

## Finance and Resources Committee

10.00am, Thursday 19 January 2017

### Present

Councillors Rankin (Convener), Bill Cook (Vice-Convener), Corbett, Doran (substituting for Cllr Godzik), Edie, Griffiths, Howat (substituting for Cllr Dixon), Ricky Henderson, Jackson, McVey and Whyte.

### 1. Deputation: UNISON - Item 7.5 – Revenue Budget Framework 2017/21 - Update

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The Committee agreed to hear a deputation from Gerry Stovin from Unison in relation to the Revenue Budget Framework 2017/18 update report.

The main points raised by the deputation were:

- Unison expressed concerns about the Council not having 100% staffing compliment but had accepted the explanation that this was due to staff leaving and new posts being taken up. However, emphasis was placed upon the importance of filling vacancies as quickly as possible.
- There was concern that after the conclusion of reviews the Council could apply a vacancy control process which would be detrimental to the remaining staff and potentially could affect services.
- Reference was made to the use of a pay award buffer when there had not been full notice of a pay offer from COSLA. This would seem unacceptable to staff, especially since there had been a 12% cut in pay over the previous 6 - 7 years in real terms. Unison advised that they would appreciate support from the Council with their negotiations with COSLA to encourage pay to be discussed in detail..
- The issues Unison had with annual grant funding changes for the next 3 years were highlighted. It was acknowledged that there had been disagreement over the level of the cuts, which had been viewed as 5.2 % or 2.3% by the different groups. The biggest issue was that the budget assumptions (which presumed a 1% cut) would not reflect the severity of the cuts. Although Unison would be addressing levels of Council funding with the Scottish Government they requested that the Council supported their actions.

- Clarification was requested on the level of savings that had been achieved this year. Some of the savings were still to be implemented, some had been implemented and some would be implemented at the conclusion of the reviews. Further dialogue was required to establish some insight into the impact of the cuts this year and what action would be required.
- There was an acknowledgement of the pressures that some staff were facing and that the bedding in of new structures had been difficult. Unison requested that measures were taken to ensure that support was given to Health and Social Care and Schools and Lifelong Learning until their new structure was fully implemented.
- Unison reported concerns raised by members of Unison on the service they were receiving from CGI and requested that this be monitored closely to ensure that CGI delivered their contractual obligations.

The Convener thanked the Deputation for their presentation and invited them to remain for the Committee's consideration of the report by the Acting Executive Director of Resources.

## **2. Revenue Budget Framework 2017/21 - Update**

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Committee considered a report which advised of the implications for the Council following announcement of the Local Government Finance Settlement on 15 December 2016.

### **Decision**

- 1) To note the impact of the 2017/18 Local Government Finance Settlement on the 2017/21 budget framework.
- 2) To consider the officer recommendations to address the additional savings requirement in 2017/18 resulting from the combined impact of the Local Government Finance Settlement and residual savings shortfalls and unmitigated pressures.
- 3) To refer the report to Council as part of the budget-setting process.

(References - Finance and Resources Committee, 14 January 2016 (item 8), report by the Acting Executive Director of Resources, submitted.)

## **3. Minutes**

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### **Decision**

To approve the minutes of the Finance and Resources Committee of 1 December 2016 as a correct record.

## 4. Key Decisions Forward Plan

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The Finance and Resources Committee Key Decisions Forward Plan from 19 January - 23 February 2017 was submitted.

### Decision

To note the Key Decisions Forward Plan from 19 January - 23 February 2017.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, submitted.)

## 5. Rolling Actions Log

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The Finance and Resources Committee Rolling Actions Log for 29 October 2015 to 1 December 2016 was submitted.

### Decision

To note that items 3, 5, 6, 7,8 ,9 and 10 were closed.

(Reference – Finance and Resources Committee Rolling Actions Log, submitted.)

## 6. Revenue Monitoring 2016/17 – Month Nine Position

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Details were provided of the projected third-quarter revenue monitoring position based on the analysis of period eight data.

### Decision

- 1) To note the projected balanced position for the year.
- 2) To note the on-going risks and challenges across all service areas which would require further management actions and active and regular scrutiny for the remainder of the year.
- 3) To note the balanced position projected on the Housing Revenue Account (HRA) after making a £13.0m planned contribution towards housing investment.
- 4) To approve in-year funding of £0.06m to take forward a pathfinder proposal examining the potential to establish an Edinburgh based Social Stock Exchange (SSE).
- 5) To approve in-year funding of £0.3m to support the work of Transport for Edinburgh in co-ordinating transport provision across the city and wider city region.
- 6) To approve the allocation of any excess of contract deductions due over related costs incurred as a result of the PPP1 Schools emergency to take forward any necessary remedial works in Council buildings sharing similar design features.
- 7) To refer the report to Council to approve Spend to Save funding of £0.575m to purchase a route management system for the Waste Service.
- 8) To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

(Reference – report by the Acting Executive Director of Resources, submitted)

## **7. Resources Directorate – Revenue Budget Monitoring 2016/17 – Month Eight Position**

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Details were provided of the projected eight-month revenue monitoring position for the Resources Directorate, based on actual expenditure and income to the end of November 2016 and expenditure and income projections for the remainder of the financial year.

### **Decision**

- 1) To note that the Resources Directorate was currently projecting expenditure within the approved revenue budget for 2016/17.
- 2) To note the risks to the achievement of a balanced revenue budget projection.

(References – Finance and Resources Committee, 3 November 2016 (item 11); report by the Acting Executive Director of Resources, submitted)

## **8. Chief Executive – Revenue Budget Monitoring 2016/17 – Month Eight Position**

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An update report was provided of the projected eight-month revenue monitoring position for services that reported directly to the Chief Executive, based on actual expenditure and income to the end of November 2016 and expenditure projections for the remainder of the financial year.

### **Decision**

- 1) To note that services that reported directly to the Chief Executive currently projected expenditure within the approved revenue budget for 2016/17.
- 2) To note the risks to the achievement of a balanced revenue budget projection.

(References – Finance and Resources Committee, 3 November 2016 (item 12); report by the Acting Executive Director of Resources, submitted)

## **9. Capital Monitoring 2016/17 – Nine Month Position**

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Committee considered a report that detailed the overall position of the Council's capital budget at the nine month stage, based on analysis of period seven and eight data, and the projected outturn for the year.

### **Decision**

- 1) To note the projected capital outturn positions on the General Fund and Housing Revenue Account at month nine.
- 2) To note the prudential indicators at month nine.
- 3) To note that the Acting Executive Director of Resources was closely monitoring the capital receipts position.
- 4) To refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

(References – Finance and Resources Committee, 29 October 2015 (item 7), report by the Acting Executive Director of Resources, submitted)

## **10. Capital Investment Programme / Plan 2017/18 to 2025/26**

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A report was submitted which provided details of the Capital Investment Programme, which set out the planned investment for the period 2017/18 to 2025/26, which was based on the Capital Plan and included proposals whereby the Council could use additional resources to address some of its capital priorities.

### **Decision**

- 1) To note the report and refer the report to the Council's budget meeting of 9 February 2017 for approval of the 2017 – 2022 Capital Investment Programme and Updated 2020 – 2026 indicative five year capital plan.
- 2) To note that the announcement of the Finance Settlement made in December 2016 indicated additional general capital grant for 2017/18 of £6.93m.
- 3) To note the additional £2.5m of capital investment provided for carriageway and footway works which was provided from existing programme resources.
- 3) To note that additional resources of £20m might be available from the Capital Fund, and to refer the report to Council for a decision on 9 February 2017 in the context of infrastructure needs / priorities and existing Council commitments.
- 4) To note the up to date analysis of unfunded service priorities and pressures set out within the report.
- 5) To note that following the proposed update to the Capital Plan, £7m of funding per annum was currently unallocated from 2019/20 onwards.
- 6) To note the recommended use of the additional resources to address some of the Council's capital investment priorities and refer the report to Council for a decision on 9 February 2017 in the context of infrastructure needs/priorities and existing Council commitments.

(References – Act of Council (No. 2), 21 January 2016; report by the Acting Executive Director of Resources, submitted)

## **11. Council Budget 2016/17 – Risks and Reserves**

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Details were provided on the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

### **Decision**

- 1) To note the report.
- 2) To refer the report to Council for a decision on 9 February 2017 as part of the budget-setting process.

(References – Finance and Resources Committee, 18 August 2016 (item 10); report by the Acting Executive Director of Resources, submitted)

## 12. Housing Revenue Account – Budget Strategy 2017- 22

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Details were provided of the proposed Housing Revenue Account (HRA) budget, draft five year capital programme, and the rent levels for 2017/18.

### Decision

- 1) To agree to refer the 2017/18 budget, draft five year capital programme, and the rent levels for 2017/18 set out in Appendices 1 and 4 to the Council budget meeting for approval.
- 2) To note the progress being made on the delivery of Council commitments to tenants, particularly in the construction of new affordable low cost homes and the acceleration of replacement heating systems.
- 3) To approve the approach of securing a robust pipeline of development projects to accelerate further construction of affordable and low cost market housing.
- 4) To approve the development of a Housing Service apprenticeship programme and other measures outlined in the report, to support tenants and their children to secure employment.

(Reference – report by the Executive Director of Place, submitted)

## 13. Play Your Part – 2017/18 Budget Proposals Overview of Feedback and Engagement

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Committee considered a report which outlined the structure of the budget engagement campaign and highlighted key actions taken to ensure meaningful engagement. The report summarised the overall level of response and emerging themes from the feedback to the Council's budget engagement process.

### Decision

- 1) To note the report.
- 2) To refer the report to Full Council as part of the setting of the 2017/18 revenue budget framework.

(Reference – report by the Chief Executive, submitted)

## 14. Council Tax – Review of Procedure for Second Homes

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Details were provided of a proposal to not grant a Council Tax discount for second homes in alignment with Scottish Government legislation with effect from 1 April 2017.

### Decision

- 1) To note the report and the proposal not to grant a Council Tax discount for second homes in Edinburgh with effect from 1 April 2017.
- 2) To refer the report to Council for decision on 9 February 2017 as part of the budget-setting process.

(Reference – report by the Acting Executive Director of Resources, submitted.)

## **Declaration on Interest**

Councillor Corbett declared a financial interest in the above item as an employee of Shelter Scotland.

## **15. Edinburgh Local Development Plan Action Programme – Financial Assessment**

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Committee was provided with an update on the financial implications of the infrastructure set out in the Edinburgh Local Development Plan Action Programme, on future capital and revenue budgets, and the potential funding sources available to support this.

### **Decision**

- 1) To note the adopted Action Programme at Appendix one to the report.
- 2) To note the capital impact of the Action Programme as set out in the report.
- 3) To note the ongoing work to identify the impact on revenue budgets.
- 4) To note the funding solutions to be considered to deliver the infrastructure identified within the Action programme, and that an update on progress would be provided in six months.

(References – Act of Council (No 2); 21 January 2016; report by the Executive Director of Place, submitted.)

## **16. Managing Workforce Change – Workforce Dashboard**

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Committee considered a report that provided monitoring information on the number of employees exiting the organisation through voluntary severance arrangements, the associated annualised cost savings, the number of staff accessing support, the number of surplus staff and a summary of the latest available information on Council wide staffing numbers, sickness absence, agency expenditure and vacancies.

### **Decision**

To note the progress made to date.

(References – Finance and Resources Committee, 1 December 2016 (item 8); report by the Acting Executive Director of Resources, submitted)

## **17. Report by the Accounts Commission – Local Government in Scotland Financial Overview 2015/16**

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Details were provided of the Accounts Commission's Scotland-wide review of local government financial performance for 2015/16 which was published in November 2016.

### **Decision**

- 1) To note the report.
- 2) To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

(Reference – report by the Acting Executive Director of Resources, submitted)



## 18. Housing Property, Repairs and Maintenance Award of Framework Agreement

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Approval was sought to award a multi-lot framework agreement following a competitive tendering process for reactive repairs and maintenance to Council homes. The term of the framework would be for two years, with the option to extend annually for a further two years.

### Decision

- 1) To approve the award of Lot 1 Asbestos Works, as apart of the Framework, to Aspect Contracts Ltd and Enviraz (Scotland) Ltd, at an estimated contract value of £40,000 per annum.
- 2) To approve the award of Lot 2 Electrical Works, as part of the Framework, to Response Building Maintenance Services (Scotland) Limited, First Call Trade Services Limited and Blackburne Limited, at an estimated contract value of £200,000 per annum.
- 3) To approve the award of Lot 3 Floor Covering Works, as part of the Framework to Forth Furnishings Ltd, Ideal Flooring Solutions Ltd and UK Soft Furnishings Ltd, at an estimated contract value of £210,000 per annum.
- 4) To approve the award of Lot 4, Gas Repair and Maintenance Works, as part of the framework to Dalex Systems Ltd, Gas Call Services Ltd and T B Mackay Energy Services Ltd, at an estimated contract value of £975,000 per annum.
- 5) To approve the award of Lot 5 General Building Repair Works, as part of the Framework, to Saltire Roofing and Building Limited, James Breck Ltd and Firstcall Trade Services Limited, at an estimated contract value of £400,000 per annum.
- 6) To approve the award of Lot 6 Plastering Works, as part of the framework, to Saltire Roofing and Building Limited, Response Building Maintenance Services (Scotland) Ltd and Clarks contracts Ltd, at an estimated contract value of £205,000 per annum.
- 7) To approve the award of Lot 7 Plumbing Works, as part of the Framework to Saltire Roofing and Building Limited, Response Building Maintenance Services (Scotland) Ltd and TB Mackay Energy Services Limited, at an estimated contract value of £850,000 per annum.
- 8) To approve the award of Lot 8 Preservation Works, as part of the Framework, to Stewart Preservation Ltd, Clark Contracts Ltd, and Firstcall Trade Services Limited, at an estimated cost of £150,000 per annum.
- 9) To approve the award of Lot 9 Roofing and Associated Works, as part of the Framework, to Saltire Roofing and Building Limited, Apex Developments Ltd and James Breck Ltd, at an estimated contract value of £202,500 per annum.
- 10) To approve the award of Lot 10 Scaffolding Works, as part of the framework, to Saltire Roofing and Building Limited, Apex Developments Ltd and Form Access Ltd at an estimated contract value of £600,000 per annum.



- 11) To approve the award of Lot 11 Jetting, CCTV Surveys and Drainage Works, as part of the Framework to Castlebrae Drainage (Lanes Group) and JB Bell & Company, at an estimated contract value of £212,500 per annum.
- 12) To approve the award of Lot 12 Painting and Decorating Works, as part of the Framework to Bell Decorating Group Limited, Novus Property Solutions Limited and Mitie Property Services (UK) Ltd, at an estimated contract value of £750,000 per annum.
- 13) To approve the award of Lot 13 Windows and Doors Replacement Works as part of the Framework to Response Building and Maintenance (Scotland) Ltd, Firstcall Trade Services Ltd and H & J Martin Ltd at an estimated contract value of £225,000 per annum.
- 14) To note the contract period was two years with the option to extend annually for a further two years. The overall framework value, including extensions, is estimated at £20,080,000.
- 15) To note the contract values identified above are reflective of historical spend on these services over the previous three financial years, and that the scope of works might fluctuate subject to budget allocation. It should be noted 20% volume uplift had been added to all lots in order to cover any increased work flow or other departmental usage.

(Reference – report by the Executive Director of Place, submitted)

## **19. Edinburgh Shared Repairs Service (ESRS) Award of Framework Agreement**

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Approval was sought to award a multi lot framework agreement following a competitive tendering process to carry out statutory repairs on private property in Edinburgh. The term of the framework would be for two years, with the option to extend annually for a further two years.

### **Decision**

- 1) To approve the award of Lot 1 Roofing – Micro Works up to £10k as part of the Framework to James Breck Ltd, Saltire Roofing & Building and Apex Developments Ltd at an estimated contract value of up to £500k per annum.
- 2) To approve the award of Lot 2 Stonework – Micro Works up to £10k as part of the Framework to James Breck Ltd, Apex Developments Ltd and Forth Stone Ltd at an estimated contract value of up to £500k per annum.
- 3) To approve the award of Lot 3 Roofing and Stonework – Minor Works up to £50k as part of the Framework to Watson and Lyall Ltd, James Breck Ltd, Go-Wright Ltd, Apex Developments Ltd, G Grigg and Sons and Forth Stone Ltd at an estimated contract value of £2m per annum.
- 4) To approve the award of Lot 4 Roofing and Stonework – Minor Works up to £20k as part of the Framework to Watson and Lyall, James Breck Ltd, Go-Wright Ltd,

Apex Development Ltd, G Grigg and Sons and Campbell & Smith Construction Group at an estimated contract value of £2m per annum.

(Reference – report by the Acting Executive Director of Resources, submitted.)

## **20. Proposed New Lease at 54 High Street, Edinburgh**

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Approval was sought to grant a new 25 year lease to The Firm of Gold Brothers of the retail premises at 54 High Street, Edinburgh at the expiry of the current lease on 14 April 2018.

### **Decision**

- 1) To approve a new 25 year lease to the Firm of Gold Brothers of retail premises at 54 High Street, Edinburgh on the terms outlined in the report and on other terms and conditions to be agreed by the Acting Executive Director of Resources.
- 2) To agree that the Head of Corporate Property would ensure that all leases in relation to the Royal Mile had the appropriate conditions within the lease agreement.

(Reference – report by the Acting Executive Director of Resources, submitted)

## **21. Proposed Lease Extension at 12 Dumbryden Road, Edinburgh**

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Approval was sought for a five year lease extension to the Kurdish Initiative for the property at 12 Dumbryden Road, Edinburgh for use as an office and meeting space effective from the expiry of the current lease on 31 March 2021.

### **Decision**

To approve a five year lease extension to the Kurdish Initiative of office premises at 12 Dumbryden Road, Edinburgh, on the terms outlined in the report and on other terms and conditions to be agreed by the Acting Executive director of Resources.

(Reference – report by the Acting Executive Director of Resources, submitted)