

Cabinet Committee

Committee Room 2, 5th Floor, Fife House, North Street,
Glenrothes / Blended Meeting



Thursday, 9th February, 2023 - 10.00 a.m.

AGENDA

Page Nos.

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 in particular items on the agenda and the nature of the interest(s) at this stage.
 3. **MINUTE** – Minute of meeting of the Cabinet Committee of 12th January, 2023. 3 - 6
 4. **SERVICE CONCESSIONS** – Report by the Executive Director (Finance and Corporate Services). 7 - 13
 5. **GENERAL FUND REVENUE BUDGET 2023-26** – Report by the Executive Director (Finance and Corporate Services). 14 – 23
 6. **REGIONAL PROSPERITY FRAMEWORK DELIVERY PLAN** – Report by the Head of Business and Employability Services. 24 - 59
 7. **DECENTRALISATION – ISSUES AND IMPROVEMENT** – Report by the Executive Director (Communities). 60 – 66
 8. **SCOTTISH GOVERNMENT CONSULTATION ON EDUCATION APPEAL COMMITTEES AND TRANSFER OF FUNCTIONS TO SCOTTISH TRIBUNALS SERVICE** – Report by the Head of Legal and Democratic Services. 67 - 74
- 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 paragraphs 8 and 9 of part 1 of Schedule 7A of the Act.
9. **AFFORDABLE HOUSING PROGRAMME - 34 NEW HOUSES - CUPAR ROAD, NEWBURGH** – Report by the Head of Housing Services. 75 – 83
 10. **AFFORDABLE HOUSING PROGRAMME - 32 NEW HOUSES - KILRYMONT ROAD, ST. ANDREWS** – Report by the Head of Housing Services. 84 - 92

<p>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.</p>

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2nd February, 2023.

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BLENDED 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 mute microphones and switch cameras off when not speaking. This includes during any scheduled breaks or adjournments.

THE FIFE COUNCIL - CABINET COMMITTEE – BLENDED MEETING

Committee Room 2, 5th Floor, Fife House, North Street, Glenrothes

12th January, 2023.

10.00 a.m. – 11.05 a.m.

PRESENT: Councillors David Ross (Convener), David Alexander, Lesley Backhouse, David Barratt, John Beare, James Calder, Eugene Clarke (substituting for Councillor Fiona Corps), Altany Craik, Dave Dempsey, Linda Erskine, Derek Glen, David Graham, Peter Gulline, Judy Hamilton, Cara Hilton, Gary Holt, Rosemary Liewald, David Ross, Jonny Tepp, Ann Verner (substituting for Councillor Carol Lindsay), Ross Vettrano, Craig Walker and Jan Wincott.

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, Lindsay Thomson, Head of Legal and Democratic Services, Helena Couperwhite, Manager (Committee Services) and Michelle McDermott, Committee Officer, Legal and Democratic Services, Finance and Corporate Services; John Rodigan, Head of Environment and Building Services; John Mills, Head of Housing Services and Gavin Smith, Service Manager (Housing Access), Housing Services; and Angela Logue, Head of Education and Children's Services (Primary Schools and Improvement Support).

APOLOGIES FOR ABSENCE: Councillors Fiona Corps and Carol Lindsay and Mr. Brian Blanchflower, Religious Representative.

63. DECLARATIONS OF INTEREST

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

64. MINUTES

(i) Cabinet Committee of 15th December, 2022

Decision

The Committee agreed to approve the minute.

(ii) Minutes of the Education Appointment Committee of 13th and 15th December, 2022.

Decision

The minutes were noted.

65./

65. REVENUE MONITORING 2022-23

The Committee considered a report by the Executive Director (Finance and Corporate Services) providing members with a strategic overview of Fife Council's finances and reporting on the current forecast position for 2022/23.

Decision

The Committee noted:-

- (1) the ongoing financial impacts arising from recovery from the pandemic which continued to be managed using one off additional funding and from underspends;
- (2) the high level financial position as detailed in the report; and
- (3) that detailed monitoring reports would be submitted to the relevant Scrutiny Committees.

66. CAPITAL INVESTMENT PLAN UPDATE - PROJECTED OUTTURN 2022-23

The Committee considered a report by the Executive Director (Finance and Corporate Services) providing a strategic financial overview of the Capital Investment Plan and advised on the projected outturn for the 2022/23 financial year.

Decision

The Committee noted:-

- (1) the projected outturn position and that the level of financial risk was heightened due to high levels of inflation and supply chain challenges;
- (2) that more detailed capital outturn reports for 2022/23 would be submitted to relevant Scrutiny Committees of the Council; and
- (3) that budget variances would be managed by the appropriate Directorate in conjunction with the Investment Strategy Group.

67. EMPTY NON-DOMESTIC RATES CHARGES

The Committee considered a report by the Head of Revenue and Commercial Services which introduced a charging/relief policy for non-domestic rates in respect of empty/unoccupied properties. The policy was required as Empty Property Relief (EPR) had been devolved to local government with effect from 1st April, 2023 onwards to any business or owner of unoccupied rateable subjects. The policy had been designed to mirror the current provisions as set by the Scottish Government for EPR and this would allow time for an EPR to be conducted by rates' staff along with consultation both within the Council and with external stakeholders such as local businesses. A further report would be brought forward to the Cabinet Committee during 2023/24 setting out recommendations for the relief from April 2024 onwards.

Decision/

Decision

The Committee:-

- (1) approved the proposed policy to be effective from 1st April, 2023;
- (2) noted that officers intended to review the EPR policy during 2023 with a view to making changes to the charging regime from April, 2024 onwards; and
- (3) noted that officers would consult widely over any future proposals to amend the charging scheme.

68. DOMESTIC WASTE OPERATIONS: BULKY UPLIFTS - FREE OF CHARGE SERVICE

The Committee considered a report by the Head of Environment and Building Services requesting approval for the removal of charges for the bulky uplift service from April, 2023.

Decision

The Committee agreed to remove the charges for bulky uplifts from April, 2023 subject to £1.16m of additional resources and lost revenue being funded through the budget process.

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

69. RESETTLEMENT OF VULNERABLE PEOPLE IN FIFE

The Committee considered a report by the Head of Housing Services which was a follow-up to a report submitted to the Cabinet Committee on 25th August, 2022 which outlined the various resettlement strands that Fife were involved with. The report provided an update on current need and requests for accommodation and support for Afghan families from the UK Government.

Decision

The Committee:-

- (1) agreed to work proactively with the Home Office and MOD by leasing 28 properties at Leuchars and Rosyth to house Afghan families currently residing in the Bridging Hotel in Fife and wider afield; and
- (2) noted that a further report would be submitted to the Cabinet Committee in February or March, 2023 to update members on accommodation and support request for Ukrainians and Asylum Seekers.

70. SCHOOL LEADERSHIP MODELS (2)

The Committee considered a report by the Executive Director (Education and Children's Services) responding to the decision of the Cabinet Committee of 15th December, 2022 by providing further evidence of the benefits of joint leadership approaches; an analysis of the costs of joint leadership models; and an overview of the reasons for a potential change of leadership arrangements in the Waid Cluster area.

Decision/

Decision

The Committee:-

- (1) approved the aims and principles that would continue to guide the establishment of school and early learning centre leadership models in Fife as outlined in the School Leadership Models Cabinet Committee paper (15th December, 2022 - included in Appendix A of this report) and within section 1 (1.2 and 1.10) of the report;
 - (2) approved further consultation with the parents/carers in the Waid Cluster on the full range of leadership models outlined in the School Leadership Models Cabinet Committee paper (December, 2022 - included within Appendix A of this report) to allow for permanent school leadership arrangements to be in place from August, 2023 or as soon as reasonably possible thereafter; and
 - (3) agreed that, following local consultation with stakeholder groups, where changes in school or early learning centre leadership arrangements included more than two schools, approval was sought through the relevant Council Committee.
-

9th February, 2023.

Agenda Item No. 4

Service Concessions

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

Wards Affected: All

Purpose

The purpose of this report is to detail changes to statutory guidance for accounting for the repayment of debt on “Service Concessions” or Public Private Partnerships (PPP) and Non-Profit Distribution (NPD) Contracts. Use of the new statutory guidance requires approval by Fife Council, therefore, this report provides detailed information for consideration before final agreement by Fife Council.

Recommendation(s)

It is recommended that Cabinet Committee:-

- (1) consider this report and the implications of adopting the revised accounting arrangements for Service Concessions;
- (2) consider and comment on the proposed use of the benefits generated from adopting the revised arrangements; and
- (3) recommend to Fife Council that the use of Service Concessions arrangements is approved as outlined in this report based on the Section 95 Officers view that to do so is prudent, affordable and sustainable.

Resource Implications

The application of the revised guidance will generate a retrospective benefit of £39.788m and average annual benefits of £4m per annum in the near term. Both the retrospective benefit and annual benefit will be used to support expenditure plans. Extending the term of repayment results in additional costs to the General Fund from years 15 to 40. It is anticipated these will be funded from existing budgets.

Legal & Risk Implications

The application of the guidance complies with legislation.

Impact Assessment

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

Consultation

The report is based on consultation with and advice from the Council’s Treasury Advisers, Link Group.

1.0 Background

- 1.1 Public Private Partnerships (PPP) and Non-Profit Distribution (NPD) contracts are agreements to receive services where responsibility for making assets available to provide the services is delivered by the PPP/NPD operator. As the Council is deemed to control the services provided and as ownership of the assets passes to the Council at the end of the contract periods for no additional charge, assets are on the Council Balance Sheet.
- 1.2 Fife Council has 3 such arrangements in place:-
- **PPP1 (A New Way Forward)** – a replacement of 2 secondary schools, a new primary school, sports hall and all-weather pitch (total construction cost £42.812m). These were fully operational from August 2003, under contract operator Pinnacle Schools Fife Ltd.
 - **PPP2 (Expanding Horizons)** – construction of 3 new primary schools and a community facility, replacement of 3 primary schools and a new combined campus to replace 2 further primary schools (total capital construction costs £63.460m). These were fully operational in June 2007 under contract operator Emblem Consortium.
 - **NPD (Levenmouth Academy)** – construction of a new school which was operational in August 2016 under contract operator HUB East Central Scotland Ltd. Unlike PPP, the funding of the NPD project is entirely from borrowing, there is no equity element and therefore no distribution of surpluses at the end of the contract to investors. Any surpluses are passed to a designated charity.
- 1.3 The contracts allow the Council to use the facilities for Education and Community use and give the right for the Council to vary the contracts in terms of changes to facilities, services to be provided and hours of use. The contract operators are obliged to maintain the assets to a high standard.
- 1.4 For all 3 contracts, annual unitary charges are payable to the contract operator over the contract period, for 2021-22 this amounted to £20.756m.
- 1.5 For accounting purposes, the unitary charge is split into 3 elements: Service Costs, Capital Repayment and Finance Costs. The Capital Repayment reduces the long-term debt liability on the Balance Sheet each year with the end of the contract period the notional debt outstanding reduced to nil and the assets transferred to Council ownership.
- 1.6 At 31st March, 2022, the long-term liability (notional debt) outstanding across all three contracts was £226.762m.
- 1.7 The Local Government Finance circular 10/2022 sets out the accounting requirements and options for recognising the capital repayment of principal element of these arrangements. The aforementioned guidance sets out 3 options in relation to the recognition of the capital repayments component including, Option 1 applying the Accounting Code with reversal of statutory adjustments and Option 2 which is continuing to adopt the existing guidance as originally set out. Option 3 permits Scottish Councils to apply flexibility to the accounting treatment for Service Concession Arrangements (SCAs) in place before 1st April, 2022. The new statutory guidance applies for the financial year 2022 to 2023 and permits retrospective application as an option. Therefore, the Council is required to adopt one of these options when accounting for Service Concession arrangements. Section 2 of this report outlines that the Council will adopt Option 3 as this consistent with our current treatment of repayments of loans fund advances over the asset life.

- 1.8 The updated guidance relates to the treatment of the Capital Repayment element of the unitary charge, affording flexibility to spread this cost over the life of the asset as opposed to the contract period.
- 1.9 Application of this guidance requires approval by Fife Council; therefore, this report sets out the implications for more detailed consideration and debate in advance of that approval.

2.0 Service Concessions Statutory Guidance

- 2.1 This report considers the impact for the Council of changing the statutory accounting for SCAs as set out in the Local Government Finance Circular 10/2022, principally section 2.2 which states:

SCAs only – this section permits an additional flexibility for SCAs recognised within an authority's Annual Accounts prior to April 2022.
- 2.2 Option 3 of the new guidance permits the Council to account for the capital repayment element over the expected useful life of the asset as opposed to the current duration which is aligned to the contract period. Effectively, the revised Service Concession arrangements better match the debt costs of the PPP/NPD assets with the expected asset lives, therefore charging the cost of the debt over a longer period.
- 2.3 In practice, this means extending the current repayment term from 25 years to 40 years. The total cost remains the same but is spread over a greater number of years, therefore reducing the annual cost and generating a retrospective benefit or refund of charges already made. At present, the intention is to use the retrospective benefit as a funding source to address the current pressure on the Capital Investment Plan.
- 2.4 The cash payment to the contractor for the unitary charge will remain the same – the Council will continue to pay contractors over the 25-year period. The changes are to the accounting arrangements within the Council's General Fund and Balance sheet.
- 2.5 The Council is also permitted to apply this guidance and changes to accounting treatment retrospectively. This means the accounting for the asset over the asset life can be applied to the previous years. This effectively creates an overpayment in our accounts as the charge to the revenue account has been higher than it would have been had we originally accounted for the payments over the 40-year asset lives rather than the 25-year contract period.
- 2.6 Changing the Council's accounting treatment in line with the new flexibility does not release a cash benefit as the contractor is not providing a refund but realises an accounting benefit because the accounting adjustments will result in an increase to General Fund balances.
- 2.7 Applying the useful life of the asset as the capital repayment period is consistent with the Council's Loans Fund Policy, whereby loans fund principal repayments are spread over the useful life of the assets. This is permissible per Local Authority (Capital Finance and Accounting) (Scotland) Regulations introduced in 2016. The Council updated its Loans Fund policy in 2019 and as such reprofiled the principal repayments over a longer period of time.

3.0 Financial Implications

- 3.1 The Council's Treasury advisers, LINK Group, have undertaken work on behalf of Fife Council which indicates that applying the revised accounting treatment and rescheduling of the current payment structure over the asset life will provide benefits both as a retrospective catch-up benefit and ongoing reduced charges to General Fund in the near to medium term.
- 3.2 Using a 40-year asset life, the Council will produce a benefit by increasing General Fund balances, referred to as the catch-up benefit of £39.7m, with annual savings that vary between £1.8m and £5m for ten years, and a cost from year 2032/33 to 2056/57.

The following table demonstrated the current repayments charged to revenue account, the total cost being £135,136m over 25 years (column 1). The revised repayment demonstrates that the total cost remains at £135,136m but as this is now spread over a longer period time (the asset life) the annual cost is reduced in years 1 to 10 which results in a cost reduction (column 3).

Over the full life of service concession arrangements, the total repayment remains the same, however, when a Net Present Value (NPV) is applied, the reprofiled charges would result in an overall reduction in NPV terms of £34.069m recognising the time value of money.

A more detailed calculation is provided as Appendix 1.

	Total of PPP schemes			
	Current position	Principal repayments based on simple 40 year annuity		
PPP principal repayments	Current repayment £000	Revised repayment £000	(Reduction) /cost £000	NPV 3.5% £000
pre 2022/23	53,275	13,487	(39,788)	(39,788)
2022/23	5,631	1,842	(3,789)	(3,661)
Yrs 2 to 5	29,264	8,809	(20,455)	(18,136)
Yrs 6 to 10	28,110	15,286	(12,825)	(9,914)
Yrs 11 to 25	18,856	79,411	60,556	31,749
Yrs 26 to 40		16,301	16,301	5,680
Total	135,136	135,136		(34,069)

- 3.3 It should also be noted that the costs will be spread over 40 years which will create a charge to the revenue account from year 15 onwards that would not otherwise have been the case.
- 3.4 However, at the end of the contract period, the unitary charge will no longer be paid to the contractor. Whilst there will be ongoing revenue costs to run the building which will require funding, there will also be capacity within the unitary charge budget to cover the period of lengthening ongoing costs of borrowing (25 to 40 years).
- 3.5 As noted in paragraph 2.6, this is not a cash benefit but an accounting benefit. The use of the benefits to support any subsequent decisions related to the revenue budget and to fund capital expenditure will require to be managed through the Council's Treasury Management approach and the existing cash flow management arrangements.

- 3.6 This may result in increased borrowing costs as interest will be incurred, however, there are many other factors which influence treasury management activities and cash flow such as levels of slippage, grant profiles and expenditure patterns. Therefore, this requirement to borrow will be managed in totality and the working assumption is that any additional costs can be met from existing the Loan Charges budget.
- 3.7 The biennial Capital Plan Review is currently being advanced and given the likely pattern of expenditure, there may be a slight underspend on Loan Charges in the early years of the plan. This will provide a positive contribution to General Fund balances and can be committed to cover future costs of the Service Concession arrangements and demonstrates a prudent approach.

4.0 Revenue Budget Strategy

- 4.1 The use of the annual cost benefits generated has been recognised as part of the Council's Revenue Budget Strategy and the retrospective element is being considered as part of the overall funding strategy for the biennial Capital Plan Review currently being advanced.
- 4.2 In determining whether to apply the flexibility to the accounting policy for SCAs, the Council needs to ensure it maintains a prudent approach and that any changes are sustainable in terms of the Council's revenue budget.
- 4.3 When determining a prudent approach for SCAs, consideration should be given to the financial implications in the context of the financial planning for the Council's Long/Medium Term financial plans, considering the funding needs of the Council now and in the future.
- 4.4 It is proposed that the annual benefit or recurring element is applied to the revenue budget gap in the immediate term to reduce the need to identify further service savings. The annual benefits will come to an end by 2032/33.
- 4.5 Prudence is being demonstrated by spreading the capital repayment costs across the life of the assets, meaning the costs are now commensurate with the benefits of using the assets. Further, there will not be a financial burden on the Council as its anticipated there will be sufficient budget from the unitary charge to cover the costs of lengthening the repayment period. This is further enhanced by ensuring that additional borrowing costs are not incurred, and this will be managed through the Treasury Management Strategy.
- 4.6 Application of the guidance, extending the repayment term to be the same as the asset life and releasing catch-up benefits and reducing in-year is considered to be prudent, affordable and sustainable by the Section 95 Officer.

5.0 Conclusions

- 5.1 Revised Scottish Government guidance permits a change to the accounting for Service Concession arrangements, i.e. the capital repayment elements and how these are reflected in the accounts. This is one of the options that can be considered and these are outlined in this report.
- 5.2 Fife has 3 arrangements whereby these changes can be applied. Doing so would generate accounting benefits both retrospectively and in the near to medium term.

- 5.3 This will result in an increase in General Fund Balances and an annual benefit. It is intended at this stage to apply the annual benefit to the revenue budget and the planning assumption is to use the retrospective benefit to support the Capital Plan.

List of Appendices

1. Repayment Profile for Service Concessions

Report Contact

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					Appendix 1
Repayment Profiles for Service Concessions					
	Repayment £000		Benefit £000		
Year	Year	Current	Revised	Annual	Cumulative
0	pre 2022/23	53,274	13,487	(39,787)	(39,787)
1	2022/23	5,631	1,842	(3,789)	(43,576)
2	2023/24	6,937	1,974	(4,963)	(48,539)
3	2024/25	7,136	2,118	(5,018)	(53,557)
4	2025/26	7,619	2,274	(5,345)	(58,902)
5	2026/27	7,572	2,442	(5,130)	(64,032)
6	2027/28	7,882	2,625	(5,257)	(69,289)
7	2028/29	4,717	2,824	(1,893)	(71,182)
8	2029/30	4,649	3,039	(1,610)	(72,792)
9	2030/31	5,110	3,272	(1,838)	(74,630)
10	2031/32	5,752	3,526	(2,226)	(76,856)
11	2032/33	3,093	3,802	709	(76,147)
12	2033/34	1,593	4,101	2,508	(73,639)
13	2034/35	1,726	4,426	2,700	(70,939)
14	2035/36	1,833	4,780	2,947	(67,992)
15	2036/37	1,858	5,164	3,306	(64,686)
16	2037/38	1,786	5,584	3,798	(60,888)
17	2038/39	1,732	6,040	4,308	(56,580)
18	2039/40	2,384	6,537	4,153	(52,427)
19	2040/41	2,851	7,078	4,227	(48,200)
20	2041/42	0	7,668	7,668	(40,532)
21	2042/43	0	8,312	8,312	(32,220)
22	2043/44	0	4,552	4,552	(27,668)
23	2044/45	0	4,852	4,852	(22,816)
24	2045/46	0	5,176	5,176	(17,640)
25	2046/47	0	1,340	1,340	(16,300)
26	2047/48	0	1,388	1,388	(14,912)
27	2048/49	0	1,437	1,437	(13,475)
28	2049/50	0	1,487	1,487	(11,988)
29	2050/51	0	1,540	1,540	(10,448)
30	2051/52	0	1,594	1,594	(8,854)
31	2052/53	0	1,650	1,650	(7,204)
32	2053/54	0	1,709	1,709	(5,495)
33	2054/55	0	1,769	1,769	(3,726)
34	2055/56	0	1,831	1,831	(1,895)
35	2056/57	0	1,896	1,896	1
36	2057/58	0	0	0	1
37	2058/59	0	0	0	1
38	2059/60	0	0	0	1
39	2060/61	0	0	0	1
40	2061/62	0	0	0	1
	Total	135,135	135,136	1	1

9th February, 2023.

Agenda Item No. 5

General Fund Revenue Budget 2023-26

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

Wards Affected: All

Purpose

The purpose of this report is to provide an update on the financial implications for the Council's General Fund Revenue Budget position for 2023-24 to 2025-26 following the publication Scottish Government's budget and the Local Government Finance Settlement.

Recommendation(s)

Members are asked to note the information contained within the report and the strategy and approach to setting a balanced budget and considering the level of Council Tax to levy for 2023-24 and beyond.

Resource Implications

The report identifies significant resource implications that have to be considered in the determination of the budget for 2023-24 and future years.

Legal & Risk Implications

It is a statutory requirement for the Council to set a balanced budget and an appropriate level of Council Tax to finance the budget.

Impact Assessment

None in relation to this report.

Consultation

None in relation to this report.

1.0 Background

- 1.1 This report builds on my earlier report to the Cabinet Committee on 22nd August, 2022 that provided an update on the financial planning assumptions covering the period 2023-24 to 2025-26. Work has been undertaken to interpret the Scottish Draft Budget and Local Government Settlement. The information contained within these allows the budget gap for 2023-24 to be identified and forecasts and planning assumptions for the two later years to be updated.

2.0 Finance Settlement

- 2.1 The overall Scottish Budget is very much dependent on the total Block grant from the UK Government, including any Barnett Consequentials resulting from any change in 'comparable' UK Government spending. It is up to the Scottish Government to determine how this funding is allocated. For 2023-24, the Block Grant increased by 3.4%, as per UK Autumn Statement.
- 2.2 The Scottish Government published its draft budget for 2023-24 on 16th December, 2022, with the Local Government Finance Settlement on 20th December, 2022. An amended Local Government Finance Circular was issued on 10th January, 2023 following the agreed checking process and contained a number of revisions.
- 2.3 The total provisional allocation to local government in the 2023-24 Budget is £13.2m. This is mostly made up of General Revenue Grant (GRG) and Non-Domestic Rates Income (NDRI), with smaller allocations for General Revenue Grant and Specific (or ring-fenced) Revenue and Capital Grants. This represents an overall 1.3% increase in cash terms at a national level.
- 2.4 Locally, Fife received a cash increase of 0.5%, equating to approx. £4.0m, after new burdens which is slightly better than anticipated, however, provides limited capacity to deal with inflationary pressures. The final Settlement will change following further revisions by the Scottish Government. Directors of Finance have been made aware of 2 further amendments to date; Empty Property Relief and Teachers Pay Award 2021-22, approx. £2.0m (but yet to be confirmed), this will potentially increase the level of grant that the Council will receive for 2023-24.
- 2.5 The provisional total funding allocations form the basis for the annual consultation between the Scottish Government and COSLA ahead of the Local Government Finance (Scotland) Order 2023 being presented to the Scottish Parliament in late February 2023. Councils are invited to respond to the provisional allocations in writing by no later than 27th January, 2023. It is important to note that any discrepancies in the Finance Circular will be addressed within the overall total settlement allocations and not through the provision of any additional resources by the Scottish Government.
- 2.6 As in previous years, the settlement constitutes a package of measures in return for the provisional funding allocations set out in the circular. The settlement includes:-
 - £260.0m (£9.4m revenue and £8.1m capital for Fife) to support the local government pay deal and SSSC fees on a recurring basis.
 - £105.0m (£5.6m for Fife) following the devolution of Non-Domestic Rates Empty Property Relief.
 - £30.0m Capital (£2.0m for Fife) to help with the expansion of FSM.

- Consolidation of £30.5m (£1.9m for Fife) for the homelessness prevention fund, this is not additional, rather a consolidation of existing funding streams.
- Local Authority social care budgets for allocation to Integration Authorities must be at least £95.0m (£8.1m for Fife), greater than 2022-23 recurring budgets.
- Councils to maintain the overall pupil:teacher ratio at a national level.
- No restrictions on councils to increase Council Tax.

3.0 Medium Term Forecast

- 3.1 In order to arrive at a budget gap for 2023-24, a comparison is made of the funding that the Council is expected to receive with the cost of continuing existing service provision and delivery. The latter assumes that the Council continues to provide the range of services that it currently does in a similar manner. The cost of continuing is illustrative as a baseline comparator only as it assumes that the Council continues to respond to demand in the same way and clearly this is unsustainable given the financial challenge that the Council faces.
- 3.2 Building on the financial planning approach outlined in a report to this Committee in August 2022, an updated briefing on the budget position was provided to Cross Party Leaders in November 2022. This provided updated information outlining known movements in the financial assumptions, for example, the estimated impact of the pay award and funding offered, as well as resulting changes in assumptions for future inflation and changes to National Insurance costs.
- 3.3 The briefing also outlined the impact of early modelling work relating to a change in regulation relating to Service Concessions, as detailed in another report on this agenda. This has been incorporated into the budget planning assumptions, providing £4.0m recurring revenue benefit, however, this is dependent on Council approving use of this flexibility.
- 3.4 The short-term strategy to bridge the budget gap for 2023-24 was also outlined which included focusing on realigning budget from areas with recurring underspend, substitute funding streams for core budget and a change in approach to budgeting for vacancy management. This strategy recognises the trends in Service underspends that have been encountered over the last few years. It is recognised that there is an element of risk in this approach and this will be included in the Council's financial risk register. Historically, risk of over or underspend has been held by services, however, this approach transfers the risk of overspend to be held corporately for those items where the budget has been adjusted through this exercise.
- 3.5 Since November 2022, there have been a number of changes to impact on the budget gap, particularly around incorporating the actual pay settlement for Single Status and Craft employees, the outcome of the Local Government Settlement and new emerging pressures, such as non-domestic rates revaluation and the recurring impact of a previous Cabinet decision to remove charges for bulky uplifts.
- 3.6 Taking account of the known outcome of the Local Government Financial Settlement, the short-term strategy to realign budgets and the benefits from Service Concessions, the budget gap for 2023-24 has reduced from £30.7m (detailed in the August report) to £11.5m as detailed below.

- 3.7 The budget gap for the next 3 years is provided below, no Council Tax increase has been assumed in arriving at these figures as this is a political decision. Political groups have choices to make regarding the level of council tax to levy and decisions that can then be made to enhance budgets. It should be noted that the figures in the latter years are indicative as the level of government grant is not known as the Scottish Government has only produced a one-year budget for 2023-24.

	2023-24	2024-25	2025-26
	£'000	£'000	£'000
Budget (Gap) as at Jan 2023	(11,505)	(33,198)	(55,598)

- 3.8 It is important that members are aware of the assumptions that underpin the medium-term forecast, these are detailed in the table below:

High Level Assumptions:

Factor	2023-24	2024-25	2025-26
Grant Level	0.5% Increase	Flat Cash	Flat Cash
Council Tax	No increase (Member Decision)	No increase (Member Decision)	No increase (Member Decision)
Pay, Pensions & Demographics	5.0%	2.5%	2.5%
Non-Pay Inflation (contracted items only)	6.0 %	3.0%	3.0 %

- 3.9 The budget gap outlined at para. 3.7 does not include any inflationary increase in Council Tax income as this is a member decision, however, due to the scale of the financial challenge in 2023-24 and more extensively in future years, an increase will be required to reach a balanced budget for 2023-24 and necessitate an increase in the recurring base budget.

4.0 Medium Term Strategy

- 4.1 The Council's approach to closing the budget gap has been adapted and flexed to suit the unusual financial landscape experienced over the last couple of years. However, it is clear that the financial challenges associated with current economic conditions, in particular the impact of high inflation and high levels of uncertainty, will mean a robust strategy will be needed going forward.
- 4.2 The principles of the Council's Medium Term Financial Strategy (MTFS) have been reviewed and the core principles remain sound. The principles of the MTFS have been flexed and changed over time to adapt to the changing circumstances over the last few years but are stated in full in Appendix 1 to this report. These principles will underpin the financial planning going forward, with any future required changes being brought to this Committee.

- 4.3 The report to Cabinet in August outlined that the medium-term financial plan for 2024-25 onwards would involve a longer-term change planning process. This work will focus on Service and Directorate redesign and explore how service provision is further integrated across the Council and with Partners, with a stronger focus on People and Place. This strategy is being deployed and will be aimed at addressing the financial challenge from 2024-25 onwards. However, depending on the timing for change, other options may also have to be considered.

5.0 General Fund Balances

- 5.1 As previously reported throughout this financial year, the level of Council balances are unusually high given the unique circumstances that have been encountered in recent years linked to the pandemic. A review of commitments against balances is currently under way and the outcome will be reported in future financial reports. The current policy in relation to Council balances is to maintain a minimum level that is at least 2% of the overall budget. Based on the latest 3 year estimates, the level of uncommitted balances is £8.0m above the policy minimum.
- 5.2 It should be recognised that any use of Council balances to address the budget gap for 2023-24 should be minimised as far as possible and be temporary in nature. Decisions to add to the recurring budget of the Council would need to be agreed by the Section 95 officer and be assessed on the full package of budget proposals that are brought forward.
- 5.3 The scale of decisions that will need to be taken in both 2024-25 and 2025-26, combined with the level of uncertainty and risk is of high concern. Members are likely to be faced with difficult decisions in the coming years and should be mindful of this when committing resources as part of this budget process

6.0 Financial Risks

- 6.1 There are a number of risks that the Council will need to mitigate against in the coming years. A full risk register will be included in the budget report to Fife Council on 23rd February, 2023. A number of risks are highlighted below given the immediacy and potential impact.
- 6.2 The economic outlook could have a direct impact on the level of public sector funding and there remains significant uncertainty in this area. This, coupled with the unusually high levels of inflation and the Cost of Living crisis, all bring a higher degree of financial risk. These risk factors will continue to be monitored and considered in a financial planning context.
- 6.3 As we have received a one year settlement for 2023-24 only, there is a significant risk for the Council given that government grants account for 80% of the Council's funding. Assumptions have been made regarding the future level of grant, however, these are dependent on the prioritisation of resources within the Scottish Block Grant.
- 6.4 No pay agreement has yet been reached with Teachers and Chief Officers for 2022-23 and claims are likely to remain high for 2023-24. If a settlement is agreed that is beyond that agreed by Scottish Joint Council (SJC) and is not fully funded by the Scottish Government, this will increase the budget gap.
- 6.5 The Council is also faced with Equal Pay claims which also carry a degree of financial risk in the coming year.

- 6.6 At this point in time, there is no recommendation for further restoration of balances given the current level of uncommitted balances remains within the policy limits. This will continue to be monitored should any of the financial risks come to fruition.

7.0 Political Process

- 7.1 On 23rd February, 2023, Fife Council will be requested to agree to set the level of Council Tax for the financial year 2023-24. Any increase to the level of Council Tax will contribute to closing the budget gap.
- 7.2 For illustrative purposes, a range of possible options for increasing the Council Tax levels for 2023-24 will yield the following:

% Increase	Annual Yield	Annual Impact on Band D equivalent
3%	£5.448m	£39.58
4%	£7.264m	£52.77
5%	£9.080m	£65.96

- 7.3 In the event that any change in the level of Council tax does not fully close the budget gap, the Section 95 officer has agreed, for this year only, that a minimal amount of Council balances may be used.
- 7.4 Guidance relating to the budget process and timings was issued to Political Group Leaders on 26th January, 2023 and the timings set out must be closely observed.

8.0 Capital Plan Review

- 8.1 The Capital Plan review process continues and the outcome of the initial planning work and affordability testing has been shared with the political groups. It has been agreed that more time will be taken to consider the Capital Plan Review given the challenge of significant cost inflation and pressures.
- 8.2 Given the level of inflationary pressure affecting projects already approved, coupled with the additional pressures identified, all funding avenues have been explored by officers. The Capital Plan Review work advanced to date indicates that the plan would be unaffordable and unsustainable over the long term. Decisions will therefore need to be taken to ensure that the plan is affordable.
- 8.3 Taking more time to agree the plan recognises the affordability challenge and allows more in-depth consideration of the outcome of the current review. It is likely that the revised plan will be reported to Fife Council in May 2023 for approval. There is a clear link to the setting of the revenue budget and at this stage members should work to the existing loan charges budget based on existing commitments.

9.0 Conclusions

- 9.1 The publication of the Local Government Finance Settlement in December 2022 has allowed the Council to update the budget gap for the next 3 years. The budget gap within 2023-24 is £11.5m rising to £55.6m in 2025-26.

- 9.2 The high level assumptions contained within the medium term forecast have been updated and are included within this report.
- 9.3 There are a number of financial risks at this time and work is ongoing to finalise a financial risk register that will be an integral part of longer-term financial plans.
- 9.4 Political groups are requested to bring forward budget proposals to close the budget gap for 2023-24. Members should keep in mind the scale of the budget gap in 2024-25 and 2025-26, combined with the level of uncertainty and risk when committing resources as part of this budget process.

List of Appendices

1. Medium Term Financial Strategy

Background Papers

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

- Local Government Finance Circular No 11/2022 – December 2022;
- UK Autumn Budget Statement, November 2022;
- Office for Budget Responsibility (OBR) - Economic Forecasts;
- CIPFA Directors of Finance Briefings prepared by Professor John McLaren.

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Fife Council

Medium Term Finance Strategy – 2023-26

Introduction

The Medium-Term Finance Strategy (MTFS) has been developed against a backdrop of an increasingly complex and uncertain environment. The principles contained within this strategy provide a basis for modelling and estimating the future budget gap. Members take the actual decisions that will close the budget gap and the MTFS is designed to support them in their decision making and to capture the scale of the future financial challenge.

In its report last year, the Accounts Commission recognised that Councils have had a very difficult period recovering from the pandemic as well as facing challenges in dealing with increased demand, backlogs and meeting expectations. This has all been against a backdrop of a long-standing pressures such as increased demand from an ageing population and rising poverty and inequality.

The Council has operated in challenging circumstances for several years. Since dealing with the response to the COVID-19 pandemic, there are several factors which UK and Scottish Governments are addressing which also impact directly on Councils. These include increasing levels of inflation, the impact of war in Ukraine on energy prices, employee pay deals across several sectors as well as continuing the recovery from the pandemic.

Increased inflation levels have resulted in pressure areas for both pay and non-pay costs. Further, the Cost-of-Living crisis is putting pressure on individuals who require support from the Council.

Taking all of this into account, the Council is facing financial challenges and resultant budget gap of £55.6m by the year 2025-26.

The Council is committed to addressing these challenges with robust financial planning and, as such, has set out, in full, the principles of the MTFS.

Given the challenging environment, the MTFS sets out the framework/principles for financial planning, budgeting, change programme, risks and reserves. The MTFS will out set out the assumptions used when arriving at the budget gap.

Principles of Medium-Term Financial Strategy

The Council will adopt the following principles as the foundation for the revenue budget strategy:

Financial Planning Assumptions

- Make provision for pay inflation in the budget gap calculations based on assumptions of inflationary increase.
- Make provision for non-pay inflation in budget gap calculations for contracts and legislative requirements only (e.g. PPP). Additional inflation may be provided for in exceptional circumstances such as Energy Costs.
- Demographic cost pressures will be considered following the development of relevant strategies and evidenced based modelling. It should be recognised that any net growth will result in an increase to the budget gap and will require cost reductions elsewhere to fund.
- It's assumed all Scottish Government priorities (New Burdens) will be fully funded.
- Service pressures will be monitored both by Directorates and corporately. A small level of contingencies will be retained to provide a modest level of cover to deal with unmanageable pressures.
- Business Cases for capital expenditure should demonstrate revenue costs and financial affordability and sustainability. No corporate funding to be assumed in business cases.
- The level of funding provided to the H&SC partnership will be based on the requirements of the finance circular and will factor in the level of grant that is received
- Council Tax will be increased by a minimum of 3% per annum and will be reviewed annually. An allowance for buoyancy will also be made.
- Income from Fees and Charges will be factored into the budget process and partially offset any corporate increase provided for inflation.

Budgeting

- Passporting of Scottish Government funding will be based on need rather than grant received.
- Inflation provisions will be added to Service budgets

Change Programme

- A corporate change programme will support Directorates to redesign their services with the aim to drive out savings and efficiencies.

Risks and Reserves

- The main purpose for holding balances is to manage risk, smooth uneven cashflow and provide flexibility for unforeseen circumstances. The strategy is based on holding a level of balances to mitigate against risk rather than providing for this elsewhere in the revenue budget.
- A financial risk register is used to record risk and the action being taken to mitigate against that risk. The risk register is presented to Fife Council as part of budget strategy reporting.

- The Council will not provide for the financial risks in full, however, will hold sufficient balances to provide a level of coverage, with the policy being to hold uncommitted balances of a minimum of 2% of general fund budget over a rolling 3-year period. This means that balances can be greater or less than 2% in any one financial year.
- Commitments against Balances are regularly reviewed and reported to Committee

General Principles

- The Council will balance its budget
- A 3-year planning horizon is used for the Medium Term
- Movement in budget assumptions will be reviewed during the year and updated when required
- The budget strategy will be agreed by Elected Members. The strategy will be reviewed on annual basis and key factors such as level of grant and new burdens and the priorities of the Council will influence any refinement.

Revenue Budget 2023-26 Assumptions

When calculating the Estimated Budget Requirement (EBR), anticipated funding levels and subsequent gap several assumptions are used. These are summarised in the following tables:

Budget assumption for MTFS	Assumption Applied
Council Tax	Council Tax increase of a minimum of 3% and will be reviewed annually Council Tax Buoyancy included
Government Grant	In line with grant levels provided in the Local Government Finance Settlement
Pay Awards	In line with agreed pay settlements for all bargaining groups
Pensions Contributions	Per the Actuarial Valuation
National Insurance	Agreed rates
Non-Pay Inflation	Reflecting significant contracts
Discretionary Fees and Charges	Income from Charges policy CPI +1% or alternatively in line with minimum Council Tax increase in times of high inflation.
Health and Social Care Grant reduction	As per the requirements of finance circular taking recognition of grant received.

Regional Prosperity Framework Delivery Plan

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

Wards Affected: All

Purpose

This report seek approval for the Edinburgh and South East of Scotland Regional Prosperity Framework Delivery Plan. The plan is a live document that will be updated every 12 months to reflect changes to the local, regional and macro economy and to ensure that regional activity can react and remain relevant to city region partners.

Recommendation(s)

Members are asked to:-

- (i) approve the Edinburgh and South East of Scotland Regional Prosperity Framework Delivery Plan; and
- (ii) note that the Delivery Plan will be considered by the other five constituent local authorities in the Edinburgh and South East Scotland City Region (ESESCR) ahead of the ESESCR Joint Committee meeting on 3rd March, 2023.

Resource Implications

Over the lifetime of the project to develop the Regional Prosperity Framework and its delivery Plan, consultancy support was secured to assist with development work. This was paid for by monies received from Scottish Government, Scottish Enterprise and a £30k SESplan rebate.

Approval of the Regional Prosperity Framework Delivery Plan does not commit resources from Fife Council or the other five constituent local authorities.

Delivery will be achieved through existing resources and additional public and private sector investment. These may include the UK Shared Prosperity Funding allocated to the constituent Councils. Programmes and projects will develop a business case to secure external funding for their delivery.

City Region Partners want the Delivery Plan to be supported through a medium to long term, integrated, place-based funding allocation based on shared outcomes. Officers are developing the case for this funding approach, which should cover the whole-life costs of delivery, to present this to UK and Scottish Government in advance of the UK Government budget next year. Partners will continue to work with Scottish Government to ensure that the Regional Prosperity Framework Delivery Plan aligns to programmes and investment on NSET (National Strategy for Economic Transformation), STPR2 (Strategic Transport Projects Review 2), the recommendations of the Regional Economic Policy Advisory Group, infrastructure, and other relevant areas.

Legal and Risk Implications

There are no legal implications associated with endorsement of the Regional Prosperity Framework Delivery Plan – it is a non-statutory document developed to co-ordinate and strengthen regional working within the remit of the existing Minute of Agreement.

There are no strategic risks associated with endorsement of the Regional Prosperity Framework Delivery Plan. Operational risks will be considered and managed through the management of the individual projects in the Delivery Plan.

Any financial contribution by the Council must demonstrate compliance with the subsidy control principles set out in The Subsidy Control Act 2022.

Impact Assessment

An Equality Impact Assessment (EqIA) is not required at this stage as there are no changes to existing service delivery and policy. However, this will be carried out as part of the development of the Business Cases for the individual projects in the Delivery Plan.

Consultation

The Regional Prosperity Framework was the subject of a public consultation in 2021, with the final document reflecting the feedback received during the consultation process.

An officer working group with membership from across each of the six local authorities, the University of Edinburgh, SEStran and Scottish Enterprise, supported by the Programme Management Office, has developed the Regional Prosperity Framework and Delivery Plan.

The work on the Regional Prosperity Framework Delivery Plan has been overseen by the City Region Deal Directors Group, which includes representation from both Scottish and UK Governments; the Regional Enterprise Council; and the Elected Member Oversight Committee. Paul Lawrence, Executive Director of Place, City of Edinburgh Council, is Senior Responsible Officer for this activity.

Wider consultation is not required for the Delivery Plan but consultation, for example the options for a Net Zero Skills Accelerator Hub, will take place as the individual projects are developed.

1.0 Background

- 1.1 The maturity of the regional partnership with UK and Scottish Governments has seen the City Region Deal partners develop an ambitious Regional Prosperity Framework (formerly Growth Framework), approved in September 2021 by the Edinburgh and South East of Scotland Joint Committee before being ratified individually by each of the six local authorities. The University of Edinburgh Court Committee ratified the Regional Prosperity Framework 5th October, 2021.
- 1.2 The Framework is the articulation of the next phase of the development of the regional economy, building on the successes of the City Region Deal both in terms of the programmes but also the maturity of the regional collaboration. It provides a blueprint for regional economic recovery post-pandemic; resilience through the ongoing cost of living crisis; and future direction for major regional projects and investment.

- 1.3 Since the publication of the Regional Prosperity Framework, regional partners have been developing the Delivery Plan appended to this report. This period has included the removal of the majority of the measures to manage COVID 19 Pandemic. Partners have tried to develop a Delivery Plan that responds to these crises and recognises that this crisis has disproportionately impacted the most economically disadvantaged members of the region's communities, with the cost of basic necessities, e.g. food and fuel far exceeding any increases to incomes.
- 1.4 In December 2022, the Regional Economic Policy Advisory Group published their review to evidence why, and in which policy areas, regional economic development works well and to create a set of recommendations that would serve as a starting point for Scottish Government to build upon. This review follows the publication of the Scottish Government's NSET. NSET offers a stronger emphasis from the Scottish Government regarding the role they envisage for regional economies, articulating the policy direction and ambition for their contribution to transforming Scotland's economy.
- 1.5 The review by the Regional Economic Policy Advisory Group provides a clear rationale to include certain policy areas in Regional Economic Strategies. These areas include Just Transition, Public Health, Child Poverty, Digital Economy, Community Wealth Building, Transport, Land Use and Planning, Skills, High and Further Education. The Advisory Group concluded that this clarity would empower Regional Economic Partnerships to take a holistic approach to strategic economic planning, looking at enablers and levers, constraints and barriers and enhancing their offer to inward investment. They recommend that the Scottish Government ought to replicate this policy alignment.

2.0 The Delivery Plan

- 2.1 The Regional Prosperity Framework provides a blueprint for regional economic recovery post-pandemic; resilience through the ongoing cost of living crisis; and provides future direction for major regional projects and investment that support inclusive growth and the transition to a net zero economy over the next 20 years.
- 2.2 The Regional Prosperity Framework and its Delivery Plan align closely with Scotland's NSET and the UK Government's Levelling Up White Paper with its funding competitions and funding allocations through the UK Shared Prosperity Fund. All of these present major opportunities for the city region to truly capitalise on the available funding. It also aligns with the recommendations from the Regional Economic Policy Advisory Group. These include Increasing Regional Autonomy; Best Supporting Regional Economic Partnerships (REPs) through Capacity Building; to Strengthen Scottish Government Placed Based Policy Making; Use of Existing Structures: REPs and their Memberships; Improved Regional Analysis and Intelligence incorporating Wellbeing Economy Metrics.
- 2.3 The Regional Prosperity Framework has the vision to become *the data capital of Europe. We will ensure the social and economic benefits of this capability extend to all. All sections of the community will have the opportunity to develop the key skills that will help to end inequalities in our society. We will protect our environment and make best use of our extraordinary built and natural assets, ensuring that the Edinburgh and South East Scotland City Region delivers a just transition to a net zero economy. Our institutions, ancient and modern, will deliver positive outcomes that enhance our local, national and international reputation.*
- 2.4 The regional partners committed to this vision in 2021, aiming to use it to guide and integrate public, private and third-sector decisions, actions, collaborations, strategies, policies and investments across areas such as sustainability, climate change, energy, transport, planning, housing, infrastructure, education, digital, services, inequalities, well-being, economic development, procurement and delivery.

- 2.5 Regional Priorities have been developed around three core themes which support an economy that is resilient; innovative and flourishing (see diagram 1 below).

Diagram 1 - Regional Prosperity Framework Delivery Process

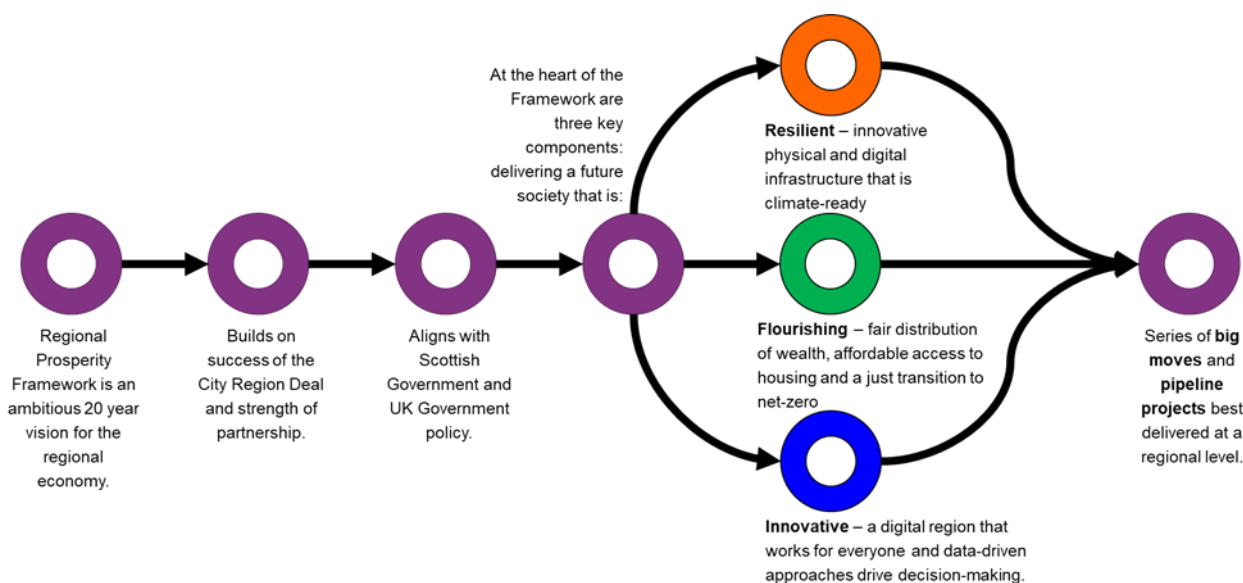


Diagram 1 - Regional Prosperity Framework Delivery Process

- 2.6 All actions under the Regional Prosperity Framework aim to support:
- **People** – to access fair work, to learn and develop new skills and to live happy and healthy lives
 - **Places** – that are sustainable and attractive to live and work in and where enterprise thrives
 - **Planet** – meeting our needs in a way that will allow future generations to meet theirs, with a focus on the reduction of greenhouse gas emissions
- 2.7 As the region emerges from Covid-19, it is a different economic world than the one known before. Subsequent global events, such as the war in Ukraine, higher inflation and further emerging financial and political uncertainties, mean that there is a need to develop a different strategic approach. A different approach is required if the partners are to achieve their shared ambition for the city region and to deliver a resilient economy that can meet the needs of all of its citizens and businesses.
- 2.8 To respond to current and future economic shocks, the Delivery Plan has been developed as a living document, with the immediate priorities for the region set out over a 3-year horizon, but within the context of the longer-term ambitions for the city region set out in the Regional Prosperity Framework. Regional priorities will be reviewed annually. Programmes and projects will be added or adapted to ensure the continued focus on the shared regional ambitions.
- 2.9 Over the next 12 months, four key programme areas have been identified:-
- Green Regeneration
 - Infrastructure for Recovery
 - Visitor Economy and Culture and
 - Data-Driven Innovation economy

The Delivery Plan for Year 1 can be found in Appendix 1.

3.0 Key Programmes

3.1 Green Regeneration

- 3.1.1 From Eyemouth to Grangemouth, the Forth Economic Corridor has the potential to drive transformational economic and climate adaptation through major waterfront regeneration including (but not limited to) Rosyth, Longannet, Leith Port, Granton Waterfront and Cockenzie. This includes the reuse and modernisation of existing assets, sites and operations to create strategic net zero employment opportunities. It will support innovative, advanced manufacturing. The proposals for a Green Freeport on the Forth aim to underpin and enhance the area's future economic success including the creation of the UK's largest offshore renewable energy hub.
- 3.1.2 Cross partner support will be required to establish a Forth Estuary Collaboration Network. This will enable closer collaboration between neighbouring authorities to deliver their regional and national priorities for the Forth. It will promote the reputation of the Forth economic corridor domestically and internationally.
- 3.1.3 Key to the future success of the Forth and city region is the development of future green skills to meet the needs of businesses today and in the future economy whilst creating new high-value jobs. The creation of a Net Zero Skills Accelerator Hub will help to address the demand and supply side barriers that exist, helping key sectors begin or accelerate the transition to net zero.

3.2 Infrastructure for Recovery

- 3.2.1 The most productive city regions are those that are the best connected and the most sustainable¹. Much of Scotland's future population and household growth is set to take place in the Edinburgh and South East of Scotland city region, with available capacity to grow in parts of the region. The scale and nature of the consequential impact on the region's infrastructure is substantial and is crucial to the success of the regional and national economy.
- 3.2.2 It is essential that regional transport priorities are co-ordinated to deliver the aspirations of the: Regional Transport Strategy; Strategic Transport Projects Review 2; and National Strategy for Economic Transformation. This will best ensure that the region can provide the quality of connectivity and sustainability required. These would be achieved by effective Modal Shift; promotion of Mass Transit; decarbonising Transport (support the transition to net zero); and tackling Transport poverty.
- 3.2.3 The housing need and demand in the Edinburgh and South East of Scotland city region is the greatest in Scotland. Nearly 60% of the total annual affordable homes requirement for Scotland is in this city region. This region delivers more homes than any other part of Scotland and often drives construction innovation. Greater resources are required to sustain and accelerate this activity.
- 3.2.4 The Edinburgh and South East of Scotland Home Demonstrator Project is piloting a new business model for the delivery of Net Zero affordable homes at scale. There are currently 75 Homes under construction at Granton Waterfront with greater support required to scale up a regional pipeline of sites and to secure a delivery partner. The Fife Housing Partnership is now considering this business model to assist with meeting its affordable home requirements.

¹ <https://www.oecd.org/cfe/cities/UK-Core-Cities-PH-Final.pdf>

- 3.2.5 The region needs greater financial support to both deliver the Energy Efficiency Standards for Social Housing 2 (EESH2) programme to retrofit existing homes and to continue to build new affordable homes at current rates. Accelerating delivery of the City Region Deal seven strategic sites, that includes the Dunfermline Strategic development Areas, can deliver 35,000 homes, transforming vacant and derelict land to deliver net zero carbon homes.
- 3.2.6 To deliver these strategic ambitions, including fairer and more equal economic prosperity, requires a skilled population. The regional partners are committed to ensuring that everyone has the opportunity to participate fully in the labour market. The transition to net zero and the data revolution, in particular, will necessitate a new supply of skills. Housing, transport and skills are essential to remove barriers faced by some residents in participating and progressing in the labour market and to ensure that employers have the supply of skills they need. A Net Zero Skills Accelerator Hub proposal is being developed to tackle these issues at a regional scale.

3.3 Visitor Economy and Culture

- 3.3.1 The renewal of the city region's world class cultural and visitor offer is key to the recovery of the regional economy. Edinburgh is the sixth busiest airport in the UK, handling more than 15 million passengers in 2019. Waverley Station is the largest mainline station outside of London, with an average of 30,000 passengers a day in 2019. Fife, West Lothian and City of Edinburgh Councils already collaborate through the Forth Bridges Partnership to jointly promote these iconic visitor attractions. By establishing a Regional Visitor Economy Partnership to create and deliver a regional visitor economy development plan, all areas of the region will benefit from increased visitor numbers and value. The region's visitor economy will be more effective and faster at transitioning to more sustainable, low carbon tourism and make better use of data and intelligence.
- 3.3.2 Tourism and Festivals is one of the priority sectors for the data driven innovation programme funded by the City Region Deal. A data driven, innovation-led approach to tourism destinations could position the region as a global leader in data-driven decision-making for strategic tourism investments, aligning and contributing towards the region's ambition of being the Data Capital of Europe.
- 3.3.3 Traveltech for Scotland, which spun out from the Edinburgh Futures Institute, one of the Data Driven Innovation Hubs, launched in 2020. Driven by technological innovation, it has built a support network for travel technology pioneers to help turn the sector around following the devastating impacts of Covid-19. It creates opportunities for businesses, such as digital tour operators, online booking providers and companies developing robotic devices that improve the hotel experience. Traveltech for Scotland is fostering a digital marketplace between tourism businesses and travel tech suppliers to encourage growth in the sector.

3.4 Data-Driven Innovation Economy

- 3.4.1 Considerable progress has been achieved to embed and extend the impact of the City Region Deal Data-Driven Innovation investment in the regional and national economy. The network of Data Driven Innovation Hubs will be completed in early 2024, Years 5–10 will focus on increasing the regional impact from these – inclusive skills, business start-ups, adoption by existing businesses and new industrial clusters. In the longer-term, the region intends to be a centre of excellence in data driven innovation, recognised as an international data powerhouse. Cross partner support is needed to drive the ambition for the city region to be the Data Capital of Europe and to help deliver the Scottish and UK Governments' Digital and Data Strategies.

- 3.4.2 Partners will work to support the operational growth of the TechScaler Network, funded by Scottish Government, and support the ongoing recognition of the city region as a world-leading Centre for Informatics and High-Performance Computing Academic Excellence. Proposals will be worked up to establish a regional data observatory, similar to those supporting the Glasgow and Aberdeen city regions. This is one of the recommendations of the Regional Economic Policy Advisory Group
- 3.5 The delivery programmes above are critical to the region's future economic success, providing clarity for future investment and collaboration to ensure this region has a prosperous net zero future. These programmes will be monitored and reviewed every twelve months to ensure they are still relevant to local, regional and national partners.
- 3.6 The Delivery Plan supports the recommendation from the Regional Economic Policy Advisory Group requesting that the Scottish Government examines the current funding landscape across the public sector, using improved policy alignment to make more joined-up funding decisions, potentially using existing funding streams (channelled through REPs related accountable bodies to meet their strategic policy priorities) to support shared outcomes. The Group recommends that this should include consideration of aggregating funding, with aligned eligibility criteria and timescales. This also ought to include future funding streams from UK Government, such as the UK Shared Prosperity Fund and how this might interact with the regional dimension.

4.0 Next Steps

- 4.1 Each of the five other constituent local authorities will also consider a report on the Regional Prosperity Framework Delivery Programme before the City Region Deal Joint Committee meets on 3rd March, 2023.
- 4.2 Subject to the necessary approvals at the above Committees, regional partners will undertake the following:
- Ask both the Scottish and UK Governments to commit to work in tripartite (UKG/SG/ESES) partnership to progress the Delivery Programme which is aligned with Scotland's National Strategy for Economic Transformation, the recommendations of the Regional Economic Policy Advisory Group and UK Government Levelling Up and Shared Prosperity priorities.
 - Ask for the Regional Prosperity Delivery Plan to be supported through a medium to long term, integrated, place-based funding allocation, based on shared outcomes.

5.0 Conclusions

- 5.1 The Edinburgh and South East of Scotland Regional Prosperity Framework Delivery Plan is the articulation of the next phase of the development of the regional economy, building on the successes of the City Region Deal. It sets out a prospectus for investment that can deliver on the City Region's ambitions to become the data capital of Europe; support inclusive growth; and a just transition to a net zero economy over the next twenty years.
- 5.2 The document is a living document that will be reviewed and updated every twelve months to respond to changes to the local, regional and macro economy and to ensure that regional activity can react and remain relevant to city region partners.

5.3 Over the next twelve months four key programme areas will be progressed:

- Green Regeneration;
- Infrastructure for Recovery;
- Visitor Economy and Culture; and
- Data-Driven Innovation economy.

The final draft Delivery Plan can be found as a separate Appendix.

List of Appendices

1. Regional Prosperity Framework Delivery Plan (Final Draft)

Background Papers

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

- Edinburgh and South East of Scotland City Region Joint Committee, September 2021 approval of the Regional Prosperity Framework [210903 ESES CRD JC Regional Prosperity Framework FINAL](#)
- Fife Council Policy and Coordination Committee, 4 November 2021, Item 6 Ratification Of The Regional Prosperity Framework For The Edinburgh And South East Scotland City Region And Fife I3 Programme Update (page 51 – 108). [Public-Agenda-Pack-for-Policy-and-Co-ordination-Committee-4th-November-2021.pdf \(fife.gov.uk\)](#)

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REGIONAL PROSPERITY FRAMEWORK

DELIVERY PLAN & PROSPECTUS

2023 / 24

Edinburgh and South East Scotland Joint Committee



Councillor Cammy Day
Leader, The City of Edinburgh Council



Councillor Norman Hampshire
Leader, East Lothian Council



Councillor David Ross
Leader, Fife Council



Councillor Russell Imrie
Councillor, Midlothian Council
Chair, Joint Committee 2022



Councillor Euan Jardine
Leader, Scottish Borders Council
Chair, Joint Committee 2023



Councillor Lawrence Fitzpatrick
Leader, West Lothian Council
Vice Chair, Joint Committee 2023



Professor Peter Mathieson
Chair, Higher & Further Education Consortium and Principal, University of Edinburgh



Claire Pattullo
Chair of Regional Enterprise Council and Chief Executive Officer at Edinburgh Social Enterprise



Garry Clark
Vice-Chair of Regional Enterprise and Council Development Manager (East of Scotland) at Federation of Small Businesses



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Foreword

The City Region Deal brings together six local authorities, four universities, six colleges and the Regional Enterprise Council with representatives from the business, social enterprise and third sectors. The partnership is now in the fifth year of the delivery of the Edinburgh and South East Scotland City Region Deal programme, and we continue to make excellent progress.

Building on the successful delivery of the City Region Partners have developed an ambitious Regional Prosperity Framework (RPF) that articulates the next phase of activity to develop the regional economy, building upon the successes of the City Region Deal. The RPF sets out a blueprint for regional economic recovery post-pandemic; resilience through the cost-of-living crisis and transition to net zero.

Our RPF Delivery Plan is both an action plan – focused on more immediate interventions that can currently be resourced – and a prospectus; setting out collective future ambition and opportunities. A “*living*” document, the Delivery Plan sets out an ambitious and dynamic series of four key programmes to deliver the region’s ambitions:

- Green Regeneration
- Infrastructure for Recovery & Prosperity
- Visitor Economy and Culture, and
- Data Driven Innovation (DDI) Economy

These programmes will enable the city region to maintain and enhance its global reputation and become the data capital of Europe, delivering sustainable and inclusive growth.

Our Delivery plan aligns with Scotland’s National Strategy for Economic Transformation (NSET), Scotland’s Regional Economic Policy Review recommendations, and UK Government’s Levelling Up priorities, as well as the 2022 Autumn Statement.

We ask the Scottish and UK Governments to continue to commit to work in tripartite partnership to deliver our Blueprint through a long term, integrated, place-based funding allocation to deliver shared outcomes.

Chair of the Edinburgh & South East of Scotland Joint Committee



“ We only have this one planet; we got to figure out how to live on it without destroying it. ”
Tricia Helfer

Executive Summary

Over the last five years the regional partnership behind the South East Scotland City Region Deal has flourished, resulting in the publication of the Regional Prosperity Framework (RPF) in September 2021.

A range of acute external pressures have strained the REP, and this living Delivery Plan is our remedy. The Plan targets three goals: reduced economic exclusion; increased regional competitiveness; and, accelerated transition to Net Zero.

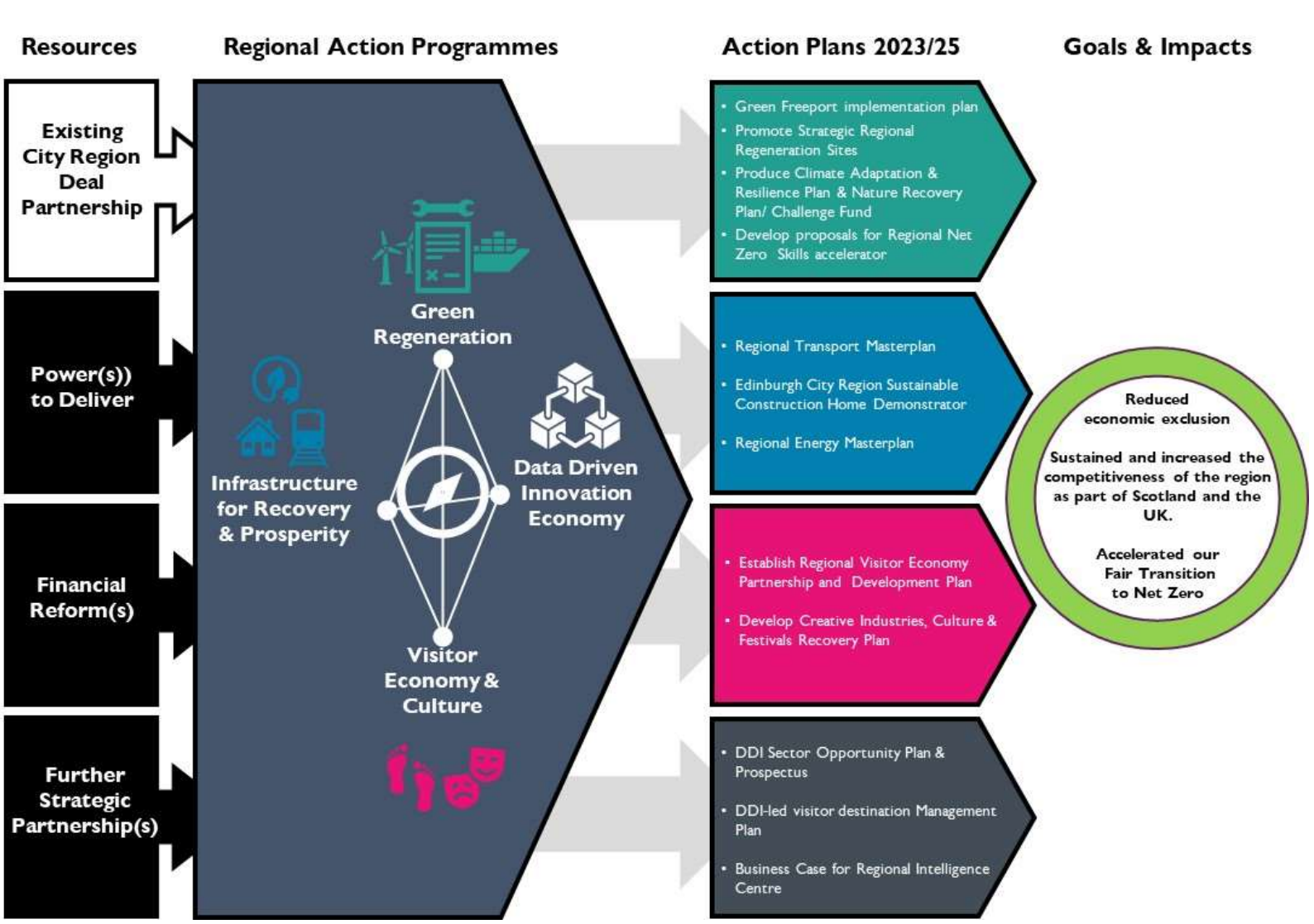
The Delivery Plan comprises four key programmes and associated regional action plans. The action plans will deliver immediate benefits whilst providing a longer-term platform for future activities that deliver our goals.

Early momentum is key to consolidating the Regional Partnership, as a more formal Regional Economic Partnership, and is core to our actions plans. Our Call to Action comprises four priority initiatives:

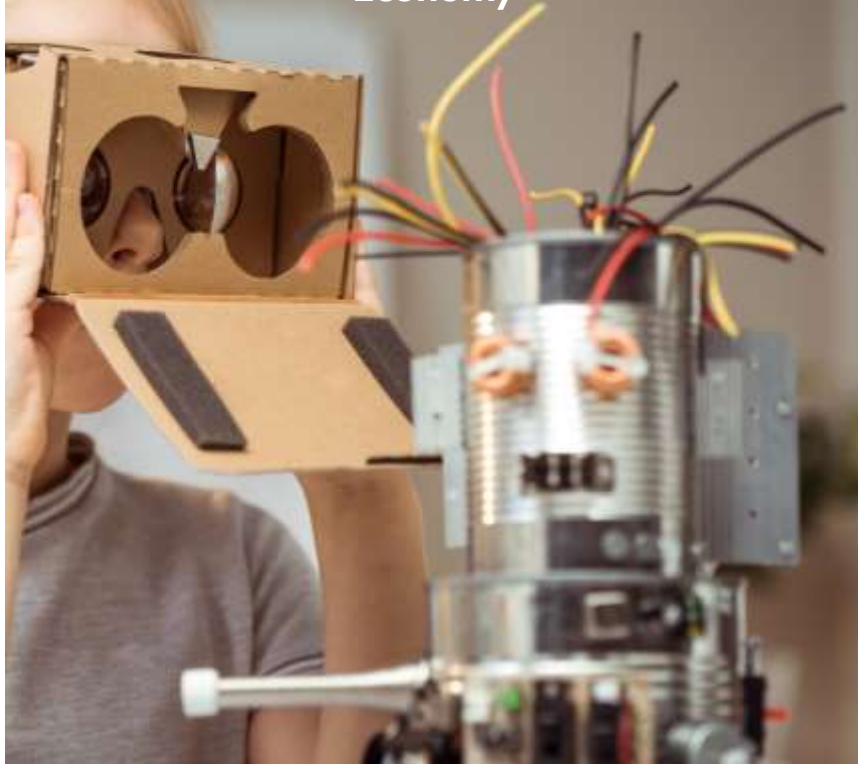
- Infrastructure for Recovery & Prosperity by co-developing with the Governments a place-based capital and revenue funding model for delivery of regional ambitions;
- Develop Green Regeneration (*focused on the Forth*) investment prospectus;
- Secure a sustainable visitor economy and promotion of our cultural assets; and,
- Promote the transition to a data driven innovation (DDI) enabled economy in the region.

These initiatives will provide further evidence of the positive impact of our Partnership; build further confidence in our ability to collaborate and deliver and demonstrate the positive outcomes that investment in our region will deliver.

The Regional Partners now seek to co-create the delivery and resourcing approach for this Delivery Plan with government partners and other stakeholders.



A region that is committed to new ways of working to grow an innovative and diverse Economy



CodeBase fully supports Edinburgh's ambition to become the Data Capital of Europe. That is why we are excited about plans to embed, and broaden the impact of, Data-Driven Innovation investment in the regional and national economy.

In order to become Europe's Data Capital, it is essential that Edinburgh and South East Scotland continue to provide the skills, support network, data and transport infrastructure that will facilitate the continued growth of data-led organisations - companies old and new - in the region.. **Steven Drost, CSO CodeBase**

Introduction

Our Delivery Plan has been developed through our Regional Economic Partnership (REP) in collaboration with the governments and their agencies. The Plan sets out our opportunities for regional action and investment that better deliver regional inclusive economic growth through regional collaboration.

The Delivery Plan Builds Upon our shared Strategic Framework

The Regional Prosperity Framework (RPF) articulates the long-term aspirational goals for Edinburgh and South East Scotland city region. It guides the future direction of regional economic and wider policy by setting out an ambitious vision for the regional economy to 2041. All actions under the RPF are framed to support:

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

Places: develop communities that are sustainable, attractive to live and work in and where enterprise thrives

Planet: meet our needs whilst enabling future generations to meet theirs, with a focus on climate action through emissions reduction and adaptation.

Our Vision for the Region is Challenging but Achievable...

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

...by Remaining Responsive to Change

Global events, such as global pandemic recovery, the war in Ukraine, inflation and emerging financial and political uncertainties, demand an agile strategic response if our shared regional ambitions are to be achieved. As a result, the Delivery Plan focuses on the immediate **1 to 3-year horizon**, but in the context of our longer-term regional ambitions. It will be **reviewed annually**, adding or subtracting Programmes and projects to ensure continued focus on our ambitions and enable dynamic responses to any challenges as they emerge.

Our Plan Builds Upon the Unique Attributes of the Region

The Delivery Plan describes:

- **The Region's Diverse Economy**, identifying the unique strengths and assets of our regional economy.
- **Opportunities and Challenges**, assessing our regional growth levers and the barriers we must overcome.
- **Delivering together**, describing the aims and priorities for our Plan including the pathway that we can follow if we are going to positively impact the regional economy.



A RESILIENT REGIONAL ECONOMY

Our Diverse Region

Edinburgh

- Key driver of Scottish economy with diverse global business base, quality retail core, and world heritage cityscape.
- Global strengths in professional services, finance, insurance, education, science, health and data.
- Thriving retail, hospitality and leisure sector.
- Forth Bridge world heritage site frames key green growth and regeneration opportunities along the Forth.
- Continued strong demand in housing and commercial property markets.
- Regional actions underway to distribute economic opportunity, address commuting travel patterns, improve affordable housing supply and enhance strategic local infrastructure.

West Lothian

- Broad and extensive business base is supported by a skilled workforce
- Key strengths in life sciences, engineering, construction, food & drink, aerospace, retail, software development, renewables, advanced manufacturing, health, communications, support services and logistics.
- Heartlands offers 2,000 homes and 1.5 million square feet of employment space with easy motorway access.
- Winchburgh is delivering thousands of new homes and 40 acres of employment and retail space, with easy motorway access and potential for a new rail station.

Midlothian

- High quality clusters of professional, education, health and scientific developments such as Easter Bush.
- At the forefront of world leading research and development programmes in biomedicine and agritech.
- Data Driven Innovation (DDI) Skills Gateway established at Newbattle High School Centre of Excellence.
- Destination Hillend is a strategic proposal for multi-activity leisure tourism with business opportunities at Hillend Snowsports Centre.
- Strengths in wholesale retail and trade, construction and manufacturing, and agriculture.

Scottish Borders

- Strong cultural heritage, high quality environment and communities with a good quality of life.
- Strengths in agriculture, energy, tourism, food & drink, manufacturing, forestry and construction
- Well connected to Central Scotland and the Cities of the North of England.
- Borders Rail has catalysed regional opportunities.
- Future extension of railway to Carlisle and planned 4G/5G investments will sustain economic opportunities.
- Scottish Borders Mountain Bike Innovation Centre will cement the region's international cycling reputation.
- Inspire Learning Centre - Tweedbank. Delivering a world class digital learning environment in partnership with Apple





The Firth of Forth and Coast

- Economic renaissance of the Forth estuary is driven by green growth, net zero energy innovation and sustainable infrastructure, new fuel production and nature based solutions.
- Strengths in life sciences, engineering, construction, agriculture, food and drink, distribution, aerospace, retail, software development and renewables, advanced manufacturing health, information, communications, support services and logistics.
- Three regeneration and renewal zones along its length:
 1. South Zone: Hound Point (deep water facilities), Edinburgh Waterfront and East Lothian's Climate Evolution Zone (including the former Cockenzie Power Station), Blindwells new settlement (with potential for expansion), and Eyemouth as a hub for off-shore renewables;
 2. North Zone: former Longannet Power Station site (with rail link), Rosyth International Port, Braefoot Bay Oil and Gas Terminal (deep water facilities), Mossmorran fuel and distribution hub, the Fife Renewables Innovation Centre and ORE Demonstrator at Levenmouth; and
 3. West Zone: the Forth provides links to the Falkirk and Grangemouth Investment Zone with its green fuel production, biotechnology and skills development, and Scotland's National Environment Centre and National Aquiculture Technology and Innovation Hub.

Fife

- Strengths include advanced manufacturing, financial and business services and food and drink.
- Outstanding coastline and strategic travel routes provide opportunities for inclusive, sustainable growth.
- Dunfermline awarded city status and offers large housing development area including shared learning campus for Fife College.
- Rosyth International Port and Arrol Gibb Campus complement local strengths in freight and logistics.
- Centre of Excellence in Low Carbon and Renewable Energy innovation being created at Guardbridge.
- Number of transformative investments are already underway (e.g. reopening of the Levenmouth Rail Link.
- Outstanding natural and cultural assets (the Forth Bridges, 48 golf courses, the Fife Coastal Path, and the Pilgrim Way)

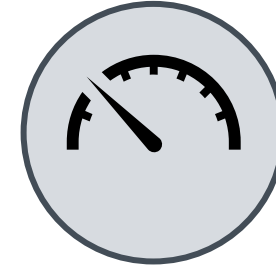
East Lothian

- Celebrated for its attractive market towns, prime countryside and coast, and golf and leisure tourism.
- Green growth opportunities in emerging **Climate Evolution Zone**, including **Cockenzie Power Station site** and potential expansion of **Blindwells new settlement**,
- Potential investments in strategic sustainable infrastructure, including the **High Speed Rail**,
- Internationally significant scientific, biomedical and education activities, including **Edinburgh Innovation Hub and Edinburgh Innovation Park**,
- The future use of Torness Nuclear Power Station site is a significant longer term opportunity.

Our Economy and Goals

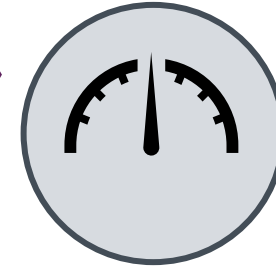
- **65%** of 1.4m residents are of working age. The Region's dependency ratio is projected to increase from **54%** in 2018 to **57%** by 2043, compared to Scotland's **60%** (number of dependents over the number of people working).
- This is the fastest growing region in Scotland and one of fastest in UK. Forecast change in population 2018 – 2043 is **9.1%** (Scotland **2.5%**/UK **9%**).
- In 2022, **20.7%** of residents aged 16-64 were economically inactive, **2.2%** lower than Scotland. This ranges from **16.3%** to **26.9%** in the Local Authorities. It is a decrease from pre-pandemic levels. Reasons for inactivity include long term sickness. Unemployment rates by disabled status range from **15.6%** to **33.7%**.
- By 2032, there will be a need to replace **264,100** people who have left the labour market in the Region. (RSA Nov 22)
- Productivity, calculated by dividing total regional GVA by total regional employment (measured by jobs), in 2022, was forecast to be **£59,700**, higher any other region and than the Scottish average **of £54,100**.
- Over the long-term (2025-2032) productivity is expected to grow by **1.1%** on average each year, broadly similar to Scotland as a whole.
- **4.6** tonnes of CO2 emissions per head in 2020, *matching* the UK and Scottish national positions.

Our Goals



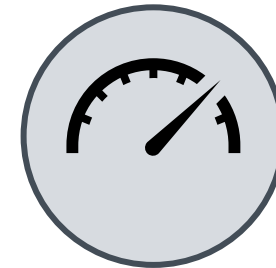
Reduce Economic Exclusion

- Reduce levels of economically inactivity.
- Reduce unemployment levels by disabled status.
- Reduce the number of people suffering the greatest levels of deprivation
- Minimise the impact of an increasing dependency ratio (e.g., *those not in work who depend on those in work*) in the region



Sustained and Increased Competitiveness

- Increase productivity per capita by increasing adoption of data driven innovation and business start-ups.



Accelerate Fair Transition to Net Zero

- Reduce per capita end-user greenhouse gas emissions for the region and by sector
- Better achieve net zero by 2045, 90% by 2040 and 75% by 2030.

Opportunities & Challenges

Opportunities

Devise circular investment opportunities where benefits from investments are retained and magnified within the region.

Link supply and demand at a regional level so that regional needs can be better met locally in a sustainable fashion.

Develop a “*pack mentality*” in the REP to seek and deliver regional opportunities which transects all sectors and builds on the success of the City Region Deal.

Building on the progress in the digitisation of the regional economy, further drive adoption of this innovation into all sectors

Improve food and resource security at a regional level, and develop sustainable forms of tourism, culture and heritage

Deliver interventions that are collaborative, multi-faceted and diffused to address local needs across the region

Embed community wealth building in anchor institutions to increase focus on a wellbeing economy

Develop new partnerships with industry and the governments and secure funding through a “one region” approach that complements local action within communities

Mobilise a whole societal ‘one region’ approach to Net Zero, involving communities, businesses and governments

Goals

Sustained and Increased Competitiveness

Reduced Economic Exclusion

Accelerated Fair Transition to Net Zero

Challenges

Place based capital and revenue funding allocations, recognising the delivery of regional ambition, need to be designed and delivered

Significant fiscal uncertainty exists for the governments and the public sector. Maintaining core key services is the priority for all regional partners in the short term

The scale and complexity of our external challenges requires a response that is equal to it, and **collective action at scale is vital** to meet them with the necessary capability and capacity

Change in national policies and approaches is needed if regional opportunities are to be realised

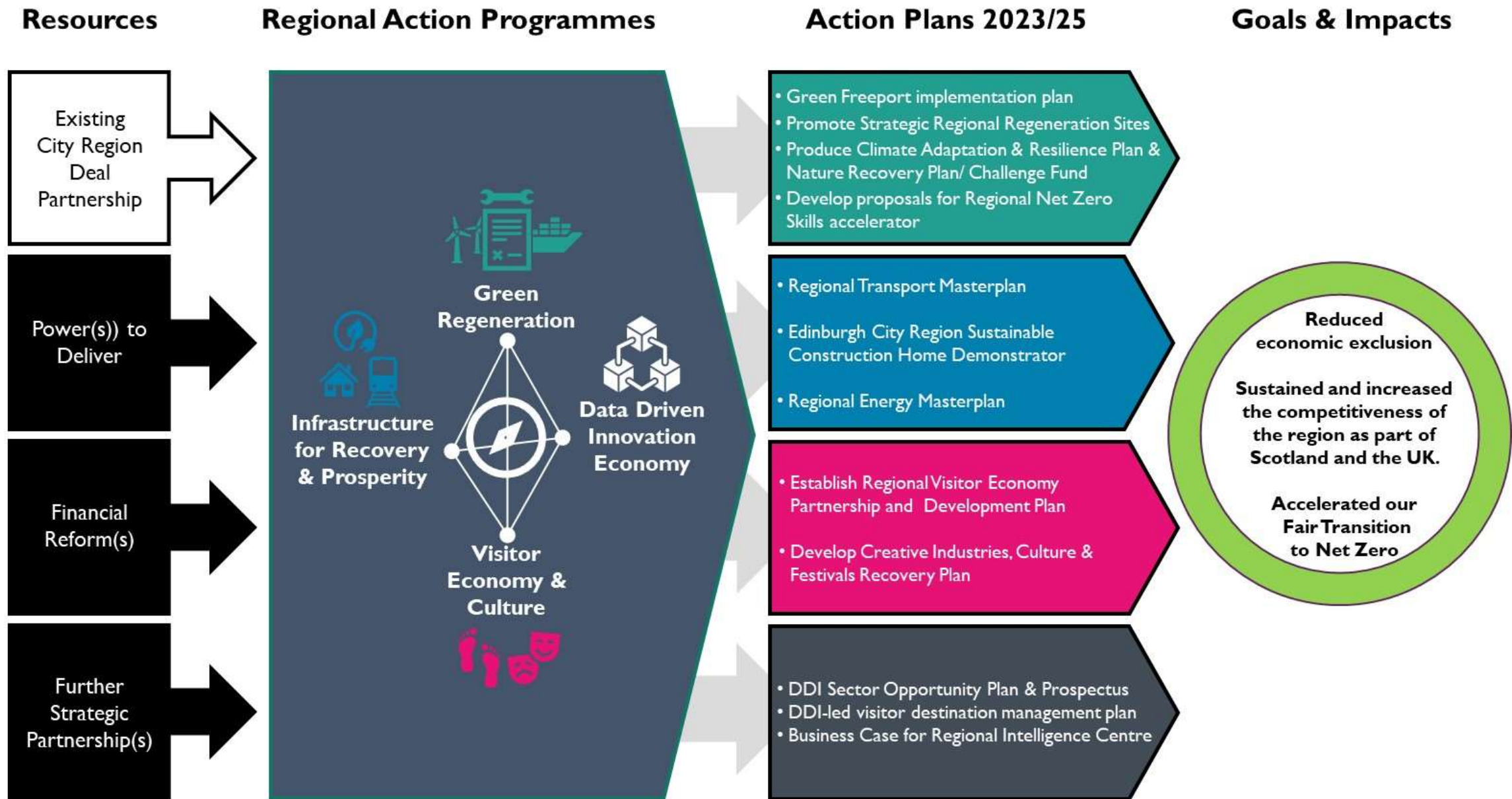
Quality of life shocks are having a real and sustained impact on the quality of life across the region, reinforcing regional inequalities

Whilst unprecedented transformative change is essential the cost of delivering a **just transition**, in the short term, is beyond the means of local government **alone**.



OUR ACTION PLAN PRIORITIES

2023 - 2025



Green Regeneration



- **Await decision on Forth Green Freeport Bid & Cockenzie Power Station Site Levelling Up Bid:**
 - *Develop, define and deliver business cases for longer term projects and programmes*
- **Establish Forth Collaboration Network to oversee successful Forth transformation, including ambition to deliver:**
 - *Leith Renewables Hub and wider Edinburgh Waterfront*
 - *Climate Evolution Zone with net zero infrastructure and employment at former Cockenzie Power Station site (with rail link) and Blindwells New Settlement (with potential for expansion), as well as Eyemouth off-shore renewables service and operations hub, and in the longer term future opportunities at Torness Nuclear Power Station site*
 - *Rosyth International Port, including Green & Blue Innovation Economy Opportunities, reuse of former Longannet Power Station site (with rail link), and Energy Park Fife ;*
- **Define and Develop a Regional Climate Adaptation & Resilience Plan:**
 - *Build on Adaptation Scotland's Regional Climate Risk Assessment to develop a regional adaptation and mitigation strategy*
- **Establish Nature Recovery Plan and Project Fund:**
 - *Use regional and local plans and strategies, including coastal management programmes and practices, and project planning to define and deliver cross border Other Area Based Conservation Measures and net benefits for biodiversity, linked to potential developer contribution protocols*
- **Regional Net Zero Accelerator:**
 - *Finalise Business Case for Regional Net Zero Skills Accelerator Hub to deliver programmes that enable key sectors to accelerate transition to net zero by meeting demand for green skills*

Infrastructure for Recovery & Prosperity



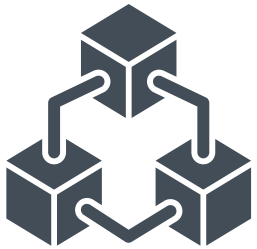
- **Regional Transport Masterplan**
 - *Collaboratively develop a brief for the South East Scotland Regional Transport Masterplan, Funding & Delivery Programme.*
- **Edinburgh City Region Sustainable Construction Home Demonstrator**
 - *New business model for delivering net zero affordable homes*
 - *Identify funding and delivery partner and potentially suitable sites for off-site manufacturing facilities – e.g. for infrastructure and / or housing*
- **Regional Energy Masterplan**
 - *Phase 1 funding secured and develop Phase 2 proposition and demonstrators*

Visitor Economy & Culture

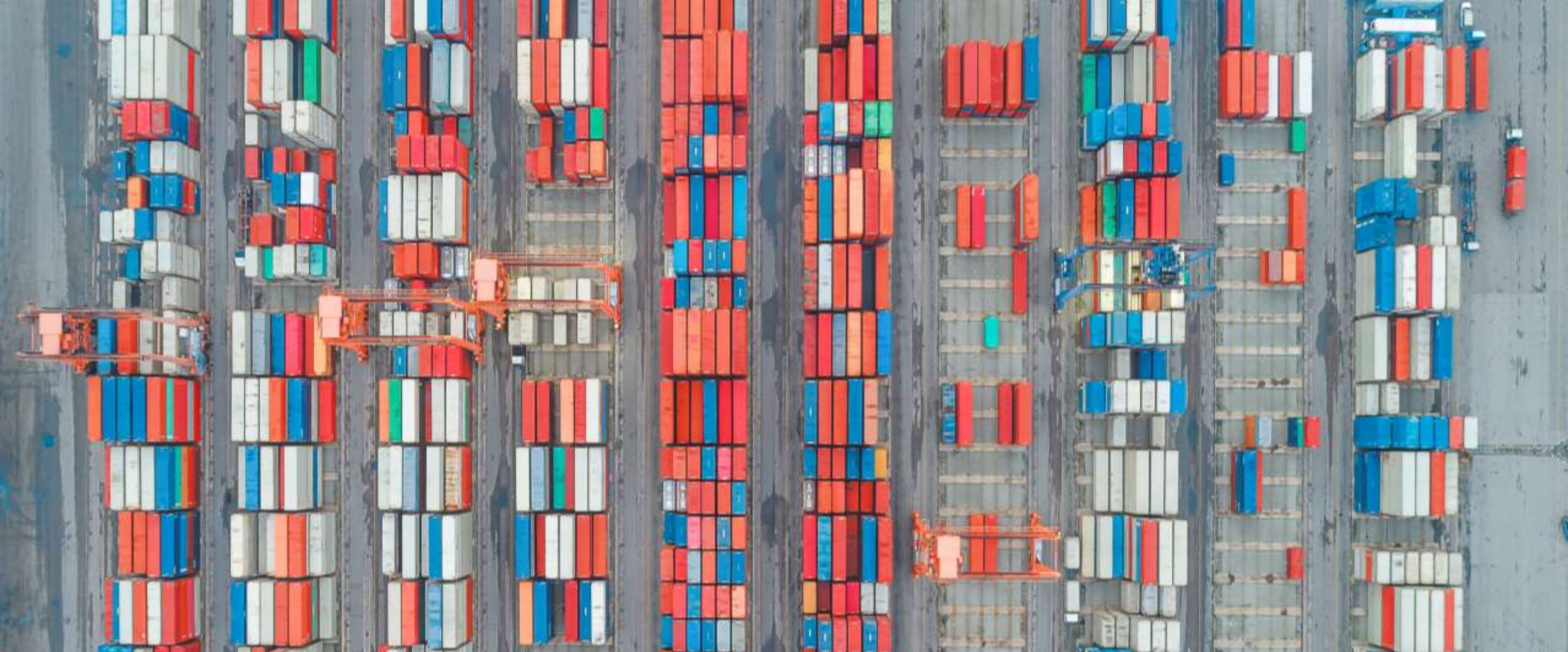


- **Regional Visitor Economy Partnership:**
 - *Seek to establish Regional Partnership with Visit Scotland, Scottish Enterprise and others*
- **Regional Visitor Economy Development Plan:**
 - *Regional Partnership to co-produce a Plan that aligns regional ambitions and actions*
- **Festivals and Cultural Recovery:**
 - *Create Festivals Recovery Fund to create resilience, and to enable festivals to recover with new business model implemented*
- **Creative Industries:**
 - *Define regional creative industries sectoral challenges and opportunities, and co-produce a recovery and growth plan*

Data Driven Innovation (DDI) Economy



- **DDI Prospectus Sector Opportunity Plan:**
 - *Develop new regional and sectoral plans and prospectus to align the role and impact of data services across the business base and region, focusing on sectorial priorities*
- **DDI-led approach to visitor economy destination management:**
 - *Scope business case, which will help to position the region as a global leader in regional data-driven decision-making for strategic tourism investments*
- **Regional Intelligence Centre:**
 - *Finalise business case to enable regional policy makers, service delivery executives and the public to access relevant useful knowledge and insights to develop regional policy and improve services*



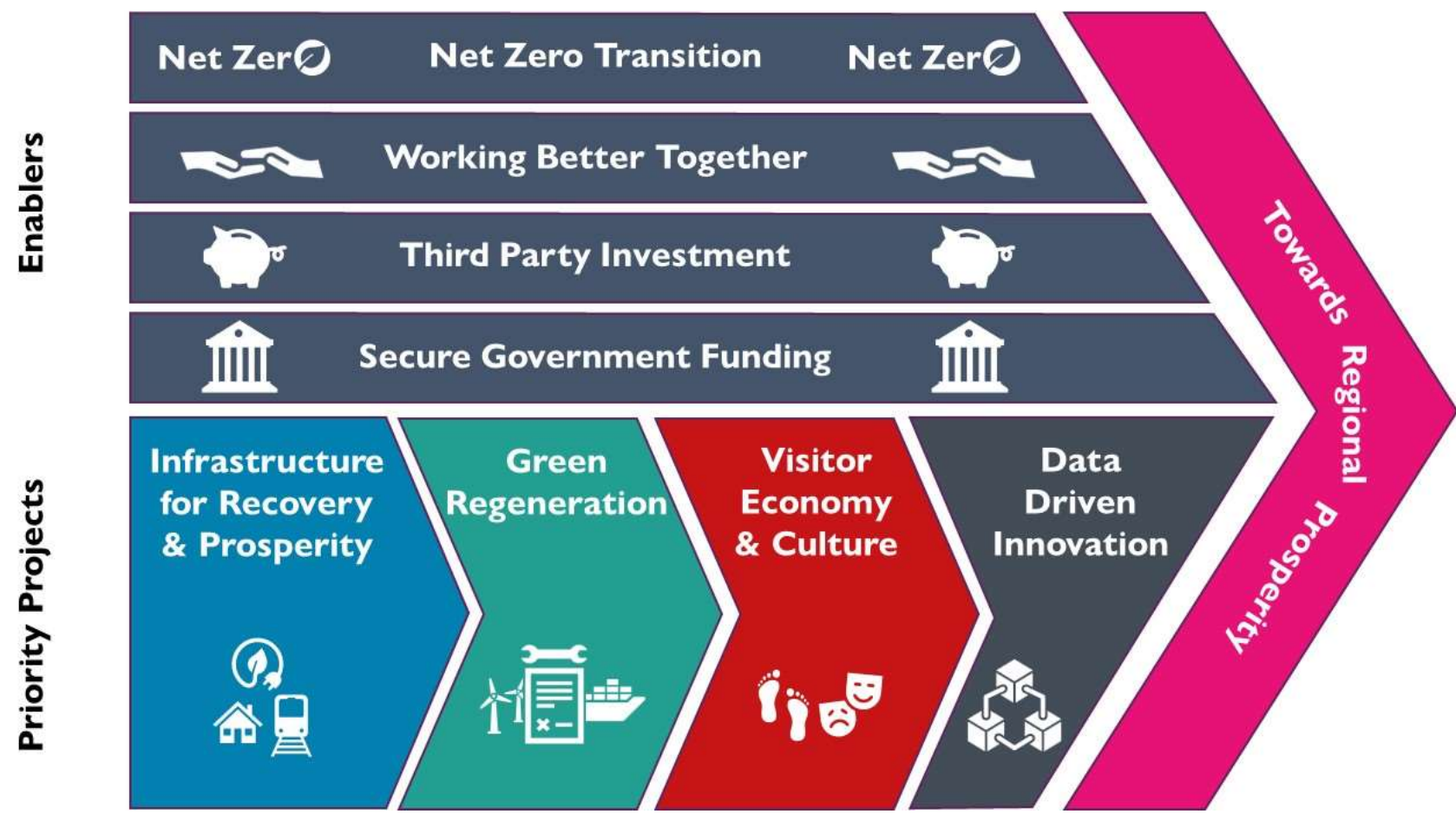
**OUR SHARED PROSPECTUS:
DELIVERING TOGETHER**

A Call to Action

Early momentum is key to any major initiative and is embedded in the Action Plan. Our Call to Action does not require all **12** initiatives to be launched simultaneously and immediately. Instead, we will undertake the following four activities as a priority:

- Infrastructure for Recovery & Prosperity - co-developing with the Governments a new funding model for regional infrastructure initiatives that incorporates capital and revenue place-based funding allocations.
- Develop an investment prospectus for the Green Regeneration (*focused on the Forth*).
- Secure a sustainable visitor economy and promotion of our cultural assets.
- Promote the transition to data enabled business performance in the region.

These early wins will provide us with further evidence of the positive impact of regional working; build further confidence in our ability to collaborate and deliver and demonstrate the positive outcomes that investment in our region will deliver.



Our Ask of the Governments

Transformation is a Team activity

Addressing the scale of transformation required to transition the region to a balanced economy that meets the needs of its citizens and businesses within the limits of its resources will require action at a local, regional and national level. It is for this reason that the Partners have set out an ambitious yet pragmatic vision for innovation and change. New ways of working together are required.

The region has the diversity and attributes to tackle many of its economic challenges in ways that provide for the needs of its citizens and businesses. But the nature of some of the actions required mean that **a new multi-governmental Team approach is required**. Many of the controls through which local and regional challenges can be addressed sit with others at Scottish or UK Government level. Through the right form of partnership (new collaborative approaches and funding models) the Edinburgh and South East Scotland Region has the potential to harness the opportunity of the drive to net zero, to build a more self-sustaining regional economy that can support a just transition for Scotland and the UK.

Our Asks of Government Span Financial Support and New Forms of Partnering

To realise the aim and objectives of the Regional Prosperity Framework, and this associated Action Plan, Scottish and UK Government are asked to offer the following support:

Financial Support for Programmes

- We ask for our Action Plan to be achieved through a **medium to long term, integrated, place-based funding allocation** based on shared outcomes.

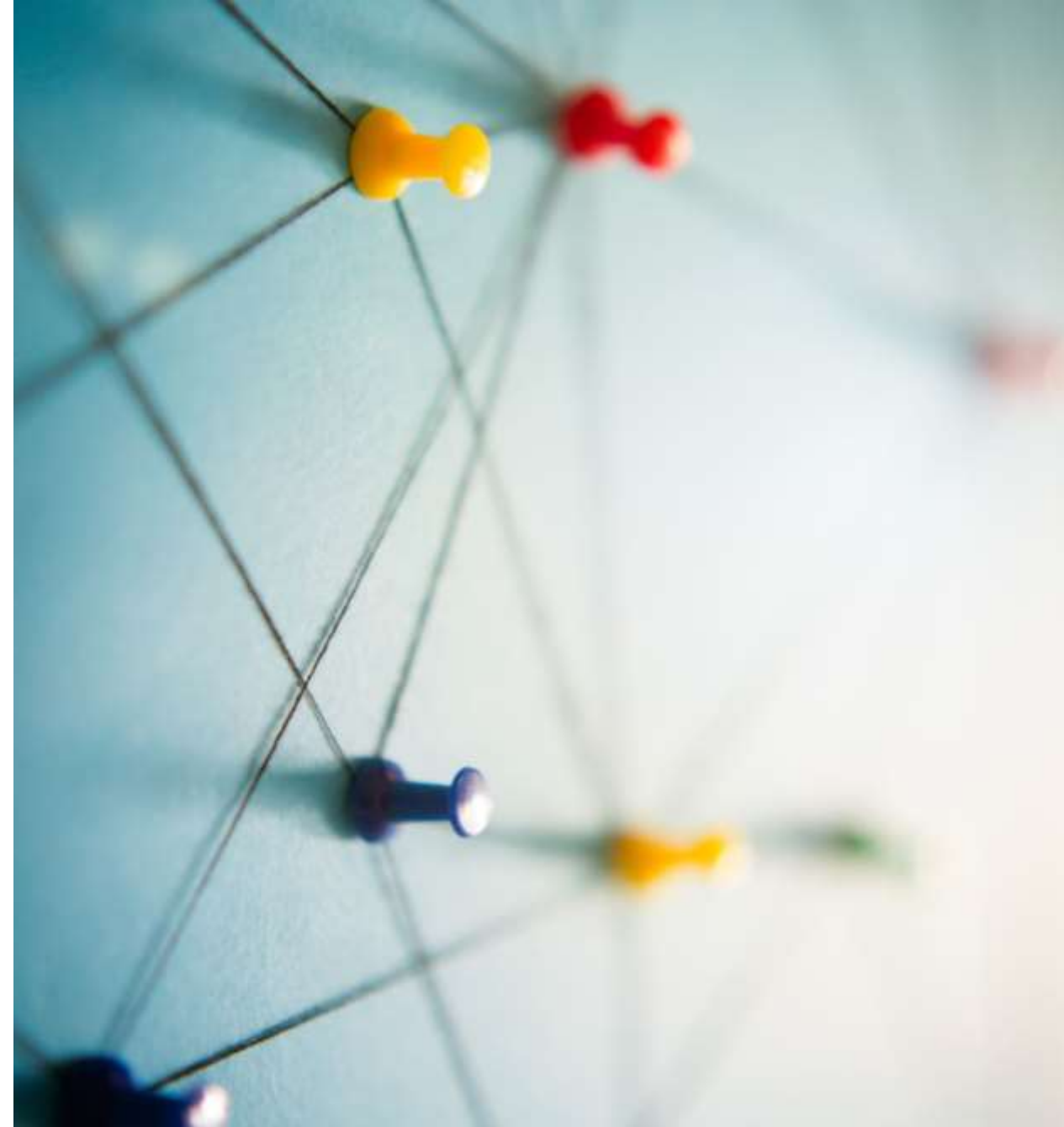
New forms of Partnering

- Support to **develop a new Regional delivery capability** to support the Regional Prosperity Framework
- Align national strategies & policies to **support regional aspirations**
- We ask both the Scottish and UK Governments to **commit to continue to work in tripartite (UKG/SG/ESES) partnership**.
- Recognise the region is closely aligned and uniquely positioned to progress the recommendations made in the Scottish Government's Regional Economic Policy Review.

Enablement

New powers and new delivery tools to deliver the Framework, through a “live” Action Plans.

National Strength Recognition – there are a basket of regional economic assets that are a vital part of the national economy, but which have been buffeted by recent economic upheavals. We want to work the Governments to secure these for the long term.



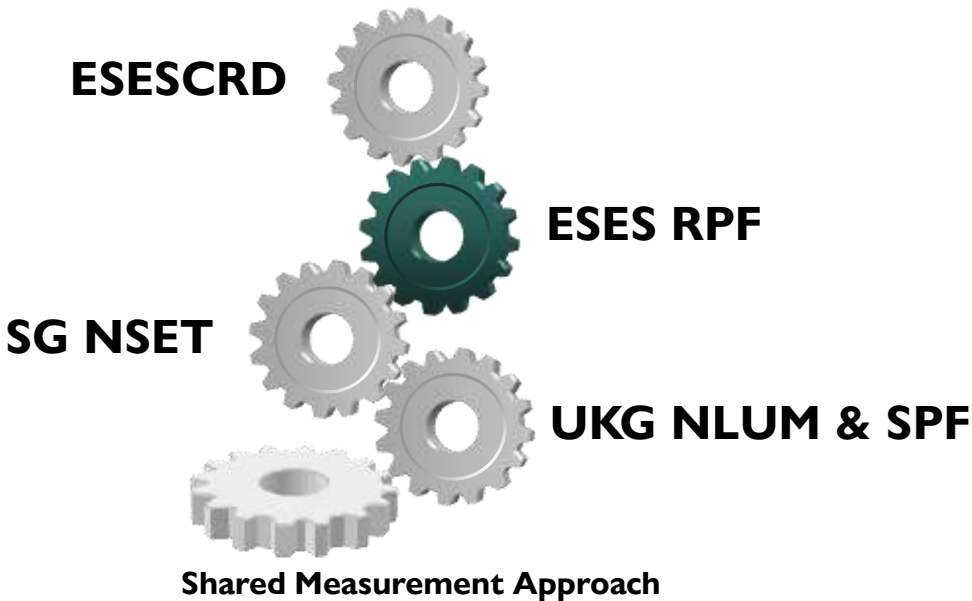
What Will Change?

Measuring impact

As with the City Region Deal activity, it is intended that a Benefit Realisation approach be adopted for the Regional Prosperity Framework.

Given the emerging activities of the Scottish Government, and its National Strategy for Economic Transformation, and the Regional dimension to this being developed, and UK Government, through its Levelling Up Missions and Shared Prosperity Fund activity, the Regional Partners want to work with both UK and Scottish Government, and other Regional Partners, to develop a Benefit Realisation approach that enables all of these activities to be answered with the lowest possible resource demand, ensuring that resources are primarily focused on delivery and impact.

This will look at build up on the work already defined through the City Region Deal, to create a sustained suite of indicators of success and impact, supported by the stories of impact that allow economic development to be understood, allowing the stories of our citizens and businesses to be heard and amplified.



It has been a pleasure for the Regional Enterprise Council (REC) to have been part of developing the Regional Prosperity Framework (RPF), from its original vision through to this Delivery Plan. The REC advises the City Region Deal's Joint Committee on the delivery of projects across the city region and encourages further investment opportunities, and has helped shape the ambition and strategic direction of the RPF.

There has been considerable change at a national, local and regional level since the RPF was published in September 2021. The City Region Deal Partners are determined to respond positively to challenges and changes in the economy. It is critically important that the RPF Delivery Plan is a living document that is regularly reviewed and re-focussed to ensure that everyone benefits from regional prosperity and growth.

The four key programmes - Green Forth; Housing and Recovery; Culture & Visitor Economy; and Data Enabled Business - are critical to the region's economic future. They provide clarity for collaboration and future investment to ensure this region continues to be Scotland's most successful and productive regional economy. The RPF Delivery Plan is a key step in delivering sustainable, inclusive growth to enhance and protect our environment and make best use of the region's built and natural assets, ensuring that the region delivers a just transition to a net zero economy.

Claire Pattullo and Gary Clark, Chair and Vice Chair of the Regional Enterprise Council

It has been a privilege to have been part of the team preparing the Regional Prosperity Framework to constitute a flexible and lasting template for economic development across the whole Region and to maximise the benefits for all from the Edinburgh and South East Scotland City Deal.

A most welcome characteristic of how that team has worked together is the collaboration across geographies among the elected representatives from all political parties, council officials, communities and enterprises. As we have sought to build back differently for the future many open conversations have taken place about where we are now, where we want to be, and how we are going to get there. These conversations have been conducted, not as a dance of opposites, fueled by self-interest or point-scoring, but as heartfelt dialogues to collectively create and deliver a common vision for the future.

The team have had the confidence to be bold and ambitious in how the pressing challenges that exist for our enterprises, workplaces, marketplaces, communities and for our environment can be addressed. We have had a shared vision of a sustainable, respectful Scotland, where individuals and communities can flourish, and our diversity is celebrated. That vision recognises that our wellbeing is dependent upon the people most affected taking informed decisions about their futures.

As the Framework process now moves from design the team is wrestling with how the pace of delivery can be accelerated. As the actions and outputs are measured, we will answer the timeless question posed by immunologist Jonas Salk, who developed the polio vaccine in the 1950s: are we being good ancestors?

Robert Carr, Regional Enterprise Council, Partner and Solicitor Advocate - Anderson Strathern



CITY REGION DEAL

Edinburgh & South East Scotland

Regional Prosperity Framework: 2023/24 Delivery Plan

This is a '*living document*' and will be updated on an annual basis to reflect the delivery of activities to ensure that the Region meets its long term goals of a regional economy that is **resilient, flourishing** and **innovative**.



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ANNEX 1: CASE STUDIES ON EXISTING REGIONAL COLLABORATION

Case Studies

Case Study: Borders Railway

When opened in September 2015, the Borders Railway marked the longest domestic railway to be constructed in Britain for over 100 years. The new railway quickly and substantially exceeded the predicted patronage figures and wider benefit forecasts.

The line has breathed fresh vitality and investment into the communities it serves, transforming the places and local economies by:

- Retaining and attracting residents;
- Enabling the local business base to expand; and
- Doing so in a sustainable manner.

There is a commitment in the Borderland Growth Deal for UK and Scottish Governments to fund a Feasibility Study to deliver the remaining section to Carlisle, providing an important regional and national connection southwards to the rest of the UK.



Source: Borders Railway Completion The missing link - re-connecting the Borderlands –
Produced by Borderland Inclusive Growth Deal

Transport Scotland evaluation of the existing line has revealed the wide-ranging nature of the impacts in just the first two years of operation (since 2015/16). Only two years of data is likely to vastly underreport the full impacts - major rail infrastructure would typically take five to ten years for the full effects. Impact summary below:

Connectivity

- 40% of journeys were not previously made.
- In only two years, 15% of survey respondents indicating they had changed employment, and over half indicating that the line was a factor.
- 90%+ of travel is to/from Edinburgh and beyond.
- 15% of users did not have a car available.

Modal Shift

- 60% used another mode, of which 64% previously travelled by car.
- 6% of survey respondents had reduced their car ownership.

Housing

- Housing delivery in Midlothian doubled in years before opening.
- Over 50% of new residents stated the line had been a factor in their decision to move to the area.

Visitor Economy

- Visitor numbers for Midlothian and Borders attractions increased by 7% in the first half of 2016.
- 70% of tourist and day visitor users said the railway had been a factor in their decision to make the trip.

Skills/Qualifications/Training

- Applications to Borders College (Galashiels) increased by 74% in 2016/17 compared to the previous year.

Approach: Partnership

Themes: Innovative – Flourishing & Resilient

Benefits: Net Zero, jobs, connectivity, housing, skills

Case Studies

Case Study: Preparing for Tomorrow Today – Granton Net Zero Housing

As part of the Region's commitment to “net-zero” 75 net-zero carbon homes and three retail units have been developed as part of the Granton D1 initiative.

This is an [Edinburgh Home Demonstrator](#) (EHD) pilot, championed by City Region partner, the City of Edinburgh Council, with support from construction and academic partners. It is part of the region's ambitions to deliver 18,000 affordable homes by 2028.

The project was undertaken in partnership with CCG (Scotland) Ltd, to test this new business model for building affordable, net zero homes. A large proportion of the construction was carried out off-site in a factory setting, reducing the overall time it takes to build the homes.

The homes include zero emissions heating, reducing the risk of fuel poverty for tenants. In addition, this will help reduce their greenhouse gas emissions and support the region's net-zero targets.

The pilot is also supported by a team from Napier Edinburgh University, who are analysing the energy performance of the homes to validate and inform the net-zero carbon strategy for future EHD projects. The EHD project aims to deliver 1000 affordable net-zero carbon homes across the region as part of the City Region Deal.

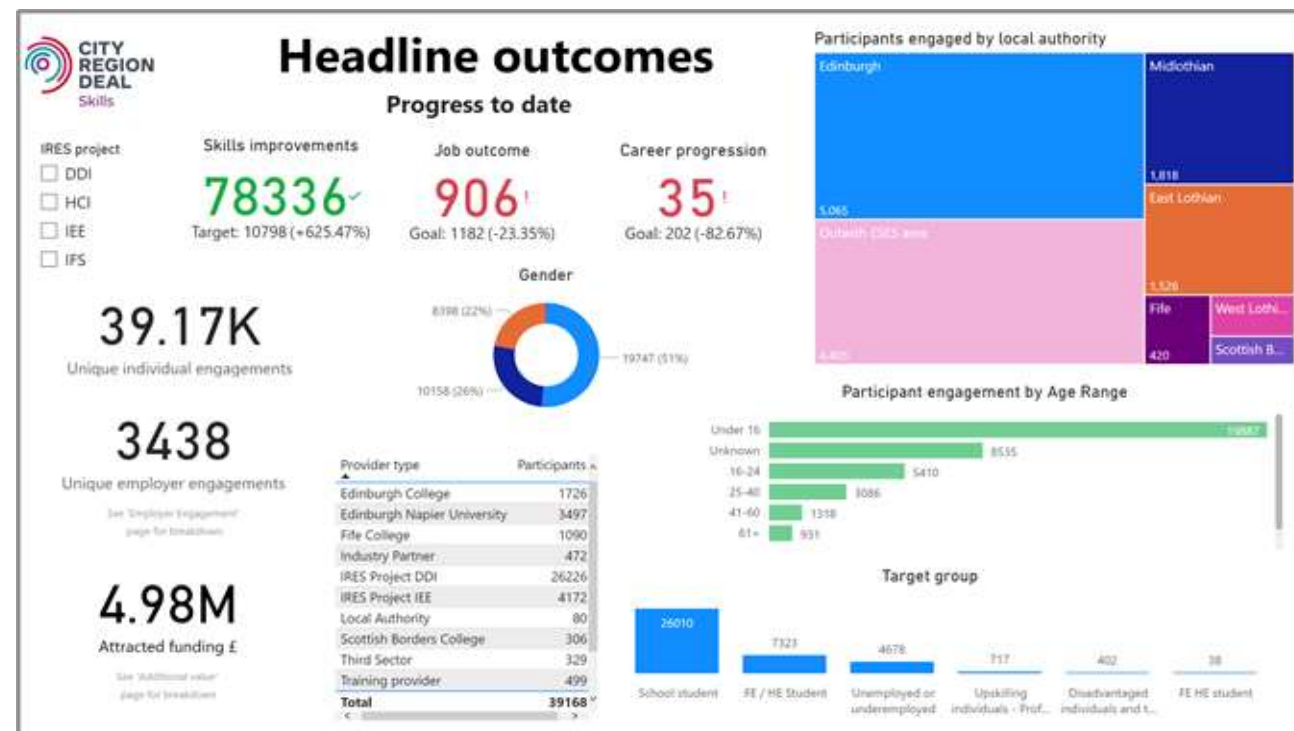


Approach: Partnership
Themes: Innovative – Resilient
Benefits: Net Zero, homes, jobs, model for other developments

Case Studies

Case Study: Integrated Regional Employability & Skills (IRES)

IRES is a £25m, 8 year change programme which started in April 2018. Excellent progress is being made towards delivering an additional 14,700 skill improvements; 5,300 people into employment; and a further 500 career enhancements through its 7 themes:



Building on the successful partnerships established through the IRES programme we will support the Regional Prosperity Framework through the establishment of additional Skills Gateways. A Net Zero Accelerator to develop skills linked to green economy jobs including Construction, Energy and Transport; whilst there is a strong ambition for a Health and Social Care Skills Gateway to support innovation and capacity.

Outputs and outcomes are tracked through a bespoke monitoring and evaluation framework and reported using a live dashboard

Approach: Partnership
Themes: Resilient – Aligning Skills
Benefits: Skills, Jobs, Poverty Reduction

Case Studies

Case Study: Regional Transport Master Plan

Transport is a key enabler to unlock the region's potential, but in many areas, it has constrained the full realisation of opportunities and benefits for our people, place and economy. The national commitment to decarbonised transport and infrastructure provides a once in a generational opportunity to deliver a 'Just Transition' to tackle transport poverty and the inequalities that currently exist across the region. Coupled with the publication of the Regional Transport Strategy, Strategic Transport Projects Review 2 and the National Planning Framework 4, it all supports an 'infrastructure first' approach to deliver a sustainably connected region.

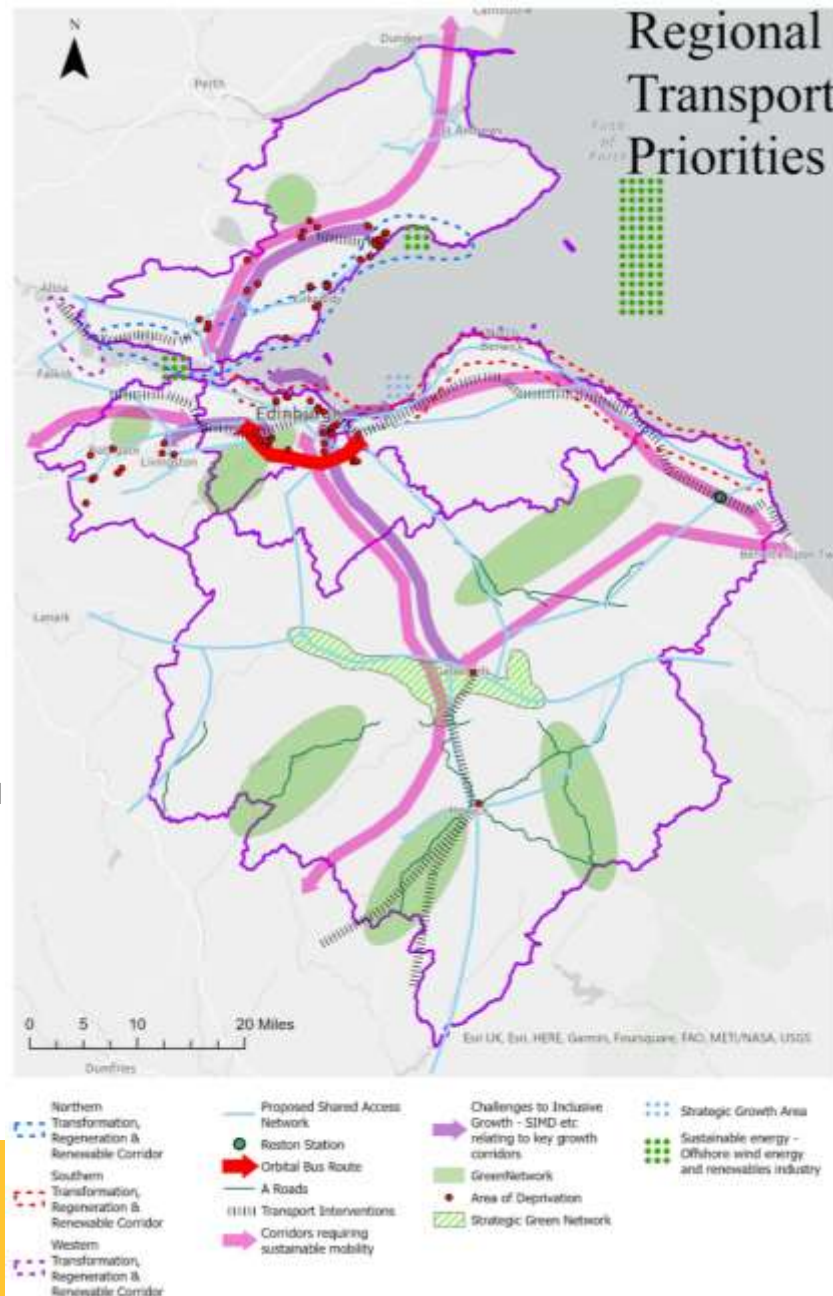
Our previous approach to public transport no longer responds to our region's needs and barriers. Instead, having a transport system which is collaborative, coordinated, collects/analyses/responds to the emerging data, is inclusive and responsive, attracts a diverse workforce, while minimising its impact on the environment is critical to the region's success.

A regional Master Plan will respond to the needs of the region by identifying the cross-boundary opportunities that will fill the gaps of SPTR2, identify economies of scale, build on existing partnerships to support the region's ambition and respond to current and future challenges.

Approach: Partnership

Themes: Innovative, Flourishing & Resilient

Benefits: Net Zero, jobs, connectivity, enabling the RPF 4 Priority Projects



As an example of this is Mass Rapid Transit (MRT). It must be designed with regional coordination, smarter (utilising data) and be responsive to accommodate high volumes of movement to key local and regional destinations, while acknowledge the variances in daily demand for a flexible working population. Regional MRT will include:

- Tram;
- Light / heavy rail (existing and new);
- Bus; and
- Active travel to deliver integration into wider local transport networks (whole journey approach – first mile/last mile).

Key to its success will be the equitable delivery of scaled journey hubs, targeted local/regional infrastructure improvements, a single Mobility as a Service information and ticketing system, open API's across all transport modes to optimise the network and experience for the end user

This will also support the expectations and demands of the visitors to our region, whether they are local, national or international. Assisting the role of the visitor arrival hubs like Edinburgh Airport, as a crucial access point for national and international visitors, before they seek coordinated sustainable transport options to visit the wider region and Scotland.

Master Plan Priorities:

- Partnership;
- Mobility as a Service;
- Data sharing and digital infrastructure aligned to transport network;
- Public transport infrastructure and services investment and funding models;
- Improve arterial routes into rural communities;
- Active Travel;
- Efficient movement of freight;
- Behavioral Change; and
- Decarbonising Transport.

Case Studies

Case Study: Place, People and Planet



Edinburgh Innovation Hub & Park

- Joint venture between East Lothian Council and Queen Margaret University to deliver the Edinburgh Innovation Hub
- Is funded by UK Government, the Scottish Government, and the Council
- The Hub will drive company growth, support and develop existing businesses and create sustainable new businesses to access a global market for healthy and functional food
- Will be a catalyst for subsequent delivery of wider Edinburgh Innovation Park (EIP)
- The EIP will create a nationally significant centre of knowledge exchange, innovation and high value businesses

Draft Example



East Lothian's Climate Evolution Zone

As part of the wider greening of the Forth, strategic net zero and just transition opportunities in this Zone include:

- the redevelopment of the Cockenzie Power Station site for net zero infrastructure and strategic employment
- Blindwells new settlement, with potential for expansion into a significant new town
- Sustainable infrastructure, including strategic transport improvements, potential for high speed rail, and green and blue network and nature based solutions

These major green growth projects can also be a catalyst for significant regeneration, and require partnership to enable and accelerate benefits.



Future of Torness Power Station Site

The future reuse of Torness Power Station site, with its grid connection, coastal location and deep water access, is a significant long term opportunity linked to the wider greening of the Forth. Strategic collaboration and partnership on the future use of this site and wider area could deliver long term benefits.

Approach: Partnership

Themes: Flourishing – Innovative – Resilient

Benefits: Green growth and jobs, and biomedical, net zero and just transition innovation, housing delivery, including affordable homes, strategic and sustainable infrastructure, regeneration and place-making,

Decentralisation – Issues and Improvement

Report by: Michael Enston, Executive Director (Communities)

Wards Affected: All

Purpose

The purpose of the report is to take stock of the current Scheme of Decentralisation and consider next steps.

Recommendation(s)

It is recommended that Cabinet: -

- (1) agree that the current review of the Scheme of Committee Powers (which will report to full Council) provides an opportunity to review and clarify the Area Committee role in relation to scrutiny, influence on policy and service priorities and local community planning;
- (2) establish a process of review of service areas – as set out in paras. 2.10 and 2.11 of this report - in relation to the Area Committee role in scrutiny, shaping priorities and potential for varying service levels; and
- (3) note the work on organisational arrangements for people and place and request a further report on proposals for change.

Resource Implications

None at this stage.

Legal & Risk Implications

There is a continuing risk that decentralisation arrangements are viewed as an additional requirement rather than an integral part of how Fife Council works.

Impact Assessment

An EqIA is not required at this stage. Specific proposals would require to be assessed as they are developed.

Consultation

The Area Committee Conveners and Vice-Conveners of the seven Area Committees have been involved in the development of this report. A report was also considered by the South and West Fife Area Committee on decentralisation. This report has also been informed by the recovery and renewal work which was taken forward in 2020/21 and recent consideration of people and place arrangements undertaken with community planning partners.

1.0 Background

- 1.1 Decentralisation has been a feature of Council organisational and governance arrangements since local government reorganisation in 1996. Reviews have been undertaken in the time since, leading to changes in approach designed to build on experience and strengthen the commitment overall.
- 1.2 The most recent review was in 2013 and involved a series of member workshops. In May 2014, the Council adopted a Scheme of Decentralisation building on the CoSLA principles for local government ; empower local democracy, integrate don't centralise, focus on outcomes not outputs and defend local choice and accountability.
- 1.3 In March 2015, the then Executive Committee approved the devolution of decision making in relation to specific budgets. This included local community planning, welfare and anti-poverty budgets, support for community groups via non-recurring grant schemes and rating relief budgets. More recently, changes have been implemented to enhance the Area Committee input to the area roads and transportation programme and to devolve significant funding to support community recovery following the pandemic.
- 1.4 The commitment to decentralisation was reiterated in 2019 through agreement nationally to the Place Principle. This states that, *"All those responsible for providing services and looking after assets in a place need to work and plan together, and with local communities, to improve the lives of people, support inclusive growth and create more successful places"*. [The Place Principle | Our Place](#).
- 1.5 In summer 2020, the Council and Fife Partnership reviewed the immediate response to the pandemic and identified four priorities to guide Fife's recovery: tackling poverty and preventing crisis, building community wealth, leading economic recovery and addressing the climate emergency. In March 2021, the Policy and Co-ordination Committee reviewed the importance of place in supporting effective delivery and improved outcomes in relation to these priorities and noted that there was scope to develop better arrangements for both place and people centred services and policy. This led to the establishment of people and place groups in each area, building on the experience of Fife's response to the pandemic and with a focus on developing a 'no wrong door' ethos to service access and support.
- 1.6 This report is based on two pieces of recent review work. Firstly, a review of the experience of Area Committees since the new Council was formed in 2022. Secondly, an assessment of the current practice and arrangements for people and place-based delivery. This latter piece of work was undertaken through the Fife Partnership as part of a wider leadership review of the Plan For Fife progress.

2.0 Area Committees and People and Place Arrangements

Area Committee Experience

- 2.1 Issues and ideas for improvement were identified during discussions in January 2023 with each Area Convener and Depute Convener. These can be summarised as follows:
 - Inconsistency in how services engage with the Area Committees.
 - Under-developed role for the Area Committee to work with officers to influence and shape strategic policy direction.

- A key role for the Area Committee in influencing service priorities and spend. This is considered to work well in relation to some areas (roads, aspects of greenspace) but not others.
- Local community planning approach does not yet provide the driving force for the Committee to work with communities and partners in setting local priorities and reviewing progress.
- Devolved budgets work well but there is a concern around local capacity across services and partners to take things forward.
- Community projects and programmes provide a strong link between the Committee and constituents, yet it is time-consuming and difficult to get projects initiated and delivering.

2.2 As with the 2013 review, there is a consensus that improvement needs to focus on the practice of decentralisation rather than the narrower question of formal powers. Nonetheless, there is felt to be considerable scope for the Area Committees to have a greater influence over programmes and priorities whether in terms of scrutiny, input to priority setting or shaping and influencing policy.

People & Place Delivery Arrangements

2.3 In support of recovery and reform priorities for the Council, a new approach to place-based working was agreed in September 2020 by the Council Executive Team to be implemented across Directorates in support of decentralisation and area working across the seven areas. The commitment outlined key principles which services should embrace:

1. Ensure our front-line staff are supported to take decisions locally.
2. Develop our services within the framework of area committees and local community plans.
3. Work with Community Managers to ensure there is a clear link between service delivery and the commissioning and reporting role of area committees.
4. Work collaboratively in areas to understand our places and communities.
5. Work through our decentralised structures to make sure the community voice is heard.

2.4 Each area established a local People and a local Place Leadership Group to support officers and partners to work collaboratively and to develop management, and operational partnership arrangements to deliver local priorities.

2.5 Since that time, considerable effort has been undertaken in each area to build relationships, review the local partnership landscape and transition to the People and Place Leadership Groups.

2.6 The intent was for the local leadership groups to be the driving force for local improvement action aligned to the Local Community Plan via Service and partner delivery with a direct link back to the Area Committee. It was envisaged that the People Group agenda would be drawn from the multi-disciplinary team arrangement established during the pandemic providing a person-centred support to individuals and families and the Place Group agenda would evolve from existing area arrangements for physical place-making.

2.7 In August 2022, a process was agreed by community planning partners to review the changes needed to deliver on the Plan for Fife recovery priorities. This included assessing how well current arrangements live up to the nationally agreed Place Principle.

A number of issues were identified by services and partners where current practice potentially falls short:

- structures and processes are not always operating in a joined-up way creating barriers including unnecessary bureaucracy in delivering service improvements and projects locally.
- a need for greater role clarity and buy-in to decentralisation and to place-based approaches across the partners, e.g. to how we draw on data and evidence, to how we respectively plan and review and to how we work with communities.
- too much time and energy can be absorbed in dealing with straightforward issues as they require multiple decision points, a budget commitment, or simply do not fit with existing procedures or interpretation of policy.
- organisational design and service management structures have developed historically and can promote inconsistency of response and decision making across different services and partners.

2.8 This work will be reported to Fife Partnership later in February 2022. The next steps will be to develop revised operating arrangements and these will be brought forward for Cabinet consideration as part of wider change planning.

Proposed Next Steps

2.9 This assessment above is consistent with the issues being identified by the Area Committee Conveners and Depute Conveners. The current Scheme of Decentralisation remains relevant in its intent though could usefully be updated to reflect changes and experience since it was agreed. Equally, the scheme of Committee Powers does not require significant amendment but arguably would benefit from a clearer statement of the role of the Committee in relation to scrutiny, influence on service and policy and the role of local community planning. The current review of the Scheme of Committee Powers will look at incorporating the key elements of the Scheme of Decentralisation.

2.10 It is suggested that improvements to current practice would be best addressed through a systematic review of service areas and their relationship to area governance. From the discussions with elected members, there is felt to be scope for improvement across a number of place based services in particular. It is therefore recommended that the initial phase of review cover the following physical place making service areas:

- Green space
- Estate Management and Streetscape (including street cleansing)
- Property and Facilities Management
- Housing
- Town Centre development

2.11 These reviews will identify the scope for improvement in relation to the Area Committee role and the desire for greater consistency in how different service areas work with areas. The aim will be to complete reviews of place and people service areas as part of a rolling programme through 2023. These reviews will therefore be undertaken in parallel to the work on redesigning local people and place operating arrangements. The involvement of elected members is critical to the success of this process and a series of meetings will be arranged involving area conveners and the relevant Cabinet spokespersons.

- 2.12 The recent discussions with the Area Committee Conveners/Depute Conveners did highlight several related issues, for example, around capacity to develop initiatives and projects and around the role and practice of local community planning. These will be looked at in relation to current budget flexibility and the use of devolved funds to create greater project capacity and through the current process of renewing the local community plans. Proposals for change can be discussed as part of the review process.

3.0 Conclusions

- 3.1 There is an inconsistency in practice in how different services and policy areas relate to Area Committees. There is a consensus that this is primarily about practice rather than a question of committee powers. Nonetheless, there is scope to articulate more clearly the role of Area Committees especially in relation to scrutiny and shaping and influencing policy and priorities.
- 3.2 There is a need for a systematic review process involving the Area Committees to address the main issues highlighted in this report.
- 3.3 In relation to People and Place arrangements, outputs from the current review exercise will be reported to Fife Partnership. These will prompt the need for organisational proposals. A future report will be brought back to Cabinet Committee during 2023 as part of wider change planning.

List of Appendices

1. Scheme of Decentralisation

Background Papers

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

- Scheme of Decentralisation – Executive Committee, 6th May 2014
- Budget Decentralisation to Area Committees - Executive Committee, 24th March 2015
- Reform and Recovery in Fife - Policy & Co-ordination Committee, March 2021
- Fife Partnership Leadership Summit, 18th January 2023

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FIFE COUNCIL

SCHEME OF DECENTRALISATION

1.0 **Purpose of Decentralisation**

1.1 Fife Council supports the principles set out in the COSLA vision for Local Government, namely:

- Empower local democracy
- Integrate, don't centralise
- Focus on outcomes not inputs
- Defend local choice and accountability

The Council's Think Local blueprint set out the approach to achieving these principles as "The Council will ensure that local service providers work together with devolved resources so they can respond to the needs of local communities. This will be achieved through further empowering local managers and teams to be able to deliver local services tailored to local needs whilst meeting the Council and Community planning objectives"

1.3 This Scheme of Decentralisation will deliver on these principles by ensuring that our policies and services are built around people and communities with decisions that are better informed by local knowledge of what's needed and what works.

1.4 The scheme is designed to ensure that the Council works as one organisation focused on effective integration and partnership working at a local level. It has three elements:

- i. Local Community Planning
- ii. Area Management
- iii. Area Committees

2.0 **Local Community Planning**

2.1 Local Community Planning is an approach to articulating a vision for local areas and to ensuring that service delivery is responsive to the identified needs of an area.

2.2 Local Community Plans will be developed from an analysis of evidence, community engagement and Council and Community Plans to agree local priorities and actions to address these.

2.3 Local Community Plans will provide the focus for service provision within committee areas. They will be coordinated through local community planning management arrangements reporting to area committees.

2.4 Local community planning budgets will support priorities in the local community plan assisting the area committee to leverage and influence other funding.

3.0 Area Management

- 3.1 Service structures will support decentralisation and integration through the adoption of a consistent approach to delegation and accountability at a local level.
- 3.2 Area Management will facilitate collaboration across partners, services and communities, and provide management support to ensure local integration, clear lines of accountability and provision of feedback and learning to ensure continuous improvement.
- 3.3 A single, Council wide approach will be taken to the planning and review of service delivery and improvement so that decisions on service planning and resourcing are shaped by the local community planning process and agreed by area committees.
- 3.4 Regular reports will be provided to area committees covering progress on agreed priorities, spend against area budget linked to Local Community Plan priorities, performance against agreed service standards and issues arising. These reports will assist area committees in their scrutiny remit and in deciding whether to refer issues for consideration to either a scrutiny committee or to the Executive.

4.0 Area Committees

- 4.1 Area Committees are a key element of the Council's Executive / Scrutiny model of governance and have the responsibility for assessing and reviewing local needs and the impact of policy and service delivery on local communities. In supporting decentralisation Area Committees will have responsibility for the development, delivery and monitoring of Local Community Plans. Through this, Area Committees will play a key role in both shaping and monitoring the delivery of the Council and Fife Community Plan.
- 4.2 The specific terms of reference of an area committee are to deal with the following as they relate to the committee area: -
 - Ensuring that strategic policy proposals are responsive to the needs of the area.
 - Working with communities to establish priorities and scrutinising the effectiveness of local delivery.
 - Leading joint working with Council services and other bodies to support the wellbeing of communities through the shaping and implementation of local community plans.
 - Decision taking on matters within the local area which have been remitted by the Council or other committees.
- 4.3 Area committees will determine the relevant geographical basis for local community planning and oversee local governance and programme delivery arrangements.
- 4.4 Area committees will prepare and review an annual report of progress and issues against the local community plan as a basis for continuing dialogue with communities, partners and services on challenges and priorities.

9th February, 2023.
Agenda Item No. 8

Scottish Government Consultation on Education Appeal Committees and transfer of functions to Scottish Tribunals Service

Report by: Lindsay Thomson, Head of Legal and Democratic Services

Wards Affected: All

Purpose

This report seeks agreement on Fife Council's position on the Scottish Government Consultation on Education Appeals Committee and the transfer of functions to the Scottish Tribunals Service.

Recommendation(s)

It is recommended that Cabinet Committee:-

- (1) agree that Fife Council's response to the consultation will be that Education Appeal Committees should remain with Fife Council; and
- (2) consider, comment on and then agree the draft response to consultation set out at Appendix 1.

Resource Implications

This paper addresses Fife Council's proposed response to the Scottish Government's current consultation so there are no direct resource implications arising from this paper. If the outcome of the consultation is that there are no changes to the current process, there will be no additional resource implications. If there are changes to the current delivery of the Education Appeals Committee (EAC), either in terms of proposed improvements to the current system or a transfer to the Scottish Tribunal service, there is likely to be some resource implications for the Council. There are some observations on the cost implications set out below in the "considerations" section of this paper. It is difficult to quantify those implications for Fife Council until the detail of any proposed change is properly set out and considered. It is possible that there will be some additional costs. At present, the number of cases considered by the EAC is relatively small so it is not thought that the costs would be significant.

Legal & Risk Implications

There are no direct legal implications arising from this paper.

The Cabinet Committee has the authority to approve responses to consultation papers issued by the Scottish Government.

No impact assessment has been carried out at this stage given the lack of detail about potential changes. It is anticipated that an impact assessment will be carried out should legislative changes be proposed.

Consultation

All members received a briefing paper on 16th January, 2023. A drop-in session for elected members was held on 24th January, 2023.

In addition, the other members of the EAC have received an email with a summary of the consultation and have been invited to submit comments to the Head of Legal and Democratic Services.

1.0 Background

- 1.1 Local authorities are required to set up and maintain EACs. The great majority of the appeals considered by the EACs relate to school admission placing requests (where a parent asks to send their child to a non-catchment school) and a smaller number of appeals are about exclusions from school. In essence, the EAC is reviewing the decision of the Education Authority and can overturn placing request refusals or exclusion decisions.
- 1.2 There are often around 100 placing request appeals made a year, the majority of which are resolved informally before the case is referred to the EAC. The number of appeals heard by Fife's EAC over the last three years is:-

2020 – 8 hearings
2021 – 11 hearings
2022 – 11 hearings
- 1.3 The cases tend to be heard in May and June each year to reflect the academic year. Decisions should be made by August to allow children to start the new term at the correct school.
- 1.4 When the Scottish Tribunal framework was established in 2014, EACs were listed as one of the functions that would transfer into the Tribunal framework and away from local authorities if Scottish Ministers considered it appropriate. The consultation appears to be intended to inform that decision.

Education Appeals Committees

- 1.5 Membership of each panel of the EAC consists of both members of the authority and lay persons who are not elected members. In Fife, there are 17 elected members appointed to the EAC, together with 6 lay members. This includes religious representatives and those with experience in education or parent representatives. Elected members cannot outnumber the number of lay people by more than one. The EAC is supported by a legal adviser who is a member of the Council's in-house legal team. Officers from the Education service present cases to the EAC. The EACs operate under the Education Scotland Act 1980.

- 1.6 The government consultation sets out a brief history of the EACs – including historical concerns about lack of training for members and the use of non-neutral venues for the hearings. There was a Code of Conduct produced for EACs to better support high quality decision making. Historically, there have also been concerns from parents about impartiality of EAC decision making, balance of power and the emotional impact of the process on them. It is important to recognise that an unsuccessful appeal will likely result in dissatisfaction, regardless of the forum in which the appeal is considered.
- 1.7 The consultation sets out nine areas for consideration (see below) and poses 3 consultation questions. It is fair to say that the consultation has been framed in a manner which appears to better articulate the benefits of the transfer of functions from the local authority to the Tribunal Service. The consultation has been summarised using the consideration headings with additional officer observations added in note form where relevant.
- 1.8 The consultation has been considered in detail by SOLAR and ADES and it is anticipated that there will be a response from both of these organisations.

2.0 Considerations identified by the consultation

Local Accountability

- 2.1 The consultation recognises that an advantage of the current appeal committee system is that decisions on placing requests and exclusion appeals are taken relatively locally, with the strong involvement of local elected councillors and other representatives with knowledge of the local area. It also recognises that if the EACs were to move to the Tribunal Service, the process may feel more remote for parents.
- 2.2 The consultation suggests that Tribunal members would likely be allocated to cases local to them and would be supported by training on local education delivery.

Governance structures

- 2.3 The consultation suggests that considering appeals through the Tribunal Service is believed to improve access to justice by placing responsibility for this function under a single body with increased rigour, transparency, judicial independence, consistency and objectivity in appeal committee decisions.

Note

There is no evidence cited in the consultation to support this proposition.

Membership

- 2.4 The Consultation outlines concerns with EACs' impartiality and potential conflicts of interest. This is contrasted in the consultation with the delivery of the Additional Support Needs (ASN) tribunals which currently sit under the Tribunal Service.

Decision making

- 2.5 No change is proposed to how decisions are made and the 1980 Act will continue to apply. The consultations suggest that the Tribunal Service will deliver more consistency of decisions and the application of law nationally.

Accessibility

- 2.6 There are Tribunal/Justice Centres in Glasgow, Edinburgh and Inverness, which offer access to a number of hearings rooms. The consultation also suggests that other Scottish tribunals' accommodation could be made available across the country to provide neutral hearing venues and the use of remote hearings could be considered where

appropriate. Remote hearings (using video link) have been conducted successfully since 2020 by the Health and Education Chamber's Additional Support Needs jurisdiction and could be used where circumstances require them.

- 2.7 Currently, Fife Council deliver EACs using remote meetings technology – having previously held face to face hearings.

Appeal Venues

- 2.8 The consultation acknowledges concern about cost for parents, particularly to travel to venues.

Capacity to meet demand

- 2.9 The consultation indicates that there would need to be a further consideration of capacity, although it is believed to be possible for the Tribunal Service to deliver the number of anticipated cases. As indicated above, cases are normally heard May/June for school starting in August. The consultation acknowledges that moving EACs into the Tribunal Service would remove a burden for local authorities (although it would just move that burden to the Tribunal Service). The consultation also points to the option of resolving cases by way of written submissions.

Note

ADES has expressed initial concerns around this aspect – particularly on travel for local authority staff and the ability to be flexible.

Appeals

- 2.10 In the current system, appeals of the decision of the EAC would be to the Sheriff. This would change in the new proposal to the upper tier of the Tribunal Service.

Financial implications

- 2.11 The consultation commits to the appeals process remaining free for parties. It is anticipated that the appeals would cost £500-700k annually to run through the Tribunal Service. There may be set up costs. In addition, it is recognised that local authorities may choose to send legal representatives to present the Education Authority's case to the Tribunal.

Consultation Questions

The questions in the consultation are:

1. Do you agree that appeal committees **should transfer** to the Scottish Tribunals? And if so, why?
2. Do you consider that appeal committees **should remain** with local authorities but with improvements to how they operate? And if so, what changes would you like to see?

Note

This could include the use of neutral venues or independent training, perhaps like the Licensing Board.

3. Do you consider that **no changes** should be made to how appeal committees operate? And if so, why?

And the full version of the consultation is available here. [Education appeal committees - transfer of functions to Scottish Tribunals: consultation - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/education-appeal-committees-transfer-of-functions-to-scottish-tribunals/consultation/pages/12.aspx)

2.12 Consultation drop-in

Elected members were invited to a drop-in session on 24th January, 2023. The session was well attended. Each aspect of the “considerations” as set out above were discussed and members reached a consensus view on the proposed response to the consultation questions. The draft consultation response included at Appendix 1 is a summary of the points raised in that discussion. Officers from the Education Service were also at the drop-in session to contribute to the discussion.

3.0 Conclusions

- 3.1 The Scottish Government is seeking views on the transfer of the Education Appeals Committee to the Scottish Tribunals service. The Cabinet Committee is invited to express a view on the consultation to determine Fife Council’s response.

List of Appendices

1. Draft Consultation response

Background Papers

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

None other than Scottish Government consultation referenced above

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Transfer of Education Appeal Committees to Scottish Tribunals

Respondent Information Form

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy: [Privacy - gov.scot \(www.gov.scot\)](http://gov.scot/privacy)

Are you responding as an individual or an organisation?

- ☐ Individual
☒ Organisation

Full name or organisation's name

Fife Council

Phone number

Address

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Postcode

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Email Address

Lindsay.thomson@fife.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- ☒ Publish response with name
☐ Publish response only (without name)
☐ Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- ☒ Yes
☐ No

Questionnaire

Question 1

Do you agree that appeal committees **should transfer** to the Scottish Tribunals? And if so, why?

- ☐ Yes
- ☒ No
- ☐ Not Sure

Please explain your answer in the text box.

The consultation paper is lacking in detail and it appears to be set out to favour transfer. There are express, and some implicit, statements made in the consultation document regarding the approach and performance of the appeals committee which are not recognised by Fife Council. Those statements also do not appear to be supported by an evidence base. Fife Council currently has sufficient capacity to meet the demand of the recent volume of education appeals cases.

There are real concerns about access to the process should it transfer to the Tribunal Service, particularly in relation to the location of hearing centres. This could present a barrier to access to justice for appellants.

The costs section of the consultation of proposed transfer is not well articulated and Fife Council is concerned about unanticipated costs such as travel and additional legal resources for local authorities. There appears to be an expectation of significant costs to support the transfer. Fife Council is also not reassured about the capacity of the Tribunal to make decisions quickly.

The current Tribunal structure is considered to be very formal and that degree of formality is not thought to be appropriate for the kind of decisions made by the appeal committees.

Question 2

Do you consider that appeal committees should remain with local authorities but with improvements to how they operate? And if so, what changes would you like to see?

- ☐ Yes
- ☒ No
- ☐ Not Sure

Please explain your answer in the text box.

Fife Council agree that appeal committees should remain with the local authority. Throughout the process of consultation there were a number of areas of potential improvements raised. These included reviewing the training provided to members of the committee and also considering the venues used. There is a need to ensure accessibility issues are addressed more broadly. This includes the council's use of remote meeting technology which has been deployed for the last two years.

Fife Council support improvement in the delivery of the appeal committee function and is committed to identifying and delivering any required improvements. Fife Council do not think legislative change or statutory mandate is required to deliver those improvements.

Question 3

Do you consider that **no changes** should be made to how appeal committees operate? And if so, why?

- ☒ Yes, no changes should be made
- ☐ No, changes should be made
- ☐ Not Sure

Please explain your answer in the text box.

Fife Council is strongly supportive of retaining the local accountability which is embedded in the current structure. This reflects the ethos of the Education Services working to support our young people and families.

Fife Council hold very few appeal committees averaging only 10 hearings a year for the last three years. Currently the resource impact on the Council to deliver the appeals committee is minimal. It is not clear what benefit would be gained for Fife Council or those who attend appeal committees should the process move nationally.

More fundamentally Fife Council considers that it provides a quality service to appellants who use the appeal committee. Members receive training before the committee work begins and the committee is supported by a solicitor from the Council's in-house team. The elected members bring detailed knowledge of the delivery of education in Fife and a good understanding of the admission policy and process for our schools. Replicating this knowledge in a national organisation is considered to be challenging.