

# Item 4.1 - Minutes

## Finance and Resources Committee

10.00am, Tuesday, 3 February 2015

### Present

Councillors Rankin (Convener), Bill Cook (Vice-Convener), Corbett, Dixon, Edie, Godzik, Griffiths, Ricky Henderson, Jackson, McVey, Walker and Whyte.

### Also in attendance

Councillor Child.

### 1. Deputation: Edinburgh Voluntary Organisations' Council - Feedback from Budget Engagement 2015/16

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The Committee agreed to hear a deputation from Ella Simpson, Director of Edinburgh Voluntary Organisations' Council (EVOC).

The main points raised by Ms Simpson were:

- The Voluntary Sector provided a wide range of services which had a greater monetary value than the grants provided from the Council in terms of supporting people to reach their full potential.
- Partnership working between the voluntary sector and the Council was important in terms of addressing inequality, poverty and social injustice.
- It was important for the Council to consider the unintended consequences of the fiscal decisions made during budget setting on the citizens of Edinburgh.
- The third sector focussed on crisis prevention through early intervention which was more cost effective.
- Extra demand for support from third sector agencies from individuals that had been affected by welfare reform would put extra pressure on these agencies.

Councillor Maureen Child, as Convener of the Communities and Neighbourhoods Committee and Voluntary Sector Champion, offered her support to the deputation. Councillor Child recognised that the Council must balance the budget but stressed the need to act smarter and work with partners to reach vulnerable groups.

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

(Reference – presentation from EVOC “The Year of Reckoning” provided via e-mail dated 6 January 2015, submitted.)

## 2. Budget Proposals: Overview of Feedback and Engagement

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Details were provided on the findings of the budget engagement around the 2015/16 budget proposals and indicative budgets for 2016/17 and 2017/18.

### Decision

- 1) To note the report and the emerging themes of the feedback from the engagement.
- 2) To note that the outcome of the engagement and budget decisions would be communicated through the process of setting the Council's Budget for 2015/16.
- 3) To refer the report to all Executive Committees and partner agencies for information.

(References – Finance and Resources Committee, 27 November 2014 (item 11); report by the Director of Corporate Governance, submitted.)

## 3. Minutes

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### Decision

To approve the minute of the Finance and Resources Committee of 15 January 2015 as a correct record.

## 4. Key Decisions Forward Plan

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The Finance and Resources Committee Key Decisions Forward Plan from 3 February 2015 to 19 March 2015 was presented.

### Decision

To note the Key Decisions Forward Plan from 3 February 2015 to 19 March 2015.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, 3 February 2015 to 19 March 2015, submitted.)

## 5. Rolling Actions Log

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The Finance and Resources Committee Rolling Actions Log for 29 August 2013 to 15 January 2015 was submitted.

### Decision

- 1) To note the Rolling Actions Log.
- 2) To note that items 10, 11(action 1), 12, 15, 18, 19 and 24 were closed.

(Reference – Rolling Actions Log, 29 August 2013 to 15 January 2015, submitted.)

## 6. Health and Social Care: Draft Integration Scheme Consultation

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Committee considered a report on the Health and Social Care Draft Integration Scheme which was brought to the Finance and Resources Committee for its views as part of the formal consultation.

### Decision

- 1) To note the Health and Social Care Draft Integration Scheme.

- 2) To provide comments on the Health and Social Care Draft Integration Scheme.
- 3) To note the Health and Social Care Draft Consultation Plan.
- 4) To note the timeline for responses, the reasons for the short consultation period and the tight timescale for collation of responses and adjustments of the Scheme prior to submission to Scottish Government.

### **Declarations of Interest**

Councillors Edie and Ricky Henderson declared financial interests as Chair of the Care Inspectorate and as a non-Executive Director of NHS Lothian, respectively.

(References – Health, Social Care and Housing Committee, 27 January 2015 (item 14); report by the Director of Health and Social Care, submitted.)

## **7. Health and Social Care Financial Position 2014/2015**

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Details were provided of the remaining projections, pressures, and risks in the Health and Social Care budget after delivery of mitigating actions saving £2.3m.

### **Decision**

In light of significant and continuing pressures on the Health and Social Care Budget, originally highlighted at the Finance and Resources Committee in November 2014, the Capital Coalition instructed the Chief Executive to implement the following actions:

- 1) To undertake an immediate review of current financial position within Health and Social Care.
- 2) To note that the current predicted Departmental overspend, for 2014/15, stood at £4.75million; to agree to supplement strong internal financial controls by allocating monies from the Council Priorities Fund to cover this deficit, for this year only; and to refer the report to the Budget Council Meeting of 12<sup>th</sup> February 2015 for formal approval to use the Council Priorities Fund to cover the £4.75 million deficit.
- 3) To instruct the Chief Executive (with input from the Heads of Finance and Internal Audit) , given potential pressures for future years, to specifically review the current and medium-term financial position of the Health and Social Care budget and the financial modelling and monitoring systems.
- 4) To agree to chair monthly budget monitoring and challenge meetings for each primary service area with appropriate political representation.
- 5) To note that the review also considered the continuing financial implications of the Health and Social Care Integrated Authority process.
- 6) To agree to continue dialogue with the Scottish Government concerning the medium to long-term funding arrangements for the new Integration arrangements.
- 7) To report back to the Finance and Resources Committee on 19 March 2015 with all progress made.

### **Declarations of Interest**

Councillors Edie and Ricky Henderson declared financial interests as Chair of the Care Inspectorate and as a non-Executive Director of NHS Lothian, respectively.

(References – Finance and Resources Committee, 15 January 2015 (item 7); report by the Director of Health and Social Care, submitted.)

## **8. Revenue Budget 2015/18 – further update**

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Committee considered a report detailing a number of further issues for consideration in setting the Council's 2015/16 revenue budget as part of a longer-term framework on 12 February 2015.

### **Decision**

To note the issues for consideration outlined within the report and to refer the contents to Council as part of setting the 2015/16 revenue budget on 12 February 2015.

(References – Finance and Resources Committee, 15 January 2015 (item 15); report by the Director of Corporate Governance, submitted.)

## **9. Council Revenue Budget Framework 2015/18 – Impact Assessments**

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A summary was presented of the main potential equality and rights impacts of the proposals described within the draft Revenue Budget Framework 2015/18 and recommendations for mitigating the potential equality and rights impacts.

### **Decision**

- 1) To note the potential equality and rights impacts associated with the revenue budget 2015/18 options, and the recommendations to mitigate potential negative impacts.
- 2) To note the cumulative equality and rights impacts across all revenue budget options.
- 3) To note the summary analysis of carbon, prevention and partnership impact assessments of revenue budget options.
- 4) To refer the report for consideration at the Council budget meeting on 12 February 2015.

(References – Finance and Resources Committee, 13 February 2014 (item 4); report by the Director of Corporate Governance, submitted.)

## **10. Housing Revenue Account Budget 2015/16**

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Details were provided of the proposed Housing Revenue Account (HRA) for 2015/16. The budget was presented to Council annually and was based on the 30 year HRA Business Plan.

### **Decision**

- 1) To note the progress in delivering new Council homes that fulfilled the Scottish Housing Quality Standard and high levels of tenant satisfaction.
- 2) To note the potential risks to the Housing Revenue Account (HRA) and how these were being managed.

- 3) To refer the report to the City of Edinburgh Council Budget Meeting on 12 February 2015 for approval.

(References – Health, Social Care and Housing Committee, 11 November 2014 (items 12 and 14); report by the Acting Director of Services for Communities, submitted.)

## **11. Preventing Homelessness – Domestic Abuse Work Stream Update – referral report from the Health, Social Care and Housing Committee**

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The Health, Social Care and Housing Committee on 27 January 2015 considered a report on the progress made to reshape services for women suffering domestic abuse. The report was referred to the Finance and Resources Committee to consider the commissioning approach.

### **Decision**

To note the commissioning approach.

### **Declaration of Interest**

Councillor Corbett declared a financial interest as an employee of Shelter Scotland.

(References – Health, Social Care and Housing Committee, 27 January 2015 (item 17); report by the Acting Director of Services for Communities, submitted.)

## **12. Living Wage and Workforce Related Matters in Procurement**

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Details were provided of the Council's decision to pay all Council employees the Edinburgh Living Wage on 1 January 2013. To support the Council's commitment to encourage wider adoption amongst contractors, approval was sought for proposals to pilot an approach that would encourage the Living Wage and other favourable workforce related conditions through the tender process.

### **Decision**

- 1) To note the report.
- 2) To agree to pilot an approach that encouraged the Living Wage and other favourable workforce related conditions through the tender process, with a suitable candidate contract being identified from the Council's Contract Register (expiring in the next nine to twelve months).
- 3) To agree that the pilot was evaluated, with the results reported back to Finance and Resources Committee. A decision would then be taken on the approach to Living Wage and workforce related conditions that should be pursued as standard in future tender evaluations.

(Reference – report by the Director of Corporate Governance, submitted.)

## **13. Commercial and Procurement Services – Contract Register Update**

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A progress report was provided on the process of updating the Council's Contract Register.

## **Decision**

To note the report.

(References – Finance and Resources Committee, 5 June 2014 (item 19); report by the Director of Corporate Governance, submitted.)

### **14. Adoption of Collaborative Framework Agreement for the Supply and Distribution of Fruit and Vegetables, Bakery Products and Free Range Eggs from 1 March 2015 until 28 February 2017 with and option to extend for one year**

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Approval was sought to adopt the Framework Contract for the Supply and Distribution of Fruit and Vegetables, Bakery Products and Free Range Eggs.

#### **Decision**

- 1) To approve that the Framework Agreement for the supply and distribution of Fruit and Vegetables, Bakery Products and Free Range Eggs was awarded to George Anderson and Sons from 1 March 2015 – 28 February 2017 with an optional 12 month extension.
- 2) To approve the use of the other suppliers on the framework, as a contingency measure, should there be a need.

(Reference – report by the Acting Director of Services for Communities, submitted.)

### **15. Extension of Service Level Agreement for Changeworks Resources for Life**

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Approval was sought for the extension of the Service Level Agreement for Changeworks Resources for Life (Changeworks) which provided services to the Council for housing energy advice.

#### **Decision**

- 1) To agree to extend the Service Level Agreement (SLA) with Changeworks Resources for Life until 31 March 2016 to allow for service requirements and procurement options to be reviewed.
- 2) To note that future provision of energy related services would be reported to Finance and Resources Committee in Autumn 2015.

#### **Declaration of Interest**

Councillor McVey declared a non-financial interest as a Director of Changeworks.

(References – Act of Council (No. 4), 20 November 2014; report by the Acting Director of Services for Communities, submitted.)

### **16. Hyvots Regeneration – Disposal of Site Known as Phase 7**

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Committee considered a report which sought approval for the disposal of the site which was known as Phase 7 (“the site”), as it was declared surplus to operational requirements.

## **Decision**

- 1) To approve the disposal of the Hyvots Phase 7 site to Dunedin Canmore Housing (DCH) on the terms outlined at section 3.1 of the report, as well as any additional terms and conditions agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.
- 2) To grant authority to the Acting Director of Services for Communities to negotiate and conclude the sale of the site.

(References – Finance and Resources Committee, 31 July 2012 (item 23); report by the Acting Director of Services for Communities, submitted.)

## **17. Extension of Contract for the Service and Maintenance of Building Energy Management Systems**

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Approval was sought to extend the current arrangements with the Energy Solutions Group (ESG) for the service and maintenance of Building Energy Management Systems (BEMS) for the Council's non-housing operational properties.

### **Decision**

- 1) To approve the extension of the existing Council Building Energy Management Systems (BEMS) service and maintenance contract with the Energy Solutions Group (ESG), until 31 March 2016, or until the new contracts which were currently being procured were in place, whichever was sooner.
- 2) To note that a business plan would be submitted to the Finance and Resources Committee on 13 May 2015, detailing the strategy for the tender for the upgrade and/replacement of the BEMS, including servicing and maintenance.

(Reference – report by the Acting Director of Services for Communities, submitted.)

## **18. National Housing Trust Phase 3 – Procurement**

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Committee considered a report which sought approval to award four contracts for the development of up to 413 mid-market rented homes under the National Housing Trust (NHT) Phase 3 initiative. This was subject to the approval of additional borrowing by the Council and necessary statutory consents being obtained by the developers.

### **Decision**

- 1) To approve the award of contracts for the delivery of up to 413 mid market rent (MMR) homes under the National Housing Trust (NHT) Phase 3, subject to Council approval for additional borrowing and confirmation of the Scottish Government capital and revenue guarantee, for the following projects:
  - a) Chesser Developments Limited for up to 80 homes at Fruitmarket, with an on-lending requirement of up to £9,153,123.
  - b) FP Newhaven Two Limited for up to 138 homes at Western Harbour, with an on-lending requirement of up to £17,284,583;

- c) The Walled Garden (Edmonstone) Limited for up to 28 homes at The Walled Garden, Old Dalkieth Road, with an on-lending requirement of up to £4,703,832.
  - d) Places for People Shrubhill Limited for up to 167 homes at Shrubhill, Leith Walk, with an on-lending requirement of up to £23,856,089.
- 2) To authorise the Acting Director of Services for Communities (or an alternative officer designated by him in writing) to finalise the terms of the contractual documentation based on the terms set out in the report, as well as any amendments the Acting Director of Services for Communities (or designated officer) deemed appropriate, and thereafter arrange for the contract to be entered into on behalf of the Council and the said award of contracts effected.
  - 3) To refer the report to full Council on 12 February 2014 to seek approval for the additional borrowing of up to £54,997,627.
  - 4) To note the Council was required to enter into four separate Limited Liability Partnerships with the Scottish Futures Trust (SFT) for each of the four developments, in order to acquire and manage the homes.
  - 5) To note that borrowing of £48,070,975 for on-lending to Registered Social Landlords (RSLs) previously approved by the Finance and Budget Committee on 6 June 2013 and 29 August 2013, was no longer required.
  - 6) To note that a report on the progress of NHT would be presented to the Finance and Resources Committee in the third quarter of 2015/16.
  - 7) To note the report and the authorisations made under delegated authority.

(References – Finance and Resources Committee, 5 June 2014 (item 17); report by the Acting Director of Services for Communities, submitted.)

## **19. Extension of Service Level Agreement with Edinburgh Tenants' Federation**

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Details were provided of a report which sought to extend the current Service Level Agreement (SLA) between the Council and Edinburgh Tenants Federation (ETF) until the end of March 2016. ETF provided services to the Council to assist it to meet its statutory responsibilities to promote effective tenant participation.

### **Decision**

- 1) To agree to extend the Service Level Agreement (SLA) with Edinburgh Tenants Federation (ETF) until 31 March 2016 to allow for service requirements and procurement options to be reviewed.
- 2) To note that future provision of tenant participation related services would be reported to Finance and Resources Committee in Autumn 2015.

(Reference – report by the Acting Director of Services for Communities, submitted.)

## 20. External Funding Initiative – Spend to Save Programme

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An update was provided on progress since the appointment of the external funding officers in October 2014 to establish a new “Whole Council” approach to external funding.

### Decision

- 1) To note the mapping of Council External Funding received in the last four years.
- 2) To note the work to date of the External Funding Team and External Funding Group and current bids.
- 3) To agree the basis by which officer activity could reimburse the “Spend to Save” fund.

(Reference – report by the Director of Economic Development, submitted.)

## 21. Review of Community Access to Schools – Revised Scale of Charges

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Approval was sought to implement the revised scale of charges for use of secondary school facilities and participation in Adult Education programmes on a phased basis starting in August 2015.

### Decision

To approve the implementation of the appended revised scale of charges for participation in Adult Education programmes and use of secondary school facilities across the city from August 2015.

(References – Education, Children and Families Committee, 20 May 2014 (item 11); report by the Director of Children and Families, submitted).

## 22. Property Conservation – Programme Momentum Progress Report

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An update was provided on the progress of the property conservation programme momentum.

### Decision

- 1) To note the management information dashboard reports in Appendix 1 of the report.
- 2) To note that the current powers of delegation would expire on 31 March 2015 and to approve an extension of the current delegated authority arrangements until 31 December 2015.
- 3) To note the update on the new enforcement service.

(References – Finance and Resources Committee, 15 January 2015 (item 29); report by the Director of Corporate Governance, submitted).

## **23. Summary Report on Property Transactions concluded under Delegated Authority**

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Details were provided of all lease agreements, etc concluded in terms of the Council's 'Scheme of Delegation to Chief Officials'.

### **Decision**

To note that the 65 transactions detailed in the Appendix to the report had been concluded in terms of the Council's 'Scheme of Delegation to Chief Officials'.

(Reference – report by the Acting Director of Service for Communities, submitted.)

## **24. Sale of Cammo Home Farm Steading, 37 Cammo Road, Edinburgh**

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Approval was sought for the sale of Cammo Home Farm Steading at an adjusted price to reflect fire damage to the steading. The Acting Director of Services for Communities was authorised to negotiate the price reduction in consultation with the Convener and Vice-Convener of the Finance and Resources Committee.

### **Decision**

- 1) To approve the reduction in purchase price from £727,000 to £627,000 (both inclusive of legal and surveyors fees).
- 2) To agree that it was an essential condition of the sale that the purchaser restored the listed building and, to that end, entered into a lease of the steading with an option to purchase once the restoration was completed.
- 3) To approve that the lease and sale be completed on the terms set out in the report and on such other terms to be agreed by the Acting Director of Services for Communities and Head of Legal, Risk and Compliance.
- 4) To agree that, if the sale to Kamran Akbar did not proceed, an application for delisting would be submitted to Historic Scotland and the property remarketed for sale.

(References – Finance and Resources Committee, 28 August 2014 (item 24); report by the Acting Director of Services for Communities, submitted.)

## **25. Proposed lease extension at Mary King's Close, City Chambers**

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Details were provided of a report that sought approval to provisionally agree terms to lease additional space in the City Chambers to Continuum to allow them to extend the Marys Kings Close visitor attraction.

### **Decision**

To approve a 25 year lease extension and revised leased area at the City Chambers to the Continuum Group on the terms outlined in the report and on the other terms and conditions to be agreed by the Acting Director of Services for Communities and Head of Legal, Risk and Compliance.

(Reference – report by the Acting Director of Services for Communities, submitted.)

## 26. Princes Street Gardens – National Galleries of Scotland Proposed Extension

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Approval was sought to open negotiations with National Galleries of Scotland (NGS) for the sale a strip of land which formed part of Princes Street Gardens and to commence seeking the necessary consents to release the land for sale.

### **Decision**

- 1) To note proposals by the National Galleries of Scotland (NGS) to extend the National Gallery.
- 2) To authorise the Acting Director of Services for Communities to enter into negotiations with NGS for the sale of a strip of land at Princes Street Gardens.
- 3) To note that submission of a private bill to the Scottish Parliament was made to enable the release of the land for sale, and, if required, an application to the Court of Session.
- 4) To note that provisionally agreed terms for the proposed sale to NGS would be reported back to Finance and Resources Committee for approval.

(Reference – report by the Acting Director of Services for Communities, submitted.)

## 27. Proposed Ground Lease to Braidwood Bike Group

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Committee considered a report which sought approval to grant a 25 year lease to the Braidwood Bike Group to allow the set up of a bike skills facility.

### **Decision**

To approve the grant of a 25 year lease of 0.805 hectares (1.99 acres), or thereby, of land at Braidwood Gate, Dumbiedykes, to the Braidwood Bike Group on the terms and conditions contained in the report and on other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.

(Reference – report by the Acting Director of Services for Communities, submitted.)

## 28. Proposed New Lease – Unit 22, Muirhouse Shopping Centre

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Approval was sought to grant a new five year lease, with an option to extend for a further five years, to Whitecross Dental Care Limited. This would allow the establishment of a replacement dental practice within Unit 22 of the Muirhouse Shopping Centre.

### **Decision**

To approve the grant of a five year lease, with an option to extend the lease for a period of five years, to Whitecross Dental Care Limited, of Unit 22, Muirhouse Shopping Centre, on the terms outlined in the report and on the other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.

(References – Act of Council (No.10), 11 December 2014; report by the Acting Director of Services for Communities, submitted.)

## **29. Proposed New Lease – Unit 12, Muirhouse Shopping Centre**

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Details were provided of a report that sought approval to grant a new five year lease with an option to extend for a further five years at Unit 12 of Muirhouse Shopping Centre.

### **Decision**

To approve the grant of a five year lease, with an option to extend for a period of five years, to Mr Tendayi Chengeta of Unit 12, Muirhouse Shopping Centre, on the terms outlined in the report and on the other terms and conditions to be agreed by the Acting Director of Services for Communities and the Head of Legal, Risk and Compliance.

(Reference – report by the Acting Director of Services for Communities, submitted.)

## **30. Resolution to consider in private**

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### **Decision**

The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the following items of business on the grounds that they involved the disclosure of exempt information as defined in Paragraphs 6 and 9 of Schedule 7(A) of the Act.

## **31. Property Conservation – Irrecoverable Sums; Debt Recovery and Settlements Procedures and Timescales**

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Committee were provided with an update on irrecoverable sums approved under delegated authority and approval was sought for irrecoverable sums in excess of £100,000 per project. Details on settlement procedures and projected timetable for settling outstanding cases were also contained within the report.

### **Decision**

- 1) To note the irrecoverable sums of less than £50,000 authorised using existing delegated authority in Appendix 1 of the report.
- 2) To note the irrecoverable sums in excess of £50,000 but less than £100,000 authorised using delegated authority in Appendix 2 of the report.
- 3) To authorise the irrecoverable sums in excess of £100,000 per project as set out in Appendix 3 of the report.
- 4) To note the provision for impairments and settlements in Appendix 4 of the report.
- 5) To note the settlements procedures, projected timescale and resources required to conclude outstanding cases.

(References – Finance and Resources Committee, 15 January 2015 (item 29); report by the Director of Corporate Governance, submitted.)

## **32. Extension of Service Arrangement with Johnston Press**

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Approval was sought to continue to purchase services from Johnston Press for advertising Council and housing association homes

### **Decision**

To agree to continue to purchase services from Johnston Press for the purpose of letting social rented homes.

(Reference – report by the Acting Director of Services for Communities, submitted.)