Policy and Co-ordination Committee

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

Thursday, 20th January, 2022 - 10.00 a.m.

AGENDA

The Committee is asked to resolve, under Section 50(a)(4) of the Local Government (Scotland) Act 1973, as amended, to exclude the public and press from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 8 of part 1 of schedule 7a of the Act.

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.

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13th January, 2022.

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2021 PC 101

THE FIFE COUNCIL - POLICY AND CO-ORDINATION COMMITTEE – REMOTE MEETING

9th December, 2021. **10.00 a.m. – 10.50 a.m.**

PRESENT: Councillors David Ross (Convener), David Alexander, Lesley Backhouse (substituting for Carol Lindsay), David Barratt, John Beare, Tim Brett, Altany Craik, Dave Dempsey, Linda Erskine, David Graham, Judy Hamilton, Andy Heer, Linda Holt, Helen Law, Carol Lindsay, Donald Lothian, Karen Marjoram, Tony Miklinski, David Ross, Fay Sinclair, Ross Vettraino and Craig Walker.

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, Caroline MacDonald, Procurement Service Manager and Derek Hamilton, Category Manager (Fleet and Plant), Revenue and Commercial Services and Michelle McDermott, Committee Officer, Legal and Democratic Services, Finance and Corporate Services; and John Mills, Head of Housing Services.

APOLOGY FOR ABSENCE: Councillor Mino Manekshaw.

332. DECLARATIONS OF INTEREST

Councillors Altany Craik and Ross Vettraino declared an interest at para. 336 - Annual Procurement Report - as they were Council appointees on the Board of Scotland Excel, however, they considered that this was covered by a Special Exclusion so they would remain and participate.

333. MINUTES

(i) **Policy and Co-ordination Committee of 4th November, 2021.**

Decision

The Committee approved the minute.

Councillor Craig Walker joined the meeting during consideration of the above item.

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

- Community and Housing Services Sub-Committee of 29th October, 2021.
- Assets and Corporate Services Sub-Committee of 4th November, 2021.
- Education and Children's Services Sub-Committee of 9th November, 2021.
- Environment and Protective Services Sub-Committee of 18th November, 2021.
- Economy, Tourism, Strategic Planning and Transportation of 25th November, 2021.

Decision/

Decision

The minutes were noted.

334. REVENUE BUDGET FINANCIAL MONITORING REPORT

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 provided an update to the previous report submitted to Committee. 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. The report also provided the forecast outturn position for 2021-22.

Decision

The Committee:-

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

(2) noted the financial plan for 2021-22 had been updated 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; and

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

335. CAPITAL INVESTMENT PLAN UPDATE

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

Decision

The Committee noted:-

(1) the projected outturn position, that the level of financial risk appeared to be increasing and also noted the mitigating actions for the major projects within the Capital Investment Plan;

(2) the projected outturn position for the 2021-22 Capital Investment Plan;

(3) 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

(4) that budget variances would be managed by the appropriate Directorate in conjunction with the Investment Strategy Group.

336. ANNUAL PROCUREMENT REPORT

The Committee considered a report by the Head of Revenue and Commercial Services providing members with a summary of procurement activity and its impact during the financial year 2020/21.

Decision

The Committee noted the contents of the report which would subsequently be published and notified to Scottish Ministers.

20th January, 2022.
Agenda Item No. 4

Revenue Monitoring 2021-22

Report by:	Eileen Rowand, Executive Director (Finance and Corporate Services)
Wards Affected:	All

Purpose

The purpose of this report is to provide members with a strategic overview of Fife Council's finances and to provide an update to the previous report. Funding solutions are 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. The report also provides the forecast outturn position for 2021-22.

Recommendations

It is recommended that members:-

(i) note the high-level financial position as detailed in this report;

(ii) note the financial plan for 2021-22 has been updated in response to the financial pressures as detailed in Section 2;

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

(iv) note that detailed provisional outturn reports will be submitted to the relevant Sub-Committees when it is practical to do so.

Resource Implications

The financial consequences in responding to and recovering from COVID-19 are still significant in 2021-22 and beyond. This coupled with other pressures the Council is facing has led to a forecast service overspend of £10.657m. The financial consequences of COVID-19 have decreased since the last report but continue to remain at £38m. This will be funded from a combination of specific and general revenue grant funding as outlined in previous reports.. The balance of remaining general revenue grant funding of £13.375m being used to offset the forecast service overspend resulting in an overall forecast underspend of £2.684m.

It should be noted that the current wave of the Omicron variant as we enter the winter periods could result in additional costs being incurred. However the unknown impact of this has not yet been factored into the current forecasts.

Legal & Risk Implications

There are no direct legal implications arising from this report.

Impact Assessment

An EqIA 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 This report sets out the likely financial impact for 2021-22 as the Council expects to continue to recover from the COVID-19 pandemic and operate in a new environment as restrictions ease. Section 2 of the report provides a high level update detailing what has changed by way of financial assumptions since the previous report was considered.

1.2 Section 3 summarises the projected position for 2021-22 based on the most recent forecast and reflects up to date estimated costs associated with recovery from the COVID-19 pandemic and the associated funding solutions. It also provides a summary of the main budget variances across Services and Directorates.

1.3 Progress on agreed savings is reported in Section 4 and an update on the anticipated level of balances is contained in Section 5.

1.4 More detailed financial reports will be presented to the relevant Sub-Committees as part of the Council's wider scrutiny and performance management reporting arrangements.

2.0 COVID-19 update

COVID-19 Pressures

2.1 The latest estimate of additional costs associated with COVID-19 has decreased and is now in the region of £38.0m, with cost reductions remaining at £4.0m resulting in a net funding requirement of £34.0m, an overall decrease of £2.0m.

2.2 The Reduction in costs is as a result of an improvement in attendance at leisure and sport facilities and the cultural and conference centres. Lost income was previously estimated to be in the region of £12.4m and this forecast has improved at £10.8m.

2.3 The current estimates are based on current trends moving into recovery and reform from the pandemic and do not factor in any assumptions for potential costs the current waves of the Omicron variant or any subsequent COVID-19 restrictions. Examples of current forecast costs include additional teaching staff, additional cleaning costs, heating and ventilation as well as continuing to support the most vulnerable in the community.

2.4 In addition, Council services continue to forecast a level of lost income as demand for services has not yet returned to pre-pandemic levels. The forecast outturn continues to recognise loss of income.

2.5 All pressures associated with COVID-19 have been built into the overall forecast position for the Council based on what is known and is reflected in the narrative in Section 3.

3.0 Revenue forecast – Main Variances

3.1 General Fund Services

This section provides narrative explaining the variances detailed in Appendix 1 and identifies where it is clear that these relate to COVID-19. As Services respond to the pandemic and take corrective action to mitigate costs and recover services, it becomes more difficult over time to distinguish between "normal" variances and those directly associated with COVID-19.

Overall there is a forecast overspend of £10.657m across General Fund Services, which equates to 1.36% of budgeted expenditure. This overspend is offset by additional COVID-19 funding not yet allocated of £13.375m which formed part of the Local Government Settlement 2021-22. By offsetting this funding against the forecast overspend, the forecast outturn position across all General Fund Services is an underspend of £2.684m. However, any financial impact of the current wave of Omicron is not fully understood and could impact on these forecast.

Appendix 1 details the provisional outturn and variances against the budget broken down across all General Fund Services. The following paragraphs provide a brief explanation of the main areas where there are variances of +/-£0.250m or 0.25%, whichever is the greater, between the budget and forecast expenditure and income.

The annual total expenditure budget, as shown in Appendix 1, has not changed from September and remains at £879.532m.

3.1.1 **<u>Education and Children's Services</u>**

Directorate position:- Variance £0.165m underspend, movement (£1.020m)

Devolved School Management:- Variance (£1.300m) underspend, movement £1.026m

Under the DSM Scheme, schools' budgets are calculated and allocated with reference to a range of formulae based on appropriate data, for example school roll. Adjustments to schools' budgets are made following schools returning in August to reflect changes in staffing required. These adjustments have now been made and updated projections from all schools have been received. The resulting variance is mainly due to projected underspends of £1.189m across all school sectors based on these updated projections. In addition, there is a minor underspend of £0.111m in Special Education, in Pupil Support Service staffing. Across the secondary sector there was an increase of 534 pupils in August 2021, however, within the primary sector rolls reduced by 643 pupils and, as a result, there were 22 fewer classes across primary schools.

Additional costs due to COVID-19 are included in the projected outturn, for example, costs in relation to the appointment of additional teachers of £4.466m, classroom resources of £0.100m and unachieved savings from 2020-21 in relation to the DSM of £0.400m. These costs will be funded by COVID-19 funding announced by the Scottish Government in relation to additional teachers of £4.466m and £0.500m from Scottish Government COVID-19 Education Logistics funding.

Non DSM/Childcare:- Variance £3.331m overspend, movement (£2.420m)

The projected overspend mainly relates to maternity pay and long-term absence and overspends of £2.962m and £0.629m are included within the projection. These costs are in relation to teachers but are borne by the non-devolved central Education budget and not the DSM. A further projected overspend has arisen due to the increase in pupil rolls in Secondary Education and the requirement to fund this increase in schools DSM budgets. The pupil roll has increased by 1,354 pupils over a two-year period with an estimated pressure of £1.359m. The overspends are partially offset by a projected underspend in Early Years, of £0.585m, mainly due to the timing of recruiting of EYO Modern Apprentices and NDR relief for early years facilities. There is also an underspend in Special Education of £0.925m, mainly due to reduction in payments for the Education element of placements for Looked After Children.

The majority of the movement is from the impact of updating schools' budgets to reflect updated rolls and additional funding for probationers. There is also a movement in the forecast for Early Years as there are more vacancies in the central Early Years team than was previously reflected at the last reporting period.

In relation to COVID-19, the main estimated additional costs included within Non Devolved Education are in relation to school transport of £0.200m, cleaning/catering and waste collection of £1.329m, staffing costs of £0.775m, PPE of £0.750m, heating costs of £1.000m, free school meal costs to date of £1.516m, Summer Activities programme of £1.160m, Mental Health for Children and Young People of £0.785m, shortfall in funding for CO_2 monitors of £0.411m and projected net loss of income in relation to Childcare Services of £0.500m and Music Service of £0.316m. It should be noted that some of these costs are estimates which will require to be refined as more information becomes available. In relation to Music fees, new funding has been announced by the Scottish Government to enable Councils to cease charging music fees, but the total available to the Council is still to be confirmed. Total COVID-19 costs within the forecast are £9.4m, and funding of £7.4m has been applied either via additional income or budget to fund additional COVID-19 costs.

Children and Families / Criminal Justice Service:- Variance (£2.196m) underspend, movement £0.374m

The position for the service reflects a projected underspend for Children and Families / Criminal Justice Service, mainly due to projected underspends on third party payments, relating to Purchased Placements of £6.8m. This is a result of the full year effect of the reduction in placement numbers over the last year. However there has since been a further reduction in the number placements which will likely increase this underspend going forward. Offsetting this underspend are projected overspends in Kinship Care of £1.206m, as some of the children previously in purchased care arrangements have moved into kinship care. A further projected overspend of £0.377m in foster care, adoption and throughcare has also arisen due to the shift in the balance of care from external purchased arrangements, as well as an overspend on Supported Lodgings of £0.325m. A further overspend of £1.440m is projected as a result of children remaining in Continuing Care arrangements, and £0.779m in Supplies and Services reflecting the shift away from purchased care to foster care/kinship/home support. Since September £0.7m of budget has been realigned from Purchased Placements into Supplies & Services to support the services reinvestment plan.

In relation to COVID-19, the projected costs are in relation to additional support for looked after children of £0.710m which is fully funded from Scottish Government COVID-19 funding.

The movement since the last report of £0.374m is mainly due to increased spend on Continuing Care placements.

3.1.2 **<u>Health and Social Care</u>**

Social Care:- Variance £0.000m overspend, movement NIL

The Scottish Government has indicated that support will be provided to Integration Authorities to deliver break-even on a non-repayable basis but H&SCP must work to reduce overspends, whilst ensuring patient safety. The level of support has not yet been finalised but H&SCP is forecasting a break-even position at the year-end on the basis of this additional funding being received and as a result there is no variance forecast for Fife Council.

The budget and forecast include income to be received from NHS of £3.762m for transfer of resource as agreed at budget-setting in March 2021.

The projected outturn position for Fife Council Social Care, before the receipt of additional Scottish Government funding is an overspend of £5.210m.

The main variances are projected overspends on adult placements of £5.561m due to a greater number of adult packages having been commissioned than the budget available, £0.125m for the transition of packages from Children and Families to Adult Services, and unachieved savings of £0.935m. There is a projected overspend on Homecare of £0.776m due to increased staff mileage costs of £0.240m and an increase in demand for direct payments to service users to arrange their own packages leading to a forecasted overspend of £0.461m.

The movement of (£1.250m) is mainly due to the implementation of the Finance Recovery Plan which reduced the overspend by £0.499m; a reduction in Adult packages of £0.209m due to alternatives to day care packages being identified as COVID-19 related and therefore eligible for COVID-19 funding, and a reduction of £0.239m in local authority care homes due to difficulties in recruiting replacement staff. This has therefore reduced the requirement for funding from the Scottish Government by £1.250m.

There is expenditure of £15.5m forecast in relation to COVID-19 and remobilisation costs and was reported to the Scottish Government in September. It is assumed these costs will be fully funded through the local mobilisation plans (LMP). This includes unachieved savings of £1.764m which are COVID-19 related. At the moment, there is not a commitment from the Scottish Government to fund these through the local mobilisation plan. The Senior Leadership Team will endeavour to deliver these savings in-year but it is likely that implementation will be delayed due to on-going restrictions. If the unachieved savings are not funded through the LMP, it has been assumed that they will be funded by the additional support to deliver break-even.

3.1.3 **<u>Enterprise and Environment</u>**

Directorate position:- Variance £3.324m overspend, movement (£0.175m)

Assets, Transportation and Environment:- Variance £3.858m overspend, movement (£0.222m)

There is a projected net under recovery of income of £0.916m within Car Parking. This is a due to an ongoing reduced level of demand as a result of the COVID-19 pandemic.

Building Services projected under-recovery of income is £2.303m, movement of £0.235m, this is due to the continuing impact of the COVID-19 pandemic on the trading account income as there are still productivity impacts caused by the additional health and safety measures post lockdown, as well as issues regarding supply of materials caused by both the pandemic and BREXIT.

There is a projected under-recovery of income of £0.459m within the Managed Print and Document Service, due to the drop in printing levels with ongoing home working, this is offset by underspends in client Services across the organisation.

The remainder of variance relates to various overspends as a result of COVID-19, which are partly offset by minor underspends throughout the Service.

Economy, Planning and Employability:- Variance (£0.534m) underspend, movement £0.047m

Underspend relates mostly to £0.384m in Protective Services and, as previously reported, this is mainly due to difficulties in recruitment and options are being considered to address the recruitment challenge. Other underspend of £0.080m within Business and Employability Service mainly relates to vacancies and challenges in recruitment, which have now been addressed.

Further underspend continues in Planning of £0.133m. This is a result of increased Planning fee income which reflects the development industry catching up and submitting delayed projects. It is also a consequence of the buoyant housing market and the increasing number of applications received for renewable energy generation and storage projects.

3.1.4 **Communities**

Directorate position:- Variance £4.404m overspend, movement (£1.205m)

Housing & Neighbourhood Services:- Variance (£0.818m) underspend, movement (£0.158m)

Homelessness is projecting an underspend by (£1.080m), movement (£0.187m). The demand for temporary accommodation and level of turnover in temporary accommodation increased significantly in 2020-21 at the beginning of COVID-19 and has remained high in 2021-22. Although increased demand has meant increased expenditure in some areas such as rents payable and cleaning costs, there have been significant improvements in voids costs and bad debts. Temporary funding has also been made available in year to support costs directly attributable to COVID-19 which overall is resulting in the net underspend of £0.818m.

There are overspends within Safer Communities of £0.214m for the purchase of CCTV and other equipment. There is also an unachieved saving of £0.100m within Adaptations which the service is working to achieve.

Communities & Neighbourhood:- Variance £4.840m overspend, movement (£1.101m)

The majority of the overspend is still related to the impact of COVID-19. Fife Sports and Leisure Trust and Fife Cultural Trust are continuing to suffer loss of income and this is estimated to be in the region of £2.304m as they have not been able to fully operate and demand has not recovered, reducing their ability to generate income. Funding mechanisms are being investigated and Council officers are working closely with these organisations in order to understand the short term financial support they need. Community Use is forecasting lost income in the region of £1.269m and Halls and Centres are anticipating a reduction of £0.539m in income due to the lasting implication of closures resulting from COVID-19. Unachieved savings of £0.623m remain across the service which have been further impacted by COVID-19. The movement of £1.126m is a result of the level of financial support required by the Council's Trusts reducing and is offset by an increase in the level of unachieved savings due to the further impact of COVID-19.

Customer & Online Services:- Variance £0.382m overspend, movement £0.054m

The overspend of £0.382m mainly relates to an underachievement of income within Revenue Services of £0.288m. The introduction of Universal Credit has reduced the level of work being carried out for the DWP and has in turn reduced the level of funding received. This could have a significant impact on future years outturn and will require a review to determine the impact on future years.

3.1.5 **Finance and Corporate Services**

Directorate position:- Variance £2.707m overspend, movement (£0.210m)

The projected overspend within the F&CS Directorate mainly relates to the impact of COVID-19 (£2.755m). Included in the COVID-19 pressures are estimated costs of £0.861m that relate to home and remote working and the workstyles project. The balance of this projected overspend is mainly due to delayed delivery of agreed savings.

3.1.6 **Chief Executive**

Directorate position:- Variance £0.387m overspend, movement (£0.005m)

The projected overspend sits within Corporate and Democratic Core and relates to an increase in the Apprenticeship Levy for Fife Council. The levy is 0.5% of the Council's overall pay costs which have increased over time.

3.1.7 **Other Variances**

Loan Charges – Variance (£0.966m) underspend, movement £0.041m

The projected underspend on loan charges is due to the level of actual borrowing being less than anticipated at the time the budget was set. Interest costs are also less than expected as a result of reduced borrowing requirement combined with actual interest rates being less than forecast when setting the budget.

Contingencies – Nil Variance

Since the last report, the pay award for the SJC group has settled. Negotiations continue for other staff groups i.e. Teachers. Craft and Chief Officers.

There are cost implications associated in that the estimated costs are slightly greater than the provision made in the revenue budget and funding being made available. This is reflected in the use of contingencies forecast.

Contingencies - COVID-19 Funding – Variance (£13.375m) underspend, movement NIL

This underspend is being used to offset the forecast overspend in general fund services. The allocation of Scottish Government grant funding for 2021-22 was general in nature and does not relate to any specific service, therefore, it is being held centrally. As cost estimates become more definitive, consideration will be given to allocating this funding to individual services to eliminate forecast overspends. This will be considered later in the financial year.

3.1.8 **Financing**

Council Tax Income – Variance overspend £1.000m, movement NIL

The projected under recovery is as a result of an increase of qualifying cases for council tax reduction from pre COVID-19 levels. It is anticipated that this will be covered as part of the COVID-19 recovery funding.

3.2 Housing Revenue Account

3.2.1 Housing Revenue Account:- £0.500m contribution to balances

To ensure the HRA remains resilient to unknown future risks, part of the HRA's financial strategy is to aim to contribute £0.500m each year into balances to ensure future financial resilience. The final figure to be contributed to, or withdrawn from balances is determined at year-end once final outturns are known.

As well as planning to contribute £0.500m into balances the HRA is also projecting that the CFCR contribution to Capital will overachieve by £1.479m which is largely due to the Cost of Borrowing being projected to be £1.145m underspent. The total contribution to CFCR is projected to be £33.050m for 2021-22 which will support the HRA's capital investment plan.

Repairs and Maintenance is projecting to underspend by £0.502m. Additional investment has been made into Concierge and Caretaking to improve services for tenants. As part of this, a review of Concierge and Caretaking is ongoing before changes are rolled out later in the financial year. The underspend relates to the project start date being delayed as a result of COVID-19. There is an overspend on Voids of £0.390m which has been a result of properties remaining empty for longer periods of time due to social distancing measures put in place as a result of COVID-19. It is expected the VOIDS performance will improve as these measures are reduced.

Based on current estimates, the total bad debt write-offs in year are expected to be underspent by £0.744m. There is a commitment by the HRA to make available in year, up to £1m for the Universal Credit Support Fund and £1m for the COVID-19 Support Fund. The current level of applications suggests that the full £1m may not be required for each of these in year under the current criteria. As restrictions associated with the pandemic change, the schemes will be reviewed to maximise the benefits to tenants.

4.0 2021-22 Revenue Budget Savings Progress

4.1 Appendix 3 provides details of the achievements against the approved revenue budget savings for 2021-22 by Directorate.

4.2 The table demonstrates that, overall, the Council will achieve 38% of 2021-22 budget savings. This is lower than in previous years as the ability of services to deliver savings on time has been significantly impacted in several areas as a direct result of the pandemic. However, services continue to deliver savings where possible in year but there is potential risk that delays could impact into the next financial year.

4.3 Directorate are working to deliver all savings as soon as this is possible and more detailed reports on the progress of savings will be presented to the relevant Sub-Committees as part of the Council's wider scrutiny and performance management reporting arrangements.

5.0 Balances

5.1 *General Fund Services*

5.1.1 Appendix 4 shows a forecast of the balances' position for General Fund Services over a three-year period with the level of approved commitments also being set out. The opening level of balances is unprecedented and came as a result of a year of significant financial uncertainty having an impact on the Council finances, coupled with a raft of additional funding being provided towards the very end of last financial year.

5.1.2 The opening General Fund balance brought forward at 1 April 2021, including earmarked balances, was £121.697m. This was exceptionally high due to the late funding received in 2020-21 to address the Pandemic.

5.1.3 During the course of the audit of the 2020-21 financial statements, External Audit challenged the accounting treatment of Scottish Government grants for provision of Early Learning and Childcare (ELC 1140). Unspent grant had been treated as a Revenue Receipt in Advance and as such was recognised as a liability on the balance sheet. As no conditions are attached to the grant, the Accounting Code of practice requires that the income is recognised immediately therefore an audit adjustment was required to account for this income in 2020-21.

5.1.4 This had the effect of increasing the surplus for 2020-21 and providing a further contribution to balances of £14.338m, which increases the Opening Balance to £136.035m

5.1.5 Given the nature of the grant, the unspent element has been treated as an earmarked reserve for use by Education and Children's service in the provision of Early Learning and Childcare, this is recognised on Appendix 4.

5.1.6 Funding has been transferred from the General Fund Balance to augment 2021-22 revenue budgets to fund commitments made such as items carried forward at the end of 2020-21 such as Roads Maintenance, Local Community planning and anti-poverty budgets. Contributions have also been made to balances for Energy Management projects and Council tax from Second Homes. The net contribution from balances being £13.375m.

5.1.7 The current level of forecast underspend of £2.684m provides a contribution to balances taking the estimated balances level to £125.344m. However, there are already a number of commitments against that value and it should be recognised that there will be recurring financial consequences as a result of the pandemic and financial risk and pressures associated with the continued recovery from COVID-19. Any additional priority recovery and reform actions in the current financial year could reduce the level of balances.

5.1.8 A significant proportion (£29.137m) of the balances are earmarked in 2021-22 for specific items such as ELC 1140, Energy Management Fund, Council Tax Second Homes and COVID-19. Commitments of £1.869m to fund previous decisions are also recognised against balances.

5.1.9 The financial consequences of COVID-19 will continue into future financial years. As reported to this Committee in September, the agreed strategy for covering these costs is to use the earmarked COVID-19 funding. This is reflected in Appendix 4 as commitments against balances in future years.

5.1.10 Considering the approved financial plan for future costs associated with COVID-19 costs and all other known commitments against balances, the level of uncommitted balances at 31 March 2024 is expected to be £47.898m which equates to approximately 5% of the revenue budget. However, this is set in the context of increasing financial uncertainty and financial risk and pressures.

5.1.11 Uncommitted balances are held to mitigate against financial risks which are not planned for or included in the medium-term financial strategy. Examples of where balances could be called upon include settling of legal claims and disputes, or responding to one-off "shocks" such as reductions in funding, or unplanned increased costs, for example, rising inflation which can then be factored into future budget planning. As part of the budget planning process, a financial risk register is maintained.

5.1.12 As a result of underspends on HRA, there is a positive contribution to HRA balances of £0.500m taking the balances to £8.505m. The Housing Revenue Account (HRA) Consultative Budget 2022-23 presented to this committee on 4th November, 2021, approved a minimum reserves policy of 2% of the mainstream annual rent income budget which equates to £2.5m. Proposals for the use of HRA reserves in 2022-24 were also approved which included £1.500m for the cost of COVID-19 mitigation and £2.5m for the Transitional Affordable Housing Programme 2022-24. After taking the commitments into account the level of uncommitted balances is £4.505m which is above the policy minimum.

6.0 Conclusions

6.1 The financial consequences of the ongoing response and recovery from COVID-19 continue to be significant and continue to be a real pressure for the Council in this and future financial years. As a result, there is a projected overspend on Service expenditure of £10.657m.

6.2 As a result of additional grant funding of £13.375m being provided as part of the overall local government settlement and an underspend on loan charges, all of the service overspend in the current year is offset with a resultant net underspend of £2.684m.

6.3 Considering all earmarked balances and commitments will take the uncommitted level of balances to £47.898m.

6.4 In line with the agreed approach set out in the General Fund Revenue Budget 2021-24, the unused COVID-19 government funding has been earmarked to assist with the ongoing costs of the pandemic and recovery. There continues to be a high degree of uncertainty going forward. Balances can only be used once and it is important that we continue to focus on a sustainable level of core funding and take decisions wisely on how we use balances without adding to our ongoing commitments in future years.

6.5 The provisional outturn for the Council's Housing Revenue Account in 2021-22 is a surplus of £0.500m which contributes to the level of HRA balances. The level of HRA balances now being £8.505m. As noted in para 5.1.11 after proposed use of balances are taken into account the level of uncommitted balances is £4.505m which is above the policy minimum.

List of Appendices

1. General Fund Revenue Summary 2021-22
2. Housing Revenue Account Summary 2021-22
3. Approved Savings 2021-22
4. Summary of Balances

Report Contacts

Elaine Muir
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Appendix 1

FIFE COUNCIL
GENERAL FUND REVENUE SUMMARY 2021-2022

	Annual Budget £m	Forecast £m	Annual Variance £m	Previous Committee Annual Variance £m	Movement £m
EDUCATION & CHILDREN'S SERVICES					
Education (Devolved)	213.194	211.894	(1.300)	(2.326)	1.026
Education (Non Devolved)	109.026	112.357	3.331	5.751	(2.420)
Children and Families/CJS	64.098	61.902	(2.196)	(2.570)	0.374
	386.318	**386.153**	**(0.165)**	**0.855**	**(1.020)**
HEALTH & SOCIAL CARE					
Health & Social Care	169.858	175.068	5.210	6.460	(1.250)
Additional Scottish Government funding	0.000	(5.210)	(5.210)	(6.460)	1.250
H&SC Payment from Health per Risk Share	0.000	0.000	0.000	0.000	0.000
	169.858	**169.858**	**0.000**	**0.000**	**0.000**
ENTERPRISE & ENVIRONMENT					
Assets, Transportation and Environment	82.720	86.578	3.858	4.080	(0.222)
Economy, Planning and Employability	10.406	9.872	(0.534)	(0.581)	0.047
Property Repairs and Maintenance	15.051	15.051	0.000	0.000	0.000
	108.177	**111.501**	**3.324**	**3.499**	**(0.175)**
COMMUNITIES					
Housing & Neighbourhood Services	11.662	10.844	(0.818)	(0.660)	(0.158)
Communities & Neighbourhood	45.431	50.271	4.840	5.941	(1.101)
Customer & Online Services	12.554	12.936	0.382	0.328	0.054
	69.647	**74.051**	**4.404**	**5.609**	**(1.205)**
FINANCE & CORPORATE SERVICES					
Assessors	1.788	1.853	0.065	0.029	0.036
Finance	4.528	5.391	0.863	0.897	(0.034)
Revenue & Commercial Services	14.142	14.097	(0.045)	0.212	(0.257)
Human Resources	5.680	6.022	0.342	0.335	0.007
Business Technology Solutions	15.026	16.493	1.467	1.468	(0.001)
Legal & Democratic Services	3.747	3.762	0.015	(0.024)	0.039
	44.911	**47.618**	**2.707**	**2.917**	**(0.210)**
Miscellaneous	0.124	0.124	0.000	0.000	0.000
Housing Benefits	0.751	0.751	0.000	0.000	0.000
	45.786	**48.493**	**2.707**	**2.917**	**(0.210)**
CHIEF EXECUTIVE					
Chief Executive	0.294	0.264	(0.030)	(0.030)	0.000
Corporate and Democratic Core	2.204	2.621	0.417	0.422	(0.005)
	2.498	**2.885**	**0.387**	**0.392**	**(0.005)**
SERVICE TOTALS	**782.284**	**792.941**	**10.657**	**13.272**	**(2.615)**
ADDITIONAL ITEMS					
Loan Charges (including interest on revenue balances)	60.123	59.157	(0.966)	(0.925)	(0.041)
Capital Expenditure Financed from Current Revenue	6.059	6.059	0.000	0.000	0.000
Contingencies	17.691	17.691	0.000	0.000	0.000
COVID Funding	13.375	0.000	(13.375)	(13.375)	0.000
	97.248	**82.907**	**(14.341)**	**(14.300)**	**(0.041)**
TOTAL EXPENDITURE	**879.532**	**875.848**	**(3.684)**	**(1.028)**	**(2.656)**
FINANCED BY:					
General Revenue Grant	(556.139)	(556.139)	0.000	0.000	0.000
Non Domestic Rates	(135.763)	(135.763)	0.000	0.000	0.000
Council Tax Income	(174.255)	(173.255)	1.000	1.000	0.000
Budgets transferred to/(from) Balances (previous years carry forwards etc)	(13.375)	(13.375)	0.000	0.000	0.000
TOTAL INCOME	**(879.532)**	**(878.532)**	**1.000**	**1.000**	**0.000**
CONTRIBUTION (TO)/FROM BALANCES	**0.000**	**(2.684)**	**(2.684)**	**(0.028)**	**(2.656)**

Appendix 2

FIFE COUNCIL
HOUSING REVENUE ACCOUNT SUMMARY 2021-2022

	Annual Budget £m	Forecast £m	Annual Variance £m	Previous Committee Annual Variance £m	Movement £m
BUDGETED EXPENDITURE					
Repairs and Maintenance	35.735	35.234	(0.502)	(0.501)	(0.000)
Supervision and Management	17.117	17.201	0.084	0.072	0.011
Funding Investment					
Cost of Borrowing	28.964	27.819	(1.145)	(1.096)	(0.049)
Revenue Contribution (incl CFCR)	31.572	33.050	1.479	1.413	0.066
	113.388	113.304	(0.084)	(0.112)	0.027
Voids	2.134	2.523	0.390	0.390	0.000
Housing Support costs	(0.405)	(0.476)	(0.072)	(0.072)	0.000
Garden Care Scheme	0.385	0.385	0.000	0.000	0.000
Bad or Doubtful Debts	2.944	2.200	(0.744)	(0.744)	0.000
Other Expenditure	9.640	9.761	0.122	0.149	(0.027)
Covid Expenditure	0.000	0.001	0.001	0.001	0.000
	128.086	127.699	(0.387)	(0.387)	(0.000)
FINANCED BY					
Dwelling Rents (Gross)	(120.954)	(121.132)	(0.178)	(0.178)	(0.000)
Non Dwelling Rents (Gross)	(3.438)	(3.492)	(0.053)	(0.053)	0.000
Hostels - Accommodation charges	(2.300)	(2.300)	0.000	0.000	0.000
Other Income	(1.393)	(1.275)	0.118	0.118	0.000
	(128.086)	(128.199)	(0.113)	(0.113)	(0.000)
CONTRIBUTION (TO)/FROM BALANCES	0.000	(0.500)	(0.500)	(0.500)	(0.000)

Appendix 3

FIFE COUNCIL
APPROVED SAVINGS FOR 2021-22

Directorate	Savings Target £m	Forecast £m	(Under) / Over £m	Achieved %
Education & Childrens Services	0.145	0	-0.145	0%
Enterprise & Environment	0.863	0.703	-0.160	81%
Communities	0.822	0.099	-0.723	12%
Finance & Corporate Services	0.745	0.165	-0.580	22%
	2.575	**0.967**	**-1.608**	**38%**

Appendix 4

FIFE COUNCIL

BALANCE - GENERAL FUND SERVICES

	2021-22 £m	2022-23 £m	2023-24 £m	Future Years £m
Balance at 1 April 2021	(121.697)	(94.338)	(48.176)	(47.931)
ELC 1140 Funding (Audit Adjustment)	(14.338)			
Revised Balance at 1 April 2021	**(136.035)**			
Budgets transferred (to)/from balances	13.375			
Add Overall budget variance 2021-22 (Appendix 1)	(2.684)			
Estimated General Fund Balance at 31 March	**(125.344)**	**(94.338)**	**(48.176)**	**(47.931)**
Earmarked Balance				
Devolved School Management	1.300			
COVID Specific GRG	0.000	4.485		
COVID Non-Specific GRG	3.400	41.359		
ELC 1140 Funding	14.338			
Energy Management Fund	1.781			
Council Tax - Second Homes	8.318			
	29.137	45.844	0.000	0.000
	(96.207)	**(48.494)**	**(48.176)**	**(47.931)**
Commitments against balance				
Budget Carry Forward Scheme	0.000			
Change Fund	0.290			
Fife Job Contract	0.300	0.300	0.216	
Mid-Fife Economic Development	0.033			
Change to Deliver - BTS Investment	0.539			
Dunfermline Flood Prevention Scheme	0.291			
Levelling Up Funding	0.225			
Barclay Funding - Assessors	0.129	0.018	0.029	0.033
Other Commitments	0.062			
	1.869	0.318	0.245	0.033
Estimated uncommitted balance at 31 March	**(94.338)**	**(48.176)**	**(47.931)**	**(47.898)**

BALANCE - HOUSING REVENUE ACCOUNT

	2021-22 £M	2022-23 £M	2023-24 £M	Future Years £M
Balance at 1 April 2021	(8.005)	(8.505)	(7.005)	(7.005)
Add Overall budget variance 2021-22 (Appendix 2)	(0.500)			
Estimated Balance at 31 March	(8.505)	(7.005)	(7.005)	(4.505)
Earmarked Balance				
COVID Mitigation	1.500			
Transitional Affordable Housing			2.500	
	1.500	0.000	2.500	0.000
Estimated uncommitted balance at 31 March	**(7.005)**	**(7.005)**	**(4.505)**	**(4.505)**

20th January, 2022.

Agenda Item No. 5

Capital Investment Plan Update – Projected Outturn 2021-22

Report by: Eileen Rowand, Executive Director (Finance and Corporate Services)

Wards Affected: All

Purpose

The purpose of this report is to provide a strategic financial overview of the Capital Investment Plan and to advise on the projected outturn for the 2021-22 financial year.

Recommendations

The Policy and Co-ordination Committee is asked to note:-

i) the projected outturn position, that the level of financial risk appears to be increasing and also note the mitigating actions for the major projects within the Capital Investment Plan;

ii) the projected outturn position for the 2021-22 Capital Investment Plan;

iii) that more detailed capital outturn reports for 2021-22 will be submitted to relevant Sub-Committees of the Council, in accordance with agreed financial reporting arrangements and;

iv) that budget variances will be managed by the appropriate Directorate in conjunction with the Investment Strategy Group.

Resource Implications

The level of slippage in this reporting period is £9.286m which is an increase of £2.600m, while the level of financial risk associated with problems with supply chains and increasing costs of materials and labour continues. The impact of rising prices is likely to have a more significant impact in future years once projects are in implementation and completion stages.

Legal & Risk Implications

Potential risks include the continuing issues associated with delay in supply of some materials and increased costs of construction materials as a result of COVID-19 and BREXIT, the possibility of future restrictions reducing capacity to complete some projects on time and availability of funding streams for larger capital projects e.g. Developers Contributions. Further explanation of the current risks is contained in section 2.2.

Impact Assessment

An EqIA is not required because the report does not propose a change or revision to existing policies and practices.

Consultation

Financial projections are agreed in consultation with each Directorate and are based around the expected progress and delivery of individual projects.

1.0 Background

1.1 The purpose of this report is to advise members of the high level projected outturn position for the Council's Capital Investment Plan (the Plan) for the financial year 2021-22. The report also highlights the projected outturn position for major projects over £5.000m along with any potential risks associated with these projects. Explanation is provided at Section 2.1 where there is deemed to be a greater level of financial risk linked to major projects. The Plan covers capital expenditure on all Council Services including Housing, which is managed as a separate programme.

2.0 Issues

2.1 Major Projects

2.1.1 Appendix 1 provides a summary of the major projects within the Plan. There are 20 projects in this category with an overall budget of £706.032m.

2.1.2 At this stage, cost estimates suggest that there could be an overspend of £20.271m across the major projects in the programme, which is an increase from previously reported. The majority of the variance relates to "Opportunities for All" theme. Current estimates for Dunfermline Learning Campus indicate that there could be a potential overspend of £11.1m due to the impact of construction inflation and the requirement to design the building to net zero standards. The project is at an early stage and the design team are considering approaches to manage down the potential overspend within the project. Approaches to managing the cost pressure on the project will be explored within the full business case for the project which will be submitted to Policy and Co-ordination Committee early in the new year.

2.1.3 The estimated cost of construction in future years for the care home replacements at Cupar and Anstruther and associated supported housing programme is likely to exceed the allocated budget. The projected cost over-run for the Cupar home is £1.279m, which is above 5% of the total capital cost and is therefore considered to be a significant risk. The additional costs are mainly due to construction cost increases as result of arsenic contamination removal, gas free' heating system and enhanced drainage works. Options have been explored which have mitigated the cost increases but they cannot all be contained within the existing project budget and all funding options are being explored. It is possible that the budgetary requirement for Anstruther will be at a similar level as Cupar at £7.879m due to its similar size and design specification. A report on the current status of the care home replacement programme is the subject of a separate report on this agenda.

2.1.4 The project scope on Leven Railway Bridge has increased considerably beyond that originally expected and now requires the provision of new abutments, raising the parapets over the proposed railway line, extensive public utility diversions and infrastructure for local traffic diversions. This is likely to cost around £5.7m more than the budgeted figure of £2.5m. A business case has been developed to review options and potential funding solutions are the subject of another report on this agenda.

2.2 Potential Risks and Issues

2.2.1 There continues to be a risk across the Capital Investment Plan that both the timing and the costs of projects may be adversely affected as a result of the current economic climate following the response to COVID-19 and BREXIT. Throughout the programme issues are continuing to be identified in relation to the supply of construction materials which are resulting in delays to projects which, in turn, could lead to increased slippage and increased costs. However, the overall impact of this is difficult to predict with any degree of certainty and the forecasts in this report for 2021-22 relate in the main to projects that are currently in progress with contracts that are already agreed. That said, monitoring of the impact of any additional costs, impact on timescales and associated risks is ongoing. The known impact on timing of delivery of projects has been built in to the rephased plan but it is likely that the overall scale of any additional costs or further will be kept under review in future reports.

2.2.2 At this point in time, COVID-19 restrictions have eased, however, there remains a risk that any changes to future restrictions as a result of revised government guidance as new variants emerge could impact on project delivery in the current year or future years. These potential risks cover all aspects of the capital plan including both General Fund and the HRA.

2.2.3 The Council's approved Capital Plan includes £202m investment in respect of Secondary Schools in West Fife, which includes Dunfermline Learning Campus (DLC) and Inverkeithing High School replacement. The budgets for the projects reflect the funding requirements of the Scottish Government's Learning Estate Investment Plan which requires the Council to fund the up-front cost of construction, with Government support coming in the form of a revenue contribution based on the achievement of outcomes. This investment is intended to address both school condition, and the need for additional school places arising from housing development. The risks associated with the project relate to the potential impact of inflation on construction costs, the cost pressure arising from the requirement to design the schools to net zero, and the potential risks in the market around the availability and supply of labour and materials to complete the schools within the required timescale (August 2024).

2.2.4 Within Early Learning and Childcare (ELC), the delivery date of August 2020 was removed by the Scottish Government in light of COVID-19. The new implementation date was confirmed as August 2021. There are 5 projects still to be completed, 3 of these are currently on site with the remaining 2 at the design stage. The final project will be completed by April 2023. The provision of 1140hrs is being provided through decant solutions until the new facilities are operational. The completion of projects currently on site are slightly delayed due to issues with supply of materials, and the impact of inflation on materials costs.

2.2.5 It should also be noted that work has been underway to estimate the likely costs to the Council of delivering on the policy intention of Free School Meal expansion. It will be critical that funding is forthcoming to cover these costs. Further detail will be reported as it becomes available.

2.3 Financial Performance – 2021-22 Total Expenditure - Projected Outturn

Appendix 2 provides a summary by capital theme of projected expenditure and income for 2021-22 showing the total reprofiled expenditure budget of £177.738m and projected spend of £168.453m in the 2021-22 financial year, £9.286m slippage across the plan. Comparable expenditure for the previous 3 years was £138.473m (2020-21), £175.104m (2019-20) and £144.083m (2018-19).

3.0 Budgets and Funding

3.1 Budget

The Capital Investment Plan 2021-31 was approved by Fife Council in March 2021. At the end of each financial year, any budget which has not been spent is rolled forward into the next financial year as slippage. Services are asked to re-profile their project budgets in light of this slippage and the result of this can be seen in the movement from the approved budget to the current budget as detailed in Appendix 2.

The changes to the approved plan are summarised below and are the result of an increase in grant funding/other contributions. The change below followed agreed governance processes and have been agreed by the Investment Strategy Group, chaired by the Head of Finance.

	Total Expenditure £m
Capital Investment Plan as at Sept 2021	**179.519**
Budget Transfers	(1.765)
Increased Grant and Contribution Income	(0.016)
Current Capital Investment Plan as at Oct 2021	**177.738**

3.2 Expenditure

Expenditure variances are projected across all Directorates, the most significant being: -

3.2.1 Opportunities for All

Education advancement - £2.687m

There is advancement of £3.590m associated with Dunfermline Learning Campus (DLC). This reflects the early commencement of the site enabling works and reprofiling of the construction spend. The project is currently highlighting a significant estimated additional cost of £11.1m, however, as detailed above in para 2.1.1, the project is at an early stage and approaches to managing the additional cost down are being pursued and will be explored in the full business case for the project.

There is slippage of £0.349m for Primary Development which is due to the installation of a 2 classroom modular unit at McLean PS. The project has slipped due to site conditions requiring grouting of mine workings, however, the unit will be ready for August 2022. The rest of the underspend under Primary Development is around Wormit project which has been delayed until after Easter 2022 due to a re-tendering exercise.

Health and Social Care (£1.234m) slippage

There has been significant supply chain disruption which has led to delays in sourcing materials for the Methil care home replacement project. This has led to an expected completion date of July 2022, which is a 15 week delay, and slippage of £1.419m. This has been partially offset by advancement of expenditure on Anstruther and Cupar replacement care homes of £0.185m.

3.2.2 Thriving Places

Economy, Planning and Employability (£1.202m) slippage

There is slippage of £0.869m on Town Centres Regeneration. This includes slippage of £0.175m related to lengthened initial site investigations at Dunfermline Gap Site in preparation for a business case. Progress at the Kirkcaldy Volunteers Green project has been affected due to global supply chain issues resulting in slippage of £0.317m. Tenders for the works have been issued for contract appointment this month. Other Town Centre project slippage of £0.297m relates to the Scottish Government Town Centre Fund project at Inner Court, Cupar. Design works are at an advanced stage, delays have been agreed with Scottish Government and result from third party negotiations for land and property which are at completion.

Slippage of £0.337m has emerged on Vacant & Derelict Land funded project at The Avenue, Lochgelly which was expected to begin in August 2021 and now delayed to end February 2022, due to availability of specialist contractor resources.

Asset & Transportation & Environment (£0.630m) slippage

Sustainable Transport - (£0.385m) slippage

The projected slippage relates to two programmes. Path & Cycleways (£0.195m) due to on-going dialogue with Sustrans on the design specifications and final layouts. Levenmouth Rail Link (£0.170m) as grant applications are currently being assessed and prioritised for approval but there is unlikely to be spend in 2021-22.

Strategic Transport Intervention Programme - (£0.246m) underspend

As previously reported, the projected underspend relates to two schemes - Pitreavie Roundabout Signalisation (£0.162m) which will be delivered under budget due to a lower tender price than the design estimate, as well as (£0.072m) minor slippage on Bothwell Gardens Signal Replacement.

Area, Community and Corporate Development (£1.541m) slippage

There are a number of projects contributing to the expected levels of slippage, these are detailed as follows:

Area Community facilities has slippage of £0.316m due to delays to the Templehall and Abbeyview community hub projects. The Templehall option appraisal has been concluded. Consultation on the Abbeyview project has been completed and the project scope and design has been submitted for planning. As Templehall and Abbeyview are both major capital projects, a business case for each of these projects will be presented to a future Policy and Co-ordination Committee.

Slippage of £0.280m within Improving Health through Sport & Leisure is predominantly due to late delivery of 3 projects in the Cowdenbeath Area, which are now due to commence in 2022. The delay in progress is due to securing third party funding, revaluating the resourcing of the projects and consultation with communities.

Slippage of £0.879m for Sport & Leisure facilities, includes £0.400m delays to the Cowdenbeath Leisure Centre Phase 2 project due to additional funding being sought. The project will commence in Autumn 2022.

Projects plan for work at Lochore Meadows Phase 2 have recently been approved at Committee meaning that the construction work is due to start in early 2022 resulting in £0.500m of slippage in 2021-22.

3.2.3 <u>Inclusive Growth and Jobs</u>

Economy, Planning and Employability (£0.966m) slippage

Infrastructure work at Levenmouth Business Park has slippage of £0.381m due to finalising the necessary legal agreement in respect of a servitude to install a surface water outfall over land in third party ownership.

There is also slippage of £0.585m in the Fife Industrial Innovation Investment (Fi3) Programme funded through the Edinburgh and South East Scotland City Region Deal. This is partly due to the Levenmouth Business Units project which is delayed due to a dependency on supporting aforementioned infrastructure project activity at Levenmouth Business Park resulting in £0.187m slippage. In addition, works planned for the next phase of works at Queensway Industrial Estate, Glenrothes assumed for 2021/22 will now be undertaken in early 2022/23 due to the delay in receiving cost plans from the current occupant’s contractor, which are now finalised. Other slippage of £0.226m has emerged on the City Region Deal funded element of Industrial Development at The Avenue, Lochgelly relating to the availability of contractor resource referred to in paragraph 3.2.2.

3.2.4 Maintaining Our Assets – Rolling Programmes

Asset & Transportation & Environment (£1.697m) slippage

Fleet – Purchase of Vehicles and Equipment slippage of (£1.430m) is due to the ongoing impacts of COVID-19 and BREXIT causing worsening effects in the supply chain. It is now anticipated that the new vehicles will be supplied in early 2022/23.

Roads Infrastructure - £0.500m advancement: The Service received an additional £5M over two financial years to improve the road network (carriageway programme) across Fife. A road condition assessment has been undertaken and has identified several high value surfacing schemes on our main strategic routes that will greatly improve road conditions on these busy routes.

Traffic Management – (£0.500m) slippage: The projected slippage is a result of programme delays relating to the pandemic. There is a backlog of 2020/21 schemes which have yet to be delivered, and this has impacted on the delivery of the 2021/22 programme.

Climate Change Adaptation - (£0.561m) slippage relates to three projects, Riggs Place, Cupar (Retaining Wall replacement - (£0.180m)), Aberdour Footbridge (£0.079m) and Pittenweem Fish Market Chiller (£0.160m). These projects have slipped as a result of programme delays for alternative design solutions, environmental surveys/investigations and extended consultation.

Property Services - Advancement of £0.571m partly related to projects being advanced due to immediate health and safety requirements, and in some instances scope of works required were greater than originally anticipated. In addition, there are increasing material and labour costs due to COVID-19 and BREXIT.

Finance and Corporate (£0.680m) slippage

The main areas of slippage relate to the Corporate Wi-Fi £0.400m and the refresh programme for IT devices across the organisation £0.320m. The Council are currently upgrading the Local Area Network (LAN) and the specifications of the corporate Wi-Fi requirements are reliant on this upgrade. The LAN upgrade will not be complete until 2022, therefore, the spend on the Corporate Wi-Fi will slip into 2022-23. Priority has been given to the procurement of the relevant IT devices for the Workstyles Project, therefore the normal refresh programme has been delayed. In addition to this, there are currently longer lead times to procure IT devices, in some cases up to 6 months.

3.2.5 Maintaining Our Assets – Specific Programme

Asset & Transportation & Environment (£1.140m) slippage

Landfill Sites - Landfill Sites is projecting slippage of £1.135m, the majority of the variance relates to a delay in a grant funding decision. An application was submitted to the Recycling Improvement Fund, which is being managed by Zero Waste Scotland, which is aimed at improving the existing infrastructure, resulting in an improvement of material quality from the collection of co-mingled garden and food waste, to assist existing recycling rates. The initial bid for 2021/22 has been unsuccessful with further clarity sought from Zero Waste Scotland, the Council has been encouraged to resubmit next year, and as such remains hopeful that the project will be eligible for support.

3.2.6 Housing Revenue Account (£2.745m) slippage

The Affordable Housing Programme continues to progress and is projecting an advancement in year of £1.690m. There is also an advancement of £0.960m relating to the Land Acquisition budget with six sites due to be purchased in year. The purpose of this budget is to ensure that there are sufficient funds readily available when opportunities arise to buy sites which will be suitable for use as part of the ongoing Affordable Housing Programme.

There is slippage of £3.421m relating to several site-specific projects across the HRA which are delayed until 2022-23 as a result of COVID-19. These projects include improvement works in Hostels, Travellers sites and regeneration works across Fife. Although a number of projects have been delayed, those that are on site are progressing well. The HRA holds regular High Level Capital Board Meetings with Building Services to ensure that the level of potential spend is maximised in year and ensure any outstanding projects begin as early as possible.

There is slippage of £1.550m relating to Energy Efficiency projects which were also delayed as a result of COVID-19. Work is expected to progress in this area in 2022-23 and will form part of the larger Energy Efficiency Standards for Social Housing (EESSH 2) project which will run from 2023-32.

3.3 Total Income

Capital expenditure is funded from several income sources, some of which contribute specifically to individual projects in the plan. These income sources are Capital Financed from Current Revenue (CFCR), Scottish Government Specific Capital Grant and other grants and contributions (e.g. lottery funding). Appendix 2 shows that there is a total income budget of £65.460m against a forecast of £62.291m giving a projected variance of £3.170m. Within this variance is an under recovery of Scottish Government specific grant of £1.766m. This is in relation to subsidy which is provided by the Scottish Government for property acquisitions made by the Housing Revenue Account. At the time the budget was set, it was anticipated that all acquisitions would attract Government Subsidy, but as the year has progressed several Group Homes have been acquired for which no subsidy is payable leading to the current adverse variance. The remainder of this variance is in relation to the delay in funding for the Reception Hall at the Anaerobic Digestion Plant. This is now expected to be received next year.

3.4 Total Funding

Within the total funding section of Appendix 2, the other income such as General Capital Grant and Capital Receipts are not specifically related to any capital project but is funding for the plan overall. The adverse variance of £7.010m for Capital Receipts is in respect of the sale of Madras College. At the time the budget was set, it was anticipated that the full sale value of £8.500m would be received in 2021-22. Latest indications are that only a deposit of £1.500m will be received in the current year with the final balance due of payment in 2022-23. This underachievement of income is offset by the advancement of the transfer of the site of the Elgin Street Depot to the Housing Revenue Account at an agreed value of £1.200m. The balance of required funding in the year is met from borrowing through the Council’s Loans Fund.

4.0 Conclusions

4.1 Against the current total expenditure budget of £177.738m, the Council is showing projected spend of £168.453m in the financial year and slippage of £9.286m.

4.2 This level of projected expenditure demonstrates continued progress on the delivery of a wide range of capital projects. Major capital investment by Fife Council continues, however, there is still a level of uncertainty associated with speed of delivery and future costs.

4.3 There are 20 projects within the Plan which have a value of £5.000m or greater. The overall budget for these projects is £706.032m, the Council is showing projected spend of £726.303m and an estimated overspend of £20.271m.

4.4 Where significant variances arise, these are reviewed by the Investment Strategy Group in conjunction with the appropriate Directorate and reflected in any future capital plan reports.

List of Appendices

1. Major Capital Projects Total Cost Monitor
2. Monitoring Report by Capital Theme

Background Papers

None

Report Contact

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FIFE COUNCIL
CAPITAL INVESTMENT PLAN 2021-31
TOTAL COST MONITOR - MAJOR CAPITAL PROJECTS

Appendix 1

	Service	Original Approved Budget £m	Current Project Budget £m	Total Projected Outturn £m	Variance £m	Variance %	Current Project Status	Expected Project Completion Date
Opportunities for All								
Madras College - Langlands	E&CS	50.170	59.991	59.991	0.000	0.00%	Current Project	2021-22
Dunfermline Learning Campus	E&CS		111.000	122.100	11.100	10.00%	Current Project	2027-28
Extension Secondary School - Viewforth	E&CS	5.989	6.335	6.969	0.634	10.00%	Future Project	2025-26
New Secondary School - Glenrothes /Glenwood	E&CS	27.532	78.937	78.937	0.000	0.00%	Future Project	2028-29
Methil Care Home	H&SC	6.620	7.155	7.155	0.000	0.00%	Current Project	2022-23
Cupar Care Home	H&SC	5.580	6.600	7.879	1.279	19.38%	Current Project	2023-24
Anstruther Care Home	H&SC	6.145	6.595	7.879	1.284	19.47%	Feasability	2024-25
		102.036	**276.613**	**290.909**	**14.297**	**5.17%**		
Thriving Places								
Glenrothes District Heat	ATE	10.320	9.449	9.449	0.000	0.00%	Current Project	2020-21
Northern Road Link East End	ATE		10.950	10.950	0.000	0.00%	Preparatory Works	2026-27
Western Distributer Road	ATE		10.326	10.326	0.000	0.00%	Future Project	2028-29
Northern Road A823	ATE		8.568	8.568	0.000	0.00%	Preparatory Works	2025-26
Abbeyview Integrated Hub	Communities	1.500	6.506	6.506	0.000	0.00%	Current Project	2023-24
Templehall Community Hub	Communities	1.500	9.004	9.004	0.000	0.00%	Current Project	2025-26
		13.320	**54.803**	**54.803**	**0.000**	**0.00%**		
Inclusive Growth and Jobs								
Fife Interchange Business Units - Phase 1 & 2	EPES	8.129	11.027	11.027	0.000	0.00%	Current Project	2024-25
John Smith Business Park Business Units	EPES	3.644	5.517	5.517	0.000	0.00%	Future Project	2026-27
		11.773	**16.544**	**16.544**	**0.000**	**0.00%**		
Housing Revenue Account								
Affordable Housing	Housing	281.869	331.879	331.879	0.000	0.00%	Current Project	2022-23
		281.869	**331.879**	**331.879**	**0.000**	**0.00%**		
Maintaing Our Assets								
West Fife Depot	ATE	4.525	8.157	8.511	0.353	4.33%	Current Project	2019-20
Leven Railway Bridge & Bawbee Bridge	ATE	2.279	2.536	8.157	5.621	221.64%	Preparatory Work	2023-24
Local Area Network	BTS	7.200	7.200	7.200	0.000	0.00%	Current Project	2022-23
Balwearie High School	E&CS	8.300	8.300	8.300	0.000	0.00%	Future Project	2024-25
		22.304	**26.193**	**32.168**	**5.974**	**22.81%**		
Grand Total		**431.302**	**706.032**	**726.303**	**20.271**	**2.87%**		

FIFE COUNCIL
CAPITAL INVESTMENT PLAN 2021-22
MONITORING REPORT

Appendix 2

Capital Theme	Approved Budget £m	Current Budget £m	Actual to Date £m	Projected Outturn £m	Projected Variance £m	Projected Outturn as % of Plan
Opportunities for All	26.491	33.717	21.032	35.169	1.453	104%
Thriving Places	14.089	10.930	4.655	7.557	(3.373)	69%
Inclusive Growth and Jobs	10.536	5.920	1.590	4.954	(0.966)	84%
Maintaining Our Assets - Rolling Programmes	33.678	38.029	17.232	35.953	(2.075)	95%
Maintaining Our Assets - Specific Programmes	8.931	8.191	2.522	6.612	(1.579)	81%
Housing Revenue Account	74.780	80.752	28.727	78.007	(2.745)	97%
Corporate Items	0.200	0.200	0.000	0.200	0.000	100%
TOTAL EXPENDITURE	**168.705**	**177.738**	**75.757**	**168.453**	**(9.286)**	**95%**
Scottish Government Specific Capital Grants	(3.391)	(2.816)	(1.077)	(1.050)	1.766	37%
Other Grants and Contributions	(20.641)	(19.662)	(8.619)	(17.285)	2.377	88%
Capital Financed from Current Revenue (CFCR)	(42.009)	(42.982)	(1.309)	(43.956)	(0.973)	102%
TOTAL INCOME	**(66.041)**	**(65.460)**	**(11.005)**	**(62.291)**	**3.170**	95%
TOTAL NET EXPENDITURE	**102.664**	**112.278**	**64.753**	**106.162**	**(6.116)**	95%
Scottish Government General Capital Grant	(25.013)	(24.985)	(15.335)	(24.985)	0.000	100%
Capital Receipts	(1.473)	(8.558)	(0.708)	(3.539)	5.019	41%
NHT Loan Repayments	(1.963)	(0.187)	(0.187)	(0.187)	0.000	100%
Borrowing from Loans Fund - General Fund	(41.794)	(39.490)	0.000	(40.786)	(1.296)	103%
Borrowing from Loans Fund - HRA	(32.421)	(39.057)	0.000	(36.664)	2.393	94%
TOTAL FUNDING	**(102.664)**	**(112.278)**	**(16.229)**	**(106.162)**	**6.116**	95%

20th January, 2022.
Agenda Item No. 6

Leven Railway Bridge Works – Capital Funding

Report by:	Ken Gourlay, Head of Assets, Transportation and Environment
Wards Affected:	21 & 22

Purpose

The purpose of this report is to seek approval for the business case to allow the works to replace the Leven Rail Bridge to be undertaken within Network Rail's programme to deliver the reinstatement of the Leven Rail Link.

Recommendation(s)

It is recommended that the Policy and Co-ordination Committee agree to:

(1) the need to deliver the Leven Rail Bridge replacement works as part of the delivery mechanism to implement the Leven Rail Link which is programmed for delivery by the end of December 2023;

(2) the approval of the business case and the selection of option 2 b) to deliver the bridge replacement works at an overall cost of £8.157m,

(3) delegate to the Executive Director, Finance & Corporate Services and the Executive Director, Enterprise & Environment to agree Heads of Terms (HoTs) with Transport Scotland as well as agreement to the Team Scotland Execution Plan (TSEP).

Resource Implications

The Fife Council Capital Investment Plan 2019-29 was approved at Full Council on 21st February 2019 (2019.FC.140 para 104 refers). Within that, budget provision of £2.446m was programmed to replace the deck of the Leven Rail Bridge to remove the 18 tonnes weight limit which is currently in place on the bridge.

Through collaborative working with Transport Scotland and Network Rail and their designers and contractors delivering the Leven Rail Link, the need for the full replacement of the Leven Rail Bridge has now been identified with an estimated overall cost of £8.157m.

The Capital Plan budget for bridge works from 2019-2029 allows for £10m of investment. It is proposed that the delivery of Leven Rail Bridge is prioritised.

An assessment will be made as part of the capital plan review on what is affordable going forward across the plan.

Legal & Risk Implications

The Leven Rail Link is programmed to be reinstated by December 2023. This timing places a need for the Council to deliver the bridge replacement works before the rail link is implemented. Thus, avoiding construction costs in excess of £13m because of the constraints and complications imposed when delivering bridge replacement works over a live railway line.

Roads and Transportation Services has been in discussion with the Transport Scotland/Network Rail delivery team with a view to incorporating the bridge replacement works within their construction programme. This specialist rail team deliver the strategic rail projects across Scotland and through the new programme known as ‘Project 13’ adopt a collaborative approach to offer expertise, rapid mobilisation programme benefits and cost savings to help deliver the bridge works as part of the integrated package of works.

Risk is an inherent element of such bridge replacement works; however, this has been mitigated through the identification of an expert construction delivery team and provision of a suitable level of budget provision and an additional allowance of 30% for optimism bias bearing in mind the stage of development of the project.

The Project 13 Initiative requires Fife Council to agree to Heads of Terms (HoT) with Transport Scotland as well as agreement to the Team Scotland Execution Plan (TSEP).

Procurement Risks

Advice has been sought from an external procurement law specialist as to the application of the law on public procurement. Their advice is that the arrangement described in this report is unlikely to fall within the statutory definition of a “Public Contract and is not therefore likely to be subject to public procurement law. The procurement risk associated with this arrangement is therefore considered to be low.

The advice contains a minor proviso because the full nature of the legal arrangements between Transport Scotland, Network Rail and the contractor are not yet known. This will be investigated and resolved to the satisfaction of the Head of Legal and Democratic Services prior to entering into any legally binding agreements.

Contractual Risks

Transport Scotland requires the Levenmouth Rail Link Project (including, the Bridge Works where incorporated) to be implemented under the Team Scotland Execution Plan (“TSEP”) which is the agreed national approach. The TSEP does not allow for deviations in relation to individual elements. The effect is the Council will not enjoy same the range of cost control protections as it would normally have if it were to have procured the Bridge Works on a stand-alone basis and was entering into a contract directly with a Contractor for those works.

The risks are, however, ones which are considered to be manageable on the basis the commitments to make payments would be owed to Transport Scotland, who are the recognised national experts in relation to implementation of transport projects in Scotland, with Network Rail (being the UK’s leading expert in procuring rail infrastructure works) also having a substantial involvement.

Impact Assessment

An EqIA and a Fife Environmental Assessment Tool (FEAT) is not required as this report does not propose a change or revision to existing policies and practices. An appropriate environmental assessment has been completed as part of the Planning process.

Consultation

There has been consultation with Financial Services, Community Services, Legal Services, Transport Scotland, and Network Rail in developing this report. The outline detail of the proposed works and diversion route have been verbally shared with the Levenmouth Reconnected Programme Task Group (the local consultation group) as the initial stage of the consultation programme.

1.0 Background

1.1 The Leven Rail Bridge was constructed circa 1946 and is a 75-year-old structure which from investigation is suffering from significant deterioration with a weak deck and supporting abutments which show signs of significant chlorine contamination and corrosion. Given its condition, the bridge is in a poor state of repair with a limited lifespan, even with a reduced weight limit. Once the rail link is reinstated, the potential to deliver any form of bridge maintenance works would be very costly and time consuming and would be of limited benefit given the underlying condition of the structure.

1.2 The Leven Railway Bridge has had an 18-tonne weight restriction and edge protection measures in place since the 1990s. The bridge carries some 18,000 veh/day and is the only means of direct access between Methil and Leven. In the event that the bridge was to be closed, this would result in a 5 miles diversion for road users through a road network which, from detailed assessment, would not support such additional traffic. The diversion route would include A955 Methilhaven Road, B932 Sea Road, A915 Standing Stane Road and Windygates Road and B933 Glenlyon Road

1.3 In August 2019, the Scottish Government announced the commitment to reinstate the Leven Rail Link by December 2023. At that time, the detail of the proposed rail station and plans for electrification of the rail line adjacent to the Leven Rail Bridge were unknown, hence detailed discussions were held with Transport Scotland /Network Rail to best co-ordinate the respective programmes. From this, it was identified that the delivery programme for the rail link and bridgeworks contracts were on similar timelines and to avoid the contractual complications and uncertainties of having different specialist contractors on a heavily constrained site, it was decided to explore the cost and logistical implications of incorporating both work streams within the same delivery mechanism.

1.4 Delivery of the preferred option is proposed through the Transport Scotland/Network Rail delivery process named ‘Project 13’. **Project 13** seeks to take principles from best practice throughout industry and focus on delivering better “outcomes” for the end user of the infrastructure. The **Enterprise Model** for delivery is the heart of Project 13 and brings together all parties to focus on delivery of an agreed **Performance Baseline** set by the Investor. A summary of Project 13 is presented in Appendix 4.

1.5 The Leven Rail Bridge, because of its condition, would require to be replaced in the short to medium term and, should this be deferred until after the rail line is reinstated, this would significantly complicate and extend the construction works and lead to construction costs in excess of £13m. With the Levenmouth Rail link programmed to be delivered by December 2023, delivering this project as a “stand alone” traditional tendered contract to the now required design standards would result in works not being completed in time for the December 2023 deadline.

1.6 As part of this approach, Fife Council would be an enterprise partner through the agreement of Heads of Terms and a TSEP (Team Scotland Execution Plan) with Transport Scotland.

1.7 Consultation on the inclusion of the Leven Rail Bridge within the Project 13 programme is ongoing with Transport Scotland/Network Rail and Fife Council’s Roads and Transportation, Legal, Finance and Procurement Services. All partners appreciate the need for collaborative working and on approval of this approach by the Policy and Co-ordination Committee on 20th January, 2022 it is proposed that HoT be signed with Fife Council adopting a partner role in the Project 13 Leven Rail programme.

1.8 The level of work now required to deliver the bridge replacement project is in excess of the original deck replacement scheme proposed in 2006. The extended works include the design and installation of new bridge abutments which imposes greater complexity to the constructability and temporary diversion works for the project. Equally, new higher parapets are required because of the live electrified rail line. As these extended works incorporate additional requirements, the design and safety standards are more extensive than previously required.

1.9 Delivery of the bridge replacement works is proposed to be through a Design and Build contract, which will also be managed through the Project 13 Initiative. Roads and Transportation Services will continue to work with the design team to progress a final design solution and be part of the monitoring of the construction works.

2.0 Options Considered

2.1 From detailed discussions between Roads & Transportation Services, Transport Scotland / Network Rail and their delivery teams, three principal options have been considered to address the need to improve the Leven Rail Bridge.

- **Option 1 - Do Nothing and continue to maintain the existing Leven Rail Bridge**

  The existing bridge is in a deteriorating, poor condition and the 18-tonne weight limit in place limits the economic vitality and accessibility within the area. The investment in support of the reintroduction of the rail link looks to help regenerate the economic, social and environmental benefits to the Levenmouth area. This option does not help support that vision.

- **Option 2 – Deliver the Leven Bridge Replacement Works through the Transport Scotland ‘Project 13’ delivery approach** with:

  a) **No direct temporary road link** between Methil and Leven across the River Leven to maintain two-way traffic – Estimated Cost £6.231m

  b) **Provision of a temporary diversion road and bridge link** across the River Leven to maintain accessibility for the area throughout the duration of the proposed 47-week bridge construction works, as per Appendix 2. Estimated Cost £8.157m

- **Option 3 – Replace the Leven Rail Bridge after the Leven Rail Link is completed** through a conventional contract delivery process. Estimate of cost is expected to be more than £13.300m due to the additional time and restrictions associated with working over a live railway line.

2.2 On assessment of these options, Option 2 b) is the preferred, most viable cost-effective method of delivering the new rail bridge whilst also maintaining direct road access between Methil and Leven during the 47-week contract works.

2.3 The Capital Plan budget for bridge works from 2019-2029 allows for £10m of investment. It is proposed that the delivery of Leven Rail Bridge is prioritised. Currently £2.466m is included for the delivery of Leven Rail Bridge. At a cost of £8.157m, this preferred option will require additional funding of £5.711m due to the expansion of works explained at para. 1.8 above.

2.4 An initial funding bid is being pursued through the UK Government's Levelling Up Fund in early 2022 which will include a £6.350m bid for the Leven Railway Bridge and £2.2m for Lyne Burn Culvert, Dunfermline. Confirmation of the timing and the arrangements governing the bid are awaited from the UK Government.

2.5 Further opportunities for additional funding are being progressed through Sustrans regarding future active travel routes and the proposed bridge improvement works would help to support these issues.

2.6 As part of the upcoming capital plan review, an assessment will be made on what is affordable across the plan going forward.

3.0 Conclusions

3.1 The Leven Rail Link and associated programmes will bring some £100m of investment to the Levenmouth area which is a key regeneration focus for the Council.

3.2 The level of work now required to deliver the Levenmouth Rail Bridge replacement works is more than the original deck replacement scheme. This has resulted in the cost of the bridge replacement works being expected to cost £5.711m more than budgeted. Various options have been explored to fund the shortfall and it is proposed that other funding options are progressed through Sustrans and the Levelling up Fund. An assessment will be made as part of the upcoming capital plan review looking at what will be affordable across the plan going forward.

3.3 The opportunity presented by the Scottish Government's Project 13 rail delivery programme offers an efficient and timely mechanism for Fife Council to deliver the Leven Rail Bridge replacement works as part of an integrated delivery plan with the Leven Rail Link.

List of Appendices

Appendix 1 – Option 2a
Appendix 2 – Option 2b
Appendix 3 – Business Case
Appendix 4 – Project 13 Enterprise Model Presentation

Background Papers

Leven Railway Bridge Works – Capital Funding, Investment Strategy Group, 2nd December 2021.

Report Contact(s)

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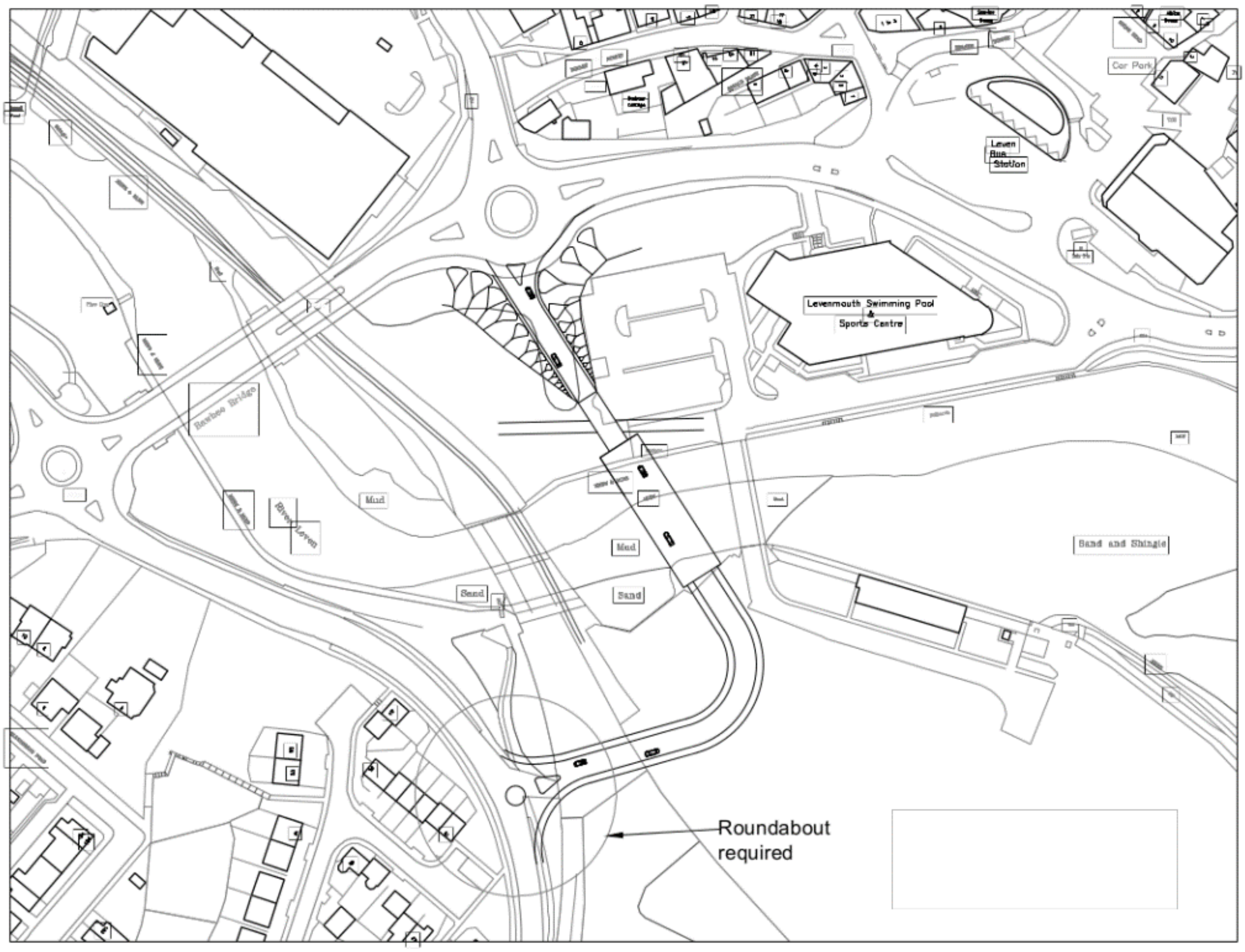
Option 2a Diversionary route for duration of works

Option 2b


Levenmouth Swimming Pool & Sports Centre
Leven Bus Station
Car Park
Bawbee Bridge
River Leven
Mud
Mud
Sand
Sand
Sand and Shingle
Roundabout required

Fife Council	Proposal & Business Case	Document ref PF01

Project ref & title	Leven Rail Bridge Replacement
Programme or Service Change Plan Ref (if applicable)	N/A
Project Manager	Ross Speirs
Project Sponsor	John Mitchell
Approval board(s)	N/A
Date & version	19/11/2021 V0.1

Document history

Date	Version	Last revised by	Details of revision
19/11/2021	0.1	Ross Speirs	Initial Draft

Section 1: Proposal

Section 1 of this document forms the Project Proposal. This section of the template covers the project basics to work-up an idea. This allows the Project Sponsor to make an informed decision on the idea, and assess its' merits as a project.

1.1 What is the project going to do?

Deliver a new bridge which in parallel with the new rail link and associated stations being delivery by Network Rail will help facilitate improved access and regeneration of the Levenmouth area.

1.2 Why should we do it and what will happen if we do not?

1.2.1 Project background

Leven Railway Bridge has been under a weight restriction, currently 18 tonnes, since it was assessed as weak in the 1990s. In addition, the weaker edges of the structure are protected with bollards. A scheme to replace the deck of the bridge to resolve this weakness has been in the capital plan for a number of years. However, when initially proposed, there was no confirmed plan to reinstate railway services into Leven.

The return of the railway has led to a review of the scope of the project, recognising that future works on the structure will be more complex, and costly, once the railway is operational. It is therefore vital to carry out all necessary work to ensure the long term integrity of the structure with minimal maintenance.

The presence of an electrified railway necessitates changes to the original anticipated design. Network Rail's design for the station and tracks influences the design of the new Leven Railway bridge which includes, skewing of the railway line under the existing Railway Bridge, and provision of 2No new abutments as well as raising the height of the parapets over the new railway line to comply with safety requirements, all of which were not included in the original design.

As there are foreseeable risks in delivering two major projects, the Leven Rail Link and stations, and the Leven Rail Bridge, within the same area at the same time, a number of options and estimated costs have been developed.

1.2.2 Project justification

The Leven Railway Bridge has had an 18-tonne weight restriction and edge protection measures in place since the 1990s. The bridge carries some 18,000 veh/day and is the only means of direct access between Methil and Leven. In the event that the bridge was to be closed this would result in a 5 miles diversion for road users through a road network that would not support such additional traffic.

There is a statutory obligation for Fife Council to manage and maintain all roads and structures pertaining to and making up the adopted roads network in Fife, as laid out within the Roads (Scotland) Act 1984.

Assessment of all structures are carried out and then a risk based approach to delivering the maintenance of these structures is carried out. The Leven Rail Bridge was originally assessed through a Feasibility Study in 2006 which resulted in a recommendation of replacement of the bridge deck only and limited work to the existing parapets. This was estimated at the time, with a 30% uplift for optimum bias included, was £1.522m. This estimate has been subsequently revised over the years to cover costs, inflation and retail price index to £2.446m which is the current figure within the current Capital Investment Plan 2019-2029.

On announcement of the reopening of the rail link in August 2019 work on the bridge deck replacement was paused to ensure that any proposals for a new station and rail electrification measures and associated works were coordinated and integrated with the plans for the bridge design.

The return of the railway led to a review of the project, recognising that works on the structure post-implementation of the rail line would be more complex, lengthier, and at a higher cost. It has therefore been identified that all bridgeworks should be undertaken now to avoid excessive costs which will be the case once the electrification of the rail line is implemented. Failure to carry out works on this strategic structure will result in further weight restrictions in the future potentially reducing the weight limit to 10 tonnes and removing all HGV and bus service vehicles from this strategic route. Not only does this have a seriously adverse effect on the strategic road network, it is contrary to the fundamental aim of the Levenmouth reconnected programme.

1.2.3 Urgency and consequences

The Leven Rail Link is being delivered by Transport Scotland and Network Rail. They have stated through the media that the re-introduction of the rail line is programmed to be be completed by December 2023. It is prudent to develop a joint solution for the delivery of the rail link as well as the replacement of the rail bridge. Consequences of not doing so are reputational as well as financial. Delivering the rail bridge works after the completion of the Levenmouth rail link and station project will increase the financial cost by a factor of two as rail possessions will be required to carry out the majority of the works over the rail line. It is also envisaged that Network Rail would not permit any works which would affect the new station and rail line for a number of years after completion of their works for both their own reputational and health and safety reasons. This would increase construction costs further.

1.3 What are the key deliverables/outputs of the project?

Title	Description
Collaborative multi agency working	Working collaboratively with Transport Scotland and Network Rail to deliver the Leven Railway Bridge works
Manage efficiencies	Financial, consultant, programme, risk and construction management and personnel management through joint working between partner agencies
Infrastructure	Improved Infrastructure and Active Travel links
Manage budget	By utilising the framework under the Project 13 delivery model financial efficiencies can be maximised.

1.4 What are the desired outcomes and benefits?

Outcome	Benefit
Delivery of new bridge works in parallel with the delivery of the new Levenmouth rail station and railway.	• reduced maintenance costs • removal of weight restriction • Incorporated Active Travel Route • Current Bridge not “fit for purpose” in future years and delivery of new bridge works would resolve this issue. • Improved infrastructure for the area and improved active travel links in compliance with Government policy and design standards • Increase efficiency in joint working and delivery • Increase project management capability and reduction in construction conflict between Levenmouth Rail link delivery and Leven Railway bridge upgrade • Reduce the risk of financial and construction management conflicts • Increase opportunity to work collaboratively on common goal •

1.5 What are the known costs and timescale? How will this be funded?

1.5.1 Costs

Total expected one-off cost	Total expected recurring cost
Total Construction costs estimated currently at c£8.157m for preferred option	No additional Revenue recurring costs

Note: The above costs are an estimate of future maintenance costs required to maintain the bridge at operational standards. Structural inspections will be carried out on a 2 yearly basis commencing at the end of year 2. No maintenance expected for 60yrs. Design life expectancy 120yrs. SAVI (Structural Assessment Management Valuation Investment) toolkit.

1.5.2 Resource requirement (Fife Council resources are from existing resource pool)

- Structural Services Bridges and Structures personnel
    - Availability of staff to manage
        - Design;
        - Project Management
        - Tendering
        - Financial management
        - Construction management
    - Allocation of Engineering staff
    - Allocation of Business Change role (potentially)
- Contracts Manager
- Procurement Officer
- Legal Representation
- Data Protection Resource
- Records Manager

1.5.3 Project timeline

The project is to run in parallel with the Leven Rail Link and stations delivery timeline Currently, Transport Scotland/Network Rail project programme timeline is detailing completion by December 2023.

1.5.4 Funding availability

The current 2019-29 Capital Plan has a budget of £2.466m for the bridge. This leaves a shortfall of £5.711m. Various options have been explored to fund the shortfall and it is proposed that other funding options are progressed through Sustrans and the Levelling up Fund. An assessment will be made as part of the upcoming capital plan review looking at what will be affordable across the plan going forward

1.6 What are the known pre-start-up risks?

Risk description	Probability score (1-5)	Impact score (1-5)	Overall score (probability x impact)
Bridge design and construction not aligned with Network Rail project	3	5	15
Head of Terms and TSEP not agreed with Transport Scotland	2	5	10
Actual construction costs exceed available budget	2	5	10
Political involvement directs outcome of chosen option	1	5	5
Costs rise further than expected due to construction prices.	2	5	10
Work isn't completed in timescale and impacts on opening of railway	2	4	8
Covid restrictions returning and impacting	2	5	10

Note: *Once the project enters the Plan stage, the project's pre start-up risks should be copied into the project's Risk Log. The Risk Log will supersede the items detailed in the above table.*

1.7 Proposal sign-off

Approved by	Role	Date approved
Ross Speirs	Project Manager	25/11/2021
John Mitchell	Project Sponsor	25/11/2021
Caroline Ritchie	Finance Representative	25/11/2021

BTS Approval (for IT related projects only)	Role	Date approved

Section 2: Business Case

Section 2, when combined with Section 1 & 3 of this document, forms the full Business Case for the project. When completed, it provides a baseline document that fully defines the project prior to project planning.

2.1 What is the scope of the project?

2.1.1 Output

Project outputs are defined in Section 1.3 of this document. Any updates to project outputs will be made in Section 1.3.

2.1.2 Resources

Project resources are defined in Section 1.5.2 of this document. Any updates to project resources will be made in Section 1.5.2.

2.1.3 Customers

Externally, retail, businesses Emergency Services, all public bodies and all road users These include, but not limited to Freight Transport Association, RAC AA, Public Transport suppliers, Taxi Association, Emergency Services, all members of the public utilising all modes of transport. Customers located locally and nationally.

2.1.4 Staff

Structural Services: Service Manager

- Bridges and Structures:
  - Lead Consultant
  - Consultant Engineer x 2
  - Graduate Engineer x1
  - Graduate Level Apprentice x1
- Financial Services : Business Partner (Roads and Transportation Services)
  - Accountant x1
- Category Manager Revenue and Commercial Services (Procurement Manager)
- Legal Services – Solicitor x1

2.1.5 Business processes

Create new Service business processes

Procurement and management of the construction processes through the Project 13 framework.

2.1.6 Exclusions

None

2.2 How will 'business as usual' be maintained whilst change is implemented?

There will be no change to "business as usual". This project will be delivered through existing personnel within Roads and Transportation Services.

2.3 Who are the key stakeholders?

Transport Scotland
Network Rail
Fife Council, Roads and Transportation Services – Structural Services

2.4 What are the options to deliver the project (minimum of 3)?

***Note**: To add more than 3 options, copy and paste the tables below as required.*

Option 1:	Do nothing
Cost	This is a "maintenance only" option for the existing bridge. The maintenance costs will multiply by two once maintenance works are required to be carried out over the live railway line. This is normal for any works over a live railway. Given the deteriorating state of the existing structure, maintenance costs will continue to rise as the bridge ages. It's current weight limit of 18 tonnes will be reduced further in future years to 10 tonnes, which would then remove all HGV and bus traffic from this strategic corridor. Investigation works have highlighted that the bridge will need significant maintenance to maintain it in its current form. Any works taking place after the railway line is live will double the maintenance costs due to the need for restricted access for track possessions. I..
Time	12 week contract per annum
Quality	Continued maintenance of the aging structures will deliver limited quality.
Resource	0.1FTE Service Manager, 0.2 FTE Lead Consultant, 0.5 FTE Consultant Engineer, 1FTE Graduate Engineer, 0.25 FTE Clerk of Works for duration of contract
Scope	This proposal maintains the existing structure "as is" with the continued weight limit of 18 tonnes remaining. Maintenance works only carried out on and under the structures.
Risk	Bridge will become unfit to carry 18tonne limit and reduce further capability of this strategic link between Methil and Leven continuing as such, for all transport types. Risk of further weight restriction to 10tonne imposed on existing structure as traffic level and make up increases in future years. Higher maintenance costs in future years as rail possessions required to carry out maintenance works over live station and rail line. Leaving exiting structure in place will increase the risk of stifling economic activity due to the current weight restriction. This is at odds with the sentiment behind the Levenmouth reconnected programme Material costs are increasing If covid restrictions return working arrangements could be adversely affected working periods
Benefits	Bridge remains open throughout the rail station and railway construction with no delays to traffic flows or diversionary routes in place.

Option 2a	Replacement of Bridge with diversionary route on existing road network
Cost	**c£6.231 and reduced future significant revenue maintenance costs**
Time	47 weeks
Quality	Advantages: Expected lifespan of 120yrs Minimum maintenance in early years of lifespan with biannual inspection only Disadvantages: Lengthy delays and congestion throughout construction period; Increased degradation of existing diversionary route, increase in carbon emissions along diversionary route; Contrary to Fife Councils "Climate Emergency" goals Political opposition to no strategic link between Methil and Leven for duration of construction period Reputational risk to Fife Council for the congestion on roads network at various point on diversionary route
Resource	0.20FTE Service Manager 0.5 FTE Lead Consultant, 0.75 FTE Consultant Engineer, 1FTE Graduate Engineer, 0.25GLA, 0.25 FTE Clerk of Works for duration of contract

Scope	Full replacement of current bridge deck, parapets and abutments under full closure. Provision of diversionary route on existing road network
Risk	Assumed 8wk duration for service diversions before and after works Service location to be confirmed on site to ensure works on PU diversions can be carried out under 2 way traffic Unexpected ground conditions encountered Material costs increasing If covid restrictions return working arrangements could be adversely affected Political opposition to removal of strategic link for contract duration Reputational risk due to lengthy delays and congestion on existing road network created by diversionary route implementation.
Benefits	New structure requiring minimum maintenance in early years other than 2 yearly inspections, and design life expectancy of 120yrs. Working in partnership with Network Rail ensures collaborative delivery and mitigation of risk throughout contract duration.

Option 2b	Replacement of Bridge and construction of- Permanent Road from Bawbee Roundabout
Cost	c**£8.157m and reduced future significant revenue maintenance costs**
Time	47 wks
Quality	Expected lifespan of structure of 120yrs Minimum maintenance in early years of lifespan with biannual inspection only Direct access to new rail car parking area on completion of works Inclusion of active travel routes Temporary roadworks creating the strategic link become permanent feature
Resource	0.20FTE Service Manager, 0.5 FTE Lead Consultant, 0.75 FTE Consultant Engineer, 1FTE Graduate Engineer, 0.25GLA, 0.25 FTE Clerk of Works for duration of contract
Scope	Full closure of the A955 at the railway bridge, replacement of the rail bridge, provision of temporary strategic route from Bawbee Roundabout to South road for duration of works. Retention of access road from Bawbee roundabout to new rail car parking facility as permanent feature. Provision of active travel route from South Road to Bawbee Roundabout.
Risk	Assumed 8wk duration for service diversions before and after works Service location to be confirmed on site to ensure works on PU diversions can be carried out under 2 way traffic Unexpected ground conditions encountered Temporary access road to south does not receive Planning Permission Material costs increasing If covid restrictions return working arrangements could be adversely affected
Benefits	New structure requiring minimum maintenance in early years other than 2 yearly inspections, and design life expectancy of 120yrs

Option 3	Replacement of bridge after Network Rail works completed
Cost	**c£13.3m** and ongoing maintenance costs until bridge is replaced
Time	65weeks minimum
Quality	Advantages: Expected lifespan of structure of 120yrs Minimum maintenance in early years of lifespan with biannual inspection only Disadvantages: Working over a live railway incurs significant costs and time restrictions. Costs approximately doubled for possessions to carry out works, seasonal and night time working will be expected, and possessions can be withdrawn by Network rail which is a risk to the project programme.

Resource	0.5FTE Service Manager, 0.75 FTE Lead Consultant, 1.75 FTE Consultant Engineer, 1.0 FTE Graduate Engineer, 0.25FTE GLA, 0.5 FTE Clerk of Works for duration of contract.
Scope	Partial closure of the A955, full replacement of current bridge deck in 2 halves, parapets and abutments under single lane closure and traffic management. Provision of diversionary route anti clockwise over the river Leven to South Road.
Risk	Working over a live railway incurs significant costs and time restrictions. Costs approximately doubled for possessions to carry out works, seasonal and night time working will be expected, and possessions can be withdrawn by Network rail which is a risk to the project programme Material costs increasing If covid restrictions return working arrangements could be adversely affected Temporary access road to south does not receive Planning Permission
Benefits	New structure requiring minimum maintenance in early years other than 2 yearly inspections, and design life expectancy of 120yrs

2.5 What is the recommended option from Section 2.4 to deliver the project?

The recommended Option to progress is **Option 2b**. This option maximises investment by utilising the new access road from the Bawbee Roundabout for the delivery of the Leven Railway bridge works. It also provides a permanent direct access to the new railway station car park proposed by Network Rail, on completion of both construction projects as well as ensuring high accessibility for all users and modes of transport to the rail station. It provides best value for the capital spend in the provision of the temporary access road for the construction works being retailed as a permanent access road and active travel route. Transport Assessment confirms that this temporary route provides the best modelling outcome for the construction works period also while maintaining the strategic link between Methil and Leven for the duration of the construction works. In comparison to Option 2a, the Transport Assessment commissioned confirmed major congestion along the diversionary route, resulting in significant delays at various junctions Carbon monoxide emissions will be more concentrated along the diversionary route for the duration of the construction works, affecting health and welfare of all personnel and property. This is also contrary to the Fife Council Climate Emergency principles.

2.6 What is the outline plan and cost break-down?

2.6.1 Outline Plan

Outputs/deliverables	Timescale
Present to Policy and Coordination Committee 20 January 2022	9 weeks
Contract Award through Project 13 initiative	12 weeks
Possession of works area, and construction of temporary road, commencement of site preparation.	10 weeks from contract start
Full closure of A955 to allow removal of existing bridge deck, construction of abutments, new deck and parapets. Services diversions carried out	27 weeks (from 10th week of contract start)
Offline construction works carried out with new deck in place, works conclusion and site clearance	10 weeks (from 37th week of contract start)

***Note**: Once the project enters into the Plan stage, and moves to developing the Project Plan, the Project Plan will supersede the Outline Plan detailed above.*

2.6.2 Budgets

Total capital budget	Total revenue budget
£8.157m	

2.6.3 Cost break-down

Item description	One-off cost	Recurring cost	Funding source	Funding available
Total Capital costs for project	c£8.157m.		Capital	Yes
Totals	C£8.157m			

Note: *For the "Funding available" column above; state either Yes or No to indicate whether or not the funding is already available for this project item. Remember to state Yes or No for both the Capital and Revenue costs incurred by the project for this item.*

2.6.4 How realistic is the approach?

All costs have been based on current construction rates and provided by both internal design teams within Roads and Transportation Services and from Network Rails Construction company. An optimum bias of 30% has been incorporated into the construction costs as an allowance for any construction related unknowns. Project programme and risk register is being jointly managed for the delivery of this project between Network Rail and Roads and Transportation Services personnel. Heads of Terms are drafted and the TSEP is being completed. Procurement Strategy is also being progressed for the delivery of the Project 13 Framework.

2.7 What are the benefits of the project and what measures will be used to show their realisation?

Benefit name	reduced maintenance costs
Measure	Monitored through required biannual General Inspections and 6 yearly Principal inspections
Baseline(s) per measure	No required maintenance on structure for considerable period of time on completion
Target per measure	No maintenance requirement highlighted in 2 yearly and 6 yearly statutory inspections, releases Revenue funding to better maintain other structures.
Benefit Owner	Project Sponsor
Timescale	Immediately on completion of works
Programme end benefit(s)	Not Applicable

Benefit name	removal of weight restriction
Measure	Design for new structure compliance with current design standards and vehicle loadings
Baseline(s) per measure	Compliance with current national design standards. Managed through regular design meetings.
Target per measure	Compliance with current national design standards Maximises the strategic link for all commercial traffic along this route
Benefit Owner	Project Sponsor
Timescale	Immediately on completion of works

Programme end benefit(s)	Not Applicable

Benefit name	Incorporated Active Travel Route
Measure	Provision for Active Travel built in to new bridge
Baseline(s) per measure	Incorporate in to earliest stages of design
Target per measure	Delivery of linked Active Travel routes between Methil and Leven. Improved health benefits for all users Improvement and inclusion of climate change net zero targets
Benefit Owner	Project Sponsor
Timescale	Immediately on completion of works
Programme end benefit(s)	Not Applicable

Benefit name	Bridge “not fit for purpose” in future years
Measure	Monitored through required biannual General Inspections and 6 yearly Principal inspections
Baseline(s) per measure	Continued maintenance on structure for considerable period of time
Target per measure	No maintenance requirement highlighted in 2yearly and 6yearly statutory inspections
Benefit Owner	Project Sponsor
Timescale	Immediately on completion of works
Programme end benefit(s)	Not Applicable

Benefit name	Increase efficiency in joint working and delivery
Measure	Regular programme management meetings to discuss project and programme delivery. Assessment and risk reduction meetings to also be held, progress of works in line with project programme on site.
Baseline(s) per measure	Current fortnightly meetings between Transport Scotland/Network Rail/Fife Council via TEAMS
Target per measure	Fortnightly meetings to continue for duration of work. In addition contract only meetings will commence when works commence on site at weekly intervals.
Benefit Owner	Project Sponsor
Timescale	Immediately as meetings are currently programmed fortnightly
Programme end benefit(s)	Not Applicable

Benefit name	Increase project management capability and reduction in construction conflict between Levenmouth Rail link delivery and Leven Railway bridge upgrade
Measure	Regular programme management meetings to discuss project and programme delivery. Assessment and risk reduction meetings to also be held, progress of works in line with project programme on site.
Baseline(s) per measure	Current fortnightly meetings between Transport Scotland/Network Rail/Fife Council via TEAMS
Target per measure	Fortnightly meetings to continue for duration of work. In addition contract only meetings will commence when works commence on site at weekly intervals.
Benefit Owner	Senior User and Project Sponsor
Timescale	Immediately as meetings are currently programmed fortnightly

Programme end benefit(s)	N/A

Benefit name	Reduce the risk of financial and construction management conflicts
Measure	Financial monitoring on weekly and monthly basis in line with Financial Regulations and contractual obligations between parties Contract program management meetings on weekly and monthly basis to ensure no conflict of working arrangements One Project Manager for the whole works ensuring continuity, in line with contract conditions
Baseline(s) per measure	Requirement of construction contract and method of measurement confirmed. Fundamental principle of Project 13 Initiative
Target per measure	Compliance with conditions of contract and financial regulations
Benefit Owner	Senior User and Project Sponsor
Timescale	Immediate. Currently being managed internally and will be managed through the construction phase of the contract through the conditions of contract and Council's Financial Regulations.
Programme end benefit(s)	"Not applicable".

Benefit name	Increase opportunity to work collaboratively on common goal
Measure	Regular project management meetings to discuss project and programme delivery..
Baseline(s) per measure	Requirement of collaborative working generally and fundamental principle of the Project 13 Initiative.
Target per measure	Compliance with Project 13 principles, signatory to Heads of Terms and agreement of TSEP
Benefit Owner	Senior User and Project Sponsor. .
Timescale	Immediate.
Programme end benefit(s)	Not applicable.

Benefit name	Improved infrastructure for the area and improved active travel links in compliance with Government policy and design standards
Measure	Completion of construction project and compliance with design standards, legislation and contract conditions.
Baseline(s) per measure	Existing structure currently has weight limit restrictions which will be reduced further in near future. This will severely restrict commercial traffic movement on this strategic link.
Target per measure	Removal of weight limit restriction ensuring ALL commercial traffic can utilise the strategic link.
Benefit Owner	Senior User and Project Sponsor. .
Timescale	On completion of construction contract and opening of the new bridge.
Programme end benefit(s)	Not applicable.

Note: *Benefits in this section should cover the above content, but feel free to use another format if that is more appropriate for your specific project. Use a new table for each individual benefit. If you require more tables just select the whole table and copy and paste it below.*

2.8 What are the key assumptions and dependencies?

2.8.1 Assumptions

That funding can be used from other projects to support this. If that is not the case then there is inadequate budget.

2.8.2 Dependencies

Agreement and signatory to the Heads of Terms/TSEP and Project 13 principles.

2.9 What are the known pre start-up risks?

Project pre start-up risks have already been identified in Section 1.6 of this document. Any updates to project pre start-up risks will be made in Section 1.6.

2.10 What are the permitted tolerances set for this project?

	Amber status	**Red status** *(triggers exception report to Project Sponsor/Project Board)*
Cost	Up to 10% over either capital or revenue budgets, compared to the original expected project costs and budgetary requirements.	Any percentage over either budget that exceeds the amber cost threshold.
Time	Up to 4 weeks late against the original project schedule.	Any schedule delay that exceeds the amber time threshold.
Quality	Elements of acceptance criteria likely to be missed which have no particular impact on the Business Case (should define these quality elements specifically for this project).	Elements of acceptance criteria that have slipped beyond what is defined within the amber quality threshold (this should be quality elements that have an impact on the Business Case).
Resource	Resources available, but minor delay in obtaining them, or up to 10% more resource required than originally anticipated.	Resources cannot be secured within a reasonable timescale, threatening other tolerances, or any additional resource required above the amber resource threshold.
Scope	Define what elements of the project scope that can slip to move the project's scope status to amber.	Any element of project scope slippage out with, or over and above, what is defined under amber for scope.
Risk	All risks can be managed within the project with an overall score of up to 15.	Any risk exceeding the amber threshold sees the entire Risk element of the project slip to red.
Benefits	Define deviations permitted for each benefit measure target, which consequently moves the project's benefits status to amber. This should be slippage with minor impacts to the Business Case that does not affect overall project viability.	Red status will occur when any permitted deviations are exceeded as defined under amber. This should be slippage that has significant impacts to the Business Case and could threaten overall project viability.

Section 3: Project Structure

Section 3 specifically sets out the management framework from which project decisions are made. It also captures details on who will undertake specific roles as part of the Project Board and Project Team.

3.1 What is the governance arrangement? *(delete as required)*

.
This project has no formal Project Board however governance and reporting will be through the TSEP and Project 13 Initiative.

3.2 What skills, knowledge and experience are required for successful project delivery?

Skills, knowledge & experience description	Essential	Desirable
Civil Engineering and Structural Engineering expertise	YES	
Project Management expertise	YES	
Financial management expertise	YES	
Leadership Skills	YES	
Mentoring Skills	YES	
	YES	

3.2.1 Is the required mix of 'essential' skills, knowledge and experience available to the Project Manager?

YES

3.3 Project structure chart and project roles

Note: *This chart represents who occupies each of the specific roles within the Project Board and Project Team. If your project has no formal Project Board this chart illustrates who is fulfilling each role. For specific guidance on what each role entails see the Corporate Change FISH site (NOTE MAKE A HYPERLINK) for more details.*

Project Board

Senior User(s)	Project Sponsor	Senior Supplier(s)

Project Team

Project Assurance

Project Manager	Project Support

Delivery Team Lead(s)

Delivery Team Member(s)

3.4 Business Case sign-off

Approved by	Role	Date approved
	Project Manager	
	Project Sponsor	
	Finance Representative/ Service Accountant	
Insert new rows as required		

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BETTER IN THE MAKING

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Project 13 Enterprise Model

An outcome based approach

On the side of passengers and freight users

Easy to engage with, efficient & dependable partner

Proud to work for Network Rail

Instinctive industry leader

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Project 13 and the Enterprise Model

Project 13 seeks to take principles from best practice throughout industry and focus on delivering better "outcomes" for the end user of the infrastructure.

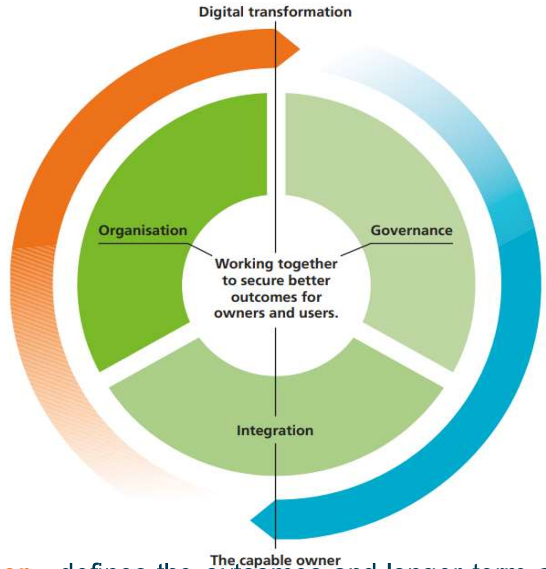
The **Enterprise Model** for delivery is the heart of Project 13 and brings together all parties to focus on delivery of an agreed **Performance Baseline** set by the Investor.

"Value" driven outcomes approach

where the criteria for success is measured against a **Performance Baseline** rather than through lowest capital cost.

Early Adopters

Network Rail, as part of the Infrastructure Client Group, have aligned with the Institution of Civil Engineers, to promote this step change in "**value**" definition are working along side other early adopters such as Anglian Water.



Capable Owner – defines the outcomes and longer term asset performance required

Governance – supports the Owner's definition of value, long-term relationships with suppliers and performance measurement

Integration – effective teamwork, production management, health, safety and wellbeing

Organisation – the coalition of suppliers, aligned commercial interests and effective organisation

Digital Transformation – data and information are treated as digital assets and the enterprise focusses on digital transformation

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Performance Baseline

Sets the **wider project outcomes** over and above the capital cost considerations. Whole life cost elements, **socio economic benefits** and performance measures are all considered and included as appropriate.

The baseline will be set by the Investors, agreed by the Owner and prioritised in two categories – **mandatory & incentivised.**

Mandatory – outcomes which cover aspects of the Programme where there are guaranteed minimum standards, should be reflected in a contract and must be met to achieve acceptable performance and enable access to the additional return from Programme shares.

Incentivised – these are the outcomes where the enterprise has the freedom to develop the best options to deliver across a range of options. Performance is determined by the best option to deliver the majority of these outcomes. It is this level of performance which determines the value and therefore return in the Programme share pot.

Direct and indirect benefits (apprentices and economic benefits)

Capital cost

Performance
(time to deliver, embedded carbon, capacity)

Cost of maintenance, operation and disposal

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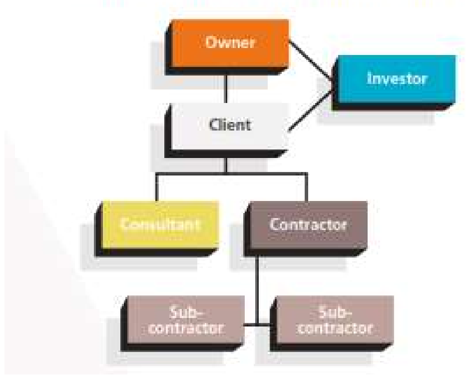
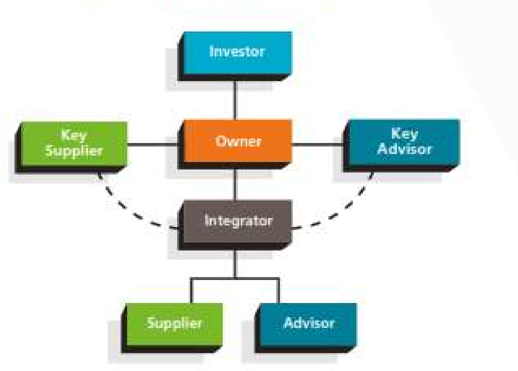
Supporting improved outcomes

Evolving our "collaboration" model for our passenger and freight users

Transactional Structure (Public Sector)



Project 13 Enterprise Structure



Challenges/limitations with the output based models

- Separate design and build organisations leading to gaps in understanding
- Lack of certainty on cost at early stages
- Interface risk between contracting organisations sits with Client and risks and opportunities not managed at contract level
- Fee on fee likelihood in contractor/subcontractor relationships
- Incentivisation on individual Contractor outputs – not at a programme level

Benefits of a more integrated model based on "value" outcomes

- Integrator closes gaps in understanding between suppliers at all stages
- Increased cost & programme certainty earlier
- Interface risks brought out and managed/ mitigated by Integrator
- The Designer is better placed to understand how the infrastructure needs to perform
- Direct agreements with suppliers removing Fee on fee
- Incentivisation on project level outcomes in addition to contract outputs

Application of the Enterprise model to Levenmouth

Project 13

Our Pilot Project - Levenmouth

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Defining our outcomes differently
As we explore the possibilities that other infrastructure providers are highlighting from adoption of the Enterprise model principles and we have selected the **Levenmouth Rail project** as a Pilot project to start to embed this learning. It will challenge us to see whether across industry we have the appetite and ambition to change the way we define **value** and better harness the capability of our supply chain partners.

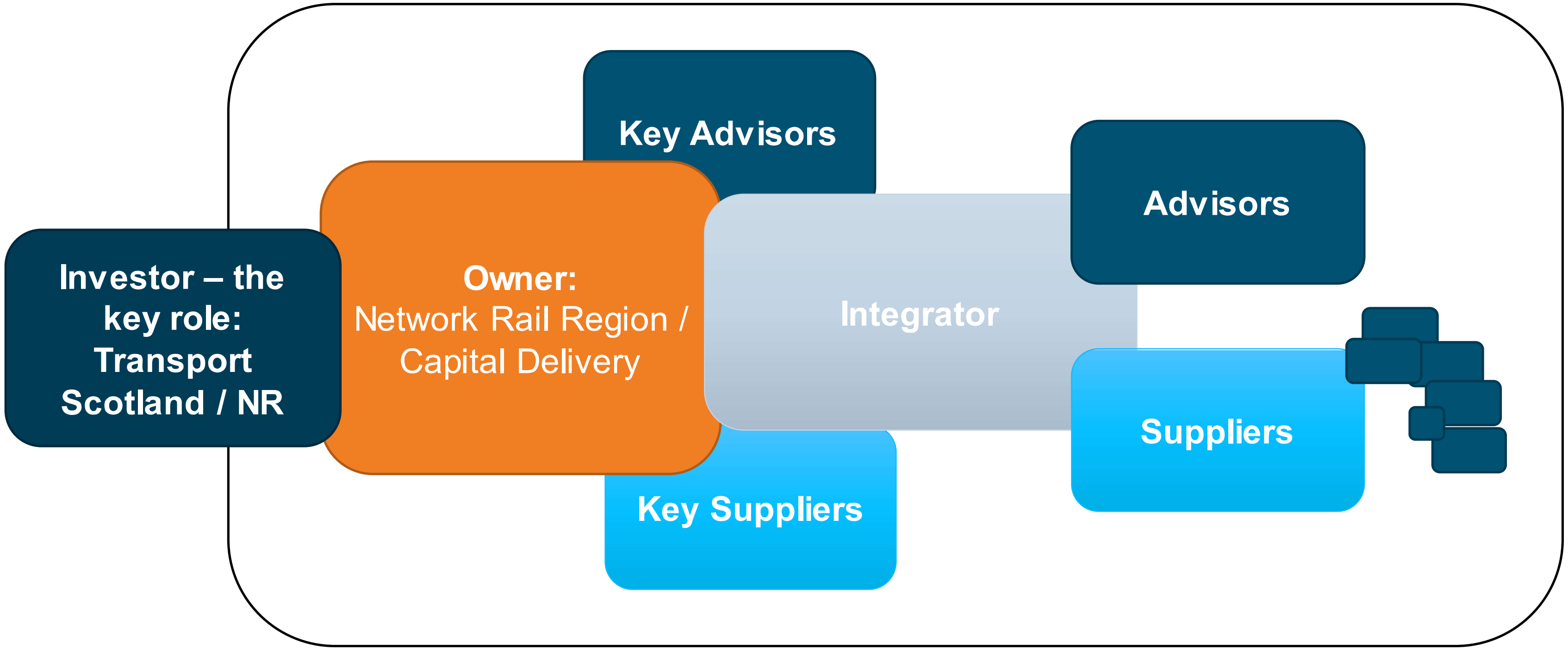
Levenmouth is moving into single option development and has a milestone for **delivery of Dec 2023** but we **still have time to define a performance baseline.**

Performance Baseline
We still have time to define this with our Investors and embed the key supply chain partners into an Enterprise structure along with our incumbent Designer. When we set the performance baseline we can agree an Incentivisation model.

Key Outcomes

- demonstrate our ability to move to a performance baseline/value statement approach
- embed the enterprise principles and gather the learning
- show improvement in the production systems that coordinates design, manufacturing of components and assembly on site to limit inefficiencies and remove waste from the delivery process.
- align delivery to the digital age requirements
- gather evidence of aligned activities, behaviours and interests of owners and suppliers
- review effectiveness of the incentivisation model - did it change mindset of suppliers to a "Programme level?
- demonstrate that our Designers have the knowledge and expertise needed to design the "right" project
- show that we have promoted closer relationships between Tier 1 and 2 Contractors and recognised "value add" that Tier 2/ SMEs and early engagement can bring in Scotland

Levenmouth – Enterprise Structure



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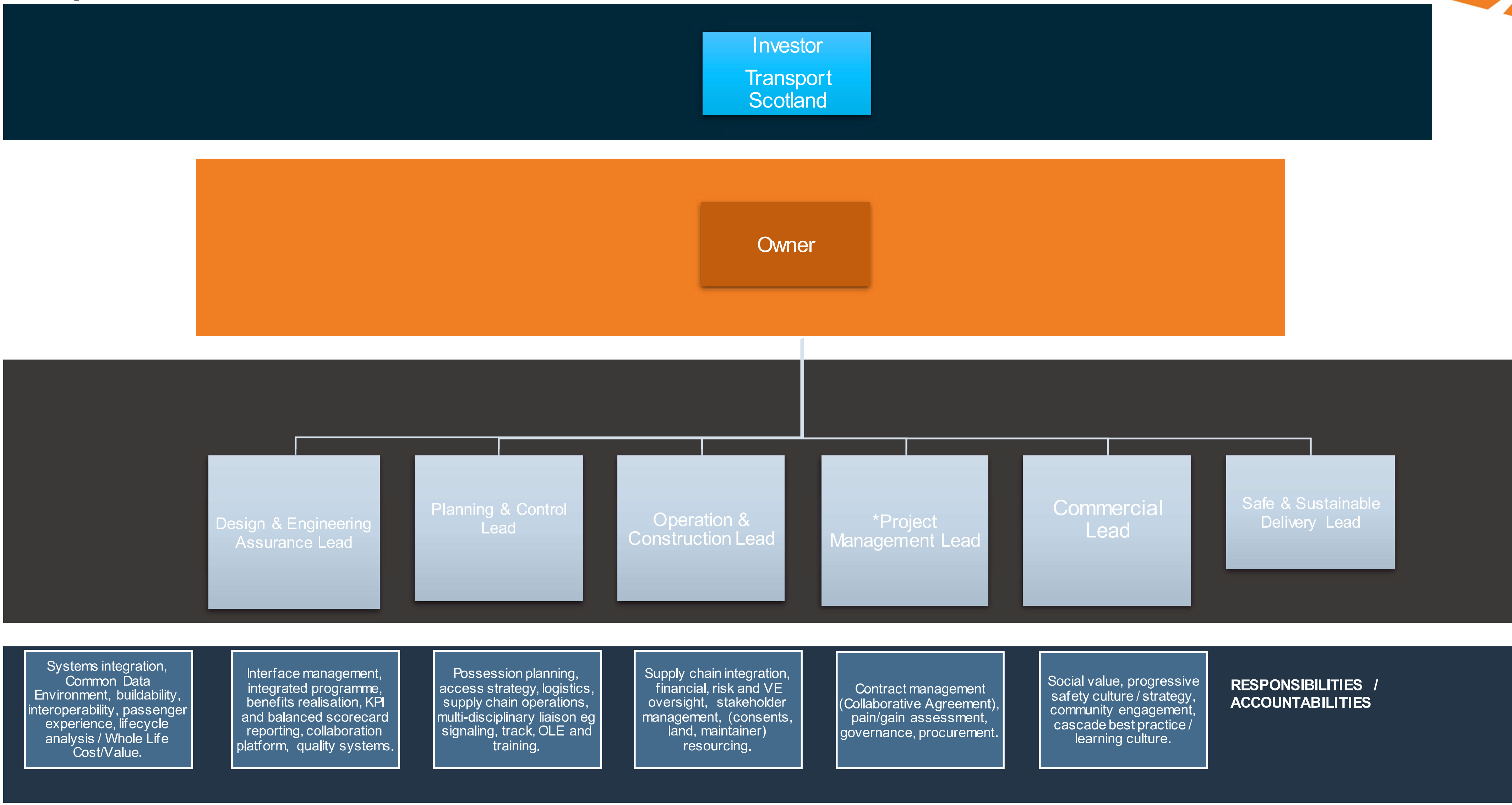
Levenmouth Enterprise Model – Proposal



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"deliver quality & safety, on time, on budget with good stakeholder buy in…. everyone involved in the project leaves with a smile on their face"

Lawrence Shackman, Transport Scotland:

"The Levenmouth railway link will deliver substantial social benefits and societal opportunities, unlocking access to cultural activities and attracting business and investment."

Keavy O'Neill, Transport Scotland

Our 2028 vision for Levenmouth

Thriving Places | Inclusive Growth and Jobs | Opportunities for All

Sarah is going to University in Edinburgh next year. Unlike many of her predecessors, she has the opportunity to experience student life, as her local bus stops at the station, with its direct route to the capital in 75 minutes and a timetable which means she can arrive in plenty of time.

As Sarah cycles from home to college using one of a network of routes that connect the Levenmouth area to the coastal path and the Pilgrim's Way, she is excited about putting her future engineering degree to good use. With the area's connectivity, Sarah's career opportunities seem endless to her. They range from joining a local start up in the nearby Renewables Innovation Centre, to a global business further afield.

She reflects on how she was first introduced to engineering when Cameron Bridge station was built and members of the project team attended her school. Sarah still has vivid recollections of her subsequent site visit. It inspired her to apply for work experience within an oil and gas business based in the Energy Park in Fife, which she was able to include on her higher education application.

Since the railway line was reinstated, Sarah ponders on how she and her friends have been able to take advantage of Levenmouth's heritage, woodland walks and the leisure facilities along the much-improved River Leven.

Sarah feels confident about her future and that of her community, which has seen a turnaround in its economic fortunes. Businesses have flourished with an increasing number of skilled residents and an influx of commuters looking to escape the city rat race and enjoy a better work-life balance

Levenmouth is a **better** place to live, work and play

How we aim to put Levenmouth on the map

1. Tourism drives the local economy due to targeted investment in assets	2. Positive improvements in the health, wealth and connectivity of Levenmouth	3. Enhanced local services for the young, old and vulnerable	4. Individuals are better prepared for work
Cultural heritage used to develop the potential for visitors, economic growth and conveys a positive area image. . Coastline and River Leven become leisure time places.	Multi-model integrated transport – better cycling, pedestrian, bus and train connectivity. Greener journey options and affordability drives shift from road to rail and transfer to freight (decarbonisation) Predictable journey times and infrastructure reliability create positive passenger experience and access to education and health services within the Fife Circle.	Green and play space enhancements improve social space post COVID.. Investment in local businesses and charities generates civic pride and legacy.	Family and adult learning opportunities help individuals reach their potential and enables social mobility.

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BETTER IN THE MAKING

NetworkRail

Everyone involved in the project leaves with a smile on their face

How we aim to create a common purpose and sense of achievement

1. One health, safety and wellbeing culture	2. Focusing on where we add value (VfM)	3. Recognising our impacts (environment, economic and social)	4. Building our talent
We have the ability to shape our own safety and well being culture and strategy at Levenmouth, safety is not about statistics, it is about people and empowering them to influence whilst encouraging them to develop exemplar safety behaviours within a supportive structure.	We think big picture – '**what does this mean for Levenmouth?**' We work towards best for project outcomes and efficiencies, not the organisation we represent.	We proactively invest in economic recovery by searching for creative and innovative ways with local suppliers to deliver a positive influence on climate change and society.	It's about using the best person for the task and creating a sustainable workforce by developing future programme capacity and capability.

20th January, 2022.
Agenda Item No. 7

Cupar Care Home Replacement Project

Report by: Nicky Connor, Director of Health and Social Care

Wards Affected: Ward 20

Purpose

To provide an update on the Cupar Care Home Replacement Project. Following more detailed cost analysis, the current estimates go beyond the 5% project tolerance and a funding solution needs to be identified to bridge the identified gap.

Recommendation(s)

Policy and Co-ordination Committee is asked to consider the status of the Cupar Care Home Replacement Project and agree additional capital funding of £1.279m to be funded from the commitment in general fund balances set aside for costs and pressures following the COVID-19 pandemic. This being the first instance of previously reported pressures as a result of construction cost increases.

As this funding is revenue in nature, this will be treated as CFCR (Capital from Current Revenue) funding.

Resource Implications

Cupar Care Home currently has a budget of £6.6m. It has become clear that this will not be sufficient and an additional £1.279m is required.

It is recommended that the additional funding will be provided from the commitment in general fund balances set aside for costs and pressures following the COVID-19 pandemic.

In addition, the costs for housing are expected to be £0.9m more than originally anticipated. Funding solutions for this are being explored and will be identified through the Housing Revenue Account Capital if required.

Legal & Risk Implications

Financial Risk: The estimated cost of construction of the care home and supported housing now exceeds the allocated budget. The projected cost over-run is now above 5% of the total capital cost and is therefore considered to be above the project tolerance level.

Operational Risk: The design and physical condition of the existing care home no longer meets National Care Standards and Care Inspectorate requirements of ensuite facilities and an appropriate mix of communal areas and accessible outdoor space. In addition, if a new building is not provided, critical maintenance works to the existing building requiring completion within the next few years is in excess of £0.5m.

Further details on key risks and legal implications can be found in the Business Case that was approved by Policy and Co-ordination Committee on 18th February, 2021.

Policy & Impact Assessment

A full Impact Assessment for the replacement care home was carried out as part of the consultation process.

Consultation

Regular consultation has taken place with the Project and Site Teams under the direction of the Programme Board and seeking external advice where required with other bodies, for example, the Care Inspectorate.

Cupar Community Council has been fully involved in discussions regarding the replacement care home and are provided with regular updates.

1.0 Introduction

1.1 The planning application for Cupar Care Home was submitted in May 2021 and was approved at North East Planning Committee on 15th December, 2021.

1.2 It is expected that construction could commence in September 2022 following the procurement process for the works which will take place between February and August 2022. It is estimated construction could be complete by March 2024.

2.0 Background and Update on Cupar Care Home Replacement Project

2.1 Initial approval was granted at Policy and Co-ordination Committee on 24th January, 2019 for a 36-bed care home, however, it became apparent to the Design Team this could not be achieved within budget. It was agreed to reduce the scope of the project and enter into partnership with Housing Services to design a joint 24-bed care home and supported housing building and this was approved at Policy and Co-ordination Committee on 18th February, 2021.

2.2 The planning application was submitted in May 2021 and approval was granted at North East Planning Committee on 15th December, 2021.

2.3 Since the approval in February, an updated Cost Plan was received in September 2021 indicating an additional requirement of £1.279m for the H&SC element and £0.9m for Housing. In the main, this is due to increased costs and contingencies for risk.

2.4 Further work has highlighted that enhanced drainage works are needed resulting in increased costs.

2.5 The heating system will now be a gas free heating system to enable the building to be more energy efficient and meet future requirements.

2.6 Since the initial site works were carried out, a further investigation has taken place following the demolition of the Dalgairn building. This has highlighted the arsenic contamination which was removed at an additional cost.

2.7 The current turbulent market conditions have meant that increased contingencies are required to reflect the increased risk.

2.8 The Project Team has taken all necessary steps to try and contain costs within the available budget, including entering into partnership with Housing Services to deliver an integrated building and thereby share costs. The project has undertaken continuous and rigorous value engineering exercises.

2.9 Various funding options have been explored before progressing with the next steps.

2.10 Whilst additional budget could be brought forward from the overall Phase Two programme, this would have an impact on the final care home at Anstruther. Bringing the existing care home at Anstruther up to Care Inspectorate standards is likely to cost around the same as building a new care home, therefore, bringing forward budget would not be an appropriate solution.

2.11 Difficult market conditions are anticipated to improve over time, therefore delaying progression of Cupar was considered as a potential way to reduce the cost. As the increased costs are only partly related to the construction climate, this is likely to only have a partial impact at best and future inflation is still uncertain, therefore, this is not considered an appropriate solution.

2.12 Health and Social Care have a limited capital budget and have already used around £2m from elsewhere in their capital plan to contribute towards shortfalls within their programme. There is no scope to fund this significant shortfall without having a detrimental impact on other required works within Health and Social Care.

2.13 The existing care home no longer meets National Care Standards and Care Inspectorate requirements in that it does not provide en-suite facilities, appropriate communal areas and accessible outdoor space. The current condition of this home means that there is an urgency to progress the programme as soon as reasonably practicable. It is therefore proposed that funding be provided from the commitment in general fund balances set aside for costs and pressures following the COVID-19 pandemic. This would allow the programme to progress within the expected timescales.

3.0 Housing Services

3.1 Housing Services has identified funding to support the development. Developments are funded through a mix of Housing Revenue Account Capital and Scottish Government Affordable Housing Grant. For more specialised developments, Housing Services can claim an enhanced level of grant and we would look to explore this in relation to these developments. The Housing Service will review the costs of the project and will identify additional funding from HRA Capital if required.

4.0 Risk Management

4.1 All risks associated with the project are identified, transferred to the Risk Log and maintained throughout and beyond the life of the project by the Project Team. The Risk Log is a standing item on the agenda as assurance for the Programme Board.

4.2 In addition, a Client Costs Monitor (CMM) is produced for the Programme Board on a monthly basis to monitor use of contingency sums.

5.0 Conclusion

5.1 To enable the Cupar Care Home to progress and deliver the commitment made, it is recommended that Policy and Co-ordination Committee agrees additional capital funding for the Cupar care home of £1.279m to be funded from the commitment in general fund balances set aside for costs and pressures following the COVID-19 pandemic.

Report Contact:

Fiona McKay
Head of Strategic Planning, Performance & Commissioning
Fife Health and Social Care Partnership
Tel: 03451 555555 Ext. 445978 - Email: Fiona.McKay@fife.gov.uk

20th January, 2022.

Agenda Item No. 8

Armed Forces Covenant - Training and Mobilisation Policy

Report by: Sharon McKenzie, Head of Human Resources

Purpose

To seek approval for the implementation of a training and mobilisation policy for reservists and revisions to the special leave policy for the wider Armed Forces Community in our workforce, in accordance with the Council's commitment to the Armed Forces Covenant.

Recommendation(s)

Policy and Co-ordination Committee is asked to agree:-

1. the implementation of the training and mobilisation policy included in the Appendix; and
2. the revisions to the special leave policy detailed in this report.

Resource Implications

Extending special leave provisions will generate additional costs, however, with the low numbers and criteria, it is anticipated that this will not be significant.

Legal & Risk Implications

There are no legal or risk implications anticipated from this initiative.

Impact Assessment

Equality Impact Assessment completed and available on request.

Consultation

Trade Union engagement through Workforce Consultation Group and JNCF endorsed the proposals at its meeting on 14th December, 2021.

1.0 Background

1.1 The Council has signed the Armed Forces Covenant and has pledged its support for employees who are currently or wishing to join the Reserve Force.

1.2 It acknowledges the training undertaken by Reservists that enables them to develop skills and abilities that are of benefit to both the individual and their employer.

1.3 The Council is a silver award holder of the Defence Employers Recognition Scheme and is in the process of preparing a submission for the Gold Award of the Defence Employers Recognition Scheme (closing date 31 March 2022).

1.4 The Gold Award submission requires the Council to have robust employment policies in place that support members of the armed forces community in our workforce.

2.0 Policy Proposals

Reservists

2.1 There are areas where a Reservist's status may affect the operations of the Council. Legislation exists to define the rights and liabilities that apply to both parties.

2.2 There are two main pieces of legislation relating to employers and Reserve Forces:-

- The Reserve Forces Act 1996 (RFA 96) which provides the powers under which Reservists can be mobilised for full-time service.
- The Reserve Forces (Safeguard of Employment) Act 1985 (SOE 85) which provides protection of employment for those liable to be mobilised and reinstatement for those returning from mobilised service.

2.3 There are two main types of Reservist:

- **Volunteer Reservists** - civilians recruited into the Royal Naval Reserves, Royal Marines Reserves, Army Reserve and Royal Auxiliary Air Force.
- **Regular Reservists** - ex-regular service personnel who may retain a liability to be mobilised depending on how long they have served in the Armed Forces.

2.4 Currently, the Council would support a mobilisation request from a reservist, however, mobilisation is not covered by Council policy.

2.5 Reservists require regular time off for training to maintain their skills and readiness for deployment. The Council recognises the training undertaken enables them to develop skills and abilities that can be of benefit to them as employees and to the Council in terms of service delivery.

2.6 The current leave arrangements for reservists are included in the Council's special leave policy which allows up to 15 days paid leave per year to participate in an annual camp. There is no provision for other training or weekend camps.

2.7 Data held indicates that there are 5 reservists employed by the Council. This was confirmed by the Highland Reserve Forces and Cadet Association (HRFCA). There is no data on the number of ex- regular reservists currently employed. A planned survey in January 2022 may identify others that we are not aware of. It is not anticipated that the number will be significant.

Adult Cadet Force Volunteers

2.8 A Cadet Force Adult Volunteer (CFAV) is a person who helps instruct and advise Sea, Army or Air Cadets at their weekly training sessions.

2.9 CFAVs dedicate one or two evenings per week in supporting cadets, in their own time, and are expected to volunteer and support an annual cadet summer event. The current arrangement requires CFAVs to use their annual leave entitlement to undertake voluntary work which supports the armed forces community.

2.10 Data held indicates that there are no employees who are CFAVS in the Council. This was confirmed by the HRFCA. A planned survey in January 2022 may identify others that we are not aware of. It is not anticipated that the number will be significant.

2.11 One of the application questions in the Gold Award submission form seeks to confirm whether an organisation provides paid special leave for CFAVs. Currently, the Council does not offer this benefit. Employees who are CFAVs can take time off to attend but this would have to be taken from their annual leave entitlement.

Spouses and Partners of Military Personnel

2.12 Operational deployments cover military personnel who are deployed on operations for a period of more than 24 hours excluding all overseas training exercises or those permanently stationed outside the UK.

2.13 Most operational deployments are planned and military personnel are given adequate notice of the timeline to deployment, however, there are times when personnel are required to deploy at short notice, e.g. specialised trade, replacement for illness or injury.

2.14 In these circumstances, the spouse or partner may wish to take time off work before the deployment commences but may not have enough annual leave entitlement or works term-time and not have any leave to take. This would require the employee to submit a request for special unpaid leave which could be agreed or denied by the Service.

2.15 Adding the provision of paid leave using strict criteria, e.g. unit / regiment confirmation of deployment, would ensure consistency in approach across the Council.

2.16 There is no data on how many military spouses or partners are employed in the Council, however, as the number of operational deployments has reduced significantly and a strict criteria applied, it is not anticipated that the number of requests will be significant.

3.0 Conclusions

3.1 The implementation of a training and mobilisation policy for reservists will ensure that, if an employee is mobilised, the Council complies with its legal obligations and the appropriate provisions will be in place for the employee, pre, during and post deployment.

3.2 Allowing paid leave of up to 15 days per year to cover equivalent continuous training and providing additional unpaid leave provisions of up to 3 days will allow reservists to participate in additional training that they previously would be unable to attend. However, in exceptional circumstances, where the absence could not be covered and would severely disrupt or stop essential services, Services may not be able to approve the leave at a particular time. Such instances would be discussed with HR and, if possible, the leave will be accommodated at an alternative time.

3.3 Providing paid leave for CFAVs will support them in their work with the Armed Forces. Although there are no CFAVs currently employed by the Council, the provision of paid leave may encourage employees to undertake this voluntary work.

3.4 Providing paid leave to spouses and partners to cover leave requests for short notice operational deployments ensures consistency in approach across the Council and recognises and supports the impact service life can have on our employees.

3.5 Implementing the recommendations supports the Council's commitment to the Armed Forces Covenant and helps to achieve the Defence Employers Recognition Scheme Gold Award.

3.6. Organisations that have received the Defence Employers Recognition Scheme Gold Award have a Mobilisation and Training Policy for reservists and leave provisions for CFAVs within their Discretionary Leave policy.

List of Appendices

1. Reservist and Cadet Force Adult Volunteers Policy Statement

Report Contact :

Gaynor Graham
HR Adviser
Human Resources Service
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Email**: gaynor.graham@fife.gov.uk**

Fife Council

Reservists & Cadet Force Adult Volunteers

Policy Statement

Purpose

Reservists and Cadet Force Adult Volunteers make a valuable contribution to the UK Armed Forces, their communities and the civilian workplace. We are committed to supporting all employees who volunteer or wish to volunteer in:

- The Royal Naval Reserve (RNR),
- The Royal Marines Reserve (RMR),
- The Army Reserve
- Special Forces Reserve
- The Reserve Air Forces (RAFR and RAuxAF), and
- The Cadet Force Adult volunteers.

Our Approach

We will support Reservists or Cadet Force Adult Volunteers who provide notification of their reserve / volunteer status or those reservists who are made known to the Council directly by the Ministry of Defence (MoD) by:

- Releasing Reservists for attendance at Reserve Forces Training events where these take place on their normal working days
- Providing up to 15 days additional paid leave* to Reservists specifically to enable them to attend their annual training or equivalent continuous training
- Providing up to 3 days additional unpaid leave to attend additional training
- Releasing employees mobilised for Reservist duties.
- Ensuring employees mobilised for Reservist duties will not lose their continuous service or service-related benefits
- Providing up to 10 days additional paid leave to attend annual Cadet Force training camps

Further Guidance

Further information can be found within the Diversity and Inclusion section of HR Online.

*Pay is subject to the deductions of service pay and allowances received for the period of training and all requests for leave are subject to Service approval.

20th January, 2022.
Agenda Item No. 9

Assisting Unaccompanied Children as part of the Asylum Seeker Dispersal Scheme

Report by: Kathy Henwood, Head of Education and Children's Services and John Mills, Head of Housing Services

Wards Affected: All

Purpose

This report follows-on from the reports to this Committee in July 2020 and April 2021 and confirms that the Home Office has now mandated all UK local authorities to participate in the UK Government's Asylum Seeker Dispersal Scheme. It outlines the change of approach by the Home Office and highlights the implications for Fife by this change.

Recommendations

Members are asked to note:

a) the change in Home Office policy; and

b) that the multi-agency response to support young people coming to Fife through the Mandatory Scheme will continue to be co-ordinated through the Syrian Vulnerable Persons Core Group.

Resource Implications

The Home Office has enhanced its financial assistance to local authorities to assist young people to relocate to different parts of the UK. By working closely with CoSLA and the Home Office in the selection of young adults aged between 16 and 18 years of age with low health and support needs, including any additional educational support needs, the Council would look to ensure that there was no net pressure on the council's or partner's budgets.

The Scottish Government has confirmed additional revenue funding of £0.5m to support Scottish Local Authorities to accept children/young people as part of the Dispersal Scheme.

Legal & Risk Implications

The Home Office has now taken the decision to mandate all UK local authorities to participate in the Dispersal Scheme. There is no discretion for Fife Council to not participate. The Council now must accept young people on a rota system agreed between the Home Office and CoSLA.

Impact Assessment

There is no requirement for an EQIA as the move from the voluntary to the mandatory scheme does not constitute a change of policy for Fife to accept small numbers of unaccompanied asylum seekers.

Consultation

Specific Consultation has been completed with the Co-Leaders, Convener and Vice-Convener of Community and Housing Services and CoSLA.

1.0 Introduction

1.1 Councils across the UK have been asked to aid Asylum Seekers as part of a Voluntary Scheme for Asylum Seeker Dispersal for some years now. From 2020 onwards, Fife has been actively participating in the Voluntary Scheme co-ordinated in Scotland by CoSLA working with the UK Government.

1.2 By early summer 2020, requests from the Home Office and CoSLA signified a growing emergency faced by South East of England councils due to a higher number of migrant boats arriving across the Channel. This process of migration across the English Channel has continued at pace into 2021.

1.3 Fife has successfully rehoused small numbers of young people aged between 16-18 years of age within supported lodgings accommodation. This has not impacted on our ability to meet the needs of children and young people in Fife who cannot be cared for by their birth families. Fife has been able to offer care, education, pro social activities, health assistance to these young men who are experiencing success. Health, ESOL, Education, Social Work and Housing have worked together to date to respond to the changing needs of the young people since their arrival. This has not impacted on Council resources or the resources of partner agencies.

2.0 The Current Fife Position

2.1 There is a continued need for assistance from across the United Kingdom to house young people who have landed in England after arriving in Dover and Kent in small boats from across the English Chanel. Young people are fleeing civil unrest, persecution and have lost their family because of conflict.

2.2 Fife is continuing to make offers of assistance to the Home Office when resources become available. The capacity in Supported Accommodation continues to limit the numbers Fife can accept. We recognise the continuing pressure on the SE of England coastal Local Authorities to accommodate and support unaccompanied asylum-seeking children migrating over the English Channel.

2.3 There are additional requests also being made on Fife by the UK Government. The Council and partners are actively engaged in work to support more than 80 Afghan people to assist with the relocation of Afghan citizens employed by the British Forces in Afghanistan. There is current concern about the capacity of the Council to provide accommodation at a time of recovery from the Covid pandemic and the suppression in the number of empty houses due to the Covid restrictions. Fife has also made a further commitment to the Home Office to accept a small number of families form the Syrian Vulnerable Persons Scheme.

2.4 Fife's participation in the Voluntary Scheme was predicated on the following:

- Ensuring that there is adequate pre-assessment of health (physical and emotional) care and presenting/existing medical needs prior to Fife accepting individuals. Any assessed health (physical or emotional) needs should not require any specialist educational provision due to current pressure on this resource.

- That the dedicated SVPRS Team currently working with Syrian Refugees can be added to by appropriate staff and other resources to make a success of additional young people coming to Fife.
- That the SVPRS Team ensure that appropriate health, language, and educational support is available.

2.5 There is no cost to the Council in offering continued support to the National Transfer Scheme. CoSLA provide £798 of financial assistance, per week per young person. This covers the weekly cost of supported lodgings and maintenance of £400 per week. The additional £398 is used to fund additional supports such as interpretation/translation as needed.

2.6 In late December 2022, the Scottish Government confirmed additional revenue funding of £0.5m to support Scottish local authorities to accept children/young people as part of the Dispersal Scheme (Appendix 1).

3.0 The Mandatory Scheme

3.1 The Chief Executive and Chief Social Worker were advised by letter on 23rd November, 2021 that the Home Secretary had decided that she would move from the Voluntary Scheme to a Mandatory Scheme to assist with the dispersal of Asylum Seekers from the SE of England (Appendix 2).

3.2 Following discussion with Social Care and Housing colleagues, the move by the Home Office should not place any extra pressure on Fife as we were already participating to take small numbers of young people regularly on a voluntary basis. CoSLA will continue to advise the Home office on capacity in each Scottish local authority. Numbers of young people coming to Fife should be small and driven by available capacity. What has changed is that the ability of Fife to make offer to take young people will now be replaced with a requirement from the Home Office to accept asylum seekers. Appendix 3 provides details of the agreed rota scheme for numbers to each Local Authority, agreed by CoSLA Leaders in August 2021.

3.3 The proposal is for a continuation of a small number of young people aged 16-18 years to be accommodated and supported in Fife. The proposal is led by Education and Children Services, supported by Housing Services, who lead the SVPRS Core Group.

4.0 Conclusions

4.1 Fife has a strong track recording positively assisting refugees and other displaced people through the Afghan Relocation and Syrian Vulnerable Person Schemes as well as caring for young people who have been trafficked to Scotland or have been placed by the National Transfer Scheme. The Core Group has the appropriate partners around the table and has the expertise to make the proposal a continuing success in terms of outcomes for the young people involved.

4.2 The decision by the Home Office to move to a Mandatory Scheme for the dispersal of asylum seekers to all parts of the UK should have a lesser impact in Fife than other local authorities as we have a good track record of participation in the Voluntary Scheme. The Core Group will actively monitor requests with CoSLA and advise Committee in 2022 of any concerns about capacity in accommodation and support services, or budgetary pressures.

List of Appendices

1. Scottish Government confirmation of additional revenue funding to support dispersal (December 2021)
2. Formal Home Office Notice mandating Local Authorities. (November 2021)
3. Rota for Scottish referrals based on voluntary UASC allocations as agreed by COSLA Leaders (August 2021)

Report Contacts:

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Head of Education & Children's Services

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John Mills
Head of Housing Services

john.mills@fife.gov.uk

Appendix 1

Scottish Government
Riaghaltas na h-Alba
gov.scot

Lesley Sheppard
Deputy Director for Children's Rights, Protection and Justice
Directorate For Children And Families
Scottish Government
Victoria Quay,
Edinburgh
EH6 6QQ

22 December 2021

Dear Directors of Finance

FUNDING FOR UNACCOMPANIED ASYLUM SEEKING CHILDREN ARRIVING IN SCOTLAND

I am writing to advise you of additional funding for local authorities accommodating Unaccompanied Asylum Seeking Children (UASC) arriving in Scotland following the changes to the National Transfer Scheme (NTS) announced by the UK Government in July.

In light of the unprecedented rise in UASC arriving on small boat crossings to the South East of England the Scottish Government is providing additional revenue funding of £0.5 million to local authorities in Scotland. This funding uplift was agreed by Council Leaders in August and it will be paid as a redetermination of the General Revenue Grant during the last 2 weeks in March 2022.

Funds are to be distributed based on the number of children each local authority was to receive under the Voluntary National Transfer Scheme and was agreed in August by COSLA Leaders. This funding is for the first cycle of 45 children arriving in Scotland.

Funding will be distributed on the basis COSLA Leaders agreed to participate in the voluntary NTS, at a rate of £11,000 per child – as per the annex to this letter.

This funding is intended to help local authorities accommodate and support vulnerable children arriving in Scotland under the revised NTS. It must be used to benefit UASCs arriving in Scotland either as part of the voluntary NTS or through alternative routes of entry. Funds can be utilised by local authorities to cover costs including, but not limited to:

- Staffing - the hiring of new staff or the paying of overtime to existing staff;
- Translation services - covering any translation costs incurred;
- Estate upgrades - undertaking estate maintenance; and
- Practical support - appropriate clothing, travel fees, wellbeing excursions, education materials.

Local authorities in receipt of funds will be required to identify a named lead who will act as a primary point of contact. Details of this individual should be submitted to

UASC.fund@gov.scot by 31 January 2022. The same email address should be used by local authorities should they have any queries about the funding more generally.

Finally, on behalf of the Scottish Government I would again like to thank COSLA and Scotland's local authorities for continuing to make Scotland a place of safety and sanctuary for these vulnerable individuals.

I am copying this letter to COSLA partners.

Yours sincerely,

Lesley Sheppard

Scottish Government
Riaghaltas na h-Alba
gov.scot

ANNEX

FUNDING ALLOCATIONS BY LOCAL AUTHORITY

	UASC per 45 to Scotland	Total Amount to be Distributed
Aberdeen City	2	£22,000
Aberdeenshire	4	£44,000
Angus	2	£22,000
Argyll and Bute	1	£11,000
City of Edinburgh	0	£0
Clackmannanshire	1	£11,000
Dumfries and Galloway	0	£0
Dundee City	2	£22,000
East Ayrshire	1	£11,000
East Dunbartonshire	2	£22,222
East Lothian	1	£11,000
East Renfrewshire	2	£22,000
Falkirk	2	£22,000
Fife	4	£44,000
Glasgow City	0	£0
Highland	3	£33,000
Inverclyde	1	£11,000
Midlothian	1	£11,000
Moray	1	£11,000
Na h-Eileanan Siar	0	£0
North Ayrshire	1	£11,000
North Lanarkshire	3	£33,000
Orkney Islands	0	£0
Perth and Kinross	1	£11,000
Renfrewshire	1	£11,000
Scottish Borders	2	£22,000
Shetland Islands	0	£0
South Ayrshire	1	£11,000
South Lanarkshire	2	£22,000
Stirling	1	£11,000
West Dunbartonshire	1	£11,000
West Lothian	2	£22,000
Scotland	**45**	**£495,000**

** Scottish Government is unable to pay amounts lower than £1k*

Home Office

Kevin Foster MP
Minister for Safe and Legal Migration

2 Marsham Street
London SW1P 4DF
www.gov.uk/home-office

Sent by email
HO Reference: NTS-representations

23 November 2021

Directors of Children's Services, Chief Executives, and Council Leaders,

Formal notice to direct your local authority to comply with the National Transfer Scheme (NTS) under Section 72(5) of the Immigration Act 2016

It is critical the Government takes steps to ensure the National Transfer Scheme (NTS) works effectively, ends the use of hotels for unaccompanied asylum-seeking children (UASC) as soon as possible, and ensures all children are transferred promptly to local authorities to be cared for under the relevant legislation.

I am writing on behalf of the Secretary of State to all local authorities in the UK with children's services, including yours, to signal the Government's intention to mandate participation in the NTS to resolve this unprecedented situation. This is pursuant to those powers set out under Section 72(3) of the Immigration Act 2016 (the 2016 Act) providing for the Home Secretary to direct local authorities to comply with the scheme. In 2018, the 2016 Act provisions were extended to Scotland, as well as Wales and Northern Ireland.

The Home Secretary has not taken this step lightly. We would like to express our sincere gratitude for the invaluable support from many local authorities throughout the UK who have stepped up and provided crucial placements to vulnerable young asylum-seekers, including those who have recently begun to on a voluntary basis.

However, despite making substantial changes to the voluntary NTS model in the summer, it is clear the current scheme cannot respond to the scale of intake into the asylum system relating to vulnerable children who need placements in local authorities. This requires a national response where everyone plays their part. Therefore, we need to take steps to ensure immediate, fuller participation from a greater number of local authorities.

Operation of the mandatory scheme

As far as possible we propose to operate mandatory transfers within the framework established for the voluntary rota introduced in July. While the mandatory scheme is a temporary measure to address the current crisis, its duration will be dictated by a range of factors including intake levels and how long it takes to end the use of hotels and return to an NTS that works effectively. We will keep its operation under review. We are engaging with the relevant local government partners in Scotland, as well as in England, Wales, and Northern Ireland.

Modelling has been undertaken to inform how best to fairly operate an effective mandatory scheme within the change plan framework already established for each region or devolved nation's allocation under the new NTS. In line with the principles of the national voluntary rota, the child population in each local authority, along with pressures relating to their child services and supported asylum populations have been taken into account to determine the proposed allocations for each local authority under the next four cycles of the rota. This approach supports our shared ambition of achieving a fair and equitable distribution of UASC across the UK.

Informed by this detailed modelling, local authorities will be directed to accept the number of UASC transfers specified in the accompanying email from the next 652 referrals. The exact numbers will be dependent on UASC intake and the length of time a mandatory scheme remains in place. The proposed allocation reflects the principle that no local authority supporting UASC at or above 0.07% of their general child population will be directed to receive a transfer under a mandated scheme.

Funding arrangements

In June of this year, the Home Office announced changes to the additional funding provided to those local authorities supporting UASC and former UASC care leavers.

For UASC, local authorities supporting the greatest number of UASC relative to their child population continue to receive the higher rate of £143 per child per night for each UASC. This higher rate applies to local authorities supporting UASC totalling 0.07% or greater of their general child population.

All other local authorities will continue to receive £114 per person per night for each UASC in their care.

However, any local authority that accepts the responsibility for a UASC from a higher rate receiving local authority via the NTS will receive the higher rate of £143 per child per night. Following the completion of a new burdens assessment the higher UASC rate of £143 per person per night will also apply to all mandated transfers made under the scheme.

We have increased the rate for all former UASC care leavers from £240 per person per week to £270 per person per week and will apply to each former UASC care leaver. This represents an increase of 12.5% and follows a significant uplift in funding in June 2020.

Local authority representations

Under Section 72(4) of the 2016 Act, a direction to comply with the NTS may not be given unless the Secretary of State for the Home Department is satisfied that compliance by the local authority will not unduly prejudice the discharge of the local authority’s functions. As required under Section 72(5) and set out above, this letter provides notice of the Home Secretary’s proposed direction under Section 72(3) of the 2016 Act.

By law your local authority may therefore make written representations about the proposed direction to the Secretary of State under Section 72(7) of the 2016 Act and a direction will not be given before the end of a period of 14 days beginning with the day on which notice is given. **Please therefore ensure that representations are received within that 14 period. This means that if your local authority wish to make representations you must do so by 6 December 2021.** Any transfers completed by local authorities during the notice period will count towards their projected allocation.

Please send any formal representations you wish to make in response to this notice to NTSresponses@homeoffice.gov.uk by 6 December 2021. Correspondence directed elsewhere will not be considered as a representation relevant to the legal notice.

It is also important to note that local authorities will be required to follow the relevant health department protocols on COVID-19 when transferring UASC under the NTS.

We look forward to continuing to work with you and colleagues across government to achieve our shared aims of ensuring vulnerable children are provided with crucial care placements and local authority support, where all local authorities with children's services play their part in this important national responsibility.

Yours sincerely,

Kevin Foster MP
Minister for Safe and Legal Migration

Appendix 3

Rota for Scottish referrals based on voluntary UASC allocations as agreed by COSLA Leaders (Aug 21)

At the end of Cycle 8 Scotland will have placed 45 UASC since 01/10/21

	UASC per 45 to Scotland	remaining places available
Cycle 4 (1 UASC referral remaining)		
Highland	3	3
Cycle 5 (1 UASC referral remaining)		
East Dunbartonshire	2	2
Cycle 6 (4 UASC referrals remaining)		
South Lanarkshire	2	2
West Lothian	2	2
Aberdeenshire	4	2
Argyll and Bute	1	1
Cycle 7 (7 UASC referrals remaining)		
Clackmannanshire	1	1
East Ayrshire	1	1
Falkirk	2	1
Angus	2	1
Moray	1	1
North Ayrshire	1	1
Renfrewshire	1	1
Cycle 8 (Awaiting referrals)		
South Ayrshire	1	1
Stirling	1	1
Fife	4	1
Highland	3	2
East Dunbartonshire	2	1
South Lanarkshire	2	1
West Lothian	2	1
Aberdeenshire	4	1
Highland	3	1

The following LAs have already taken their UASC allocation post 01/10/21 for the first 45/650 UASC placements

Aberdeen City	Midlothian
Dundee City	North Lanarkshire
East Lothian	Perth and Kinross
East Renfrewshire	Scottish Borders
Inverclyde	West Dunbartonshire

The following LAs are not allocated to take any UASC referals under the voluntary rota

City of Edinburgh	Glasgow City	Orkney Islands
Dumfries and Galloway	Na h-Eileanan Siar	Shetland Islands

The following rota is modelled on Scottish allocations under the voluntary NTS scheme. Until the mandatory rota is in place this rota will be used for the next cycle of referrals.

	UASC per 45 to Scotland	remaining places available
Cycle 9 (11 UASC)		
Aberdeenshire	4	4
Fife	4	4
Highland	3	3
North Lanarkshire	3	3
Aberdeen City	2	2
Angus	2	2
Dundee City	2	2
East Dunbartonshire	2	2
East Renfrewshire	2	2
Falkirk	2	2
Scottish Borders	2	2
Cycle 10 (11 UASC)		
South Lanarkshire	2	2
West Lothian	2	2
Argyll and Bute	1	1
Clackmannanshire	1	1
East Ayrshire	1	1
East Lothian	1	1
Inverclyde	1	1
Midlothian	1	1
Moray	1	1
North Ayrshire	1	1
Perth and Kinross	1	1

	UASC per 45 to Scotland	remaining places available
Cycle 11 (11 UASC)		
Renfrewshire	1	1
South Ayrshire	1	1
Stirling	1	1
West Dunbartonshire	1	1
Aberdeenshire	4	3
Fife	4	3
Highland	3	2
North Lanarkshire	3	2
Aberdeen City	2	1
Angus	2	1
Dundee City	2	1
Cycle 12 (12 UASC)		
East Dunbartonshire	2	1
East Renfrewshire	2	1
Falkirk	2	1
Scottish Borders	2	1
South Lanarkshire	2	1
West Lothian	2	1
Aberdeenshire	4	2
Fife	4	2
Highland	3	1
North Lanarkshire	3	1
Aberdeenshire	4	1
Fife	4	1