

Finance, Economy and Corporate Services Scrutiny Committee



Conference Room 2 (FHWGF.007), Ground Floor, Fife House,
North Street, Glenrothes – Blended Meeting

Thursday, 15 June 2023 - 10.00 a.m.

AGENDA

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1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST**

In terms of Section 5 of the Code of Conduct Members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.
3. **MINUTE** – Minute of meeting of Finance, Economy & Corporate Services Scrutiny Committee of 30 March 2023 3 - 5
4. **BUDGET WORKING GROUP – NOTE OF MEETING – 6 JUNE 2023** – Note of meeting held on 6 June 2023. 6 - 7
5. **ANNUAL ABSENCE AND WELLBEING UPDATE** – Report by the Head of Human Resources 8 - 21
6. **BENEFITS REALISATION PLAN - FIFE INDUSTRIAL INNOVATION INVESTMENT (I3) PROGRAMME** – Report by the Head of Business & Employability 22 - 29
7. **MANAGEMENT OF DEVELOPER OBLIGATION FUNDS** – Report by the Head of Planning 30 - 35
8. **FINANCE, ECONOMY & CORPORATE SERVICES SCRUTINY COMMITTEE FORWARD WORK PROGRAMME** 36 - 39

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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8 June, 2023

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BLENDING MEETING NOTICE

This is a formal meeting of the Committee and the required standards of behaviour and discussion are the same as in a face to face meeting. Unless otherwise agreed, Standing Orders will apply to the proceedings and the terms of the Councillors' Code of Conduct will apply in the normal way

For those members who have joined the meeting remotely, if they need to leave the meeting for any reason, they should use the Meeting Chat to advise of this. If a member loses their connection during the meeting, they should make every effort to rejoin the meeting but, if this is not possible, the Committee Officer will note their absence for the remainder of the meeting. If a member must leave the meeting due to a declaration of interest, they should remain out of the meeting until invited back in by the Committee Officer.

If a member wishes to ask a question, speak on any item or move a motion or amendment, they should indicate this by raising their hand at the appropriate time and will then be invited to speak. Those joining remotely should use the "Raise hand" function in Teams.

All decisions taken during this meeting, will be done so by means of a Roll Call vote.

Where items are for noting or where there has been no dissent or contrary view expressed during any debate, either verbally or by the member indicating they wish to speak, the Convener will assume the matter has been agreed.

There will be a short break in proceedings after approximately 90 minutes.

Members joining remotely are reminded to have cameras switched on during meetings and mute microphones when not speaking. During any breaks or adjournments please switch cameras off.

THE FIFE COUNCIL - FINANCE, ECONOMY AND CORPORATE SERVICES SCRUTINY COMMITTEE – BLENDED MEETING

Committee Room 2, Fife House, North Street, Glenrothes

30 March, 2023

10.00 a.m. – 11.30 a.m.

PRESENT: Councillors Allan Knox (Convener), Lynn Ballantyne-Wardlaw, Auxi Barrera, Ian Cameron, Rod Cavanagh, Eugene Clarke, Sean Dillon, Graeme Downie, Stefan Hoggan-Radu, Robin Lawson, James Leslie, Gordon Pryde, Alistair Suttie and Ann Verner.

ATTENDING: Eileen Rowand, Executive Director, Finance & Corporate Services; Alan Paul, Head of Property Services, Raymond Johnston, Service Manager - Professional Services, Property Services; Gordon Mole, Head of Business & Employability, Morag Millar, Programme Manager, Strategic Growth & City Region Deals, Economy Planning and Employability Services; Elaine Muir, Head of Finance, Jay Wilson, Accountant, Jackie Johnstone, Accountant, Finance Services; Elizabeth Mair and Emma Whyte, Committee Officers, Legal & Democratic Services, Finance & Corporate Services.

39. DECLARATIONS OF INTEREST

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

40. MINUTE

The Committee considered the minute of meeting of the Finance, Economy & Corporate Services Scrutiny Committee of 26 January 2023.

Decision

The Committee agreed to approve the minute.

41. MANAGEMENT OF CAPITAL CONSTRUCTION PROJECTS

The Committee considered a joint report by the Head of Finance and the Head of Property Services in response to a request for further information on management of capital construction projects, including how they were priced in a wider sense and whether it would be possible to look at fixed price contracts. The report also summarised the Council's approach to the delivery and management of construction projects and project overspends that arose from time to time. Alan Paul, Head of Property Services, gave a presentation highlighting the main issues.

Decision

The Committee noted:-

- (1) the information contained in the report and presentation; and
- (2) that a briefing note providing examples of recording of community wealth building initiatives in construction projects would be circulated to members.

42./

42. TAY CITIES DEAL ANNUAL REPORT

The Committee considered a report by the Head of Business and Employability Services presenting the second annual performance report on progress by the Tay Cities Region Deal for the period 1st October 2021 to 30th September 2022.

Decision

The Committee noted:-

- (1) the information contained in the report and the progress on activity in North East Fife; and
- (2) that this was a draft report until approved by the Tay Cities Joint Committee on 24th March, 2023.

43. 2022/23 REVENUE MONITORING PROJECTED OUTTURN – FINANCE AND CORPORATE SERVICES

The Committee considered a report by the Executive Director, Finance and Corporate Services, providing an update on the projected outturn financial position for 2022/23 for the Finance and Corporate Services Directorate.

Decision

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

44. 2022/23 CAPITAL MONITORING PROJECTED OUTTURN – FINANCE AND CORPORATE SERVICES DIRECTORATE

The Committee considered a report by the Executive Director, Finance and Corporate Services, providing an update on the Capital Investment Plan and advising on the projected financial position for the 2022/23 financial year for the Finance and Corporate Services Directorate.

Decision

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

45. 2022/23 REVENUE MONITORING PROJECTED OUTTURN – PLANNING SERVICE, BUSINESS AND EMPLOYABILITY SERVICE

The Committee considered a joint report by the Executive Director, Finance and Corporate Services and the Executive Director, Enterprise and Environment, providing an update on the projected outturn financial position for the 2022/23 financial year, as at December 2022, for the areas in scope of the Finance, Economy and Corporate Services Scrutiny Committee.

Decision

The Committee noted:-

- (1) the current financial performance and activity as detailed in the report; and
- (2) that the Head of Planning would issue a briefing note providing further information on recruitment and workforce planning.

46./

46. 2022/23 CAPITAL MONITORING PROJECTED OUTTURN – BUSINESS AND EMPLOYABILITY SERVICE

The Committee considered a joint report by the Executive Director, Finance and Corporate Services and the Executive Director, Enterprise and Environment, providing an update on the Capital Investment Plan and advising on the projected financial position for the 2022/23 financial year, as at December 2022, for the areas in scope of the Finance, Economy and Corporate Services Scrutiny Committee.

Decision

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

47. FINANCE, ECONOMY AND CORPORATE SERVICES SCRUTINY COMMITTEE FORWARD WORK PROGRAMME

The Committee considered a report by the Executive Director, Finance and Corporate Services outlining a draft workplan for future meetings of this Committee.

Decision

The Committee noted:-

- (1) the current Finance, Economy and Corporate Services Scrutiny Work Plan;
- (2) that reports arising from suggestions received from members, including those relating to procurement and green freeports, would be added to the Forward Work Programme for appropriate future Committee meeting dates; and
- (3) that a large number of annual reports were currently scheduled for October 2023 and these would be spread over several meetings to allow proper consideration to be given to each one.

Finance, Economy and Corporate Services Scrutiny Committee
Budget Working Group
Tuesday 6th June 2023

Present: Cllr Alan Knox
Cllr Robin Lawson
Cllr Graeme Downie
Cllr Alistair Suttie

Attending: Eileen Rowand, Executive Director, Finance and Corporate Services and Neil Sneddon, Accountant

1. Note of previous meeting

Agreed

2. Review of Budget Process

ER gave brief outline of the budget process based on the documents shared.

- August – report to Cabinet with updated budget gap for next 3 years
- December – settlement from Scottish Government (1 year)
- Jan/Feb – updated budget report
- February – budget set by full Council (member proposals to be submitted 6 working days in advance, amendments 3 working days in advance)
- Variety of briefings to Group leaders throughout the process

3. Discussion

Discussion then followed on the following areas:-

- Timing of date for the budget and whether this could be delayed to avoid having to deal with late announcements of additional funding from the Scottish Government. Critical item is setting of Council Tax as bills need to be issued to residents **4 weeks** in advance of new financial year.
- Concerns about decisions still being taken at a national level in February that could change the budget challenge. Acknowledged that given the reading of the budget bill and the need to gain political support this is difficult to avoid.
- How do national decisions such as Autumn Statement and Medium Term Financial Statement get factored into the Council's budget process. Relevant information is included in assumptions used to calculate budget gap and this is reported to Cabinet and Council.
- Is it possible to start the planning process earlier to increase time for decisions? ER outlined that a Fiscal Framework is being developed and this will hopefully aid earlier discussions between SG and COSLA. This work is being developed alongside a new deal for Local Government.
- Concern about the questions posed to tenants as part of the HRA rent consultation. Queried the questions asked and the linkages made to the need for investment. ER acknowledged that this was recognised as part of the budget process this year and a stronger link will be made going forward.
- Is financial information considered by committees done so in a timely manner? Council's outturn position (to 31st March) will be considered by Cabinet in June.

4. Next Steps

Next meeting of the group to be held at the start of August. Focus of discussion will be revenue outturn position for 2022-23, the agreed capital plan and a forward plan for the budget group's scrutiny work on the 2024-25 budget.

5. Date of next meeting

Early August – ER to arrange.

15 June 2023

Agenda Item No. 5

Annual Absence and Wellbeing Update

Report by: Sharon McKenzie, Head of HR

Wards Affected: None

Purpose

The report updates Scrutiny Committee on absence, and related absence and wellbeing activity, since the report to the Environment, Finance and Communities Scrutiny Committee on 1 February 2022.

Recommendations

The Committee is asked to note:-

- (1) the update and actions since absence information was last reported to Environment, Finance and Communities Committee in February 2022; and
- (2) that, following a number of reports and feedback from services, the Reform Board have agreed to take proposals to Cabinet Committee to strengthen corporate support for Attendance Management

Resource Implications

Although not easily quantifiable, there is a cost to the organisation when employees are working under circumstances which mean they are not thriving, as well as the more obvious direct costs of sick pay and paid backfill arrangements.

Reform Board have endorsed proposals to strengthen corporate support for Attendance Management. These proposals, which will have an initial target, require an investment and approval will be sought from Cabinet Committee later this summer.

Legal & Risk Implications

There is a risk that continued high absence levels negatively affect public perception. This is heightened when comparisons are made in the media with the private sector or where individuals have experienced poor service delivery.

There is an expectation from risk experts that there will be a rise in stress claims and there is a risk that the additional pressures on those remaining in work could give rise to such claims within the council.

Impact Assessment

An EqIA has not been completed and is not necessary because the report does not propose a change or revision to existing policies and practices.

Consultation

The Trade Unions are kept up to date on Corporate Absence measures during meetings with HR to discuss general health, wellbeing, and attendance issues.

1.0 Background

Context - Absence

1.1 The National Benchmarking Overview Report 2021-22 was published in March 2023. Key Messages in the report confirm: - **Workforce pressures have been exacerbated by Covid. Staff absence levels (excluding teachers) reached 12.2 days in 2021/22, the highest ever reported. NHS backlogs, treatment delays, and increasing mental health issues are all significant factors in this increase. More than half of all Councils are experiencing skills shortages caused by or exacerbated by the combined impact of Covid and Brexit, with Councils now facing recruitment challenges in areas not previously impacted. Staff retention and high levels of staff turnover, including at senior levels, is a growing issue for Councils and is being driven by Covid-related early retirement, and pay competition from other sectors.** The position in Fife Council is described adequately by this general statement.

1.2 Many factors affect reported sickness absence. To make any comparison meaningful, particularly comparison with other organisations, the following factors should be considered.

- The size and scale of the organisation (absence is normally higher in larger organisations)
- Terms and Conditions (local government sick pay and time off for sickness is negotiated nationally through CoSLA (Convention of Scottish Local Authorities))
- Organisational policies and operational model. These differ between organisations e.g., the length of bereavement leave before continued absence defaults to sick leave. Also, the ratio of HR advisers to employees and whether sickness is managed centrally - in the public sector the management norm is line managers, and the number of HR Advisers has reduced over the years as central support services have been trimmed.
- Cultural norms - how much time and support are expected before a capability (sickness absence) dismissal takes place. Appeals Sub Committee decisions play an important part here.
- The amount of change and capacity in the organisation. Put simplistically, people generally don't like change, so it may cause stress, triggering sickness absence for those least able to cope. Line managers play a key role in managing absence. Often during periods of change, managers have the least capacity so taking employee stressors and manager capacity into account, the level of sickness absence is likely to increase. This situation is likely to be exacerbated if there is already high turnover and vacancies as they put pressure on the remaining workforce.
- Despite national guidance, benchmarking has identified a range of different SPI calculation methods across councils.

Context – Wellbeing

- 1.3 Health and Wellbeing is a concept that has been emerging over the last 20 years and individual wellbeing has really come to public attention during the covid pandemic. As well-being is about how people feel, even bodies like the Office of National Statistics bases personal well-being information on subjective reports of 'satisfaction', 'purpose', 'happiness' and 'anxiety'. Well-being as a subjective state is at one end of a spectrum which, at the other end, has clinically diagnosed Mental or Physical illness or unmanageable debt.
- 1.4 Pain, poor physical health, financial worries and loneliness negatively impact mental health so measures to improve employee wellbeing normally cover financial, physical and social aspects, as well as mental health. Every individual has always had 'mental health' and it is normal to fluctuate between thriving, OK, struggling, being ill and sometimes also off work. Mostly people refer to poor mental wellbeing appropriately. However, as the expression is now used more widely it is sometimes used to describe a normal periodic worry. Similarly, the term 'stressed' is a clinical term but now widely used as a common term to describe a 'pressure'.
- 1.5 In 2017, the Stevenson Farmer report was published. It was commissioned by the UK government in pursuit of the ambition that we dramatically reduce the proportion of people with a long-term mental health condition who leave employment every year and ensure that all who can, benefit from the positive impacts of good work.
- 1.6 The vision is for employers to have the awareness and tools to address and prevent mental ill-health caused or worsened by work; and support employees to thrive and to access timely help.
- 1.7 The vision for employees is that all types of employment have 'good work' and every individual has the knowledge, tools, and confidence to understand and look after their own mental health and the mental health of those around them.
- 1.8 Many of the supports for employees referred to above are in place through HR policies and provisions such as Occupational Health introduced as good practice measures over many years. However, during a review of strategic risk in 2021 Employee Wellbeing was introduced as a strategic risk. To support this, a working definition of wellbeing was agreed by CET in January 2022. The definition is as follows:

Wellbeing is a positive physical, social, and mental state. It requires that basic needs are met, that individuals have a sense of purpose, that they feel able to achieve and thrive. It is enhanced by conditions that include supportive relationships, strong and inclusive communities, good health, financial and personal security, rewarding employment, and a healthy and attractive environment.
- 1.9 Fife Council value all staff feeling healthy, happy and everyone having a personal responsibility for wellbeing. We appreciate our part as an employer in contributing to staff wellbeing and will aspire to address this through the following recognised key areas:
 - Psychological – Mental Health & Stress
 - Physiological – Physical Health & Musculoskeletal
 - Societal – Connections, Environment & Consultation
 - Fiscal – Financial Wellbeing

2.0 Sickness Absence

- 2.1 Local government sickness absence average working days lost is published by the Improvement Service as a Statutory Performance Indicator (SPI). The indicator for the financial year is normally published around the February of the subsequent year i.e., the 2021/22 SPI was published March 2023. Before then figures are considered indicative.
- 2.2 Historically, information was also made available as percentage absence, but this stopped when it became clear that there was regular confusion between sickness absence, costs of sickness absence and incorrect calculations in circulation. As well as the SPI, Average Working Days Lost (WDL) are used for performance reporting and available periodically through the council's performance system, Pentana.
- 2.3 It was noted in the report to Scrutiny Committee in February 2022, that sickness levels would likely increase as the duration of the pandemic extended and living and working with covid was normalised.
- 2.4 As the pandemic has progressed, covid absences have moved from being treated as a separate issue to being incorporated into normal absence management practice to avoid potential grounds for discrimination claims. Initially, all covid related absences were treated as a form of special leave, then covid absences over 12 weeks were classed as sick leave and now all situations where the employee is too sick to work are treated as sickness absence. Reported sickness absence for the 2021/22 reporting period therefore excludes most Covid absence as old rules still applied.
- 2.5 The Fife SPI confirmed a rise in absence levels during 2021/22. Covid absence is in addition to the SPI figure. Within the total, short-term absence reduced, but long-term absence increased. The most recent rolling 12-month figure to March 2023 unfortunately confirms the continued rise in absence levels, with a reduction in additional covid absence.

SPI Results - 2018/19, 2019/20, 2020/21, 21/22 All figures are average working days lost (WDL)					Current	Covid (21/22)
	Fife Council 2018/19 (i.e., 12 months to March 2019). Published	Fife Council 2019/20 (i.e., 12 months to March 2020) Published	Fife Council 2020/21 (i.e., 12 months to March 2021) Published	Fife Council 2021/22 (i.e., 12 months to March 2022) Published	Fife Council Rolling 12 months to March 2023 <i>Indicative</i> Not Published	Av. Wkg. Days Lost per FTE. <i>Indicative</i> Rolling 12 months covid to March 23
All Other Employees	13.10	13.86	11.83	15.29	15.85	(3.78) 0.95
Teachers	6.76	6.35	5.15	6.98	8.24	(3.35) 0.64
All Employees	11.58	12.06	10.23	13.26	14.02	(3.68) 0.87

In 2020/21 Fife ranked 31st out of all councils and has remained 31st for 2021/22. The indicative (unpublished) information is that there has been a further increase of 0.76 Average Working Days Lost for the period 1 April 2022 to 31 March 2023.

2.6 A more detailed breakdown of the 2021/22 reporting period is available as follows:

KEY N.B.MSK and MH& Stress (columns D&E) are the top 2 reasons for sickness absence	Column					
	<p>A – All sickness – average working days lost per Full Time Employee (av WDL per FTE)</p> <p>B - Long Term Absence i.e. over 4 weeks – av. WDL per FTE included in A</p> <p>C - Short Term Absence i.e., under 4 weeks – av. WDL per FTE included in A</p> <p>D – MSK absences – av. WDL per FTE Musculoskeletal included in A</p> <p>E - MH & Stress – av. WDL per FTE Mental Health and Stress included in A</p> <p>F - Stress Work related - i.e., a stress absence where the employee has self-identified their work as the primary stressor. Included in E</p> <p>NB. Figures shown are average working days lost per full time equivalent</p> <p><u>Underline</u> = a reduction from the 2020/21 figure in brackets below.</p> <p>No underline = an increase</p>					
	A	B	C	D	E	F
Type of absence (2020/21)	All sickness (WDL)	Long Term Absence	Short Term Absence	MSK absences	MH & Stress	Stress Work related
ECS all other employees	11.67 (9.70)	8.38 (6.05)	<u>3.29</u> (3.65)	2.07 (2.01)	4.00 (3.28)	0.48 (0.34)
ECS Teachers	6.98 (5.15)	4.76 (2.55)	<u>2.21</u> (2.60)	<u>0.60</u> (0.70)	1.66 (1.36)	0.50 (0.32)
HSCP	27.17 (19.60)	23.42 (13.54)	<u>3.74</u> (6.06)	7.73 (4.41)	8.39 (6.18)	1.64 (0.55)
E&E	14.79 (11.47)	11.64 (7.18)	<u>3.16</u> (4.29)	5.16 (2.66)	3.17 (2.33)	0.65 (0.14)
Communities	12.31 (8.66)	9.90 (5.27)	<u>2.41</u> (3.39)	2.28 (1.85)	4.72 (2.87)	1.07 (0.42)
F&CS	9.77 (8.15)	7.36 (4.95)	<u>2.41</u> (3.20)	<u>1.56</u> (1.74)	3.27 (3.07)	0.37 (0.26)
TOTAL	13.26 (10.23)	10.34 (6.37)	<u>2.92</u> (3.86)	3.19 (2.49)	3.82 (2.93)	0.72 (0.35)
Total excluding HSCP	11.11 (8.69)	8.32 (5.19)	<u>2.79</u> (3.50)	2.49 (2.17)	3.11 (2.39)	0.58 (0.32)

- 2.7 The Society of Directors of Personnel Scotland (SPDS) support a benchmarking group who meet regularly and, along with the Improvement Service, seek to explore good practice initiatives and reasons for changing statistics. In addition, the SPDS Wellbeing group input to relevant CoSLA and Scottish Government forums.
- 2.8 Absence reduced in Fife Council between the 2019/20 financial year and 2020/21 financial year by an average of 1.83 working days lost per full-time equivalent. The majority of councils identified a similar pattern of reduction. Unfortunately, absence has gone up between the 2020/21 and 2021/22 financial years by an average of 3.03 working days lost per full time equivalent, consistent with the general summary in the National Benchmarking Overview Report. Whilst still unpublished a further rise in level in Fife Council between 2021/22 and 2022/23 is indicated.
- 2.9 Whilst all councils have not shared their information for 2022/23 it appears from discussion that as the pressures on local government workforce continue this is being reflected in increased levels of sickness absence. This means that the Council's target of each service ending the year with an average of fewer working days lost than at the start of the year, was not achieved for 2021/22. 2022/23 has been an intense period where many staff have continued working under pressure and participation in strike action conveys the impact of economic pressures. The indicative information is that the target has not been achieved and may be worsening.
- 2.10 Research on previous pandemics suggested that there would be an initial response to the pandemic – similar to a normal change curve. It was also indicated that there would likely be several waves, which is what we have seen in the UK. As people stepped up to meet the emergency some personal impacts may have been suppressed in the short term and may emerge in the longer term when the emergency is less severe. There has never been a pandemic as enduring as the Covid-19 one, so forecasts of impact are relying on best available information rather than a fully researched picture.
- 2.11 Graphs of psychological impact suggest we should be prepared for sickness absence levels higher than pre-pandemic levels for some time still. The impact of delayed medical interventions is being seen in the duration of long-term absences. Supervisor sickness and covid absence contribute to the length of absences as early intervention is not always possible. Currently a change in pension regulations in combination with GP and consultant availability/priority to provide further medical information to our occupational health provider is also having a noticeable impact on long term absences.
- 2.12 In some organisations central HR manage absence on behalf of managers. In Fife Council this responsibility has been part of the line manager remit for many years. A small team within central HR are responsible for the Attendance Management policy, procedure and case advice whilst service managers will follow policy and procedure – the same as with any other HR policy and procedure. Questions about attendance management go through the Shared Service Desk with complex queries and requests for support on individual cases being passed to the HRBP teams.
- 2.13 Benchmarking discussion continued throughout the pandemic and subsequently in SPDS forums, and we have good insight on approaches in all councils. Benchmark exercises were undertaken pre-pandemic with East Ayrshire, Aberdeenshire and Midlothian Council and provided the following insight:
- East Ayrshire HR attributed their ranking to HR having the capacity to provide managers with detailed support and being small enough (just over 6000 employees) for managers and HR to know staff and have a closer connection. (They are currently in the 3rd quartile).

- Aberdeenshire (currently in the top SPI quartile) have a policy and approach broadly similar to East Ayrshire. They have a single process, including triggers, which includes Teaching staff. They confirmed they had the capacity in their team to have a ‘hands on’ approach in terms of management support. There was also an in-house full-time Occupational Health nurse and full time Health Promotion officer supplementing external Occupational Health provision.
- In Midlothian Council (also in the top SPI quartile) the culture is to assess risk and take bold and informed decisions as part of actively managing cases. Accordingly, most HR staff to support the ‘front end’ of absence taking a rigorous approach to early intervention ensuring a relatively standard suite of supports is offered early on to all unwell employees. Offers and uptake of support is noted in return-to-work plans. This evidence that a reasonable approach had been taken meant capability dismissals were then progressed relatively quickly by managers on the basis of a business case. Key to this were their Elected Members (who have direct access to business performance through Pentana) and the absence management approach is supported by members at appeal.

2.14 Benchmarking ratios for HR staff (i.e., not H&S, Workforce Development, Payroll or Transactions) available in 2019, and more recently, confirmed the Fife ratio was 1:260, consistent with reduced capacity for manager support.

2.15 The XpertHR Survey 2022 provides a survey across the UK based on Full-Time Equivalent (FTE) HR to employee ratios - although in practice it is headcount that matters as employees are managed individually.

General trend since 2006 is that the proportion of HR Practitioners to Employees is increasing in 2022.	1:55
The average for organisations with more than 1000	1:100
The Public Sector average is higher than Private, Manufacturing and Not-for-profit organisations.	1:83
Local Government	1:59
Fife Council FTE	1:260
Ratios are available for a limited number of other Scottish Councils	
Falkirk Council	1:263
East Renfrewshire	1:249
West Dunbartonshire	1:241
Inverclyde Council	1:444
West Lothian	1:525

2.16 Employees (in scope) were able to contract to a Blended Workstyle from May 2022 although working from home started during the pandemic. From contractual information we can identify and compare those who contracted to work blended and those who did not and note a difference in sickness absence levels. Employees who opted in to blended working had approximately 50% fewer Average Working Days lost for the 2022/23 period compared to all other employees on similar terms and conditions. The blended group will include a higher proportion of managers who can work flexibly and who, as a group, are also likely to have lower sickness levels. When information is available over a longer period a more detailed analysis will be undertaken.

3.0 Wellbeing Activity

- 3.1 To support the vision for employees described in paragraph 1.4 above a number of wellbeing activities are in place or have been initiated and work is ongoing to strengthen the wellbeing message to employees. Many areas of the HR Service support different aspects of wellbeing directly, and indirectly, and HR are working towards enabling employees to have the knowledge, tools, and confidence to understand and look after their own wellbeing and for supervisors to support those around them. As an example of an indirect wellbeing benefit, the knowledge to lift correctly and safely for work purposes can also be applied when gardening at home.
- 3.2 To inform our strategy with information on priority areas we undertook the regular Health Needs Analysis survey (HNA) in January 2022. Information was provided to Heads of Service in an interactive format with the help of BTS colleagues. HNA content was reviewed with the Joint Trades Union Branch Secretary as the Trade Unions have a key interest in employee wellbeing. The HNA was initiated under the NHS Healthy Working Lives programme. The programme ceased earlier this year however a regular HNA type survey of employees will continue. The new, shorter survey is anticipated in autumn 2023.
- 3.3 With wellbeing identified as a strategic risk for the organisation, a wellbeing plan has been developed. It was based upon published sources and Health Needs Analysis survey information and planned activity was confirmed through the council's research team report on 'Thriving at Work - in Fife Council'. The Thriving at Work report used the Health Needs Analysis data, sickness absence data and other available information, including geographic data. It confirmed the national research that the greatest pandemic impact was in higher SIMD areas was also reflected in Fife Council sickness levels. Key areas for action highlighted to Heads of Service for consideration were:
- Regular supervision with line manager - a key opportunity for early intervention to prevent work-related stress increasing, and signposting support for wellbeing issues.
 - Workload & Management - a service level stress risk assessment would identify whether council mitigation measures are being used by everyone and working for 100% of employees, or whether more needs to be done.
 - Awareness of support services (e.g. Physio, Mental Health First Aid & Counselling) - linked to first point above. Proactive line management encouragement is a good support for employees and demonstrating individual interest and concern helps to develop positive relationships.
 - Physical Activity / Sedentary/ Musculoskeletal issues - whilst this involves personal choices, there will be health issues longer term for some sedentary employees. There can be opportunities to energise groups and share team successes. Like third point above, proactive line management and peer encouragement can encourage behaviour changes.
 - Violence & Aggression - a key area for consideration here is the perception of how well supported employees felt after an incident.
- 3.4 Directorates and services regularly, and very effectively, complement the corporate programme with local initiatives. A current initiative, which has been reported in the press, is Waste Operations funding the ANDYSMANCLUB logo on three Refuse Collection Vehicles. This continues their support of mental health initiatives from hosting the 2022 Wellbeing Roadshow at Depots to arranging for mental health crisis lines to be embroidered on their Personal Protective Equipment as standard. Further examples of HR corporate activities are described in Appendix 1 to illustrate other wellbeing activities.

- 3.5 The HNA gave specific insight into wellbeing areas and a particular target has been to try different ways of communicating the information to have a wider reach and encourage engagement. Wellbeing Roadshows targeting front line staff were held in September 2022 and a programme of webinars, most of which have been recorded for access by those who cannot attend on the day. This was funded by a generous donation of £10k from UNISON.

4.0 Steps to Managing Absence

- 4.1 Whilst Stress is a Health and Safety psychological risk, it is worth flagging up that there is a link to absence and wellbeing. A council wide Stress Overview Group has been established. The Group is encouraging services to undertake a Stress Risk Assessment to identify and most important, deliver, any local improvements.
- 4.2 A research paper on 'Reconsidering the Management of Sickness Absence' has been produced in HR. The most progressive measures would need national action as the key policy and terms and conditions are negotiated nationally. This information and feedback from recent focus groups with service managers will inform what perceived barriers to the better management of attendance will be followed up.
- 4.3 It has been known for some time that early intervention is the most effective support and remaining at work is good for mental health. The Department of Health and Social Care in a paper published in 2019 identified the likely rate of not returning to work and how this increases, quite markedly, with the length of the absence. Between 1-3 months the likelihood of return is over 90% dropping to 80% at 6 months and 63% between 9 months and one year.
- 4.4 The aim for some time has been to get the basics right and build from there. This is still the priority as there are no shortcuts to absence management or wellbeing. The strap line for this approach for absence management and wellbeing is:
- **Wise Up** (managers and employees know what they should do and where to get information. A critical action is regular supervision),
 - **Speed Up** (this covers early intervention, making timeous referrals and prevention by asking the right questions at supervision and signposting to support)
 - **Speak Up** (this will happen if there is regular supervision and good work relationships and covers asking if people are OK, and employees asking for help – preferably early)
 - **Meet Up** (ensuring that regular supervisor-employee meetings are taking place to develop a supportive relationship necessary for the employee to feel comfortable raising concerns).
- 4.5 The Reform Board has considered measures to strengthen attendance management and requested that further work is advanced to consider options for investment. A report will be submitted to Cabinet Committee on 29th June 2023. The proposals being considered recognise the current context where managers are operating under greater pressures than they were pre-pandemic. The proposals include options to reduce the pressures on managers where capacity is stretched; continued high workloads contributing to lack of early intervention which often increases the complexity of an issue, self-service learning during the pandemic which created knowledge and skills gaps reducing confidence; improving the flow of information on absence and demand for HR support/advice exceeding current capacity. An ageing workforce and pressures on the NHS resulting in extended delays for treatment exacerbate the situation.

- 4.6 The option to increase assistance to managers includes a number of measures. The proposal for increased assistance from HR includes providing additional reports and analysis for services; checking new absences to prompt and support early intervention (including wellbeing supports); earlier HR support to managers with attendance cases with a particular priority on business need areas e.g. very high levels, high levels in units with critical delivery or recruitment issues; introduction of Return to Work Plans; additional Attendance Panels and increased 'case conferences'. Introduction of corporate Attendance Management induction (managers, supervisors and employees) and additional training (managers and supervisors) to build knowledge and confidence. A programme of briefings will also be offered to keep current supervisors involved in, and abreast of, changes as approaches are reviewed. The option to increase the support from HR should provide a cost-effective use of resources and monitoring information against an initial improvement target. More HR staff advice and support across a range of areas will also make best use of manager time. Consideration is currently being given to how the proposed interventions will improve absence and support managers in the important role that they play in keeping employees well at work, and more detail on this will be included in the Cabinet report on 29th June 2023.
- 4.7 Priority focus areas will include the following areas (with over 20 employees) currently with the highest levels of absence.

Full time equivalent Staff (FTE)	Functional Area	Average Working Days Lost per FTE at 31 March 2023
829	Care at Home	29.73
394	Waste Operations	24.52
751	Adult Services	23.82
379	Roads and Transportation	17.96
1254	Facilities Management	16.61
265	Customer Service Improvement	16.14

- 4.8 One factor that shifted during the pandemic is the expectation of support. Government reports over the last 10 years have included increasing expectations of employers. The Attendance Support Unit will overview the support offered to ensure there is equity and effective universal provision and offers of additional support.
- 4.9 Elected Member expectations are expressed at committee alongside views on policy deployment. As the Attendance Support Unit is established it is hoped to have on-going engagement with Elected Members to discuss service pressures and how the management of absence is being impacted by the changing external environment.

5.0 Conclusions

- 5.1 Absence has increased between the 2020/21 and 2021/22 financial years by an average of 3.03 working days lost per full time equivalent. Indicative figures suggest a further increase of 0.76 working days lost from 13.26 in 2021/22 to 14.02 in 2022/23. This will be the highest level of sickness absence ever experienced in Fife Council. Whilst all councils have not shared their information it appears from discussion that as the pressures on the local government workforce continue this is being reflected generally in increased levels of sickness absence.
- 5.2 The target of ending the 2021/22 financial year with an average of fewer working days lost than there were at the start of the year has not been achieved.
- 5.3 The introduction of an Attendance Support Unit, once established, will significantly increase the information, training, support and advice available to managers and supervisors and enable earlier and consistent intervention. Over time this will minimise absence levels and target specific reductions.
- 5.4 Wellbeing activities will continue, and hopefully contribute to the workforce thriving.
- 5.5 The management of employee's sickness absence is an activity delivered through over 1,600 managers and supervisors. It is important to keep a focus on this responsibility despite the other simultaneous demands being made on this group of staff. Regular supportive supervision is key to early intervention to minimise absence and encourage wellbeing.
- 5.6 HR will continue to benchmark regularly to understand the effectiveness and transferability of initiatives and approaches to the management of absence. HR will also continue to provide advice, tools and information to assist services and line managers in the management of absence and explore barriers to this.

List of Appendices

1. Illustrative examples of HR corporate wellbeing activity.

Background Papers

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

- J Banks, D Fancourt, X Xu – [World Happiness Report 2021](#)
- Department of Health & Social Care. Health in the workplace – patterns of sickness absence, employer support and employment retention – [report link](#)
- BMP Public Health Predicting return to work after long-term sickness absence with subjective health complaints: [a prospective cohort study](#)

Report Contact

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Illustrative examples of HR corporate wellbeing activity

The Health Needs Analysis (HNA) referenced below was undertaken in January 2022 and is a representative sample as there were returns for all services and over 1600 returns in total.

Information	Related support and prevention activities
<p>A sedentary lifestyle is not good for health.</p> <p>From the HNA, 35% of employees are likely to be spending extended periods of time in a sedentary workstyle.</p> <p>The HNA also identified 43% of staff identifying they were troubled by musculoskeletal issues at work. Early preventive support should help to keep issues from getting worse.</p>	<ul style="list-style-type: none"> • Physical activity information is incorporated into wellbeing communications and over the course of a year will be highlighted through focussed campaigns. • Blended workstyle wellbeing guidance includes how to avoid sedentary habits. • Blended working and other updated workstyles are being introduced to encourage work life balance where this is possible e.g. more flexibility to fit in work and life activities • Occupational Health advice & Physiotherapy sessions are available through managers. • The Physiotherapy provider uses a telephone screening service to identify those who can be supported remotely and those who need in person enhanced support. They are also providing a short information video for us. • HR engage with the Occupational Health & Physiotherapy providers to review management information, identify any emerging trends, get feedback and work with the providers on developing useful information. • There are Health and Safety Regulations to ensure Display Screen Equipment (DSE) is used properly to avoid long term MSK issues. DSE includes desktop computers, laptops and smartphones. A critical, but not very popular, part of staff moving formally to a Blended Workstyle is the check that the home workstation meets Health and Safety standards to minimise the likelihood of causing a MSK problem. • Key to an employee thriving is regular engagement with their supervisor. Structures to support this have been in place for decades although the name changes as formats are refreshed. Talking Points is the current model and includes question areas to prompt wellbeing discussion.

<p>45% of HNA respondents said they are troubled by pressures experienced at work.</p> <p>Workload, Control over workload and lack of Supervision being the biggest reasons identified for pressures at work.</p>	<p>Employers have a legal duty to manage psychological risk along with other health and safety risks. The Health and Safety Executive (HSE) identify common stress factors in work roles including, for example, where the organisation is subject to scrutiny, where customers (think they) have a right to the service or benefit. For many council roles the elements described by the HSE as common stress factors are intrinsic to the work.</p> <p>Local authority staff continued service delivery over a wide range of services throughout the peak of the pandemic and many pressures continue for a variety of reasons outwith the council's control. The high percentage is an important reminder that pressures build and accumulate and individual ability to cope with pressure varies. These respondents are at work and with appropriate support will hopefully remain at work.</p> <ul style="list-style-type: none"> • Culture and good behaviour, including when working under pressure, are important and guidance on acceptable standards are given in documents like How We Work Matters and Codes of Conduct and covered in induction. • As covered above, key to an employee thriving is regular positive engagement with their supervisor. Structures to support this have been in place for decades although the name changes as formats are refreshed. Talking Points is the current council model and includes question areas to prompt wellbeing discussion. Other models of supervision designed for particular professional support also provide a structure through which wellbeing should be discussed. • There is a Mental Health 1st Aider network in place which is expanding and also promoting wellbeing activity in local workplaces. Starting with 38 the network has grown to 80+ • The cascade of Mentally Healthy Workplace training to all council supervisors and managers through trained directorate trainers has resumed again after being paused by the pandemic. • A new part-time Mental Health trainer has been providing general awareness training aimed at employees supporting each other in the workplace and self-care (services will meet any training requirements for service specific role delivery). • We continue to raise the profile of the stress information and tools based on HSE provision and available for individual and team use.
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	<ul style="list-style-type: none"> • The HR Workforce Development team have provided a PDP (Personal Development Plan) tool, for services not already using one, to encourage staff to take more control over their career and personal development. Feeling in control makes a positive contribution to overall wellbeing and feeling valued through managers engaging and supporting the process will enhance wellbeing further. • Fife Council provide short blocks of counselling support and review management information with the provider. This support is available as a 'self-service' option as well as through the manager and may also help staff awaiting medical referral for more extensive clinical support. Manager/Supervisor information sessions were held in May to increase awareness and encourage early referrals. An encouraging 118 people attended. • We have branded wellbeing communications to reinforce the messaging and help staff identify the information.
<p>20% of respondents told us financial worries impacted on their wellbeing and performance.</p>	<p>Financial wellbeing is an important area but difficult during the current economic situation.</p> <ul style="list-style-type: none"> • Recent measures include making expenses claims payable on a daily basis, instead of 4-weekly and providing supplementary Business Mileage Support. • We are increasing communications that target and promote employee benefits and the financial support available. We have traditionally targeted education and information to retirees and will explore whether we can digitally tailor this towards other life events such as parenthood etc. • Wellbeing roadshows took place in September 2022 and included information on Fuel Poverty, Employee Benefits, Salary finance education, CARF (Citizens Advice and Rights Fife) and Pensions.

15 June 2023

Agenda Item No. 6

Benefits Realisation Plan - Fife Industrial Innovation Investment (i3) Programme.

Report by: Gordon Mole, Head of Business & Employability Services

Wards Affected: 1-15, 21,22

Purpose

This report responds to a request for more information on the Benefits Realisation Plan for the Fife Industrial Innovation Investment (i3) Programme, funded through the Edinburgh and South East Scotland City Region Deal. It summarises the approach and the benefits achieved by March 2022.

Recommendation(s)

The Scrutiny Committee is asked to consider the contents of the report and advise if any further information or action is required.

Resource Implications

None.

Legal & Risk Implications

There are no legal and risk implications from this Report.

Impact Assessment

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

The Fairer Scotland Duty, which came into force on 1 April 2018, requires the Council to consider how it can reduce inequalities of outcome caused by socio-economic disadvantage when making strategic decisions. The Benefits Realisation Plan details outcomes achieved in supporting inclusive growth associated with capital investment projects funded by the Edinburgh and South East Scotland City Region Deal.

Consultation

The Heads of Finance and Legal Services. have been consulted in the preparation of this report. Wider consultation is not required as this report does not propose a change to existing policies and practices.

1.0 Background

- 1.1 It is now almost five years since the Edinburgh and South East Scotland City Region Deal was signed. It continues to make excellent progress in delivering the £1.4 billion investment programme. The regional partnership consists of six local authorities, four universities, six colleges and the Regional Enterprise Council – made up of business, social enterprise and third sector representatives from across the region. With the approval of the business cases for the Edinburgh Innovation Hub and the Dunard Centre, 18 of the City Region Deal’s 20 projects are now in delivery. The City Region Deal has demonstrated that partners can collaborate effectively effective delivery of regional infrastructure and strategically co-ordinated transport, housing, and economic development.
- 1.2 A key driver for the investment in the City Region Deal was the opportunity to address inclusion across the city region. The City Region Deal aims to deliver inclusive growth and create new economic opportunities from innovation. The City Region Deal’s Integrated Employability and Skills programme, alongside improved transport, and housing provision, aims to ensure that businesses and communities across the region will benefit from the investment.
- 1.3 All investment projects within the City Region Deal have produced an Outline Business Case using HM Treasury’s Green Book Business Case approach prior to the City Region Deal being signed. It is designed to support better spending and investment decisions. After the City Region Deal was signed in 2019, the Benefits Realisation Plans for each project were developed into a Benefits Realisation Plan for the City Region Deal. This was approved by the Joint Committee in September 2020. It can be accessed here [Benefits Realisation Plan](#)

Fife i3 Programme

- 1.4 The Fife Industrial Innovation Investment (i3) Programme is a £50 million, ten-year programme delivered by Fife Council with funding support from the Edinburgh and South East of Scotland City Region Deal. The investment delivers new business premises and immediately available serviced employment land. These are located within existing business clusters in mid and south Fife, adjacent to the M90 and A92 growth corridors.
 - 1.4.1 The Fife i3 Programme is a long-term investment programme that is part of the Deal’s Innovation activities. The ambition is to have more innovation-active businesses in Fife, i.e., businesses that are engaged in all forms of innovation. In the medium term, the ambition is to increase business investment in formal innovation such as research and development. This will deliver improved productivity and higher value jobs for Fife and the City Region. Short term outputs for the innovation activity includes Community Benefits, Construction and supply chain jobs and Site Occupancy. The medium-term impact is jobs, and in the longer-term sustained employment/wage rate uplifts.
 - 1.4.2 The Fife i3 Programme started delivery in April 2019 after the approval of the Full Business Case for Tranche 1 (Years 1-3) of the Programme. This completed in March 2022. Tranche 2 started delivery in April 2022, after Fife Council and Joint Committee approval of its Full Business Case in March 2021.

1.4.3 By the end of Tranche 1 (March 2022) the Fife i3 Programme had delivered:

Projects Delivered	Description	Investment
Acquisitions 2 sites	Ridge Way (2.59 ha)	£795,105
	Fife Interchange North (6.77 ha)	£766,462
New Build 2 sites	Flemington Rd (1,095 m2)	£3,376,247
	Dunnikier (762 m2)	£2,267,955
	Total	£7,205,769

The Benefits Realisation Process

- 1.5 The Benefits Realisation Plan for the City Region Deal sets out the overarching approach to reviewing and evaluating benefits to address two central issues:
- How the City Region City Region Deal is performing against delivery plans as set out in approved programme and project business cases and the overall City Region Deal Document objectives; and,
 - What economic, social, and other impacts may be generated as a result within the Region, Scotland and elsewhere in the UK? In short, the Plan sets out how the City Region Deal can demonstrate that benefits are being realised.
- 1.5.1 In October 2020, the Fife i3 Programme Board approved the process to benefits management for the Fife i3 Programme. It aims to ensure consistency across all projects to ensure that the delivery of benefits is monitored at both a project and programme level, at the appropriate stage in delivery. It aligns with the Edinburgh and South East Scotland City Region Deal Benefits Realisation Plan.
- 1.5.2 The baseline for the Fife i3 programme benefits was established in the Full Business Case in 2019. Benefits are monitored and assessed through the Fife i3 Programme Change Control process. Changes are captured through Exception Reports, compared against the baseline level set in the Project Business Case. New benefits projections are captured, if approved by the i3 Programme Board.

2.0 The Benefits Realisation Approach

Inclusive Growth

- 2.1 Achieving increased sustainable economic growth and reducing inequalities - in ways that are consistent with the National Planning Framework and National Performance Framework and the UN Sustainable Development Goals - are central to the City Region Deal's ambitions. In developing the City Region Deal, the inclusive growth challenges specific to the City Region were identified. In responding to these, five overarching inclusive growth objectives were identified which each of the Programme themes are individually and, as importantly, collectively tasked to meet. The three in bold are those relevant to the Fife i3 Programme. They are:
- **accelerating inclusive growth**
 - **removing the barriers to growth**
 - **delivering community benefits through procurement**
 - targeting employability and skills interventions
 - delivering social benefit through innovation.
 - Innovation

- 2.2 The innovation focus of the Fife i3 Programme offers an opportunity to support companies to work in new ways to help them prosper and create new and better jobs. The ambition is to have more innovation-active businesses in Fife. The Fife i3 Programme also aligns with the City Region Deal's Integrated Regional Employability & Skills Programme, including the data-driven innovation (DDI) skills gateway project.
- 2.2.1 The Fife i3 Programme ensures that the innovation objectives are met by using an application process for potential tenants or purchasers to ensure these are let/sold to businesses with: an aspiration to grow (turnover and/or staff numbers); are enthusiastic about the benefits that new ways of working can bring and are committed to developing this; and will put fairness and equality at the heart of their workforce planning.
- 2.2.2 Tenants who are successful in the application process are also referred to Business Gateway Fife to begin discussions on the support that could be available to help them achieve their business objectives.

Delivering community benefits through Procurement

- 2.3.1 The City Region Deal has developed an online portal where community groups can publicise their project requiring assistance from potential suppliers. Work is ongoing to promote the use of <https://www.esescommunities.org/> This matches communities and good causes with suppliers in the City Region.
- 2.3.2 Fife Council's Community Managers are promoting the portal to local community groups to ensure local needs are published on the portal. Since September 2022, the portal has been included in all tender requests from the Fife i3 Programme, to make suppliers aware and encourage local matches. The Programme aims to ensure that Community Benefits are delivered and monitored as part of all contracts. A pilot community benefit model for South West Fife is being explored to refine the approach for wider community benefit delivery.
- 2.3.3 There are six ways in which procurement helps deliver Inclusive Growth in the City Region Deal. These include:
- New employment opportunities.
 - Working with local supply chains through the Scottish Supplier Development Programme.
 - Sustainability/reduced carbon.
 - Fair work practices.
 - Education and outreach.
 - Community cohesion.
- 2.3.4 Supplier engagement is core to delivering Inclusive Growth, to support good procurement. Fife Council's Property and Building Services support suppliers to help shape delivery of these benefits. The Economic Development team provides supplier support and tendering training. There is ongoing work to engage with successful contractors to ensure we are capturing community benefits throughout the contract duration; we have set a target to collect this quarterly.

Economic Benefits

2.4 An Economic Impact Assessment (EIA) was undertaken to appraise the likely impact of the Fife i3 Programme on key economic indicators as part of its Business Case. The EIA uses economic data and evidence, alongside key assumptions (multipliers) to model the impact of the programme, the multipliers are based on a fixed 'snap shot' model of the economy for a set period of time. The inputs and assumptions have been updated in line with Tranche 1 delivery (actual and expected). The Table below summarises the movement predicted by the EIA model between the Fife i3 Programme FBC in 2019 and end of Tranche 1.

2.4.1 Table 1: Overview of Expected Programme Benefits (31st March 2022)

Economic Benefits	Original FBC March 2018	Latest Position March 2022	Forecast by 2035
Gross Construction Jobs (cumulative)	596	137	596
GVA per £1 invested	£28	£10	£24
Cost per job	£44,340	£42,457	£42,457

2.4.2 Gross Construction Jobs is calculated using a formula that takes construction spend for the year, dividing it by £1m x 13.5 (employment multiplier effect). Gross Added Value (GVA), is the value generated by any unit engaged in the production of goods and services. The GVA multiplier estimates the indirect or induced GVA change as a result of a direct change of 1 unit (in £) of GVA generated by the final demand sector. For every £1 spent on this programme, £25 will be invested back into the economy. The cost per job is calculated by the total investment, divided by the number of jobs created (worked out using employment multiplier effect). The GVA and cost per job projections by 2035 are lower than the Full Business Case due to inflation.

Climate Change Benefits

2.5 Climate Change Benefits were not originally included in the Benefits Realisation Plan for the City Region Deal or the Fife i3 Programme. Scottish Government subsequently developed Carbon Guidance, [Scottish City Region Deals: carbon management guidance](#). This is based on the PAS2080 standard for managing carbon in building and infrastructure. During Tranche 2, the Fife i3 programme has adopted this guidance voluntarily, to prepare for the Full Business Case for Tranche 3, which will have to adopt them.

2.5.1 A baseline for embodied carbon was produced from the specification for the Queensway 1 Units, in Glenrothes. This is now being used to target reductions in Tranche 2 projects. Officers delivering the i3 programme have been trained in the use of the Carbon Guidance. External consultants also assist with the process, to supplement and help develop internal expertise. The carbon reduction measures will be continuously reviewed as the market evolves and new products emerge. This approach helps meet and aligns with the Council's Carbon commitments.

2.5.2 All Business Cases for projects in Tranche 2 capture and monitor the following:

- Operational EPC (Energy Performance Certificate)
- Operational Annual Heat Energy Demand (kWh/m²/yr)
- Embodied Carbon (kgCO₂e/m²)

2.5.3 Since the baseline was set for Embodied Carbon (580 kgCO₂e/m²), the project team has designed more recent projects to evolve from the traditional ‘terrace model’ to a more resilient and flexible product, taking a first significant step towards meeting the challenge of the Climate Change Emergency and the Council’s commitment to achieving Net Zero Carbon by 2030.

2.5.4 The design strategy for Fife Interchange North, Dunfermline used dynamic thermal and energy simulation modelling exercises to achieve a design to achieve low energy consumption and reduce carbon dioxide emissions. It also adopted a holistic carbon accounting approach, including the embodied carbon in the construction, low carbon energy supplies, and an enhanced low energy building design, by focussing on:

- Reducing embodied carbon.
- Reducing the building’s energy demand (through Passive design measures).
- Meeting end-use demand efficiently.
- Reducing peak demand and incorporating demand management measures.
- Supplying energy from low carbon sources, including renewable energy.
- Enabling simple energy management.

Tenants’ Feedback

2.6 Many of the benefits from the Fife i3 Programme can only be measured by an annual survey of the tenants of the new business units. The first survey was undertaken towards the end of Tranche 1, once there were sufficient numbers of tenants for the results to be meaningful.

2.6.1 In September 2022, eleven tenants provided feedback on the benefits realised as follows:

Benefit	Actual as at September 2022
Floorspace completed (internal)	1857sqm
Rents achieved (£ per sq. ft)	Flemington, Glenrothes – £7.50 Dunnikier, Kirkcaldy – £8
Gross Development Yield	Flemington, Glenrothes – 2.61% Dunnikier, Kirkcaldy – 2.27%
Jobs created / safeguarded	40 new jobs, 32 safeguarded – total of 72
Private sector leverage (Capital investment by tenants fitting out the interior of their unit)	Flemington – £103K Dunnikier – £51K 8 out of 11 businesses provided this. The average investment per unit was £17k

Tranche 1 Sites Acquired	2 sites acquired in West Fife: Ridge Way, Dalgety Bay (2.59 ha) Fife Interchange North, Dunfermline (6.77 ha) Total 9.36 ha available for regeneration.
Better Quality jobs	10 out of 11 businesses confirmed they pay the Real Living Wage. 8 out of 11 businesses provided average salaries – £24,250.
Innovation Active Companies	All tenants met this requirement. Businesses were referred to Business Gateway if required.
Sectors represented at Dunnikier	Digital and Technology, Energy and Renewables
Sectors represented at Flemington	Food and Drink, Manufacturing,

2.6.2 Current Tenants:

Flemington (Glenrothes)	Dunnikier (Kirkcaldy)
Unit 12 - Concepts Scotland	Unit 26 - Vacant
Unit 13 - Cinema Snacks	Unit 27 - Powerhouse Scotland
Unit 14 - MacDonald Water Storage	Unit 28 - DH Renewables
Unit 15 - Chocolate & Love	Unit 29 - DH Renewables
Unit 16 - GD Stone	Unit 30 - Vacant - awaiting application
Unit 17 - Vacant	Unit 31 - ACT Group Ltd
Unit 18 - Vacant	Unit 32 - S Young Networks
Unit 19 - Vacant	
Unit 20 - DLJ Compression	

2.6.3 The tenants were asked what Community Benefits they are providing. Some of the examples they deliver include:

- Donate short-dated products, Engaged with Re-employ to outsource printing, packing, donate to local schools - products for baking, donate to charities Christmas boxes (cottage centre).
- Donate excess stock to Castle Furniture, Possible sponsorship of local basketball team, offer NHS discount.
- Buy shop / locally / use local contractors.
- Sponsorship to local charities, sponsor local football teams, make annual charitable donations at Christmas.
- Donate stock to local charities.
- Sponsor a local athlete.

2.6.4 The next survey will take place in September 2023 and will include more tenants at Dunnikier Business Units and in Dalgety Bay.

3.0 Conclusions

- 3.1 This Report summarises the background to the Benefits Realisation Plan for the Fife i3 Programme, the most recent information on benefits and current approach to measuring the Carbon Impact.
- 3.2 The summary sets out the different benefits being measured, and the performance achieved at the end of Tranche 1. The Programme has relevant and appropriate Benefits in terms of the City Region Deal Benefits Realisation Plan and processes in place to report and manage these.

List of Appendices

1. None

Background Papers

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

- The City Region Deal [esescityregiondeal-Deal-Document-signed-6-August-2018](#)
- Full Business Case for Tranche 1 (Pages 91 – 168)
[Edinburgh South East Scotland City Region Deal Joint Committee 01.03.19.pdf](#)
- Full Business Case for Tranche 2 [2103 ESES Joint Committee Report Fife I3 Investment Programme FBC](#)

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15th June 2023

Agenda Item No. 7

Management of Developer Obligation Funds

Report by: Pam Ewen, Head of Planning Services

Wards Affected: All

Purpose

The purpose of this report is to provide an overview and update in respect of Developer Obligation Funds (Section 75 Funds) which are held by the Council through payments associated with planning permissions to mitigate the specific impacts of approved developments. The detailed requirements for each individual development are set out in the Report of Handling associated with the relevant planning application.

This report provides a list of Developer Obligation Funds held for various Council Services, provides details of the funds which have been utilised, and considers if there is scope for community participation in the allocation of funds to specific projects.

Recommendation(s)

The Scrutiny Committee is asked to agree that Planning Services leads a review of the process for management of Developer Obligation Funds and examines the options for utilising Historic Developer Obligation Funds.

Resource Implications

None

Legal & Risk Implications

None

Impact Assessment

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

Consultation

Monitoring and management of the S75 Agreements and funds available for spending is supported by Finance and Legal and Democratic Services.

1.0 Background

- 1.1 This report is placed before Finance, Economy and Corporate Services Scrutiny Committee following a request for additional information, in relation to Section 75 Funds held by the Council at the meeting of this Committee on 26th January 2023.
- 1.2 Where a proposed development will have impacts on infrastructure outwith the development site, through the planning process the developer is required to address those impacts. Whilst the most common impacts on infrastructure will result from new residential developments, impacts may also arise from other types of development. Where impacts occur the developer may be required to carry out improvements to infrastructure outwith the development site (for example to provide a new pedestrian crossing) or to make a financial contribution to allow the improvements to be carried out by the Council.
- 1.3 The most common infrastructure impacts requiring a financial contribution are needed to increase capacity at one or more catchment schools, for the provision of affordable housing, for strategic road network improvements and for improvements to community resources, open space or play facilities. Payment of these financial contributions are normally secured through legal agreements, known as Planning Obligations.
- 1.4 The purpose of this report is to outline the processes in place for management of Obligation Funds, to inform the Committee of the current balances available and provide information on how funds have been used over the past three years, The report will also explore whether there are opportunities for greater involvement of local communities in determining which specific projects funds are allocated to.

2.0 Issues and Options

2.1 Basis of the Requirement for Financial Contributions

- 2.1.1 A developer is only responsible for the direct impacts of a specific development and Circular 3/2012: Planning Obligations and Good Neighbour Agreements requires that all planning obligations meet all of the five tests as set out in paragraphs 14-25 of the circular:
 - necessary to make the proposed development acceptable in planning terms
 - serve a planning purpose and, where it is possible to identify infrastructure provision requirements in advance, should relate to development plans
 - relate to the proposed development either as a direct consequence of the development or arising from the cumulative impact of development in the area
 - fairly and reasonably relate in scale and kind to the proposed development
 - be reasonable in all other respects.
- 2.1.2 In practice this means that as part of the assessment of a planning application, the Planning Service will consult with other relevant Council Services to identify and quantify the relevant impacts on infrastructure arising from the proposed development. These impacts will be specific to the development and where a financial contribution towards improvement is required, the required intervention will be costed and the total cost may then need to be apportioned across a number of different developments. Planning Services will then work with other Services and the developer to agree the timing of payments to ensure the infrastructure can be improved at the point during the development process when the impact needs to be addressed. This schedule will be set out in a legal agreement between the Council and the developer.

2.1.3 The funds may only be used by the Council for the purpose set out in the legal agreement. In some cases, the legal agreement will also specify the period within which the Council must utilise the Developer Obligation Funds, failing which the developer can request that the funds are returned.

2.2 Management of Funds

2.2.1 Financial contributions usually only become payable after development has commenced on a site and the legal agreement will specify at which point in the development process a specific payment is due. The progress of a development on site is monitored by Planning Services (with assistance from Building Standards) to determine when a trigger for a payment is reached and where required an invoice is issued requesting payment.

2.2.2 The relevant 'spending' Service is notified when payments are received and funds are held / managed by Finance. The spending Service initiates the works required to resolve the identified infrastructure impacts. In some cases work will start before all the funds have been received, particularly where contributions to a single improvement project are being made by a number of developments.

2.2.3 To draw down some or all of the available funds the spending Service will complete a draw down request form, providing details of the project which has been completed or partially completed and the cost involved. That form is submitted to Finance who will confirm that funds are available. The form is then passed to Planning Services to confirm that the project accords with the provisions of the relevant S75 Agreement.

2.2.4 Planning Services also monitor deadlines for funds being utilised and liaise with the spending Services seeking to ensure these timescales are achieved.

2.3 Developer Obligation Funds Available by Service

2.3.1 The table below provides a summary of the Developer Obligation Funds available, by Service, on 1st April 2023.

Purpose	Funds available 1st April 2023
Affordable Housing	£1,313,201
Community Facilities	£931,257
Economic Development	£957,109
Education	£4,775,130
Public Art	£98,905
Strategic Transport Network	£4,078,848
Transportation	£580,991
Total	£12,154,450

2.3.2 Whilst over £12 million is currently being held, these funds are regularly reviewed and will be required for projects being developed by the relevant spending Services to address specific infrastructure needs arising from the developments which have made contributions.

2.3.3 For many of the historic S75 Agreements there was no defined period within which funds had to be utilised. In addition, many of these agreements were concluded under less stringent requirements in terms of specifying exactly how the funds would be spent. Often the small amounts of money involved for each agreement make it difficult to bring forward projects to address an infrastructure improvement. This results in, funds remaining unspent and being held for many years by Fife Council.

2.3.4 Services review the balance of funds available and make requests to withdraw funds but these can only be authorised by Planning Services where the project accords with the terms of the relevant S75 Agreement.

2.4 Developer Obligation Funds Utilised

2.4.1 Appendix 1 provides a summary of the projects for which spending Services have been allocated Developer Obligation funds over the past three years.

2.4.2 The total amount spent between 1st April 2020 and 31st March 2023 was almost £4.5 million (£4,495,397), with 66% of the funds being spent on education projects to increase capacity in schools under pressure due to new housing development.

2.5 Community Involvement

2.5.1 Local Members and Communities are aware of the Developer Obligation Funds and Planning Services do occasionally receive requests for funds to be used for a specific local project / purpose. Generally, these requests will be outwith the purpose assigned to the funds within the provisions of the relevant legal agreement. Where there may be scope for incorporating the request Planning Services refers the enquiry to the relevant spending Service.

2.5.2 The legal agreements which set out the requirements for financial contributions towards the cost of infrastructure improvements are specific in terms of the improvements to be made, the amount of contributions, when that contribution will be due for payment by the developer and by when the funds must be utilised by the Council. Any departure from the terms of the agreement would leave the Council open to challenge by the Developer, who could seek reimbursement of the funds. This leaves little scope for local communities to be involved in determining which projects could be brought forward with the benefit of Developer Obligation Funding. This is particularly the case for funds required for Transportation and Education projects where specific interventions have been designed, costed and apportioned as part of the assessment of the planning application.

2.5.3 Where financial contributions provide for improvements to be made to local open space, play facilities or community facilities, the legal agreements are generally less specific and there is often an opportunity for the spending Service to work with local communities to deliver improvements. This engagement is already in place through Community Services, although responsibility for design and contractual arrangements remains with Council.

2.5.4 Historically the legislative position and associated guidance on developer obligations was less stringent. Prior to the 2008 economic crash, developers would be in a position to make their financial contributions 'up front' to allow planning permissions to be released quickly. This means there are small amounts of funding held where there is no clearly defined associated infrastructure improvement and in some cases there will be little prospect of a project being brought forward by the spending Service, because of the low amount of funding available.

2.6 Proposed Review of the Process for Fund Management & Options for Utilising Historic Funds

- 2.6.1 Whilst the current processes for management of funds work well, they have now been in place for more than ten years and there is an opportunity to review this in the interests of improving efficiency by making better use of digital tools. The review could also be beneficial in terms of providing greater transparency on the how funds are used for specific projects, for Members and communities more generally.
- 2.6.2 A review of historic funds held would also be beneficial in terms of making best use of the small amounts of funding where no specific infrastructure improvements have been identified as part of the original planning application process. In this regard the aim would be to identify whether funds can be utilised either by the Council or for community projects or whether the funds should be returned to the relevant developers.
- 2.6.3 Planning Services proposes to lead the review in consultation with Finance, Legal Services and the relevant spending Services.

3.0 Conclusions

3.1 Planning Services currently lead on the process in place for the identification of the need for financial contributions, the conclusion of legal agreements and the collection of payments from developers. Planning Services should continue to liaise with Finance and Legal Services in this respect and should continue to liaise with spending Services to implement required infrastructure improvements and monitor and report on available funds.

3.2 Planning Services will lead a review of the processes in place by the end of 2023 and bring forward any identified efficiency or communication improvements. This review will include a review of historic Developer Obligations funds and bring forward recommendations for their use or their return to the relevant developer.

List of Appendices

1. Developer Obligation Funds Utilised April 2020 – March 2023.

Report Contact

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APPENDIX 1

Developer Obligation Funds Utilised April 2020 – March 2023

Purpose	Project	Funds Spent
Affordable Housing	Affordable Housing Development at Dover Heights, Dunfermline	£73,505
Affordable Housing	Kingdom Housing Association Development at Hunter House, Kirkcaldy	£13,967
Affordable Housing	Affordable Housing Development at Seggie Farm, Guardbridge	£192,400
Affordable Housing	Total	£279,872
Community Facilities	Improvements to Existing Paths and Lighting in Lochgelly Park.	£72,000
Community Facilities	Play Area Redevelopment at Windmill Knowe, Crossgates.	£52,580
Community Facilities	Overton Road Play Area	£89,336
Community Facilities	Cellardyke Pool Play Area	£14,434
Community Facilities	Picnic Benches and Goal Nets at Bankie Park, Anstruther	£14,586
Community Facilities	Play Equipment at Dreelside Park.	£25,000
Community Facilities	MUGA at Cairneyhill	£90,358
Community Facilities	Total	£358,294
Education	Additional Classroom at Hill of Beath Primary School	£434,045
Education	4 Classroom Extension at Carnegie Primary School, Dunfermline	£1,035,143
Education	Additional Classroom at St Columbas RC High School	£9,000
Education	Works at Bellyeoman Primary School, Dunfermline	£40,000
Education	2 Classroom Extension at Masterton Primary School, Dunfermline	£330,075
Education	3 Classroom Extension at Touch Primary School, Dunfermline	£1,081,570
Education	Preparatory work for future extension at Madras College	£3,120
Education	New Teaching block at St Andrews RC High School, Kirkcaldy	£45,605
Education	Total	£2,978,558
Public Art	Specialist lighting at Glenrothes Town Centre.	£72,250
Public Art	Total	£72,250
Strategic Transport	Pitreavie Roundabout Signalisation Project - Dunfermline Strategic Transportation Intervention Measures	£659,163
Strategic Transport	Total	£659,163
Transportation	Dunfermline Town Centre Improvement Scheme - Roads / Footpaths	£115,405
Transportation	Replacement of Damaged Poles at Hillend Road Junction	£31,855
Transportation	Total	£147,260
All Purposes	Total Spend	£4,495,397

15 June, 2023

Agenda Item No. 8

Finance, Economy and Corporate Services Scrutiny Committee Workplan

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

Wards Affected: All

Purpose

This report supports the Committee's consideration of the workplan for future meetings of the Committee.

Recommendation(s)

It is recommended that the Committee review the workplan and that members come forward with suggestions for areas of scrutiny.

Resource Implications

Committee should consider the resource implication for Council staff of any request for future reports.

Legal & Risk Implications

Committee should consider seeking inclusion of future items on the workplan by prioritising those which have the biggest impact and those which seek to deal with the highest level of risk.

Impact Assessment

None required for this paper.

Consultation

The purpose of the paper is to support the Committee's discussion and therefore no consultation is necessary.

1.0 Background

- 1.1 Each Scrutiny Committee operates a workplan which contains items that fall under three broad headings: performance reporting, planning and improvement work. These items will often lead to reactive rather than proactive scrutiny. Discussion on the workplan agenda item will afford members the opportunity to shape, as a committee, the agenda with future items of business it wishes to review in more detail.

2.0 Conclusions

- 2.1 The current workplan is included as Appendix one and should be reviewed by the committee to help inform scrutiny activity.

List of Appendices

1. Workplan

Background Papers

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

None

Report Contact

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Finance, Economy and Corporate Services Scrutiny Committee of 24 August 2023			
Title	Service(s)	Contact(s)	Comments
Digital Progress in Local Government - Update on Fife Position	Business Technology Solutions	Charlie Anderson	
Revenue Monitoring Report	Finance and Corporate Services	Jackie Johnstone, Ashleigh Allan, Donna Grieve	
Capital Monitoring Report	Finance and Corporate Services	Jackie Johnstone, Donna Grieve, Ashleigh Allan	
Minute	Democratic Services	Elizabeth Mair	
Finance, Economy & Corporate Services Forward Work Programme	Democratic Services	Elizabeth Mair	
Property Asset Strategy - Annual Update	Assets, Transportation and Environment	Alan Paul	

Finance, Economy and Corporate Services Scrutiny Committee of 26 October 2023			
Title	Service(s)	Contact(s)	Comments
Minute	Democratic Services	Elizabeth Mair	
Finance, Economy & Corporate Services Forward Work Programme	Democratic Services	Elizabeth Mair	

Finance, Economy and Corporate Services Scrutiny Committee of 25 January 2024			
Title	Service(s)	Contact(s)	Comments
Minute	Democratic Services	Elizabeth Mair	
Finance, Economy & Corporate Services Forward Work Programme	Democratic Services	Elizabeth Mair	
Forth Green Freeport	Business and Employability	Gordon Mole	

Finance, Economy and Corporate Services Scrutiny Committee of 18 April 2024			
Title	Service(s)	Contact(s)	Comments
Minute	Democratic Services	Elizabeth Mair	
Finance, Economy & Corporate Services Forward Work Programme	Democratic Services	Elizabeth Mair	

Finance, Economy and Corporate Services Scrutiny Committee of 13 June 2024			
Title	Service(s)	Contact(s)	Comments
Minute	Democratic Services	Elizabeth Mair	
Finance, Economy & Corporate Services Forward Work Programme	Democratic Services	Elizabeth Mair	

Unallocated			
Title	Service(s)	Contact(s)	Comments
Annual Report - Bad Debts	Finance and Corporate Services, Housing Services	Les Robertson, John Mills	Expected approx Oct 2023 – to be allocated.
Annual Report - Finance and Corporate Services Directorate Performance Report	Finance and Corporate Services	Eileen Rowand	Expected approx Oct 2023 – to be allocated.
Annual Report - Business Gateway Fife Annual Performance Report	Business and Employability	Pamela Stevenson	Expected approx Oct 2023 – to be allocated.
Annual Report - Enterprise and Environment Directorate: Planning Services Performance Report	Enterprise and Environment	Pam Ewen	Expected approx Oct 2023– to be allocated.
Annual Report - Health and Safety Performance Report	Human Resources	Sharon McKenzie	Expected approx Oct 2023 – to be allocated.
Annual Report - Procurement Performance Report	Finance and Corporate Services	Caroline Macdonald	Expected approx Oct 2023 – to be allocated.
Annual Report - Business and Employability: Service Performance Report	Business and Employability	Peter Corbett	Expected approx Oct 2023 – to be allocated.
Annual Report - Edinburgh and South East Scotland City Region Deal	Business and Employability	Morag Millar	Expected approx Oct 2023 – to be allocated.
Security of Vacant Property	Assets, Transportation and Environment	Michael O’Gorman	Date to be confirmed.
Ethics & Fair Tax in Fife Council Procurement	Finance and Corporate Services	Les Robertson	Provisional Report – to be confirmed.
Steps to promote Dunfermline as an Economic Destination using City Status	Business and Employability	Gordon Mole	Provisional Report – to be confirmed.
Skills pipeline for Fife: Engaging with FE/HE and businesses	Business and Employability	Gordon Mole	Provisional Report – to be confirmed.