

Finance and Resources Committee

10.00am, Thursday, 29 October 2015

Present

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

1(a) Deputation: Unison and Unite - Transformation Programme: Progress Report and Managing Workforce Change

The Committee agreed to hear a deputation from Amanda Kerr, Tom Connolly and Gerry Stovin of Unison and Peter Lawson of Unite.

The main points raised by the deputation were:

- Clarity has still not been provided to staff on who would be affected by the proposed reductions in staff.
- UNISON and Unite were concerned at the pace of change proposed through the Transformation Programme. It was proposed that approximately 950 staff would be lost over the next 6 months. This was not enough time to carry out meaningful consultation about redundancies.
- Alternative proposals were submitted by UNISON and Unite to tackle the debts faced by the City of Edinburgh Council.
- The City of Edinburgh had pre-devolution debts of £380 million and £32 million was paid to the Treasury each year toward these debts.
- There should be an amnesty on pre-devolution debts.
- UNISON and Unite would like to work collaboratively with GMB, the Scottish Government and COSLA to find a long-term solution to the financial challenges facing the Council.

The Convener thanked the Deputation for their presentation and invited them to remain for the Committee's consideration of the reports by the Deputy Chief Executive and Chief Executive respectively.

1(b) Deputation: Edinburgh Trade Union Council - Managing Workforce Change

The Committee agreed to hear a deputation from Des Loughney and Les Huckfield of the Edinburgh Trade Union Council.

The main points raised by the deputation were:

- Concerns were raised about the assertion that Council services and outcomes would be improved and a sustainable budget position would be achieved by a reduction in staff through voluntary and compulsory redundancies.
- The acceleration of the transformation programme and the proposed redundancies was a cause for concern and did not provide enough time for any meaningful consultation to take place with unions and the communities that would be effected by changes to front line services.
- Additional income could be raised if the Scottish Government allowed local authorities to introduce a transient visitor levy, a supermarket levy, a parking levy and to lift the freeze on Council Tax.
- The locality model could result in privatisation of services in the longer term due to third sector organisations only being able to deliver services for a short period of time and the requirement to go out to tender to deliver these services.
- More detailed discussion was required with officials on the proposals described in the report.

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

1(c) Transformation programme: Progress Update

Committee considered the update report on the Transformation Programme which included the revised savings targets and an outline plan for delivery.

Decision

- 1) To note the revised savings targets as outlined in paragraphs 3.5 and 3.6 of the report.
- 2) To note that the achievement of the savings was dependent on the Council's ability to reduce its workforce and that there was a further report on the agenda which sets out the requirement for compulsory redundancy to be re-introduced as a last resort.
- 3) To note the outline accelerated programme set out in Appendix 1 of the report.
- 4) To note the final Tier 2 (Head of Service) structure as set out in Appendix 2 of the report.
- 5) To note the management information dashboards attached as Appendix 3 of the report.

(References – Finance and Resources Committee 24 September 2015, (Item 2(b); report by the Deputy Chief Executive, submitted.)

1(d) Managing Workforce Change

An update report was provided on the recent targeted Voluntary Early Release Arrangement exercise alongside the dialogue between officers and Unions regarding the need for workforce reduction.

Decision

- 1) To note the current requirement for savings of £126million over the next 4 years, including £60 million of savings released by staff leaving the Council.
- 2) To note the dialogue with Trade Unions to date and the Trade Unions position on cuts in public services and compulsory redundancies.
- 3) To acknowledge the need to reduce the number of staff by encouraging employees to apply for voluntary severance. In order to encourage the maximum participation in the voluntary severance scheme, the following adjustments would be made:
 - a. Committee approves a revision of interim VERA terms to better incentivise early voluntary release; and now adjusts:
 - i. Appendix 1, paragraph 1.1, 2nd bullet-point, to read:
“The number of weeks’ pay would be multiplied by a factor of 2.7”
 - ii. Appendix 1, paragraph 1.2, 2nd bullet-point, to read:
“The number of weeks’ pay would be multiplied by a factor of 1.7”
 - b. The Committee further approves revised Voluntary Severance and Redundancy terms to minimise the need to use compulsory redundancy; and now adjusts:
 - i. Appendix 2, paragraph 2.1, 3rd bullet-point, to read:
“The number of weeks’ pay would be multiplied by a factor of 2.7”
 - ii. Appendix 2, paragraph 2.2, 3rd bullet-point, to read:
“The number of weeks’ pay would be multiplied by a factor of 1.7”
- 4) To instruct the Chief Executive to establish suitable monitoring and reporting including detailed figures for VERA, Voluntary Severance and the Career Transition Service. Reports would be formally presented to the Finance and Resources Committee on a 4 weekly cycle.
- 5) To note the recent formal issue of “Proposed Redundancies at City of Edinburgh Council (CEC)”, via an HR1 notification, sent to; Local Government Trade Union, Regional Representatives, on 9th October 2015.
- 6) To agree to formally determine the extent to which compulsory redundancies would be implemented – following the vigorous promotion of the recommendations at 1.3 (as adjusted) above when the formal service review was completed and the staff reduction target was not met or no other financial mechanism for balancing the budget was found.
- 7) To agree that the Convener and Vice-Convener would meet with officers to determine the content of the dashboard as an active management tool and to

include information on the redeployment figures in future reports and promote the career transition service as available to all staff.

- 8) To note the extension of the VERA offer to staff for a further two weeks on the revised terms and conditions as agreed by Committee.

(References – Finance and Resources Committee 24 September 2015, (Item 7); report by the Chief Executive, submitted.)

2. Minutes

Decision

To approve the minute of the Finance and Resources Committee of 24 September 2015 as a correct record.

3. Business Bulletin

The Finance and Resources Committee Business Bulletin for 29 October 2015 was presented.

Decision

To note the Business Bulletin.

(Reference - Finance and Resources Committee Business Bulletin, 29 October 2015, submitted.)

4. Key Decisions Forward Plan

The Finance and Resources Committee Key Decisions Forward Plan from 29 October 2015 to 29 November 2015.

Decision

To note the Key Decisions Forward Plan from 29 October 2015 to 29 November 2015.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, 29 October to 26 November 2015, submitted.)

5. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log for 29 August 2013 to 24 September 2015 was submitted.

Decision

To note that Items 2, 3, 5, 6, 7, 8 (actions 2 and 3), 10, 11, 12, 13, 14, 19, 20, 21 and 26 had been closed.

(Reference – Rolling Actions Log, 29 August 2013 to 24 September 2015, submitted.)

6. Revenue Monitoring 2015/16 – Half Year Position

Committee considered a report on the current year revenue monitoring position for the Council, based on period five data. The full-year outturn forecast showed a balanced position across all areas, albeit there were significant risks and pressures to be managed throughout the remainder of the financial year to achieve this.

Decision

- 1) To note the projected balanced position at month five, subject to delivery of additional savings within Health and Social Care as noted below.
- 2) To note the Health and Social Care forecast overspend of £0.8 million after mitigating actions and instruct the service to report further to the Committee's meeting on 26 November 2015, setting out progress in the delivery of mitigating measures with the action plan as necessary to deliver at least a further £0.8 million of net savings.
- 3) To note the on-going risks and challenges in achieving the necessary offsetting savings across other areas of the budget which would require further management actions and active scrutiny for the remainder of the year.
- 4) To note the balanced position projected on the Housing Revenue Account (HRA) after making a £17 million contribution towards the construction of new homes.

(References – Finance and Resources Committee 24 September 2015, (Item 19); report by the Deputy Chief Executive, submitted.)

7. Capital Monitoring 2015/16 – Half Year Position

Details were provided of the Capital Monitoring 2015/16 month five position which showed the Council was projecting to borrow £28.598 million and would be in receipt of grants and capital income that amounted to £119.439 million. Together this would fund projected capital investment of £148.037 million.

Decision

- 1) To note the projected capital outturn positions on the General Fund and Housing Revenue Account (HRA) at month five.
- 2) To note the additional requirement of £0.2 million as part of the Council contribution to the National Performance Centre for Sport and that this had been contained within existing resources within the Capital Programme.
- 3) To note the prudential indicators at month five.
- 4) To note the acting Director of Services for Communities was closely monitoring the capital receipts position.
- 5) To refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

(References – Finance and Resources Committee, 27 August 2015 (item 14); report by the Deputy Chief Executive, submitted.)

8. Corporate Governance Revenue Budget Monitoring 2015/16 and Capital Investment Programme – Month Five Position

An update was provided on the Corporate Governance revenue budget performance for 2015/16, based on actual expenditure and income to the end of August 2015 and expenditure and income projection for the remainder of the financial year.

Decision

- 1) To note the Corporate Governance service was currently projecting expenditure within the approved revenue budget for 2015/16.
- 2) To note the risks to the achievement of a balanced revenue budget projection.
- 3) To note the expenditure on the Corporate Governance Capital Investment Programme was projected to be in line with budget.

(References – Finance and Resources Committee, 24 September 2015 (item 6); report by the Deputy Chief Executive, submitted.)

9. Local Development Plan – Action Programme: Financial Assessment and Next Steps

Committee considered a report on the financial implications of the infrastructure requirements of the Local Development Plan (LDP) Action Programme on future capital and revenue budgets. Details of the potential funding sources available to the Council to support this infrastructure and the alternative supplementary income streams to be investigated were also presented.

Decision

- 1) To note the current second proposed Action Programme detailed in Appendix 1 of the report.
- 2) To approve the conclusions of the Local Development Plan (LDP) Action Programme Financial Assessment detailed in Appendix 2 of the report.
- 3) To agree that updates would be provided as these become available and that consideration would be given to any funding pressure that arose from the LDP infrastructure identified within the Action Programme.
- 4) To agree the possible funding solutions that might be considered to deliver the infrastructure identified within the Action Programme.
- 5) To agree that the Council would engage with the Scottish Government in moving forward with alternative funding sources.
- 6) To agree the next steps.

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

10. Discretions Policy Statement – Regulation 58 the Local Government Pension Scheme (Scotland) Regulations 2014

Details were provided of the Local Government Pension Scheme (Scotland) Regulations 2014 came into effect on 1 April 2015. The new regulations included some changes to the discretions that were available to some employers who were members of the Local Government Pension Scheme.

Decision

To approve the Discretions Policy Statement.

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

11. Council Tax Empty Properties – Procedure Review

Details were provided of the revised charging procedure designed to reduce the number of empty properties in the city. The procedure included a 50 per cent Council Tax reduction, for up to 24 months, for properties that were actively being marketed for sale and rent.

Decision

- 1) To note that the implementation of the revised empty property procedure in 2014 had successfully reduced the number of long standing empty properties in Edinburgh.
- 2) To approve the proposal to reduce the discount applied to empty properties that were actively being marketed for sale or let from 50 per cent to 10 per cent with the 200 per cent charge still being applied after 24 months. This would be introduced from April 2016.
- 3) To approve ring fencing £75,000 from the additional Council Tax collected to support the Council Tax administration process.

Declaration of Interest

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

(References - Corporate Policy and Strategy Committee, 3 September 2013 (item 5); report by the Deputy Chief Executive, submitted.)

12. Civic Hospitality Policy

Approval was sought for a revised Civic Hospitality Policy. Changes to the level of delegation were also proposed to ensure the value remained at an appropriate level to enable the efficient management of civic hospitality and to ensure clear accountability.

Decision

To approve the Civic Hospitality Policy set out in Appendix 1 of the report.

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

13. Health and Social Care Integration - Update

An update was provided on the integration of Council social care functions with NHS Lothian health functions under the Public Bodies (Joint Working)(Scotland) Act 2014.

Decision

- 1) To note the additional information on the relationship between the Council and the Edinburgh Integration Joint Board (EIJB) detailed in Appendix 1 of the report.
- 2) To refer the report to the Governance, Risk and Best Value Committee for scrutiny.
- 3) To note progress with high level management actions to address the recommendations in the assurance reports.
- 4) To note the dependencies with Council transformation projects.

Declarations of Interest

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

(References – Finance and Resources Committee, 24 September 2015 (item 18); report by the Chief Social Work Officer, submitted.)

14. Retender of Care at Home Contracts

Approval was sought for a further extension of contracts for a period of one year pending the completion of a procurement process designed to lead to the award of new Care at Home contracts during the course of 2016.

Decision

- 1) To note that an extension to current Care at Home contracts with providers from 3 to 29 October 2015 was granted under urgency provisions by the Chief Social Work Officer, in consultation with the Convener and Vice-Convener of the Finance and Resources Committee.
- 2) To approve a further extension of Care at Home contracts with the providers listed at Appendix 1 of the report from 30 October 2015 for a period of up to one year, pending the completion of a procurement process designed to lead to the award of new Care at Home contracts during 2016.
- 3) To note the contract renewal governance arrangements and the likely financial impact of the announcement by the UK Government of a new National Living Wage (NLW) from 1 April 2016 on future Care at Home contract costs.

Declaration of Interest

Councillor Paul Edie declared a financial interest as Chair of the Care Inspectorate.

(Reference – report by the Chief Social Work Officer, submitted.)

15. Redhall House and Lawn – Progress Report

An update was provided on the progress of the restoration of Redhall House.

- 1) To note the current position in the planning application process.

- 2) To note that legal action would remain on hold whilst a negotiated solution was pursued.
- 3) To request an update report was brought to the Finance and Resources Committee at the conclusion of the planning process.

(References – Finance and Resources Committee, 4 June 2015 (item 19); report by the Acting Director of Services for Communities, submitted.)

16. Extension of Contingency Framework Agreement for Snow and Ice Maintenance

Approval was sought to extend the Contingency Framework Agreement for Snow and Ice Maintenance to 30 April 2016 up to a value of £900,000.

Decision

To approve the extension to the contingency Framework Agreement with Assist Managed Services Limited, Premier One (Land Services) Limited, Lightways (Contractors) Limited and M&M Road Surfacing Limited for the clearance of snow and ice from Edinburgh's pavements and public open spaces to 30 April 2016, up to the value of £900,000.

(References – Finance and Resources Committee, 30 August 2011 (item 8); report by the Acting Director of Services for Communities, submitted.)

17. Youth Work Services Design

Committee considered a report on the redesign of youth work services using co-production contractual arrangements with the providers listed in Appendix 1 of the report. Approval was sought for the award of extensions of contracts for up to 8 providers based on the negotiated specifications that reflected a renewed focus on open youth work provision.

Decision

To approve the award of extensions of contracts for up to 8 providers based on the negotiated specifications that reflected a renewed focus on open youth work provision.

(Reference – report by the Executive Director of Communities and Families, submitted.)

18. Framework Agreement for Fostering Placements – Lot 1 – Core Placements, Lot 2 – Specialist Placements

Approval was sought for the award of the Framework Agreement for Fostering Placements, Lot 1 – Core Placements and Lot 2 – Specialist Placements. The term of the contract would be two years with an option to extend up to one or two years.

Decision

- 1) To approve the appointment of the following providers for two years, with the option to extend up to one or two years:

1.1.1 Lot 1 – Core Placements – Core Assets Fostering and Fostering Relations

- 1.1.2 Lot 2 – Specialist Placements – Aberlour Child Care, Action for Children, Barnardos, Core Assets Fostering, Fostering Relations, Fosterplus Limited, SWIIS Foster Care Scotland Ltd, The National Fostering Agency (Scotland) Ltd.

Declarations of Interest

Councillors Denis Dixon and Adam McVey declared non-financial interests as a member of the BIG Board of Management and a member of the Citadel Board of Management, respectively.

(Reference – report by the Executive Director of Communities and Families, submitted.)

19. Property Conservation – Programme Momentum Progress Report

An update was provided on the progress of Programme Momentum.

Decision

- 1) To note the management information dashboard reports in Appendix 1 of the report.
- 2) To note the settlement sums authorised to complainants and other affected owners under delegated authority.
- 3) To note the progress of debt recovery work.

(References – Finance and Resources Committee, 24 September 2015 (item 8); report by the Deputy Chief Executive, submitted.)

20. Proposed Lease Extension at 96 Niddrie Mains Road, Edinburgh

Approval was sought to grant a 10 year lease extension at 96 Niddrie Main Road, Edinburgh to Macan Limited, on the terms and conditions outlined in the report.

Decision

To approve a 10 year lease extension to Macan Limited, of retail premises at 96 Niddrie Mains Road, Edinburgh, on the terms outlined in the report, and on other terms and conditions to be agreed by the Director of Services for Communities.

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

21. Resolution to consider in private

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, 8 and 9 of Schedule 7(A) of the Act.

22. Property Conservation – Irrecoverable Sum: Debt Recovery and Settlements

An update was provided on the irrecoverable sums approved under delegated authority.

Decision

- 1) To note the settlement sums authorised to complainants and other affected owners under delegated authority in Appendix 1 of the report.
- 2) To note the provision for impairments and settlements in Appendix 2 of the report.
- 3) To approve the recommended approach detailed in Appendix 3 to be adopted in the billing of projects carried out by the new Shared Repairs Service and in the case of any projects that involved a change in the number of properties where bills had not yet been issued.

(References – Finance and Resources Committee, 24 September 2015 (item 29); report by the Deputy Chief Executive, submitted.)

23. Annual Report – Debt Write off

Committee considered a report that provided a summary of debt income streams deemed uncollectable and written off during 2014/15.

Decision

- 1) To note the sums due to the Council that had been written off during 2014/15 and the low value (0.9%) this represented compared to the overall level of income collected.
- 2) To note that the write-off value was consistent with 2013/14.
- 3) To note that whilst a debt was declared written off for accounting purposes, cases could be re-opened at any stage to pursue payment should the debtor be traced or had become solvent.

(References – Corporate Policy and Strategy Committee, 9 June 2015 (item 14); report by the Deputy Chief Executive, submitted.)

24. Water of Leith Flood Protection Scheme Phase 2 Update and Award of Contract

Approval was sought to award the contract for the design and build of the Phase 2 scheme to McLaughlin & Harvey.

Decision

- 1) To note the current project status of the Water of Leith Flood Prevention Scheme Phase 2.
- 2) To approve the award of the contract for the design and build of the Phase 2 scheme to McLaughlin & Harvey for the contract sum of £14,031,023.

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

25. Extension of Service Arrangement with Johnston Press

Approval was sought to continue to purchase services from Johnston Press for advertising Council and housing association homes until 31 March 2016.

Decision

To agree to continue to purchase services from Johnson Press for the purpose of letting social rented homes until 31 March 2016.

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

26. Replacement of Oxgangs Young People's Centre

Committee considered a report which sought approval to deliver a replacement Oxgangs Young People's Centre on the current site.

Decision

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

(References –Governance, Risk and Best Value Committee, 23 September 2015 (item 10); report by the Executive Director of Communities and Families, submitted.)