

Minutes

Finance and Resources Committee

10.00am, Thursday 29 October 2020

Present:

Councillors Munn (Convener), Griffiths (Vice-Convener), Booth, Bruce, Corbett, Dixon (substituting for Councillor Rankin), Gordon, Hutchison, Johnston, Neil Ross and Watt.

1. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 24 September 2020 as a correct record.

2. Work Programme

The Finance and Resources Committee Work Programme as at 29 October 2020 was submitted.

Decision

To note the Work Programme.

(Reference – Work Programme 29 October 2020, submitted.)

3. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log as at 29 October 2020 was submitted.

Decision

1) To agree to close the following actions:

- Action 1 – Feedback on the Change Strategy and Budget Proposals 2018
- Action 3(1) – Revenue Monitoring 2019/20 - Outturn Report
- Action 4 – Revenue Budget 2020/21 – Month Three Position
- Action 9 (1&2) - Contract Awards and Procurement Programme (Period 1 January to 30 June 2020)

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- 2) To agree to close Action 5 - 2020-30 Capital Budget Strategy – 2020-21 Period 3 Monitoring and Revised Budget Update as the briefing note was circulated in October 2020.
- 3) To agree to close Action 7 - City of Edinburgh Council and CGI IT UK Limited - Contract Proposals as the briefing note was circulated on 28 October 2020.
- 4) To note that the information requested for Action 2 - Fleet Renewal Programme would be included in the report to committee in December.
- 5) To agree to close Action 6 – Workforce Dashboard – June 2020 as the briefing note was circulated on the day of meeting.
- 6) To otherwise note the remaining outstanding actions.

(Reference – Rolling Actions Log, 29 October 2020, submitted.)

4. Business Bulletin

The Finance and Resources Committee Business Bulletin for October 2020 was submitted.

Decision

To note the Business Bulletin.

(Reference – Business Bulletin, 29 October 2020, submitted.)

5. Revenue Budget 2020/23: 2020/21 Month Five Position and Framework Assumptions Update

An update was provided on the estimated expenditure and income impacts of the Covid-19 pandemic for the Council and its Arm's-Length External Organisations (ALEOs) during 2020/21, alongside offsetting sources of confirmed or anticipated funding. This analysis indicated a reduction in the residual gap from £12.2m to £5.1m since the previous report considered by the Finance and Resources Committee on 24 September 2020.

Decision

- 1) To note the further reduction in the projected in-year deficit to £5.1m.
- 2) To note, nonetheless, that the expenditure and income projections set out within the report remained subject to significant uncertainty and potential variation given current events.
- 3) To note the progress in the development of an income compensation scheme and availability of potential financial flexibilities.

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- 4) To note that a further update would be presented to the Finance and Resources Committee's next meeting on 3 December.
- 5) To note the changes to future years' planning assumptions in light of the pandemic's longer-term impacts, resulting in a need to identify at least an estimated £16.1m of additional savings in 2021/22.
- 6) To agree to include in the report coming to Committee in December:
 - Further detail on the additional flexibilities.
 - The cost of the independent review and a breakdown of charges.
 - The outcome of discussions with COSLA on funding not within the EIJB's remit being given to the Council.
 - Any considerations taken on a broader range of contingency savings to mitigate potential further lockdown measures.
- 7) To agree to provide an update to each committee meeting on the financial impact of the independent inquiry.
- 8) To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.
- 7) To refer the report to Council on 19 November to authorise the use in 2020/21 of up to £0.6m from the Council's earmarked reserves to meet costs associated with the independent review of the Council's whistleblowing arrangements and culture.

(References – Finance and Resources Committee, 24 September 2020 (item 4); report by the Executive Director of Resources, submitted.)

6. 2020-30 Capital Budget Strategy – 2020/21 Period Five Monitoring and Revised Budget Update

Capital expenditure and funding forecasts for 2020/21 were provided, including explanations for variances. It was highlighted that the extent of the impact from Covid-19 was likely to differ between programmes and projects and it would still be too early to understand the full cost to the Council.

Decision

- 1) To note the Capital monitoring position for the General Fund and Housing Revenue Account (HRA) at month five for 2020-21.
- 2) To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

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

7. Resources Directorate - Revenue Budget Monitoring 2020/21 – Month Five Position

The projected month five revenue monitoring position for the Resources Directorate was set out, based on actual expenditure and income to the end of August 2020 and expenditure and income projections for the remainder of the financial year.

Decision

- 1) To note that the Resources Directorate was forecasting a favourable budget variance of £0.165m for 2020/21.
- 2) To note a further £0.950m of in-year savings following the Committee approved extension of the IT contract with CGI, which contributed towards the Council's overall financial position.
- 3) To note that the Executive Director of Resources and Heads of Service were continuing to progress identification of additional savings measures to offset any further budget pressures arising to achieve outturn expenditure in line with the approved revenue budget for 2020/21.
- 4) To note the ongoing risks to the achievement of a balanced revenue budget projection for the Directorate.

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

8. Chief Executive's Services - Revenue Budget Monitoring 2020/21 - Month Five Position

The projected five-month revenue budget monitoring position for Chief Executive's Services was set out, based on actual expenditure and income to the end of June 2020 and expenditure and income projections for the remainder of the financial year.

Decision

To note it was forecast that outturn would be in line with the approved revenue budget for the Chief Executive's services for 2020/21.

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

9. Extension to Existing Contractor Works Framework

Approval was sought to extend, under a waiver of the Contract Standing Orders, the Council's existing Contractor Works Framework Agreement. This framework was strategically important and supported a large amount of the Council's construction activity, including the Council's Capital Investment Programme (2019-2024) incorporating a range of new builds and refurbishments for early years, primary and secondary schools, libraries, care homes, day care centres and sports centres as well as a major asset management lifecycle refurbishment of the Council estate.

Decision

To approve an extension to the Council's Contractor Works Framework Agreement, under a waiver of the Contract Standing Orders, for a period of up to 24 months, from November 2020, with the Lots to be extended and the relevant contractors as follows:

- 1) Lot 1 – Electrical Installation Works to Arthur McKay & Co Ltd (now t/a Atalian Servest AMK Ltd), Dacoll (Electrical Contracting) Ltd, FES Ltd, Nicholson Bros (Electrical Contractors) Ltd and Skanska FM Ltd at an estimated contract value of £9.4M for the extension period.
- 2) Lot 2 – Mechanical Installation Works to Arthur McKay & Co Ltd (now t/a Atalian Servest AMK Ltd), FES Ltd and Skanska FM Ltd at an estimated contract value of £7.8M for the extension period.
- 3) Lot 3 – Roofing & Rainwater Works to Advance Construction Ltd, Clark Contracts Ltd, G Grigg & Sons, James Breck Ltd, Watson & Lyall Ltd and Zenith at an estimated contract value of £4.5M for the extension period.
- 4) Lot 4 – Timber/uPVC Windows, Doors & Screens to Ashwood Scotland Ltd, Clark Contracts Ltd, Cornhill Building Services Ltd, Lakehouse Contracts Ltd and Watson & Lyall at an estimated contract value of £6.8M for the extension period.
- 5) Lot 6 – Multi-Trade Works Packages up to £500,000 in individual value to Ashwood Scotland Ltd, Cornhill Building Services Ltd, Clark Contracts, Maxi Construction and Morris & Spottiswood at an estimated contract value of £15.9M for the extension period.
- 6) Lot 7 – Multi-Trade Works Packages between £500,001 - £5,000,000 in individual value to CCG Ltd, ESH Construction, Graham Construction, Lakehouse Contracts Ltd and Maxi Construction at an estimated contract value of £19.7M for the extension period.
- 7) Lot 8 – Multi-Trade Works Packages above £5,000,000 in individual value to BAM Construction, CCG Ltd, Graham Construction, McLaughlin & Harvey and Morgan Sindall at an estimated contract value of £27.7M for the extension period.
- 8) Lot 9 – Stonework and Masonry Works to Cornhill Building Services, G Grigg & Sons, Go Wright, Historic Property Restoration, James Breck Ltd and Zenith at an estimated contract value of £4.3M for the extension period.
- 9) Lot 10 – Groundworks, Civil Works and Concrete Repairs to Advance Construction Ltd, Luddon Construction, MacKenzie Construction and Premier One at an estimated contract value of £7.3M for the extension period.
- 10) Lot 12 – Water Treatment and Legionella Management Works to Caledonia Heating, Envirocure, GBS Building Services, HSL Compliance Ltd, Integrated

Water Services Ltd and SPIE Ltd at an estimated contract value of £21K for the extension period.

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

10. Award of Contract for Professional Services Framework

Approval was sought to award a multi-lot framework agreement to the most economically advantageous organisations identified following a competitive tendering process. The framework consisted of 12 Lots for professional services to support the Council's technical services in delivering an undefined programme of construction, maintenance and repair programmes.

The estimated Framework value included £95 million of Council spend.

Decision

- 1) To approve the award of a multi-lot framework agreement for Professional Services to the suppliers set out in Appendix 1 of the report by the Executive Director of Resources. The framework consisted of 13 Lots with an estimated value to the Council of £95 million over the maximum four-year term. Lot 9 was not being recommended for approval, reducing the framework to 12 Lots in total that approval was sought for, as follows:
 - i) The award of Lot 1 Project Management Services at an estimated contract value of £2,000,000 per annum.
 - ii) The award of Lot 2 Building Surveying Services at an estimated contract value of £2,000,000 per annum.
 - iii) The award of Lot 3 Quantity Surveying Services at an estimated contract value of £2,500,000 per annum.
 - iv) The award of Lot 4 Architectural Services – Education/Non-residential at an estimated contract value of £2,500,000 per annum.
 - v) The award of Lot 5 Architectural Services - Residential at an estimated contract value of £2,500,000 per annum.
 - vi) The award of Lot 6 Architectural Services - Landscape at an estimated contract value of £750,000 per annum.
 - vii) The award of Lot 7 Structural and Civil Engineering Services at an estimated contract value of £3,000,000 per annum.
 - viii) The award of Lot 8 Mechanical and Electrical Engineering Services at an estimated contract value of £2,500,000 per annum.
 - ix) The award of Lot 10 Interior Design Services at an estimated contract value of £1,500,000 per annum.

- x) The award of Lot 11 Multi-Discipline Design Team Services at an estimated contract value of £3,000,000 per annum.
 - xi) The award of Lot 12 Passive House Designer (Architect) Services at an estimated contract value of £500,000 per annum.
 - xii) The award of Lot 13 Transportation Services at an estimated contract value of £1,000,000 per annum.
- 2) To note that the contract values above were reflective of estimated future pipeline of works and that the scope of works could fluctuate subject to budget allocation and funding approvals.
- 3) To note that the Framework Agreement was a collaborative arrangement to be used predominantly by Place Development and Property and Facilities Management. This Framework Agreement could also be utilised by 188 Participating Sector Partners. Where this occurred the Council would generate income via a rebate from the suppliers used by those contracting authorities.

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

11. Workforce Dashboard – August 2020

A summary was provided of workforce metrics for the core and flexible workforce, absence, transformation/redeployment, risk, and performance, as detailed on the Finance and Resources Committee Workforce Dashboard, for the period of August 2020.

Decision

To review and note the workforce information contained in the dashboard.

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

12. Housing Capital Works Framework Agreement 2020- 2024

Approval was sought to award a multi Lot Framework Agreement for the Housing Capital Works Programme 2020- 2024 for a period of up to four years.

The framework now consisted of 15 Lots, with four of the lots broken into sub lots, and had an estimated value of up to £140m over the four-year period, subject to use.

Decision

- 1) To approve the award of a multi-Lot framework agreement following a competitive tendering process for the Housing Property Capital Works Programme 2020-2024 to the contractors set out in Appendix 1 of the Report by the Executive Director of Place. The framework consisted of 16 Lots with

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four of the Lots broken into sub Lots with an estimated value of £140million over the maximum term. Lot 4 would not be progressed, reducing the framework to 15 Lots in total that approval was sought to award, as follows:

- i) The award of Lot 1 Electrical Works with sub lots with an estimated value of £2.1 million per annum.
- ii) The award of Lot 2 Multi Trade Works of less than £0.5m with an estimated value of £2.4m per annum.
- iii) The award of Lot 3 Multi Trade Works greater than £0.5m with an estimated value of £6.2m per annum.
- iv) The award of Lot 5 Kitchen and Bathroom with an estimated value of £7.5m per annum.
- v) The award of Lot 6 Lift Replacement with an estimated value of £1.2m per annum.
- vi) The award of Lot 7 Mechanical & Electrical Works with an estimated value of £1.95m per annum.
- vii) The award of Lot 8 Domestic Gas Installations with an estimated value of £2.4m per annum.
- viii) The award of Lot 9 Security with an estimated value of £1.8m per annum.
- ix) The award of Lot 10 Painting & Decorating with an estimated contract value of £0.240m per annum.
- x) The award of Lot 11 Adaptations with an estimated value of £1.44m per annum.
- xi) The award of Lot 12 Lead Replacement with an estimated value of £0.6m per annum.
- xii) The award of Lot 13 Demolition City Wide less than £0.250m with an estimated value of £0.6m per annum.
- xiii) The award of Lot 14 Demolition City Wide more than £0.250m with an estimated value of £0.750m per annum.
- xiv) The award of Lot 15 Energy Efficiency Installations with sub lots with an estimated value of £3.52m per annum.
- xv) The award of Lot 16 External Works – neighbourhood environmental projects (NEPs) with an estimated value of £2.52m per annum.

- 2) To agree to delegate authority to the Executive Director of Place for the awarding of mini competitions, which were undertaken using the framework and to note that these awards would be reported to the Finance and Resources Committee under the six-monthly procurement report for Awards of Contract under delegated authority.

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

13. Telford NHT 2011 LLP: Sale of Homes to LAR Housing Trust

Approval was sought for the Council to sell 89 homes held in the Telford NHT 2011 Limited Liability Partnership (LLP) to LAR Housing Trust, to be retained as affordable rented housing whilst ensuring that those tenants who were willing and able to purchase a home within the development were provided with an opportunity to do so.

Decision

- 1) To approve the sale of the Telford NHT 2011 LLP homes to LAR Housing Trust for the sum of £11.6 million, on the terms and conditions outlined in the report by the Executive Director of Place.
- 2) To delegate approval to the Executive Director of Place to conclude the disposal.
- 3) To note that following the conclusion of the sale and the wind up of the LLP, the Council as developer was expected to receive an estimated £0.200m in unspent reserves and to approve ring-fencing of these reserves to support the delivery of affordable housing.

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

14. Contract Award Recommendations in Respect of 'Receipt and Processing of Dry Mixed Recyclates'

Approval was sought to award the contract for 'Receipt and Processing of Dry Mixed Recyclates' to Biffa Waste Services Limited, to commence on 29 November 2020 for an initial period of three years, with options to extend for up to two further periods of 12 months each, at a total estimated net cost of £7,875,000.

Decision

- 1) To approve the award of contract in respect of the 'Receipt and Processing of Dry Mixed Recyclates'.
- 2) To approve the commencement of the contract on 29 November 2020 for an initial period of three years, with options to extend for up to two further periods of twelve months each, at a total estimated net cost of £7,875,000.

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

15. Disposal of Bulky Waste

Approval was sought for a 14-week extension (1 October 2020 – 8 January 2021) of the current waiver (2143) with Hamilton Waste & Recycling Ltd for the treatment and disposal of bulky waste from Household Waste and Recycling Centres (HWRC's), Special Uplifts and Street Cleansing (flytipping) whilst the replacement contract procurement exercise was completed.

Decision

- 1) To approve a 14-week extension (1 October 2020 – 8 January 2021) of current waiver with Hamilton Waste & Recycling Ltd for the treatment and disposal of bulky waste from Household Waste and Recycling Centres (HWRC's), Special Uplifts and Street Cleansing (flytipping).
- 2) To note the value of the 14-week extension of current waiver would be in the region of £91,000.
- 3) To note that £75,000 of additional costs were incurred in June and July 2020 with the reopening of HWRC's and the reduction in the number of skips.
- 4) To note that the total value of this waiver including the 14-week extension and additional HWRC costs was £403,600.
- 5) To note that at time of writing the procurement exercise for this contract would be in the final stages, with a 'preferred bidder' identified. It was intended to bring the award of contract to Committee on 3 December 2020 for approval.
- 6) To note that this waiver extension would ensure continuity of service provision until a new contract for disposal of bulky waste could be procured and implemented.

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

16. Homelessness Services – Use of Temporary Accommodation

During the Covid-19 pandemic, the Council had used significantly more temporary accommodation in order to support vulnerable people and ensure the spread of the virus was minimised amongst the homeless population.

Approval was sought to enter into spot contracts for temporary accommodation comprised of flats, bed and breakfasts and tourist hotels on a spot purchase basis for the period to 31 March 2021, to supplement the current contracted provision of accommodation.

Decision

- 1) To agree to enter into spot contracts for temporary accommodation comprised of flats, bed and breakfasts and tourist hotels on a spot purchase basis for the

- period to 31 March 2021, to supplement the current contracted provision of accommodation.
- 2) To note that the Policy and Sustainability Committee previously approved waivers to the value of £9.29m on 25 June 2020.
 - 3) To approve the additional waivers totalling £3.504m and note that £0.785m of waivers previously approved were no longer required.
 - 4) To note the increased use and cost of temporary accommodation during the pandemic to 31 March 2021.
 - 5) To agree to discuss with Planning Enforcement the option of directly contacting holiday let owners.

(References – Policy and Sustainability Committee of 25 June 2020 (item 16); report by the Executive Director for Communities and Families, submitted.)

Declaration of Interests

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

17. Annual Fraud Prevention and Detection Report

An annual overview was provided of fraud prevention and detection activities undertaken in 2019/20.

Decision

To note the fraud prevention and detection work undertaken during the 2019/20 financial year.

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

18. 26 Cultins Road, Edinburgh – Proposed Lease Extension

Multi-Fleet Services Limited currently occupied 0.26 hectares (0.64 acres) at 26 Cultins Road, Edinburgh on a ground lease which expired on 18 September 2024. Approval was sought to grant the tenant a 6-year lease extension on the terms and conditions outlined in the report by the Executive Director of Resources.

Decision

To approve a 6-year lease extension to Multi-Fleet Services Limited at 26 Cultins Road, Edinburgh on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

19. Sirius Building, Clocktower, Edinburgh – Proposed New Lease

The Sirius building was let to KUC Properties on a 20-year lease expiring on 13 January 2021. The building was, in part, sub-let to with Pulsant Limited occupying most of the space. Approval was sought to grant Pulsant Limited a new five year lease, on the expiry of the lease to KUC properties on the terms and conditions outlined in the report by the Executive Director of Resources.

Decision

To approve a five-year lease to Pulsant Limited at the Sirius Building, Clocktower, Edinburgh, on the terms outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

20. Trinity Apse, Edinburgh – Proposed New Lease

Trinity Apse was currently vacant and used on an ad-hoc basis for public events and as a Festival venue. Approval was sought to grant a new 25-year lease to Auld Alliance Limited on the terms and conditions outlined in the report by the Executive Director of Resources.

Decision

To approve a new 25-year lease to Auld Alliance Limited at Trinity Apse, 10 Chalmers Close, Edinburgh on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

21. 1st Floor, Ratho Park (Phase 3), Edinburgh – Proposed New Lease

The first-floor office suite at Phase 3 Ratho Park, Newbridge had been vacant since August 2018 with limited interest during marketing. Approval was sought to grant a 20-year lease to Nykobing Ltd on the terms and conditions outlined in the report by the Executive Director of Resources.

Decision

To approve a new 20-year lease to Nykobing Ltd of the 1st Floor Office Suite, Ratho Park (Phase 3), on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

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

22. Miscellaneous Debts – Write-Off

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The Committee, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraph 6 Part 1 of Schedule 7(A) of the Act.

The current miscellaneous debt that was outstanding was summarised. This miscellaneous debt was deemed uncollectable and thus recommended for write-off. All possible methods of recovery had been attempted and the debt remained outstanding.

Decision

Detailed in the Confidential Schedule, signed by the Convener, with reference to this minute.

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

23. Council Commercial Property Portfolio - Update Report

The Committee, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraph 9 Part 1 of Schedule 7(A) of the Act.

The Council had a large commercial property investment portfolio extending to over 1,150 interests within 10 asset classes. An update on the management for financial year 2019/20 and post lockdown restrictions was set out in the report.

Decision

Detailed in the Confidential Schedule, signed by the Convener, with reference to this minute.

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