


# Business Bulletin

## **Governance, Risk and Best Value Committee**

**10.00am, Tuesday, 03 November 2020**

Teams Meeting

# Governance, Risk and Best Value Committee

| Convener:  | Members:   | Contact:  |
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| <p>Councillor Joanna Mowat</p>  | <p>Councillor Eleanor Bird<br/>Councillor Jim Campbell<br/>Councillor Maureen Child<br/>Councillor Phil Doggart<br/>Councillor Neil Ross<br/>Councillor Alex Staniforth<br/>Councillor Denis Dixon<br/>Councillor Gordon Munro<br/>Councillor Susan Rae<br/>Councillor Norman Work</p> | <p><a href="#">Lesley Birrell</a><br/>Committee Officer<br/>0131 529 4240</p> <p><a href="#">Martin Scott</a><br/>Assistant Committee Officer<br/>0131 529 4237</p> |

| Recent news  | Background   |
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| <p>At the meeting of the Committee on 29 September 2020, there was an agreed action arising from the referred month 3 revenue budget monitoring report from the Finance and Resources Committee which was to publish a copy of the correspondence between the City of Edinburgh Council and the Cabinet Secretary for Finance, along with HM Treasury, including details of any responses.</p> <ul style="list-style-type: none"> <li>The Head of Finance has issued the attached letter to the UK Treasury and, to date, no response has been received.</li> <li>The Council has engaged directly with the Cabinet Secretary for Finance and the letter from the Council Leader of 7 October 2020 is set out below. The Convenor of Finance and Resources has also confirmed that the Leader of the Council has requested to meet with the Cabinet Secretary for Finance to discuss the Council's financial situation.</li> </ul> | <p>Contact:</p> <p><a href="#">Hugh Dunn</a><br/>Head of Finance<br/>0131 469 3150</p> <p>Appendix 1 – Letter to UK Treasury</p> |

Kate Forbes MSP  
Cabinet Secretary for Finance  
The Scottish Government  
St Andrew's House  
Regent Road  
Edinburgh, EH1 3DG

Dear Kate,

### **Fair Work and the Living Wage in Adult Social Care**

As you know, Councils have played a key role in supporting local communities throughout the pandemic. I welcome the additional funding already announced by the Scottish Government including the recent allocation of £1.1 billion to support health and social care costs- meaning almost £30m of additional funding in the Capital. This together with the work underway to develop a scheme to address the additional financial impact on Councils of lost income is extremely helpful in helping us work through these issues. However, I am writing to seek your support in dealing with a specific funding issue Edinburgh has resulting from the delivery of the wage uplift- which has been agreed by the City's Integrated Joint Board and an uplift which I am 100% in support of.

At a meeting on 17 September 2020, the Council approved the direction from the EIJB to uplift contracts by 3.3% in line with the national agreement on the approach to Fair Work and the Living Wage in Adult Social Care. The national agreement reflects the shared commitment to ensuring that all people providing direct adult social care are paid the Living Wage and recognises the vital work carried out at all times by frontline care staff but especially so over the last six months. The Council decision will allow immediate implementation of the national agreement, backdated to April 2020.

As set out in the report to Council, the total cost associated with approved contract uplifts under national agreements is £6.7m with £3.3m of funding available through earmarked allocations. Taken together this creates an additional pressure in the EIJB 2020/21

budget of £3.4m. This additional cost will lead directly to an increase in the EIJB savings target.

The EIJB is currently reworking its budget to consider the financial impact of the national agreement and are therefore looking for some certainty as to the funding available to them to manage their financial position. The Board is reviewing their budget plans and the options they will need deploy to reach a balanced position.

When additional funding to support implementation of the national uplift was announced in June 2020 there was agreement to continue to engage with Integration Authorities and Local Government and NHS partners to address any immediate challenges. I would therefore request that you consider this request for additional funding to be provided to address the additional pressure of £3.4m thereby protecting services and supporting work to secure a balanced budget. I would like to be able to confirm the funding position by mid-October, to provide the EIJB with the certainty they will need as they prepare to review their mid-year financial position on 27 October.

I trust this letter is helpful in informing you of the position and look forward to an early response. I am happy to discuss any aspects with you.

Yours sincerely,

Councillor Adam McVey

Leader of the Council

The Internal Audit Covid-19 Response paper presented to the Governance, Risk, and Best Value Committee in June 2020 recommended that a four month extension should be applied to all currently open and overdue Internal Audit (IA) findings across the Council, enabling management to focus on ongoing resilience activities. This was approved, and it was agreed that the position would be reviewed again at the end of July.

The Corporate Leadership Team decided, following a report from the Chief Internal Auditor, in July 2020 that directorates would engage with IA to review their open IA findings to determine which findings should be prioritised for closure; whether any

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[Lesley Newdall](#)  
Chief Internal  
Auditor  
0131 469 3216

medium or low rated findings could be retrospectively risk accepted; and agree extended completion dates for findings where required. This work is currently ongoing and the report on revisiting IA extension timeframes will now be presented to the December meeting of the committee.

#### **Forthcoming activities:**

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Sir Thomas W Scholar KCB  
Permanent Secretary of HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

**Date** 28 August 2020

**Your ref** HD01/HMT

**Our ref**

Dear Sir,

In my capacity as the Chief Financial Officer of The City of Edinburgh Council, I have been asked to write to you in respect of a specific request on the temporary waiving of interest on PWLB loans.

At a recent meeting of the Council's Policy and Sustainability Committee, members of all parties agreed a motion requesting engagement, through COSLA and the Scottish Government, with the UK Government on a specific proposal that would assist in managing the pandemic's impacts in both the short and medium term. Given local government's crucial role at the forefront of the UK's recovery, the proposal would deliver exponential benefits and ensure that those most vulnerable to the pandemic continue to be protected during this critical phase.

In considering the motion, members noted that the UK Government could pass on to councils some of the combined benefits of the Bank of England's purchasing of government bonds since 2009, and the recent issuing of Treasury Bonds with negative yields, the effect of which has been to provide it with interest-free finance. This could enable the waiving of interest on existing loans from the PWLB which councils have used for essential infrastructure investment. For Edinburgh alone, waving this in full would deliver a saving of £32m each year to the General Fund, which could be used to protect services and jobs during these unprecedented times. In addition, there could be a £15 million per year saving to the Housing Revenue Account, allowing increased investment in Council housing stock which would create jobs and other benefits for the economy and for Edinburgh's citizens.

The proposal, by extension, would deliver significant benefits to councils across Scotland and the wider United Kingdom. In order to support wider sustainable recovery, I would suggest that a waiver of at least two years be considered and would welcome its further consideration by the UK Treasury and Scottish Government, set against the wider review of the fiscal framework.

I appreciate that discussions are on-going between partners at respective national levels but would ask that, as part of these, consideration also be given to this specific proposal which would facilitate vital investment at a time of national need.

Yours Faithfully

A black rectangular box redacting a signature. Faint handwritten marks are visible above and below the box.

Hugh Dunn  
**Head of Finance**