailed designs and all statutory consents in place, so they are ready to start construction once the grant decision is made. This can take 6/8 months and requires around £150,000 - £300,000 of investment depending on the scale of the project. Given the number of projects, the Council cannot justify this speculative investment for all of these until the outcome of the funding application. The delivery period is therefore reduced by this time. It may be in exceptional cases, for some existing capital commitments by the Council, that application might be made to the Investment Strategy Group to accelerate this element of the capital allocation.

Impact Assessment

There are no new projects included in the Levelling Up applications. These are projects at various stages of development and do not represent any change to Council policies or processes. An Equalities Impact Assessment will be carried out as part of the Application process. Projects must demonstrate their carbon assessment and management as part of this process. All activities will comply with all Equal Opportunities/Fairer Scotland Duty policies and obligations.

Consultation

The cross-Council project group includes Transportation, Business & Employability, Communities and Neighbourhoods and Finance. Several projects have been developed from community consultation exercises such as charettes. Consultation has been taking place with political representatives from all levels of Government. This is a key requirement of all projects and applications.

1.0 Background

1.1   The UK Levelling Up Fund (UKLUF) was announced in March 2021 as part of the UK Budget process and the UK Government Levelling Up agenda. It was one of the new UK wide funds launched using the powers conferred to the UK Government through Sections 50 and 51 of the UK Internal Market Act 2020.

1.2 It is a UK wide £4.8 billion capital fund (with a minimum of £800m allocated to the devolved nations) which will support investment projects with up to £20 million of funding, although there is scope for investment in larger high value transport projects up to £50m. The fund will run until 2024/2025. Bids should have local MP support and decisions on successful bids will be made by the UK Government. The fund is highly competitive. There is no guarantee of funding for the bids and their projects. The weakest project will determine the success of each the bid.

1.3 The first round of funding focused on three themes:

- smaller transport projects that make a genuine difference to local areas (or larger transport schemes such as road network investments);
- town centre and high street regeneration; and
- support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets.

1.4 Bids in Scotland can be submitted by a local authority, with the number of bids being dependent on the number of MPs in each area. An additional bid can be submitted for a transport bid. Fife can therefore submit up to five applications. Bids and constituent projects should have the support of local stakeholders and partners. They should be consulted, and bids should be developed with their inclusion.

1.5 There is a system of geographical prioritisation whereby the UK Government has devised an index that puts each local authority into one of three categories of need. The indicators used relate to economic recovery and growth; improved transport connectivity; and regeneration. Fife has been placed in the second priority category so bids must be highly competitive. A White Paper on the Levelling Agenda is due to be published later in 2021 which may include additional criteria or prioritisation.

1.6 The criteria could also potentially change in subsequent rounds of funding. This is due to the guidelines being kept under review and to reflect operational feedback. The expectation from the UK Government is that projects applying for the first round of funding were advanced in their development and 'shovel ready'. There were many authorities that were not able to submit a bid in the first round as projects were not sufficiently developed, which was the case for Fife. It is extremely important that Fife has competent bids as there is only one opportunity for submission and if the bid is not robust enough then it will not be approved. No decisions have been made by UK Government on the first-round applications submitted in June 2021.

1.7 In terms of Transport, there will need to be a focus on assets controlled by the Council and linked to agreed transport priorities. This will involve a package of asks all linked to the strategic priorities of the recovery of Fife's economy and tackling Mid Fife's challenges.

1.8 In terms of Town Centre Recovery projects, there will be a focus on building on existing community engagement and action plans, previous regeneration investments and expanding this to tackle prominent derelict buildings and looking to repurpose them for different Town Centre projects.

1.9 In terms of Cultural regeneration, there will be a focus on Community-owned projects. This will involve the Council acting as "accountable body" for the funding and the Community group as the project owner and deliverer. These could be higher risk to the Council so groups with a proven track record in delivery, with existing feasibility studies and business plans will be the priority.

2.0 Issues and Options

2.1 Waiting for future calls for this fund to open has given officers more time to develop high quality bids that have a greater chance of being successful. The Council has been able to use the UK Government's £125,000 that will be supplemented to £350,000 from the Council to develop future bids. This will enable wider member and possibly community involvement with more time to select and develop bids. However, there is a risk that future calls are more competitive due to less funding being available. An additional risk is that the criteria for the call changes, meaning any time and effort put into bids based on the original criteria, could potentially be partially or fully lost.

2.2 The UK Government has still to determine a definitive timeline for a future round, however, officers are working on being able to submit five bids before the end of the financial year. In developing the project ideas, officers have had to take cognisance of the funding criteria and the deliverability due to the tight timescale of the UK Levelling Up Fund. Only structural interventions linked to economic priorities are considered a legitimate ask. A list of the projects considered is included in Appendix 1. Officers have also taken into consideration the linkages with the Plan4Fife, Fife's Economic Strategy, Local Development Plan, Local Community Plans and Town Centre Action plans. The Strategic Assessments for each Area have informed the challenges for each Constituency, as the basis for the "Case for Change".

2.3 The proposed projects have been based on agreed priorities with local communities developed over several years through community visioning exercises and are able to be taken forward within the challenging timeframe. They draw on the expertise of established partners such as Fife Historic Buildings Trust. In terms of each Constituency bid, these require to focus on one of the three themes outlined in paragraph 1.3, i.e. Town Centre Regeneration, Cultural Regeneration or Transport. The UK Government guidance is that each programme of investment is to be considered across no more than three geographic sites. There also needs to be a link through each of these to the unifying theme as they must deliver to the same outcomes. For example, digital connectivity projects and housing are not eligible themes.

2.4 In terms of the transport bid, the advice is that this bid can be up to £50m in exceptional circumstances and, as such, it needs to be a robust, compelling bid that picks up on key issues like inclusion, economic and social impacts and how it contributes to net zero. The expectation is that bids will be for less than £20m. There also appears to be a current stance by the UK Government against a programme of small works and there is a limit of three individual projects/themes per transport Bid.

2.5 For the projects that have not been proposed for a submission to the Levelling Up Fund, this does not mean that they are not worthy projects but rather they are considered not to be deliverable in the timeframe identified by the UK Government, or they may be better delivered through another route, e.g. Scottish Government Place Based Investment funding. The applications must fit with the Council's financial strategy, not to increase revenue costs for the Council, i.e. no increase in assets maintained by the Council.

2.6 The following sections provide a high-level outline of the identified projects for each of the five bids. All bids will aim to increased local economic activity to create jobs and attract visitors. It should be noted that all the project elements may be subject to change dependent on the feasibility work, and this will be reported back to members prior to any submission. Officers will also report progress with the bids to members over the coming months.

2.7 The unifying theme for the Dunfermline and South Fife bid is town centre regeneration with three projects: Dunfermline High Street streetscape including the gap site; St Margaret's House and the Friary Building, Inverkeithing. The outputs will be an improved cultural offer; enhanced townscapes more attractive to visitors, community led and designed buildings. Measured through increased numbers of visitors to the towns and stay longer, spending more.

2.8 The unifying theme for the Kirkcaldy and Cowdenbeath bid is town centre regeneration with three projects: Burntisland Burgh Chambers; Cowdenbeath Town House and the Templehall Community Centre, Kirkcaldy. The outputs will be: Enhanced townscapes more attractive to visitors, Community led and designed buildings and an improved cultural offer. Measured through increased numbers of visitors to the towns who stay longer, spending more.

2.9 The unifying theme for the Glenrothes bid is town centre regeneration with three projects: Glenrothes Riverside Park; Levenmouth active travel networks (phase 1) and the River Leven riverside path network (phase 1). The outputs will be an improved recreation offer, enhanced townscapes more attractive to visitors and community led and designed leisure assets. Measured through increased numbers of visitors to the towns who stay longer, spending more.

2.10 The unifying theme for the North East Fife bid is culture-led regeneration with three community-led projects: Sustainable Silverburn, Leven; Scottish Fisheries Museum, Anstruther and the Forgan Arts Centre, Newport-on-Tay. The outputs will be: An improved arts, cultural, heritage offer more attractive to visitors, community led & designed. Measured through increased numbers of visitors to the towns who stay longer, spending more.

2.11 The unifying theme for the Transport bid is Improved Climate Resilience particularly flooding, to encourage active travel and improve the resilience of freight and bus routes focusing on Mid Fife. The three projects are: Flooding/ B981 Den Burn Bridge repairs in Cardenden; A955 Bawbee and rail Bridges repairs in Leven; and A907 Lyn Burn Bridge/ Culvert replacement/Grange Road Link Road Bridge / Kingseat (Whitefield) bridge expansion in Dunfermline. The outputs will be improved resilience, increased active travel and better journey times. Measured through frequency of flood events, trips by active travel modes and journey times.

2.12 The main challenge in preparing credible and robust bids to submit to the next round of the Levelling Up Fund is having sufficient resources in place to deliver the bids in the first place and then be able to deliver them if one or more of the bids prove successful within the demanding timetable set by the UK Government. The costs for developing the bids are substantial and, where possible, the Council intends to take advantage of existing staff in place with the necessary local expertise, use of national deliver frameworks such as Scape, partners willing to assist us together with feasibility work either completed, underway or to be commissioned. External expertise is being used to help prepare the bids. There may be the option to capitalise staff costs as and when bids are accepted can be taken later to assist with project delivery.

2.13 It should be noted that the Council has been successful with the delivery of numerous capital projects of various sizes in recent years with many local priorities already delivered. That said, some priorities for capital investment remain where the Council has been unable to implement due to a lack of resource to either develop the bid and/or do the actual works. The Levelling Up Fund presents an opportunity to take forward a number of these projects but it also has to be recognised that it has also become increasingly important given current funding models to have a future pipeline of projects developed to take full advantage of future external capital funding opportunities. The transition to net zero carbon buildings also adds complexity and cost to these priorities.

3.0 Conclusions

3.1   This report provides members with information on the new UK Levelling Up Fund which had its first-round bid deadline in June 2021. As the Council did not have sufficient projects that were advanced and shovel ready, officers are developing applications for the next bidding round to submit then.

3.2   This report provides members with the latest information on possible projects to be included in five potential future bids to the UK Levelling Up Fund and asks members to agree that the shortlisted projects be developed further prior to submission in the next round of funding. The UK Government have still to determine a definitive timeline for a future round, however, officers are working on being in a position to submit the bids before the end of the financial year.

List of Appendices

- **Appendix 1: Projects considered for Levelling Up Funding**

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Appendix 1: Projects considered for Levelling Up Funding

Transport

Project	Area Com
Placemaking project encompassing Dunfermline High Street / High Street gap site / Bruce Street (Steps) / Bridge Street allowing active travel / green link to Pittencrieff Park	D
Cardenden Flooding/ B981 - Den Burn Bridge - bridge repair - edge strengthening/full replacement; flooding repairs	C
A955 Bawbee/Rail Bridges Repair, Leven	L
River Leven riverside path network (SEPA) Phase 1	L
Leven active travel network (to provide access to Rail link) Phase 1	L
Kirkcaldy Multi Storey Car Parks	K
Kincardine TC Road improvements; Placemaking project encompassing Kincardine High Street / A907 / active travel network to potential new rail station in Kincardine and active travel link to proposed new health centre	SWF
High quality, off road active travel network to Dunfermline Learning Campus	D
Tay Bridgehead Park & Ride	NEF
Cowdenbeath B981 Broad Street Railway Bridge - bridge repair	C
Dunfermline A907 Lyne Burn Bridge - Culvert repair/replacement; Grange Road Link Road Bridge / Kingseat (Whitefield) bridge expansion	D
Legacy Footpath Improvements (Glenrothes)	G
Standing Stane Link Road, Kirkcaldy (phase)	K/L
Leven Town Centre Phase 3 (Main pedestrianised zone)	L
Freight Hub at Methil Docks	L
Tay Adventures: Water taxi facilities in Newburgh, Tayport, St Andrews; Active travel route from Perth to Newburgh (A912/A913 to link Cycle routes 775 and 777)	NEF
Rosyth Park & Ride	D/SWF
Improve access to Cross Forth Public Transport Improvements – enhanced active travel rout4es and increased P&R. The LRDF work could feed into this. Access for All.	SWF/D/C/K
Charlestown – Rail Chord	SWF/D
Halbeath Rail Station at Halbeath Park & Ride	D/C
New Rail Station Dunfermline South (between Rosyth & Dunfermline Town)	D
Kinglassie Flooding Issues	G
Freuchie Flooding	G

North East Fife

Project	Area Com
Cupar Town Centre Housing (County Buildings)	NEF
Cupar Town Centre Housing - ATS site	NEF
Tay Bridgehead Park & Ride	NEF
Leven Town Centre Phase 3 (Main pedestrianised zone)	L
Leven Town Centre - vacant buildings (unspecified)	L
Silverburn Flax mill museum, Leven	L
Levenmouth Rail Link - enhanced facilities and mobility hub at the stations and Town Centre.	L
Falkland Estate, extend bus parking	NEF

Project	Area Com
Repairs to the Dutch Village at Craigtoun Park, St Andrews. £10k grant from Architectural Heritage Fund awarded, for a structural survey and costing survey to restore the buildings.	NEF
Botanic Gardens St Andrews – upgrade infrastructure	NEF
Forgan Arts Centre, Newport on Tay - Community Centre and Facilities - refurb, repair, climate-ready	NEF
Tay Adventures: Water taxi facilities in Newburgh, Tayport, St Andrews; Active travel route from Perth to Newburgh (A912/A913 to link Cycle routes 775 and 777)	NEF
Newburgh Rail halt	NEF
A955 Bawbee/Rail Bridges Repair, Leven	L
Scottish Fisheries museum, Anstruther – improve accessibility and increase commercial space	NEF
Wifi connectivity for NE Fife and Levenmouth	NEF/L

Dunfermline & South West Fife

Project	Area Com
Dunfermline Town Centre - St Margarets House	D
Inverkeithing Town Hall - Phase 3	SWF
Placemaking project encompassing Dunfermline High Street / High Street gap site / Bruce Street (Steps) / Bridge Street allowing active travel / green link to Pittencrieff Park	D
Kincardine TC Road improvements; Placemaking project encompassing Kincardine High Street / A907 / active travel network to potential new rail station in Kincardine and active travel link to proposed new health centre	SWF
High quality, off road active travel network to Dunfermline Learning Campus	D
Dunfermline A907 Lyne Burn Bridge - Culvert repair/replacement; Grange Road Link Road Bridge / Kingseat (Whitefield) bridge expansion	D
Investment in new and existing culture and tourism facilities and attractions e.g. Beamer Lighthouse, Witch Memorial (torryburn, Valleyfield, Culross), Torryburn Nature Reserve/Ash Lagoons? National cycling route 76 to Torryburn	SWF
Kincardine station provision and line electrification; Prepare for future railway route, investment around likely stations etc	SWF
Funding for a charette for Rosyth	SWF
Dunfermline STIM Projects	D
West Fife Way to Pittencrieff Park Implementation of a shared path on William St, including possible widening of William Street, approx. 700m total.	

Kirkcaldy & Cowdenbeath

Project	Area Com
Templehall Community Centre – upgrade, repairs	K
Kirkcaldy Multi Storey Car Parks	K
Cowdenbeath B981 Broad Street Railway Bridge - bridge repair	C
Standing Stane Link Road, Kirkcaldy (phase)	K/L
Burntisland Burgh Chambers	K
Cowdenbeath Town House	C
Lochore Meadows – entrance upgrade; Outdoor Education Centre Replacement; additional car parking to disperse visitors Masterplan exercise starting Qr 221/22	C
Lochgelly Town house (funding for housing secured)	C
Kdy TC - acquisition and refurb/reuse/demolition of vacant units (unspecified)	K

Project	
Kirkcaldy Town Centre – final phase of waterfront	K
Kirkcaldy Town Centre Volunteers Green	K
Dalgety Bay Town Centre regen project; New community/bus hub; refocus shopping area; active travel	SWF
Cowdenbeath Area - Active Travel Network Provision of walking, cycling and wheeling routes connecting 10 population centres and trip generators within a 3km radius, approx. 15km of routes in total.	C

Glenrothes

Project	Area Com
A955 Bawbee/Rail Bridges Repair, Leven	L
River Leven riverside path network (SEPA)	L
Cardenden Flooding/ B981 - Den Burn Bridge - bridge repair - edge strengthening/full replacement; flooding repairs	C
Legacy Footpath Improvements (Glenrothes)	G
Freight Hub at Methil Docks	L
Glenrothes Riverside Park (Masterplan Phase 1)	G
Leven active travel network (to provide access to Rail link) Phase 1	L
Glenrothes Town Centre - Masterplan Phase 1, reopening of N Street between Fife House and Hanover Court to buses, redevelopment of former Kingdom House site.	G
Glenrothes Town Centre – bus station relocation	G
Sandybrae Industrial Estate, Kennoway: refurbishment of units	L
Muiredge Industrial Estate, Buckhaven; site servicing	L
Glenrothes District Heat - Phase 2 (covers housing areas, not town centre)	G
Purchase, reconfiguration & decontamination of Kingdom Shopping Centre, Glenrothes	G

The Area Committees are Dunfermline (D), Levenmouth (L), Glenrothes (G), North East Fife (NEF), Cowdenbeath (C), South West Fife (SWF), Kirkcaldy (K)

4th November 2021

Agenda Item No. 8

Civic Honours competition to celebrate Her Majesty The Queen's Platinum Jubilee in 2022.

Report by: Paul Vaughan, Head of Communities and Neighbourhoods

Wards Affected: 2, 3, 4 and 18

Purpose

This report is to provide committee with information on the Civic Honours competition that has been launched across the UK to celebrate Her Majesty The Queen's Platinum Jubilee in 2022.

Recommendation(s)

Members are asked to -

- Note a Civic Honours competition has been launched across the UK.
- Support the submission of bids from the Dunfermline and St Andrew's areas.
- Agree that final approval for each bid will be undertaken by the local Area Committee.

Resource Implications

Any resource implications and expenditure arising from the process is contained within the appropriate service budget.

Legal & Risk Implications

There are no legal or risk implications arising from the process.

Impact Assessment

An EqIA is not required and is not necessary for the following reasons: the items in this report do not propose a change or revision to existing policies and practices.

Consultation

Consultation has taken place with officers and elected members from across the council and within the local areas as appropriate.

1.0 Background

1.1 Her Majesty The Queen has agreed for a competition to be held to grant the civic honour of 'city status' to a select number of towns in the United Kingdom.

1.2 This will be the first time in 10 years that Her Majesty awards civic honours and the occasion comes as part of celebrations to mark The Queen's Platinum Jubilee.

1.3 As part of the government's commitment to levelling up and increasing opportunity across the United Kingdom, local authorities in England, Scotland, Wales and Northern Ireland can enter the competition and make a case for why its area deserves to be granted the honour.

1.4 The Civic Honours competition will provide the local authority with the chance to showcase its civic pride, heritage, record of innovation and bring greater prosperity of opportunity to the area.

1.5 All valid entries will receive individual consideration on their merits, before recommendations will be made by ministers to Her Majesty The Queen. The number of awards made across the UK, will depend on the strength of the applications received.

1.6 The competition will close on 8 December 2021.

2.0 Submission Process

2.1 Expressions of interest were received from the Dunfermline and St Andrew's areas to participate in the competition.

2.2 Work is underway by officers, elected members and the community to prepare a bid for each area by the closing date.

2.3 Entrants are asked to confine their entries to the limits of a standard template provided by the Cabinet Office and include:

- A summary of the application comprising no more than one A4 page.

- An introduction comprising no more than eight A4 pages of text, highlighting why the area deserves city status, with particular reference to:
  - Distinct identity;
  - Civic pride;
  - Cultural infrastructure, interesting heritage, history and traditions
  - Vibrant and welcoming community;
  - Record of innovation;
  - Sound governance and administration;
  - Associations with Royalty;
  - Other particularly distinctive features, age, residents or communities who have made widely recognised significant contributions to society and culture.

- A profile of the area, including statistics, to assist understanding of the area and its bid in comparison to the bids of other applicants. The profile should comprise no more than ten A4 pages including numbers and tables and should cover:
  - The resident population of the area;
  - Economic activity, including the number of people who work but do not reside in the area;

- Information on public green spaces, sport and leisure facilities, and shopping centres;
- Information on local authority support of any kind for the voluntary sector.

- Up to 50 photographs of permanent features of the area rather than events or people, with brief captions describing what is shown. The emphasis should be on giving a representative and reasonably comprehensive impression of the area and especially the part that constitutes 'the city centre'.

- One detailed map of the area showing the main tourist, leisure and entertainment sites and green spaces accessible to the public. The main transport routes serving these, with an indication of services' frequency, should be shown on the detailed map or listed in an accompanying document.

3.0 Bids

3.1 Work has been underway since June by officers, elected members, partners and communities to prepare submissions that reflects the history, diversity and future aspirations of the areas. The Dunfermline bid is being led by the Community Manager for the area, whilst the St Andrew's bid is being undertaken by the town's Community Council.

3.2. Dunfermline is one of the fastest growing towns in Europe. The University of Cambridge's independent report on Scottish Towns, October 2019 wrote: "Dunfermline experienced the largest population growth of any town in Britain between 2001 and 2011 and is in some ways a model of success. It was also the ancient capital of Scotland for over 400 years, home to Kings and Queens and a revered site of pilgrimage. The royal burgh of Dunfermline was founded after 1057 by King Malcolm II.

3.3 The St Andrews Community Council has advised that there is considerable interest across the community for the area to have its historic city status re-conferred. St Andrews is known worldwide as the home of golf and the status will provide a better basis for its ceremonial occasions and help distinguish it from the many towns in the UK. It also has many associations with royalty, including: Edward 1 of England, James I of Scotland, James V, Mary of Guise, Mary Queen of Scots and William IV.

4.0 Conclusions

4.1 This report is intended to give members helpful information on the competition including the submission process.

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'School Streets' Part-time Traffic Exclusion Zones

Report by: Ken Gourlay, Head of Assets, Transportation and Environment and
                      Shelagh McLean, Head of Education and Children's Services

Wards Affected: All

Purpose

This report is intended to fulfil the remit given by Fife Council (2020 FC 223) to officers from Roads and Transportation Services and Education and Children's Services to bring a report to this Committee, providing information about 'School Streets' for consideration.

Recommendation(s)

It is recommended that Committee:

(i)   notes the experiences of other Local Authorities where 'School Streets' has been implemented;
(ii)   remits officers from Roads and Transportation and Education and Children's Services to agree a single pilot location where a temporary trial of the initiative could take place during financial year 2022/2023 and report their findings to the Economy, Tourism, Strategic Planning and Transportation and the Education and Children's Sub-Committees; and
(iii)   agrees the street selection criteria (Para. 1.4.) for assessing the potential viability of part-time traffic exclusion zones at primary schools in Fife.

Resource Implications

As a guide for estimating the cost of a pilot site in Fife, the average implementation cost per pilot zone in Edinburgh was £20,600 in 2014, which included staff costs, consultation, traffic surveys, signs and road markings, exemption permits, and school resources.

Implementation of part-time traffic exclusion zones in Fife, including any pilot scheme, would need to be met from the existing Area Roads Programme Capital budget. There will be minimal costs from the pilot that will be met from the existing Traffic Management Revenue budget. There will also be recurring revenue costs for the maintenance of infrastructure and the management of exemption permits which will be assessed during the period of the pilot scheme and met from the Traffic Management Revenue budget. A funding solution for the recurring revenue costs would need to be identified prior to any further schemes rolled out to other locations.

No specific grant funding is currently provided by the Scottish Government for this initiative.

Legal & Risk Implications

There are no known legal and risk implications.

Impact Assessment

An EqIA has not been completed at this stage, however other local authorities have addressed potential equalities issues through exemption permits for residents within a Zone and through a general exemption for blue badge holders. Similar arrangements could be adopted for future implementation in Fife.

Consideration shall also be given to i) relevant Articles of The United Nations Convention on the Rights of the Child, and ii) potential environmental impacts.

Consultation

Consultation has been undertaken with Financial Services. Extensive consultation with elected members, schools, associated local communities and Police Scotland would be required prior to implementing a Schools Streets Zone. Police Scotland support is essential for the success of these zones, as enforcement would be their responsibility.

1.0 Background

1.1.　School Streets Zones aim to prevent non-residential traffic from using the road network outside the school entrance gate, and/or in surrounding streets, at set periods of the school day – typically during start and finish times. Residents are exempted from the restriction by means of a permit system. Emergency service's vehicles and Blue Badge holders are also exempt.

1.2.　The zones are identified with electronic signage, which illuminates during the closure periods – illustrated below.

1.3.　In 2014 Edinburgh Council piloted 9 School Streets Zones using an Experimental Traffic Regulation Order. The aim of the pilot was to evaluate the effectiveness of such a scheme by measuring i) the reduction in the number of children being dropped off/picked up outside school by private car, ii) any increase in walking and cycling to school and iii) the impact of displacement of vehicles from the Zone to other streets.

1.4.　Based upon criteria adopted by other councils, the following are proposed factors to be considered when assessing whether a school merits a School Streets Zone in Fife.

- Volume of school drop-off traffic and observations of congestion.
- Support from school, parents and pupils via. the School Travel Plan.
- Support from residents.
- Potential for determining safe drop off areas nearby and any other road safety implications linked to displaced parking.
- Overall impact on road traffic taking account of: proximity of bus routes, number of houses served by particular streets, presence of other trip generators such as shops, health services, etc.
- Current levels of walking and cycling by school pupils.

1.5.   At the end of such an assessment, typically a School Streets Zone meriting implementation would be likely to have the following attributes:

- Residential without significant through traffic, including service buses.
- Current high levels of school drop off traffic parking and congestion.
- A suitable nearby location for displaced traffic to drop off and pick up pupils.
- Support for the scheme from the majority of residents and stakeholders.

1.6.   Following their evaluation in 2016 of the pilot sites in operation, The City of Edinburgh Council determined their pilots a success and progressed with permanent Traffic Regulation Orders to formalise the Zones.

1.7.   Their evaluation study indicated significant reductions in traffic levels on restricted streets, general acceptance by residents and parents, a small increase in walking trips to school, approximately correlated with a small (6%) reduction in the number of car trips to school. Surveys indicated an increase in traffic on surrounding streets; however, this increase was offset by a larger reduction in traffic on restricted streets.

1.8.   Similar schemes have since been piloted by Dundee City, Perth & Kinross and East Lothian Councils. City of Edinburgh Council have also added further schools to their current scheme.

1.9.   In 2020, Napier University published a study of School Streets schemes across Europe, including several in Scotland. Its findings broadly follow Edinburgh Council's evaluation. In terms of motivators for progressing such schemes the study found strong evidence that:

- reported road casualties were not a motivator;
- local perceptions of danger and safety risk were the key motivators; and
- the key purpose or one of the key purposes of the schemes was to increase the number of children travelling actively to school.

2.0 Issues and Options

2.1   Three main issues were identified where concerns were raised about traffic exclusion zones:

Non-compliance

2.2   Resident surveys for the Edinburgh Zones showed, after a period of bedding in, that the perception of vehicles not complying with the restrictions reduced. However, one third of parents and one quarter of peripheral residents maintained that non-compliance was still an issue.

2.3   City of Edinburgh Council officers advised that after an initial high presence by Police, enforcement is now on a light touch basis and not routine. Whilst traffic levels have dropped significantly on restricted streets there is still a degree of non-compliance. This is particularly the case where streets within a restricted zone are through routes or they serve other trip generators.

Migration to other streets

2.4   Police Scotland raised concerns about increased road safety risks where school traffic was displaced to surrounding streets that presented, for example, less safe crossing points. Increased complaints from residents of surrounding streets were also seen as a potential issue.

2.5   During a visit to one of Edinburgh Council's pilot schemes, several months after implementation, Fife Council officers observed in one case that traffic was displaced to a street much more suitable for school traffic than the restricted streets in terms of width, safe crossing facilities and parking capacity. On the other hand, officers also observed migrated school traffic parking and manoeuvring on a busy distributor road. As is normally the case with school traffic, the situation developed and dispersed quickly. It was also observed, and confirmed by one of the head teachers, that traffic at the immediate school gate frontages was much reduced.

Inconvenience

2.6   City of Edinburgh Council's evaluation, some 6 months after implementation, indicated a decrease in perception that the restrictions made day to day life difficult. These 'After' surveys showed that about two thirds of parents, and over half of residents within the zones, felt that the restrictions had not made day-to-day life more difficult.

2.7   The proportion of residents in peripheral streets who felt the restrictions had made day-to-day life more difficult, increased from about a quarter at the 'before' survey to an almost equal split between those that felt the restrictions are a problem and those that do not from the final survey. However, these outcomes were based on a relatively low number of survey-returns and so may not be representative.

2.8   In relation to perception surveys, the 'before' survey indicated both residents and parents considered that improved safety of children travelling to and from school was the main benefit that must be achieved by the pilot (74% of residents and 72% of parents). In the 'after' survey 50% of residents and 65% of parents considered this had been achieved by the restrictions.

2.9   In relation to how safe school streets feel during the restriction periods, two thirds of both parents and zone residents perceive safety benefits. On the other hand, less than half of peripheral street residents perceive this to be the case. In all cases perceptions of road safety issues were not supported by evidence such as recorded road casualties.

2.10   It is reasonable to conclude that road casualty reduction may not be a measurable benefit of these schemes. However, the perception of improved safety, and the associated comfort / reduction in anxiety that it brings, is a demonstrable outcome.

Options for Fife Schools

2.11   Based on the criteria used by City of Edinburgh and other Councils, there is scope to implement 'School Streets' for some schools in Fife. However, the following points should be considered:

- School Streets schemes will not be able to be applied universally i.e., only a proportion, probably quite small, of schools could be eligible.
- Initial and on-going support from Police Scotland is essential for schemes to be successful.
- While traffic reductions in restricted streets are likely to be significant, a degree of non-compliance is also likely, which could lead to complaints from residents and parents.
- Costs will be significant if 'School Streets' is to be implemented at multiple locations and that a funding solution would have to be identified first. The benefits in terms of increased active travel to school and reduced drop off by vehicles are expected to be marginal. Hence, schemes will need to be evaluated alongside other Road Safety schemes promoted through the Area Roads Programmes.
- It should be noted that across Fife's schools there is no identifiable road safety issue in terms of the number of casualties being recorded outside or within the immediate vicinity of schools at times children are going to/from school. This initiative is therefore not expected to directly reduce the number of casualties given the current low level. It will however reduce traffic congestion outside the school, promote walking for a least the final part of the journey to school and improve the perception of a safer environment.

3.0 Conclusions

3.1   Introducing School Streets Zones could significantly reduce non-residential traffic levels in restricted streets. While this is the case, implementation on its own is unlikely to have a significant impact on road casualty reduction or significantly increase active travel to school. The choice of potential School Streets schemes must also be influenced by the potential benefits of other alternative interventions that could offer better levels of both active travel and road safety around Fife's schools.

3.2   Other less tangible factors could also influence this choice: for example, improving the perception of a safer environment for children at either end of their school day.

Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:

- City of Edinburgh Council, 2016. School Street pilot project evaluation, 30th August.
- Napier University Evaluation Study, 10th July 2020: https://www.napier.ac.uk/about-us/news/school-street-closures

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Update Report on the Departure in Administration of the Schools Admissions Policy (November 2020)

Report by: Carrie Lindsay, Executive Director, Education & Children's Services

Wards Affected: All Wards

Purpose

This report provides an update for elected members, including the stakeholder evaluation feedback received, following the implementation of the online Primary 1 enrolment process, approved on 19th November, 2020 by this Committee. As a result of the successful implementation of online enrolment for nursery and Primary 1 applications, this report also seeks approval to depart from the existing administration process for Primary 7 to Secondary 1 enrolment, through transition to a digital online process for all applications for session 2022/2023.

Recommendation(s)

The Committee is invited to:

(i)   note the contents of the report in relation to the evaluation of the online process for Primary 1 enrolment;

(ii)   approve the continuation of the digital, online process for Primary 1 and nursey enrolments for the foreseeable future; and

(iii)   approve the departure from the administration process in the existing school admissions policy for P7 to S1 transition, to enable implementation of an online digital process for academic session 2022/23.

Resource Implications

Officer time will be required to implement the recommendations of this proposal. However, it is expected that an online P7 to S1 enrolment form will reduce the time for clerical and management staff in schools when implementing the process.

Legal & Risk Implications

The Education Service does not feel that the existing P7 to S1 process will be compromised through a departure from the existing policy and introduction of an online process for the foreseeable future. There will be an option for parents/carers, who may not have easy access to digital platforms, to complete and return a paper form for the school to process. Following advice from Legal Services, as the policy and criteria themselves will not be changed, as the proposed change relates to the administering of the policy, no statutory review of the policy in accordance with the Schools (Consultation) (Scotland) Act 2010 is required.

Impact Assessment

An EqIA is not required because the report does not propose a significant change or revision to existing policies and practices.

Consultation

Consultation was carried out with school staff prior to the Primary 1 online form being uploaded to the Council's website. On conclusion of the project, an evaluation session was carried out with a number of headteachers and school staff to hear their feedback and to address lessons learned. Officers from the Customer Service Programme were involved in these discussions and feedback taken on board to revise sections of the form, to improve the parents' completion element and to improve overall effectiveness.

For the secondary online form, Customer Service Programme colleagues have been working with school staff to prepare a proto-type. Secondary school Headteachers and Business Managers have been notified of the intention to implement this change, following successful P1 enrolment feedback, and kept advised of progress.

If approved, parents will be asked to apply online and notification will be sent to all P7 pupils through schools' individual groupcall accounts, advising them of the new process. Schools are currently receiving some written placing requests. These have been acknowledged and parents advised that they will be contacted with details of how to submit an application if the new system is approved.

1.0 Background

1.1 On 19th November, 2020, the Policy and Co-ordination Committee approved a paper which sought a departure from the existing administration process in relation to the School Admissions Policy (which itself was approved by the former Executive Committee on 15th January, 2013). The Committee:

(a) noted the contents of the report; and

(b) approved the departure from the existing schools admissions policy for Primary One enrolment for academic session 2021/22.

1.2 A new online enrolment system for applications for Primary 1 pupils was implemented week commencing 11th January, 2021. Although initially there were a small number of electronic issues in the uploading of files, the number of applications received this way increased over the weeks following.

1.3 The online application system was closed on 16th March, 2021, the day after the final date for the receipt of placing requests, i.e. 15th March, 2021. Any new applications for Primary 1 enrolment after this date were captured using a manual form and the paperwork sent to catchment schools by parents. There were very few manual applications received after this date as the significant majority, over 3,700 applications, had been submitted online by 15th March.

1.4 Places were confirmed for catchment pupils early in April 2021 and parents who had made a placing request application were notified whether their application had been approved or declined by 30th April, 2021. Where an application had been declined, information was sent to parents to inform them of the appeals process.

1.5 Parents unable to receive their first choice P1 placing request placement were contacted by letter and offered the 2nd or 3rd choice, where spaces were available.

2.0 Feedback from the Primary 1 Process

2.1   It was important for the Education Service to ensure that relevant staff had the opportunity to provide feedback on how the process worked. Admin Co-ordinators from the Education Service produced a survey feedback form for school staff and 62.4% of schools completed the survey. This ensured that the project team was able to gauge the effectiveness of the new system.

2.2   The following comments were taken from the survey results:

- Less time consuming
- Admin had control of when to process
- Catchment school made aware of all pupils in catchment regardless of catchment being 2nd choice place
- Uniformity
- Easier to check IDs
- Easy system to navigate
- Reduction on potential on lost / mislaid paperwork

2.3   The following areas for improvement were suggested by schools:

- Policy regarding Roman Catholic or denominational requests should be detailed
- For placing requests, if both the requested schools and the catchment school received the notification, they would both have had full knowledge of the pupil
- Identify the nursery the child is attending currently (question to be added to form)
- Duplicate applications could be submitted - check to be inserted for name/ address to avoid this.
- Parents should be able to save progress and return to complete the application at a later date
- Some schools felt they had less contact with parents which was difficult to manage during the pandemic
- For some parents with English as an additional language, it was difficult to access or use the form
- More clarity on the ID checks, provide alternatives that are allowed
- Enhanced advertising - creating a broader advertising campaign to ensure as many parents as possible are captured i.e. using school twitter/Facebook accounts also.

2.4   As with any new process, an initial trial will result in positive and negative feedback. Following discussion with colleagues in the Customer Programme Team and BTS, adaptations based on the feedback will be incorporated into the form prior to any use of this online function from January 2022.

2.5   The implementation of the online enrolment process was timely. As current restrictions in schools remain in place, the use of the online enrolment process will mean that schools will be able to continue to prioritise the face-to-face contact with parents and visitors that is most important.

3.0 Secondary School Process for P7 to S1 Transfer

3.1   The transfer for pupils from P7 to S1 occurs annually, in December, when the SEEMIS data is downloaded for all primary schools associated with each secondary school.

3.2   Secondary school administration staff liaise with cluster primary school colleagues to determine their catchment pupils and those in the associated primary schools who are not in their catchment. (These families, not in the secondary catchment, need to submit a placing request for the secondary school.) Forms are issued by the primary school, to all parents, and these are returned to the secondary school. All addresses need to be checked to ensure the correct catchment area and a spreadsheet populated manually.

3.3   This is a time-consuming administrative task which could be more efficient if parents are able to access and complete an online enrolment form for S1, similar to that implemented for P1 enrolment. As this system can be accessed at any time, parents can apply at a time that suits them.

3.4   Implementation would follow the same arrangements as for the P1 enrolment, i.e. parental registration for a *mygov.scot* account, which will verify the catchment schools, giving the non-denominational school and the option to attend the denominational catchment school (Roman Catholic) associated with the address. The form will also have the ability to record information such as siblings in the school, language option to be studied and the option to make a parental placing request.

3.5   The implementation of this system for current P7 pupils, from December 2021 for the new session in August 2022/23, requires Committee approval as it is a departure from the current administrative process associated with enrolment, as outlined in paras. 3.1/3.2. The revised electronic process align with lessons learned and reduce the impact in relation to visitors to secondary schools. It will make the process more efficient and there will be an easier route for most of our parents to enrol and make placing requests for their child(ren).

3.6   As has been demonstrated by the nursery and primary one online enrolment, the system has the capacity to accept a significant number of applications. The online enrolment form can be accessed using a smart phone, personal computer or tablet and the step-by-step online form is easy to understand and is not time consuming. Documents can be photographed and uploaded to verify details. For those parents who may not have access to a smartphone or personal computer, a form can be emailed or posted out and documents can still be verified by arranging a socially distanced appointment. Access to the form for those who do not have a personal computer at home can be made by accessing those within public libraries, etc. It is anticipated that the number of parents that will use the online system will be in line with current online usage for primary schools.

3.7   It is proposed that the Education Service is authorised to trial this new system for P7 to S1 transition, again, providing an opportunity to review the process and learn from the experience. Should this new online system be effective and efficient, meeting the needs of our parents/carers, and a permanent change from the existing manual process to online process be considered the best way forward, wider consultation may be required.

4.0 Conclusions

4.1 With the continued Covid pandemic and the risk of transmission through schools, the number of visitors to school buildings continues to be minimised to reduce transmission of the virus.

4.2 The Primary 1 enrolment process uptake was significantly higher than anticipated, with over 3700 applications received online and fewer than 50 manual applications received for those parents who may not have had access to digital platforms or English was an additional language.

4.3 The feedback from school staff, headteachers and feedback through twitter/Facebook has been taken into account and a revised primary 1 application is ready to go live in January 2021. The changes have been made in consultation with Customer Service Programme colleagues and BTS to ensure that the revised online form is easier to use for parents and remains available for parents to access 24 hours a day, 7 days per week.

4.4 The departure, and the method adopted, will not prejudice any pupil application and will ensure the process allows placing requests to be responded to timeously, providing for parental choice.

4.5 In the long term, this process could be a continuation for new parents, where they apply for nursery, primary and secondary school places using an online platform.

List of Appendices
None

Background Papers
The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:

- School Admissions Policy
  https://online.fifedirect.org.uk/publications/index.cfm?fuseaction=publication.pop&pubid=738A7B0F-D278-0B2A-544906A785EB190C
- Executive Committee 15 January 2013 -
  https://online.fifedirect.org.uk/publications/index.cfm?fuseaction=publication.pop&pubid=2A279A6D-E3A1-2978-ABA4886651C4C79A
- Scottish Government Guidance Placing Requests April 2020
  https://www.gov.scot/publications/coronavirus-covid-19-school-placing-requests-and-appeals-in-2020/
- Policy and Co-ordination Committee of 16 November 2020
  https://www.fife.gov.uk/kb/docs/articles/about-your-council2/politicians-and-committees/committees/fife-wide-or-strategic/policy-and-co-ordination-committee/meetings/policy-and-co-ordination-committee-19th-november-2020

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4 November 2021

Agenda Item No. 11

Treasury Management Annual Report 2020-21 and Update 2021-22

Report by: Eileen Rowand, Executive Director, Finance and Corporate Services

Wards Affected: All

Purpose

This Annual Report and Update is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) publication, Treasury Management in the Public Services – Code of Practice and Cross Sectorial Guidance Notes, which was adopted by this Committee on 12 April 2018. The Council is required to comply with the Code through the Local Government in Scotland Act 2003.

Recommendations

The Policy and Co-ordination Committee is asked to consider and note the contents of this report.

Resource Implications

None.

Legal & Risk Implications

Treasury Management within Fife Council is governed by the following legislation and guidance:

- Local Government in Scotland Act 2003 and the Local Government Investments (Scotland) Regulations 2010.

- The CIPFA Prudential Code and Treasury Management Code of Practice.

Impact Assessment

An Equalities Impact is not required because the report does not propose a change or revision to existing policies and practices.

Consultation

None.

1.0 Background

1.1 The Council is required, through regulations issued under the Local Government in Scotland Act 2003, to produce an annual treasury management review of its activities and the actual prudential and treasury indicators for 2020-21. This report also meets the requirements of both the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) and CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.2 The regulatory environment for Treasury Management places responsibility on members for the review and scrutiny of treasury management policy and activities. At this Committee on 12 April 2018, it was noted that: -

"*This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Co-ordination Committee, and for the execution and administration of treasury management decisions to the Executive Director of Finance and Corporate Services, who will act in accordance with the organisation's policy statement and Treasury Management Practices and, if they are a CIPFA member, CIPFA's Standards of Professional Practice on Treasury Management.*"

1.3 Treasury Management reports should be scrutinised before being reported to the Council. This role is undertaken by the Policy and Co-ordination Committee.

2.0 Prudential and Treasury Indicators

2.1 The Prudential Code plays a key role in the capital finance in local authorities. A local authority can determine its own programmes for capital investment but must ensure it acts prudently, i.e., the Code requires the authority to take account of affordability when it makes decisions on borrowing. The Code also requires an authority to report on various indicators which are detailed below and reported in full in Appendix 1. The indicators are calculated over a five-year period, showing past and future years. The following paragraphs provide some explanation of the main components of the Prudential Indicators.

2.2 **Capital Expenditure**

A report detailing the 2020-21 outturn expenditure for the Council's Capital Investment Plan was reported to this Committee on 24 June 2021. The table below shows a summary of this expenditure as well as the prior year's expenditure for comparison purposes.

	2019-20 £m	2020-21 £m
General Fund	95.460	81.272
Housing Revenue Account	79.644	57.201
Total Capital Expenditure	**175.104**	**138.473**

2.3 **Capital Financing Requirement**

The underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents capital expenditure in 2020-21 and prior years which has not yet been paid for from revenue or other resources.

The Council's CFR for the year is shown below and represents a key prudential indicator. The CFR includes leasing schemes and the Council's Public and Private Partnerships (PPP) and similar contracts for the construction and servicing of several secondary and primary schools.

	2019-20 £m	2020-21 £m
Opening Capital Financing Requirement	1,108.372	1,121.785
Capital Expenditure	175.104	138.473
Capital Income	(119.059)	(104.677)
Repayments of Principal	(36.415)	(31.202)
PPP and Lease repayments	(6.217)	(6.124)
Closing Capital Financing Requirement	**1,121.785**	**1,118.254**

2.4 **Net Debt**

To ensure borrowing levels are prudent over the medium term, the Council's net debt (borrowings less investments) must only be for capital purposes. Gross external debt should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2021-22 and the next two financial years, this is known as the operational boundary and is detailed at para. 2.5 below. This allows some flexibility for limited early borrowing for future years.

The 2020-21 Borrowing Strategy identified a new long-term borrowing requirement of £104.206m. No new long-term borrowing was undertaken in 2020-21. In March 2020 a loan of £30.000m was taken in advance of the 2020-21 new long-term borrowing requirement to ensure that the Council had sufficient funds to meets its needs as it was unclear at that stage what impact the COVID-19 pandemic would have on the money markets going forward.

The table below highlights the Council's external debt position on 31 March in each of the last 2 financial years and shows that external debt has decreased.

	2019-20 £m	2020-21 £m
Long- and Short-Term Debt	1,047.915	971.664
PPP and Lease Liabilities	94.397	88.273
Total External Debt	**1,142.312**	**1,059.937**

2.5 **Operational Boundary / Authorised Limit for External Debt**

These are approved limits which are used to monitor operationally the total borrowings of the Council on a day-to-day basis. The authorised limit is the maximum borrowing limit, and the Council does not have the power to borrow above this level. The table below demonstrates the Council has maintained total external debt in 2020-21 within the limits approved by Fife Council on 27 February 2020.

	2019-20 £m	2020-21 £m
Total External Debt	1,142.312	1,059.937
Approved Operational Boundary for External Debt	1,275.827	1,344.084
Approved Authorised Limit for External Debt	1.339.618	1.411.288

2.6 Comparison of Borrowing Parameters to Actual Net External Borrowing

The table below provides details of the actual and estimated external debt for Fife Council, in relation to its approved borrowing parameters for 2019-24.

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
CFR	1,121.785	1,118.254	1,159.528	1,225.862	1,307.761
External Debt	1,142.312	1,059.937	1,117.580	1.207.949	1,301.011
Operational Boundary	1,275,827	1.344.084	1,382.634	1.390.528	1,430.862
Authorised Limit	1,339.618	1,411.288	1,451,766	1.460.054	1.502.405
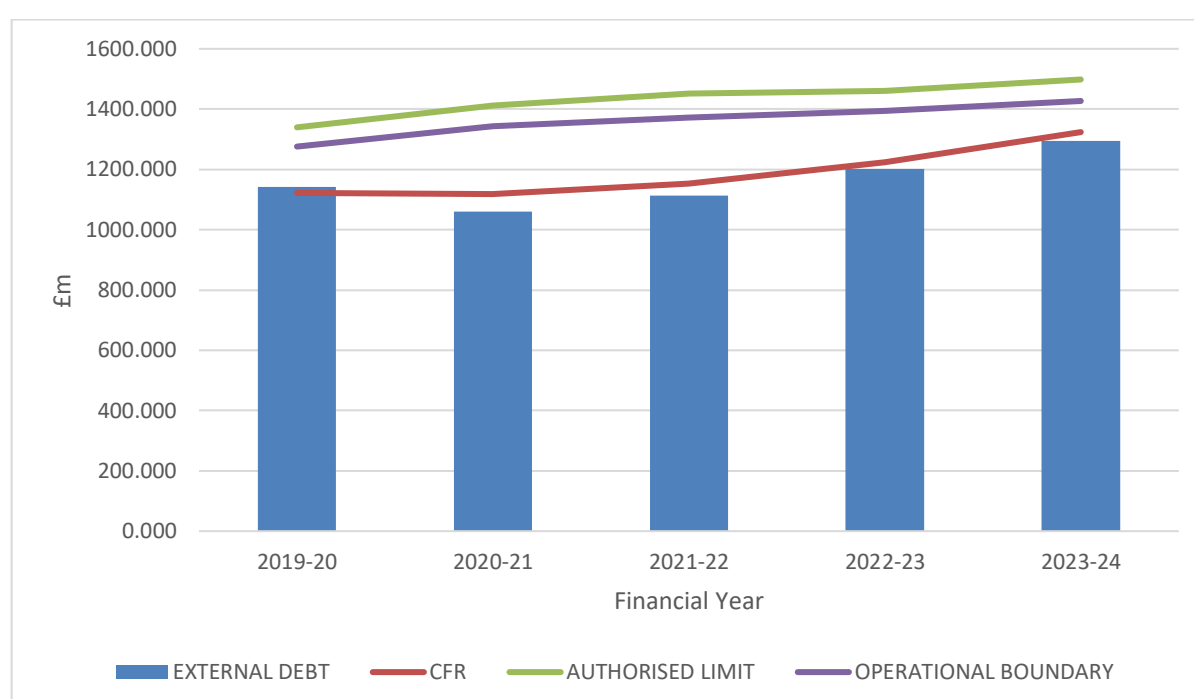
2.7 Financing Costs as a proportion of net revenue stream

This is a key indicator that identifies what proportion of the Council's revenue funding is used to meet the financing costs of the Council borrowing. The higher this percentage, the less revenue resources there are available to spend on the direct provision of Council services.

A limit has been set for the percentage of financing costs to net revenue stream for the Housing Revenue Account per the Housing Revenue Account Business Plan. The current level of debt is within this limit, however future planned expenditure will increase the level of debt. There is no agreed limit in terms of General Fund, however, care needs to be taken to ensure that the level of expenditure required to service debt is sustainable given the financial challenges the Council continues to face. This is reviewed routinely and in depth as part of the capital plan review.

General Fund	2019-20 £m	2020-21 £m
General Revenue Grant	481.970	622.309
Non-Domestic Rates	165.717	111.709
Council Tax	163.282	170.789
Net Revenue Stream	**810.969**	**904.807**
Total Financing Costs	63.187	55,242
% of Financing Costs to Net Revenue Stream	7.79%	6.11%

Housing Revenue Account	2019-20 £m	2020-21 £m
Housing Lets	114.721	118.997
Garage Lets	3.502	2.814
Net Revenue Stream	**118.223**	**121.811**
Total Financing Costs	25,464	26.721
% of Financing Costs to Net Revenue Stream	21.54%	21.98%

3.0 Interest Rates

3.1 **Forecast**
The Borrowing Strategy for 2020-21 forecast short-term interest rates to be in the 0.50% - 1.5% range and long-term rates in the range of 2.0% - 4.0%.

3.2 **Actual**
The Bank of England base interest rate remained unchanged during 2020-21 at 0.1%. This was reflected in the rates available for temporary investments and the cost of temporary borrowings. Investments in money market funds during 2020-21 earned 0.11% and temporary borrowings cost the Council 0.45%.

In the money market, long-term borrowing rates in the less than 5-year maturity range continued to be low.

4.0 Debt Rescheduling and Debt Outstanding

4.1 **Performance**
The Council continually monitors its portfolio of debt for opportunities to manage the cost of borrowing. Over the years, Fife Council has been very active in this area by taking account of low short-term interest rates which has resulted in reduced financing costs.

4.2 **Debt Rescheduling**
Debt rescheduling refers to restructuring the terms of an existing loan to extend or reduce the repayment period or to take advantage of lower interest rates. In most circumstances this would also involve the payment of an additional one-off premium to the lender. No rescheduling was undertaken during 2020-21 and opportunities for debt rescheduling are kept under review.

4.3 **Debt Outstanding**

Appendix 2 shows the movement in borrowings and investments during the year. Net borrowing has reduced by £145.471m in the year to a total of £831.644m.

Temporary loans are those maturing in under 364 days. In recent years, Fife Council has been actively taking advantage of the very low temporary borrowing rates but with interest rates forecast to rise in the future, work is ongoing to replace this debt with longer maturity repayment profiles.

4.4 **Temporary Investments**

Temporary investments represent the cash held by Fife Council at any given time. As per the Treasury Strategy, this is invested in triple A rated Money Market Funds until required as these provided higher interest rates than those of the Council's bank accounts.

5.0 Performance

5.1 **Lending Limits and Breach of Limits**

The Council has a policy which limits the sums invested with any one institution at any one time. It is accepted that, on occasion, the limit may be breached for operational reasons such as public holidays which cannot be avoided. In accordance with procedures in the Treasury Policy Statement, details of such breach of limits are reported.

During 2020-21 there were 2 breaches of this limit. On 18 May 2020, £12.250m was received from Zurich Insurance in respect of Woodmill High School. This was received late afternoon and was after the deadline for investing in the Money Market Funds. The second breach occurred on 5 August 2020, £12.358m was received from the Scottish Government at 22.07pm.

There have been no breaches in the current financial year to 30 September 2021.

5.2 **Maturities**

The Council's strategy provides for a maximum of 15% of long-term debt maturing in any one year, based on loans running to their maturity date. In 2065-66, 9.79% of the current total long-term debt is due to mature and is the highest in any one year. We continue to operate within this limit.

The following table shows the percentage of long-term debt maturing in each of the next 2 years: -

Year	% of total Debt maturing (as at 31 March 21)
2021-22	2.86
2022-23	2.48

5.3 **Cost**
Over recent years, Fife Council has been actively taking advantage of the low borrowing rates available and as a result, the average cost of servicing Loans Fund Advances in the year reduced to 3.53% for Loans Fund Interest and Expenses, (3.61% in 2019-20 and 3.67% in 2018-19).

5.4 **Member and Officer Training**
The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. A training session, to support members' scrutiny role took place on a virtual basis on 11 December 2020.

Officers attended training webinars throughout in 2020-21 hosted by Link Asset Services.

6.0 Update 2021-22

6.1 **Capital Investment Plan**
The current Capital Investment Plan, which extends to the year 2031, was approved by Fife Council on 11 March 2021 and the biennial Capital Investment Plan review will be undertaken in 2022-23. Any review of the ten-year plan will have an impact on Treasury Management.

6.2 **Investment Portfolio 2021-22**
In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. It is currently a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades, as rates are very low and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

The Council held £151.800m of short-term investments at 30 September 2021 (£140.202m at 31 March 2021) and the investment portfolio yield for the first six months of the year is 0.01%.

6.3 **Borrowing**
The Council's capital financing requirement (CFR) for 2021-22 is £1,159.528m. The Council may borrow from the Public Works Loan Board (PWLB) or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Utilising cash flow funds in lieu of borrowing is a prudent and cost-effective approach in the current economic climate.

The Net Borrowing Requirement for 2021-22 was estimated at £63.726m and reported to this Committee on 1 April 2021. No long-term external borrowing has been undertaken to date this financial year.

6.4 **Debt Rescheduling**
The Executive Director of Finance and Corporate Services will continue to review opportunities for debt rescheduling. At present there is no debt rescheduling anticipated in 2021-22.

6.5 **Interest rate forecasts**
The Council's treasury advisor, Link Asset Services, has provided the following forecast and commentary on interest rates in the UK.

	Dec21 %	Mar22 %	Jun22 %	Sep22 %	Dec22 %	Mar23 %	Jun23 %	Sep23 %	Dec23 %	Mar24 %
Bank Rate	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3mth	.0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6mth	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12mth	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5yr PWLB	1.40	1.40	1.50	1.50	1.50	1.60	1.60	1.70	1.70	1.70
10yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
60yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.

As shown in the forecast table above, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 23/24 and a third one to 0.75% in quarter 4 of 23/24.

There are some significant risks to this forecasts associated with economic recovery, tightening of monetary policy etc.

The balance of risks to the UK Economy

- *The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide*

Detailed economic and interest rate commentary from Link Asset Services can be found in Appendix 3

This interest rate forecast is used to inform projections and modelling of future loan charges and will influence affordability of future investment.

7.0 Conclusions

7.1 Performance against the approved 2020-21 Prudential and Treasury Indicators was within agreed limits for the financial year.

7.2 No new long-term borrowing was undertaken in 2020-21.

7.3 There were two breaches of investment limits during 2020-21. The highest percentage of long-term debt maturing in one year is within the strategic range and the average cost of servicing Loans Fund Advances was 3.53%

7.4 No new long-term borrowing has taken place in 2021-22.

List of Appendices

1. Prudential Indicators 2021-24
2. Summary of Borrowing and Investments 2020-21
3. Link Asset Services – Interest Rate Risk Commentary.

Background Papers

None

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2019-20	2020-21		Approved March 2021		
			2021-22	2022-23	2023-24
		Affordability Indicators			
£m	**£m**	Capital Expenditure	**£m**	**£m**	**£m**
95.460	81.272	General Fund	89.255	113.188	128.823
79.644	57.201	Housing Revenue Account	80.667	82.175	81.388
175.104	148.473		169.922	195.363	210.212
£m	**£m**	Financing Costs	**£m**	**£m**	**£m**
63.187	55.242	General Fund	60.123	57.990	61.338
25.464	26.771	Housing Revenue Account	27.340	29.657	31.968
88.650	82.014		87.464	87.647	93.306
£m	**£m**	Net Revenue Stream	**£m**	**£m**	**£m**
810.969	909.276	General Fund	846.536	840.542	835.056
118.223	121.811	Housing Revenue Account	123.716	126.975	130.463
929.192	1,031.087		970.252	967.517	965.519
		Ratio of Financing Costs to Net Revenue Stream			
7.79%	6.08%	General Fund	7.10%	6.90%	7.35%
21.54%	21.98%	Housing Revenue Account	22.10%	23.36%	24.50%
£m	**£m**	Capital Financing Requirement	**£m**	**£m**	**£m**
756.568	752.074	General Fund	780.759	823.389	884.373
365.217	366.180	Housing Revenue Account	378.769	402.473	423.388
1,121.785	1,118.254		1,159.528	1.225.862	1,307.761
1,142,312	1,059.937	External Debt	1,117.580	1,207.949	1,301.011
1,339.618	1.411.288	Authorised Limit for External Debt	1,451.766	1,460.054	1.502.405
1,275.827	1,344.084	Operational Boundary for External Debt	1.382.634	1,390.528	1,430.862
		Prudence Indicators			
£m	**£m**	Debt and the Capital Financing Requirement	**£m**	**£m**	**£m**
1,142.312	1,059.937	Forecast External Debt	1,117.580	1,207.949	1,301.011
1,121.785	1,118.254	Forcast Capital Financing Requirement	1,159.528	1,225.862	1,307.761
20.527	(58.317)		(41.948)	(17.912)	(6.750)
		Adoption of CIPFA Code of Treasury Management			
		Code adopted in 1996 and compliance maintained through the Treasury Management Strategy			
100%	100%	Fixed Interest Rate Exposure Upper Limit	100%	100%	100%
75%	75%	Variable Interest Rate Exposure Upper Limit	75%	75%	75%
0%	0%	Total Principal Sums Invested beyond 364 days	0%	0%	0%
		Maturity Structure of Borrowing			
		% of total debt maturing in any single year			
		Under 12 Months	50%		
		12 months and within 24 months	50%		
		24 months and within 5 years	50%		
		5 years and within 10 years	50%		
		10 years and above	100%		

Summary of Borrowing and Investments 2020-21

	Opening Balance 2020-21 £m	Borrowed / (Invested) During 2020-21 £m	(Repaid) / Received During 2020-21 £m	Closing Balance 2020-21 £m
Public Works Loans Board	548.815	0.000	.(8.751)	540.064
Market Loans	345.600	0.000	(15.000)	330.600
Temporary Borrowings	153.500	148.000	(200.500)	101.000
Total Borrowings	**1,047.915**	**148.000**	**(224.251)**	**971.664**
Temporary Investments	(70,800)	(1,110.230)	1,041.010	(140.202)
Net Borrowings	**977.115**	**(962.230)**	**816.759**	**831.462**

Note – the figures above exclude PPP and lease liabilities

Link Asset Services
Economics and Interest Rates

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.

As shown in the forecast table in paragraph 6.5 , one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 23/24 and a third one to 0.75% in quarter 4 of 23/24.

Significant risks to the forecasts

- COVID vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be developed for successful implementation.
- The pandemic causes major long-term scarring of the economy.
- The Government implements an austerity programme that supresses GDP growth.
- The MPC tightens monetary policy too early – by raising Bank Rate or unwinding QE.
- The MPC tightens monetary policy too late to ward off building inflationary pressures.
- Major stock markets e.g. in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market sell-offs on the general economy.
- Geo-political risks are widespread e.g. German general election in September 2021 produces an unstable coalition or minority government and a void in high-profile leadership in the EU when Angela Merkel steps down as Chancellor of Germany; on-going global power influence struggles between Russia/China/US.

The balance of risks to the UK economy: -
- The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate
Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons: -

- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to which way to face.
- Will some current key supply shortages e.g., petrol and diesel, spill over into causing economic activity in some sectors to take a significant hit?
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation. Then we have the Government's upcoming budget in October, which could also end up in reducing consumer spending power.
- On the other hand, consumers are sitting on around £200bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?

- There are 1.6 million people coming off furlough at the end of September; how many of those will not have jobs on 1st October and will, therefore, be available to fill labour shortages in many sectors of the economy? So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate the MPC's current concerns.
- There is a risk that there could be further nasty surprises on the Covid front, on top of the flu season this winter, which could depress economic activity.

In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will need to be revised again soon - in line with what the new news is.

It also needs to be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on the grounds of it no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields
As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

There is likely to be **exceptional volatility and unpredictability in respect of gilt yields and PWLB rates** due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the "taper tantrums" in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

Gilt and treasury yields
Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PWLB rates. During the first part of the year, US President Biden's, and the Democratic party's determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the $900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when: -
1. A fast vaccination programme has enabled a rapid opening up of the economy.
2. The economy had already been growing strongly during 2021.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.
4. And the Fed was still providing monetary stimulus through monthly QE purchases.

These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of "substantial further progress towards the goal of reaching full employment". However, the weak growth in August, (announced 3.9.21), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the biggest financial markets in the

world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK. **As an average since 2011, there has been a 75% correlation between movements in 10 year treasury yields and 10 year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.**

There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to keep an eye on.

The balance of risks to medium to long term PWLB rates: -
- There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era – a fundamental shift in central bank monetary policy
One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going <u>above</u> a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on 'achieving broad and inclusive "maximum" employment in its entirety' in the US before consideration would be given to increasing rates.

- The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time.
- The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' and the ECB now has a similar policy.
- ***For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.***
- Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures.
- Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.