

Minutes

Finance and Resources Committee

10.00am, Thursday 21 January 2021

Present:

Councillors Munn (Convener), Griffiths (Vice-Convener) (excluding item 10), Booth, Bruce, Corbett, Gordon, Hutchison, Johnston, Frank Ross (substituting for Councillor Rankin, excluding item 10), Neil Ross, Watt and Work (substituting for Councillor Rankin, item 10 only).

1. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 3 December 2020 as a correct record.

2. Work Programme

The Finance and Resources Committee Work Programme as at January 2021 was submitted.

Decision

To note the Work Programme.

(Reference – Work Programme of 21 January 2021, submitted.)

3. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log as at January 2021 was submitted.

Decision

- 1) To agree to close the following actions:
 - Action 1 – Revenue Budget 2020/21 – Progress Update
 - Action 2 – Homelessness Services – Use of Temporary Accommodation
 - Action 5 – Work Programme
 - Action 7 – Award of Contract for an Employee Benefits Platform

- Action 9 (1&2) – Workforce Dashboard – September 2020
 - Action 10 – Summary Report on Property Transactions Concluded under Delegated Authority
- 2) To agree that Action 3(3) – *The City of Edinburgh Council Charitable Trusts – Report to Those Charged with Governance on the 2019/20 Audit* would remain open as work was still ongoing. Further information would be provided once external legal advice had been received. The Head of Finance would be consulted on when this information could be made public.
 - 3) To request that it be outlined which trusts members would become trustees of for new appointments to the committee in May.
 - 4) To otherwise note the remaining outstanding actions.

(Reference – Rolling Actions Log of 21 January 2021, submitted.)

4. Business Bulletin

The Finance and Resources Committee Business Bulletin for January 2021 was submitted.

Decision

To note the Business Bulletin.

(Reference – Business Bulletin, 21 January 2021, submitted.)

5. Revenue Budget 2020/21: Progress Update

On 3 December 2020, the Finance and Resources Committee considered an update on the Revenue Budget 2020/21. A further update was provided to the meeting of 21 January 2021 on the estimated expenditure and income impacts of the Covid-19 pandemic upon the Council and its Arm's-Length External Organisations (ALEOs) during 2020/21, alongside offsetting sources of confirmed or anticipated funding, based on analysis of income and expenditure for the period to the end of October 2020. Following confirmation of the Council's provisional funding allocation through the income compensation scheme, a balanced overall position had now been forecast.

Decision

- 1) To note that, following confirmation of the Council's provisional funding allocation through the income compensation scheme, a balanced overall position was now forecast, albeit this remained dependent upon a significant contribution from its earmarked reserves.
- 2) To note, nonetheless, the potential for further expenditure pressures in excess of the current risk contingency of £3m to emerge during the remainder of the year given uncertainty over the duration of current tightened Covid-19 related

restrictions and thus a continuing need to identify further in-year Directorate-specific and/or corporate finance savings.

- 3) To note that, in light of the above, updates would continue to be provided to members of the Committee during the remainder of the year.
- 4) To note that estimates of the recurring impacts of the pandemic, taking appropriate account of any additional funding contained within the Local Government Finance Settlement and available financial flexibilities, would require to be considered in the development of subsequent years' budgets.
- 5) To agree to provide information on how any additional costs would be charged for the whistleblowing inquiry above the allocated funding.
- 6) To thank officers for the report and staff leaving under VERA arrangements for their service to the Council.
- 7) To refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

(References – Finance and Resources Committee, 3 December 2020 (item 5); report by the Executive Director of Resources, submitted.)

Declaration of Interests

Councillor Bruce declared a non-financial interest as a Director of Edinburgh Leisure.

6. 2020-30 Capital Budget Strategy – 2020/21 Month Eight Monitoring

Capital expenditure and funding forecasts for 2020/21 were provided, including explanations for variances.

Decision

- 1) To note the Capital monitoring position for the General Fund and Housing Revenue Account (HRA) at month eight 2020-21.
- 2) To delegate authority to the Executive Director of Place to enter into a Delivery Agreement with Robertson Construction Group Ltd through the Scape Major Works Scotland framework, to construct 49 affordable homes for the contract sum of up to £7.4m. This cost increase would be funded through the HRA Budget Strategy 2021-2031 as reported elsewhere on the agenda.
- 3) 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 Eight Position

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

Decision

- 1) To note that the Resources Directorate was forecasting expenditure to be within budget for 2020/21.
- 2) To note that the Executive Director of Resources and Heads of Service would continue to progress the identification of additional savings measures required to offset any further budget pressures arising in-year to achieve outturn expenditure in line with the approved revenue budget for 2020/21.
- 3) To note the ongoing risks to the achievement of a balanced revenue budget projection for the Directorate.
- 4) To note that a report on corporate catering (debadging of the unit as a Significant Trading Organisation) would be provided to the committee in March 2021.

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

8. Chief Executive's Service - Revenue Budget Monitoring 2020/21 - Month Eight Position

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

Decision

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

(Reference – report by the Chief Executive, submitted.)

9. Change in Accounting Policy – Capitalisation of Interest Costs

Approval was sought to change the accounting policy to allow interest to be capitalised under specific circumstances for expenditure on qualifying assets.

Decision

To agree the proposed change to accounting policy to allow interest to be capitalised under specific circumstances set out in the report and where the interest costs incurred during the construction phase exceed £2m.

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

10. Civic Hospitality Policy and Budget Adjustments

Recent progress in meeting outstanding civic hospitality commitments was highlighted, in the context of Covid-19 restrictions. The specific role of the Depute Lord Provost was also detailed together with necessary adjustments to the Council's Civic Hospitality Policy.

Motion

- 1) To welcome the progress made by the Lord Provost and Depute Lord Provost in tackling the recent back log of one-off civic commitments, as set out in appendix 1 to the report.
 - 2) To agree the highlighted changes to the Council's Civic Hospitality Policy as set out in appendix 2 to the report.
 - 3) To approve the proposed carry forward of fifty per cent of this year's underspend on civic hospitality, estimated at £30,000 as an addition to the 2021/22 budget allocation.
- moved by Councillor Munn, seconded by Councillor Gordon

Amendment 1

- 1) To welcome the progress made by the Lord Provost and Depute Lord Provost in tackling the recent back log of one-off civic commitments, as set out in appendix 1 to the report.
 - 2) To agree the highlighted changes to the Council's Civic Hospitality Policy as set out in appendix 2 to the report.
 - 3) To note the estimated underspend in the civic hospitality budget in 2020/21 and to agree that it would be set in full against the continuing significant service pressures and risks being experienced by the council.
- moved by Councillor Corbett, seconded by Councillor Booth

Amendment 2

- 1) To welcome the progress made by the Lord Provost and Depute Lord Provost in tackling the recent back log of one-off civic commitments, as set out in appendix 1 to the report.

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- 2) To agree the highlighted changes to the Council's Civic Hospitality Policy as set out in appendix 2 to the report, with the exception of paragraph 4.6.
 - 3) To agree that the celebration of major anniversaries should be amended from multiples of 10 years after 100 years to 25 years after 100 years.
 - 4) To approve the proposed carry forward of fifty per cent of this year's underspend on civic hospitality, estimated at £30,000 as an addition to the 2021/22 budget allocation.
- moved by Councillor Hutchison, seconded by Councillor Bruce

In accordance with Standing Order 21.12, Amendment 2 was accepted as an addendum to the motion.

Voting

For the motion - 8 votes
For the amendment - 2 votes

(For the motion – Councillors Bruce, Gordon, Hutchison, Johnston, Munn, Neil Ross, Watt and Work.

For the amendment – Councillors Booth and Corbett.)

Decision

To approve the adjusted motion by Councillor Munn.

(References – Act of Council (no. 6) of 25 August 2020; report by the Chief Executive, submitted.)

Declaration of Interests

Councillors Griffiths and Frank Ross declared non-financial interests as the report related to the Lord Provost's office and both left the meeting during the Committee's consideration of the above item.

11. Workforce Dashboard – November 2020

A summary was provided of workforce metrics for the core and flexible workforce, absence, transformation/redeployment, risk, and performance, for the period of November 2020.

Decision

- 1) To note the workforce information contained in the dashboard.

- 2) To agree to provide a further update on apprenticeships and traineeships within the Council.

(References – Finance and Resources Committee, 3 December 2020 (item 10); report by the Executive Director of Resources, submitted.)

12. Award of a Contract for the Provision of Temporary Agency Staff, Permanent, Fixed Term Contract and Short-Term Supply Resources

Approval was sought to award a contract for the provision of temporary agency staff, permanent, fixed term contract and short term supply resources to Pertemps Recruitment Partnership Limited, to commence on 12 June 2021 for an initial period of three years with one optional 12 month extension (undertaken at the sole discretion of the Council) at a total estimated value of up to £56,000,000 over the four year period.

Decision

- 1) To approve the award of a contract for the provision of temporary agency staff, permanent, fixed term contract and short-term supply resources to Pertemps Recruitment Partnership Limited.
- 2) To approve the commencement of the contract on 12 June 2021 for an initial period of three years with one optional 12-month extension (undertaken at the sole discretion of the Council) at a total estimated value of up to £56,000,000 over the four-year period.
- 3) To further note that positive progress had been made in reducing agency worker spend by £2.7 million in the 2019/20 financial year.
- 4) To agree to request that the Executive Director of Resources provided a report to the Finance and Resources Committee, in 3 cycles, on the opportunities and additional measures that could be introduced to further reduce agency worker spend by the Council.
- 5) To agree to request a report from the Executive Director of Resources, in 2 cycles, providing an update on the Council's security team and the use of agency workers in this area.
- 6) To agree to provide a briefing note detailing differences in types of living wage.

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

13. 3-11 West Granton Road, Edinburgh – Proposed Lease

The former school at 3-11 West Granton Road was most recently used as a Youth Centre before being vacated. The property was subsequently marketed with offers invited for a lease of the building. The four bids received were outlined and a decision sought from the Committee on the preferred option.

Decision

- 1) To note the outcome of the marketing exercise for the property at 3-11 West Granton Road, Edinburgh.
- 2) To approve of the Empty Kitchens Full Hearts proposal and to instruct officers to enter into a short to medium term lease agreement on the terms outlined in the report.
- 3) To direct the Council to enter into a lease agreement on the terms outlined in this report for the preferred option and on other terms and conditions to be agreed by the Executive Director of Resources.
- 4) To agree an update report to Committee in March 2021 with an update on the Empty Kitchens Full Hearts lease and any assistance provided to the unsuccessful bidders.

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

14. Extension of Contract – Consultancy Services for Edinburgh Tram York Place to Newhaven Project

Approval was sought for consultancy support to deliver the construction phase of the Edinburgh Tram York Place to Newhaven project to the completion of the project in 2023.

Decision

- 1) To permit an increase to the value of the contract with Atkins Limited by £600,000 and to extend it to the end of the construction phase of the project.
- 2) To approve an increase in the contract with JAB Services UK by £55,000 through a waiver of the Contract Standing Orders for independent technical advice services to the Tram Extension project Board and to extend it to the end of the project.

(References – Finance and Resources Committee, 10 October 2019 (item 17); report by the Executive Director of Place, submitted.)

15. Contract Award for the Transfer of Waste to Disposal Outlets

Approval was sought to appoint NWH Waste Limited and Enva Scotland Limited to the Framework Agreement for the Transfer of Waste to Disposal Outlets, to commence on 1 May 2021 for an initial period of two years and seven months, with options to extend for up to two further periods of 12 months each, at a total maximum estimated cost of £4,044,516.

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- 1) To approve the appointment of NWH Waste Limited and Enva Scotland Limited to the Framework Agreement for the Transfer of Waste to Disposal Outlets for an initial period of two years and seven months, with options to extend for two further periods of up to 12 months each.
- 2) To approve the commencement of the Framework on 1 May 2021, at a total maximum estimated cost of £4,044,516.

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

16. Housing Energy Projects Delivery Partner Framework Agreement 2021-2025

Approval was sought to award a single supplier Framework Agreement to Changeworks Resources for Life following a procurement process published on Public Contracts Scotland, for the appointment of a Housing Energy Projects Delivery Partner.

Decision

- 1) To approve the award of a single supplier Framework Agreement to Changeworks Resources for Life (Changeworks) as a Housing Energy Projects Delivery Partner, to commence in February 2021 for a period of two years, with the option to extend for a further two years in one-year increments.
- 2) To note the value of this Framework Agreement was expected to be a maximum of £24m, with Changeworks' fees estimated at up to £2.088m over the four year period.
- 3) To approve an extension to the existing Contracts Standing Orders waiver with Changeworks by £51,394 to enable the Council to deliver an additional Scottish Government funding allocation of £739,537 for energy efficiency measures to an additional 114 properties as part of the HEEPS:ABS 2020-21 programme.

(References – Act of Council (no. 2) of 20 February 2020; report by the Executive Director of Place, submitted.)

17. Bustracker – Additional Provision Due to Covid-19

Covid-19 had had a significant impact on the installation of the new bustracker system, resulting in delayed implementation. Consequently, the Council was required to extend contracts with the existing suppliers via waivers of Contract Standing Orders in order to continue full operation of the current system until the new system was fully installed and operational. The total value of these waivers was approximately £1 million and would be met from the public transport budget.

Decision

- 1) To approve contract extensions via waiver of Contract Standing Orders for a period to 31 December 2021, with the option of a further one-year extension if required to:
 - i) Cofely Ineo for the current bustracker system at a cost of approximately £400,000 per annum;
 - ii) Supporting providers Bridge Radio, Ofcom and Arqiva relating to radio coverage to continue full operation of the current bustracker system, at approximately £135,000 per annum.
- 2) To note that this expenditure could be met from the public transport budget.

(References – Finance and Resources Committee, 10 October 2019 (item 16); report by the Executive Director of Place, submitted.)

18. Internal Audit: Overdue Findings and Key Performance Indicators at 30 October 2020 – referral from the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee had referred a report on Internal Audit Overdue Findings and Key Performance Indicators at 30 October 2020, which provided an overview of the status of the overdue Internal Audit (IA) findings as at 30 October 2020, to the Finance and Resources Committee for information.

Decision

To note the report.

(References – Governance, Risk and Best Value Committee of 8 December 2020 (item 5; report by the Chief Internal Auditor, submitted.)

19. Waiver Extension – Electrostatic Fogging

The Convener ruled that the following item, notice of which had been given at the start of the meeting, be considered as a matter of urgency to allow the Council to give early consideration to this matter.

This report noted the contract extension for electrostatic fogging services which was awarded to RON Services Limited, through a waiver of the Contract Standing Orders, to run until 30 March 2021, at an estimated value of £760,000. This contract extension was awarded as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions, the Executive Director of Resources having taken that decision in consultation with Convener and Vice-Convener of the Committee, subject to it being reported to this meeting of the Committee.

Approval was also sought for a further extension until 30 June 2021, at an estimated cost of £400,000, to allow completion of a tender exercise, award of contract and

subsequent transition to a new contract which would cover the future needs of the Council related to Covid-19 cleaning and infection control.

Decision

- 1) To note the contract extension for electrostatic fogging services awarded to RON Services Limited until 30 March 2021, through a waiver of the Contract Standing Orders, at an estimated total cost of £760,000. This contract extension was awarded as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions by the Executive Director of Resources, in consultation with the Convener and Vice-Convener of the Finance and Resources Committee.
- 2) To approve a further waiver extension until 30 June 2021, at an estimated cost of £400,000, to ensure there was sufficient flexibility and contingency to enable the procurement process for a new contract for these services to be completed.

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

20. Restaurant Unit, Assembly Rooms, 54 George Street, Edinburgh – Update on Proposed Lease

On 6 December 2019, Committee approved a 15-year lease of the restaurant unit within the Assembly Rooms to Stack and Still Limited. As a result of the Covid-19 pandemic, Stack and Still had sought revised terms, along with an entry date prior to an available Committee. Consequently, approval was given to proceed on the revised terms by the Executive Director of Resources, in consultation with the Convener and Vice-Convener of the Finance and Resources Committee, using urgency powers in accordance with the Scheme of Delegation to Officers. An update was provided on the revised terms which were agreed.

Decision

- 1) To note the progress made with the lease to Stack and Still Limited, prior to the Covid-19 pandemic, following Committee approval on 6 December 2019.
- 2) To note the revised terms sought by Stack and Still Limited.
- 3) To note the approval by the Executive Director of Resources, in consultation with the Convener and Vice-Convener of the Finance and Resources Committee, using urgency powers under delegation, to complete the lease based on the revised terms.

(References – Finance and Resources Committee, 6 December 2019 (item 22); report by the Executive Director of Resources, submitted.)

21. 5 Hamilton Place, Edinburgh – Proposed New Lease

The restaurant at 5 Hamilton Place was vacated in summer 2019 when the previous occupier ceased trading. A lease was unable to be secured with the preferred bidder following initial marketing. Following re-marketing, 8 bids were received at a closing date in November 2020. Approval was sought to grant a new lease to Harem Murdochy, on the terms and conditions outlined in the report.

Decision

To approve a 20-year lease to Harem Murdochy of premises at 5 Hamilton Place, 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.)

22. Former Royal High School, Regent Road, Edinburgh – Options Paper

(a) Deputation – Urbanist Hotels

A written deputation was presented on behalf of Urbanist Hotels which outlined their ambition to develop the Former Royal High School into a hotel which they felt would be in line with the Council's planning brief for the site. The deputation requested that the committee make a fair decision based on evidence.

(b) Deputation – Royal High School Preservation Trust

A written deputation was presented on behalf of the Royal High School Preservation Trust (RHSPT) which outlined their proposal to develop the Former Royal High School into a National Music School. The deputation requested that the committee consider the benefits of their proposal, the public support which had been put forward and the funding which was in place for the development.

(c) Deputation – Cockburn Association, New Town & Broughton Community Council and Edinburgh World Heritage

A joint written deputation was presented on behalf of the Cockburn Association, New Town & Broughton Community Council and Edinburgh World Heritage which noted their support for the RHSPT's proposal. The deputation expressed their concerns regarding the proposal to develop the school into a hotel and requested that committee end the contract with Duddingston House Properties.

(d) Report by the Executive Director of Resources and the Executive Director of Place

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.

In response to a motion by Councillor Corbett, the City of Edinburgh Council had agreed that a report would be brought to the Finance and Resources Committee on the Former Royal High School, outlining the contractual relationship with the current developer and setting out options for moving forward with a viable and acceptable use for the building.

The latest position on the existing contract was confirmed and the options available to the Council moving forward were set out.

Decision

- 1) To note the current contractual position with Duddingston House Properties.
- 2) To agree to proceed with option 4 as set out in the report.
- 3) To instruct the Executive Director of Resources to proceed on the basis of that option, with a further progress paper to be brought to the Committee on 20 May 2021.

(References – Act of Council (no. 13) of 10 December 2020; 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.

On 20 October 2020, the Finance and Resources Committee approved the implementation of a rent-free proposal to provide assistance to tenants, where appropriate, due to the adverse impact of the Covid -19 pandemic. An update was provided on the implementation to date.

Decision

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

(References – Finance and Resources Committee, 20 October 2020 (item 23); report by the Executive Director of Resources, submitted.)

24. JC Decaux Contract

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

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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.

An update was provided on the position of the JC Decaux Advertising contract.

Decision

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

(References – Finance and Resources Committee, 20 October 2020 (item 23); report by the Executive Director of Resources, submitted.)