

## Finance and Resources Committee

10.00am, Thursday, 7 November 2017

### Present

Councillors Rankin (Convener), Dixon (substituting for Councillor Bridgman), Donaldson (Vice-Convener), Corbett, Howie, Hutchison, Johnston, McLellan (substituting for Councillor Whyte), Miller, Neil Ross, and Watt.

### 1. Revenue Budget Framework 2018/23 – Mid-Year Review

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#### a) Parent Council of Broughton High School, Flora Stevenson Primary School and the City of Edinburgh Music School - Deputation

The deputation thanked the Committee for listening to their concerns regarding the proposals for the City of Edinburgh Music School and welcomed the announcement by the Council Leader that the proposals would be removed and that Flora Stevenson's Primary and Broughton High School would remain as the home of the City of Edinburgh Music School.

They indicated that the music school was a national service and was an asset to the city with specialist music provision for pupils from P1 to S6 that should be available to everyone with music potential. They asked that the Council provide and assurance that the school's funding would continue in its current form for at least the remainder of the life of this Council.

The deputation stressed that the proposals should be rejected for the following reasons:

- The importance of the distinction and the good relationship between the instrumental music service and the City of Edinburgh Music School
- The importance of the music school as a community
- Equity of the current musical provision
- The excellence of the current musical provision.

**b) Report by the Executive Director of Resources**

The Committee had continued consideration of the draft 2018/19 budget framework for engagement, which included savings linked to a number of medium-term themes totalling £20.9m to this meeting of the Finance and Resources Committee.

**Motion**

- 1) To note the report by the Executive Director of Resources in the context of considering the Council's revenue budget framework.
- 2) To approve the release for engagement of the Administration's draft proposals included in Appendix 2 of the report which together provided the basis of an anticipated balanced position for 2018/19 as part of a longer-term framework.
- 3) To authorise the Executive Directors to take forward, in conjunction with Conveners and Vice-Conveners, any remaining detailed planning and development of the savings proposals contained within the budget framework including, where appropriate to a savings proposal, staff release and planning, development and consultation in accordance with the Council's Organisational Review procedure.
- 4) To agree to the withdrawal of the proposal for the "Creation of a Citywide Equity and Excellence Music Service".
- 5) To agree that the Chief Executive would review the process for the lead-in to future budget engagement exercises.
- 6) To ask the Executive Director of Resources to prepare a four year plan to address the forecast savings gap, based on the wider themes set out in the report and taking into account the Council's priority outcomes.

- moved by Councillor Rankin, seconded by Councillor Donaldson

**Amendment 1**

- 1) To note the report by the Executive Director of Resources in the context of considering the Council's revenue budget framework.
- 2) To approve the release for engagement of the draft proposals included in Appendix 2 of the report which together provided the basis of an anticipated balanced position for 2018/19 as part of a longer-term framework.
- 3) To authorise the Executive Directors to take forward, in conjunction with Conveners and Vice-Conveners, any remaining detailed planning and development of the savings proposals contained within the budget framework including, where appropriate to a savings proposal, staff release and planning, development and consultation in accordance with the Council's Organisational Review procedure.
- 4) Note that the draft proposals contained in the paper are simply being agreed as items for public feedback and that individual members of and

groups within the committee may take different views on their merits either now or in the final budget decision

- moved by Councillor Miller, seconded by Councillor Corbett

### **Amendment 2**

- 1) To agree to remove “Creation of a Citywide Equity and Excellence Music Service” from the consultation proposals in light of the significant parental and public views expressed on this matter and the detrimental impact it would have on the CoEMS as centre of excellence.
- 2) To Instruct the Executive Director of Resources to deliver a longer-term plan to strategically address the deficit predicted over the next four years; this to expand on the limited proposals currently published as these only addressed the 2018/19 financial year and failed to make strategic proposals thus risking ineffective decision making for the sake of expediency.
- 3) To further instruct the Executive Director of Resources to provide Committee with a list of proposals for public consultation that was greater than the saving required in 2018/19 in order to allow an element of choice for the public and provide a meaningful consultation.
- 4) To instruct the Chief Executive to review the budget consultation process with a view to developing a more transparent process going forward that, as a minimum, would allow all Finance and Resources Committee members full sight of officer proposals and the opportunity to feed in suggestions prior to the consultation being presented to Committee for approval.

- moved by Councillor Hutchison, seconded by Councillor Johnston

In accordance with Standing Order 20(7), Amendment 1 was accepted as an addendum to the motion.

### **Voting**

The voting was as follows:

For the Motion (as adjusted)	-	8 votes
For Amendment 2	-	3 votes

(For the Motion (as adjusted) – Councillors Corbett, Dixon, Donaldson, Howie, Miller, Rankin, Neil Ross and Watt.

For Amendment 2 – Councillors Hutchison, Johnston and McLellan.)

## **Decision**

To approve the following adjusted motion:

- 1) To note the report by the Executive Director of Resources in the context of considering the Council's revenue budget framework.
- 2) To approve the release for engagement of the Administration's draft proposals included in Appendix 2 of the report which together provided the basis of an anticipated balanced position for 2018/19 as part of a longer-term framework.
- 3) To authorise the Executive Directors to take forward, in conjunction with Conveners and Vice-Conveners, any remaining detailed planning and development of the savings proposals contained within the budget framework including, where appropriate to a savings proposal, staff release and planning, development and consultation in accordance with the Council's Organisational Review procedure.
- 4) To agree to the withdrawal of the proposal for the "Creation of a Citywide Equity and Excellence Music Service".
- 5) To agree that the Chief Executive would review the process for the lead-in to future budget engagement exercises.
- 6) To ask the Executive Director of Resources to prepare a four year plan to address the forecast savings gap, based on the wider themes set out in the report and taking into account the Council's priority outcomes.
- 7) To note that the draft proposals contained in the paper were simply being agreed as items for public feedback and that individual members of and groups within the committee may take different views on their merits either now or in the final budget decision.

(References: Finance and Resources Committee 27 October 2017 (item 1); report by the Executive Director of Resources, submitted)

## **2. Approach to Citizen Engagement on 2018-19 Budget and Council Change Theme**

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The Committee had deferred consideration of a report by the Chief Executive on the Council's approach to budget engagement for the financial year 2018/19 together with the key objectives, to this meeting of the Finance and Resources Committee.

### **Decision**

- 1) To approve the report by the Chief Executive and the approach for citizen engagement on the 2018/19 budget and subsequent years.
- 2) To invite all political parties to engage with the citizen engagement process.

(References – Finance and Resources Committee 27 October 2017 (item 6); report by the Chief Executive, submitted.)

### 3. Minutes

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#### Decision

To approve the minute of the Finance and Resources Committee of 27 October 2017 as a correct record.

### 4. Key Decisions Forward Plan

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The Finance and Resources Committee Key Decisions Forward Plan for January 2018 was submitted.

#### Decision

To note the Key Decisions Forward Plan for January 2018.

(Reference – Finance and Resources Committee Key Decisions Forward Plan, submitted.)

### 5. Rolling Actions Log

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The Finance and Resources Committee Rolling Actions Log was submitted.

#### Decision

1) To agree to close the following actions.

Action 3 – Revenue Budget Monitoring 2017/18 - Update

Action 4 – Revenue Budget Monitoring 2017/18 - Update

Action 5 – 329 High Street – Update on Proposed Disposal

Action 6 – Revenue Budget Framework 2018/23 – Mid Year Review

Action 8 – Approach to Citizen Engagement on 2018-19 Budget and Council Change Themes

2) To otherwise note the rolling actions log.

(Reference – Rolling Actions Log, submitted.)

### 6. Revenue Monitoring 2017-18 – Month Five Position

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The Committee had noted the current projections of expenditure and income with mitigating actions identified to bring net expenditure back in line with approved levels over the remainder of the year.

Details were provided on the projected overall position for the Council's revenue expenditure budget for 2017/18 based on analysis of period five data. A Spend to Save application had also been received from Edinburgh Leisure (EL) in respect of installing a mains sewer connection for the Edinburgh International Climbing Arena.

#### Decision

1) To note that, in light of the further tightening of financial and workforce controls, additional anticipated income and prioritisation of discretionary expenditure, a balanced position for the year was now projected by the year-end.

- 2) To note that attainment of this position would require active management of risks and pressures, particularly those of a demand-led nature, for the remainder of the year.
- 3) To note the balanced position projected on the Housing Revenue Account (HRA) after making a £11.58m planned contribution towards housing investment.
- 4) To agree the Spend to Save application in respect of the Edinburgh International Climbing Arena and refer this decision to Council for ratification of use of the Fund.
- 5) To refer the report by the Executive Director of Resources to the Governance, Risk and Best Value Committee as part of its work programme.

(References – Finance and Resources Committee 28 September 2017 (item 5); report by the Executive Director of Resources, submitted)

## **7. Resources Directorate Revenue Budget Monitoring 2017-18 – Five Month Position**

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Details were provided on the projected five-month monitoring position for the Resources Directorate, based on actual expenditure and income to the end of August 2017 and expenditure and income projections for the remainder of the financial year.

### **Decision**

- 1) To note that the Resources Directorate was currently projecting a £1.460 million underspend for 2017/18.
- 2) To note the risks to the achievement of a balanced revenue budget projection.

(References – Act of Council No 2 of 9 February 2017; report by the Executive Director of Resources, submitted)

## **8. Chief Executive – Revenue Budget Monitoring 2017-18 - Month Five Position**

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Details were provided on the projected five-month revenue monitoring position for services reporting directly to the Chief Executive based on actual expenditure and income to the end of August 2017 and expenditure and income projections for the remainder of the financial year.

### **Decision**

- 1) To note that services reporting directly to the Chief Executive were currently projecting a £0.368 million underspend for 2017/18.
- 2) To note the risks to the achievement of a balanced revenue budget projection.

(References – Finance and Resources Committee 5 September 2017 (item 10); report by the Executive Director of Resources, submitted)

## 9. Capital Monitoring 2017-18 – Half Year Position

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Details were provided on the overall position of the Council's capital budget at the half year position (based on month five data) and the projected outturn for the year.

### Decision

- 1) To note the projected capital outturn position on the General Fund and Housing Revenue Account (HRA) at month five.
- 2) To note the prudential indicators at month five.
- 3) To refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

(References – Finance and Resources Committee 5 September 2017 (item 11); report by the Executive Director of Resources, submitted)

## 10. Treasury Management – Mid-Term Report 2017-18

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An update was provided on Treasury Management Activity in 2017/18.

### Decision

- 1) To note the mid-term report on Treasury Management for 2017/18.
- 2) To note the intention to exercise the option to opt up to professional status under MiFD II (Market in Financial Instruments Directive).
- 3) To refer the report to the City of Edinburgh Council for approval and subsequent referral by the City of Edinburgh Council to the Governance, Risk and Best Value Committee for scrutiny.

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

## 11. Edinburgh Health and Social Care Partnership – Update on Financial Position of City of Edinburgh Council Services

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The Committee had noted a potential full year overspend of £9.1m for Health and Social Care.

Details were provided on a service-specific update on the Council's financial position for Health and Social Care which outlined work being undertaken to identify and deliver appropriate mitigating actions. Management actions which had been initiated were also provided.

### Decision

- 1) To note the current financial forecast for Health and Social Care, which was based on current levels of service delivery.
- 2) To note the potential additional cost of unmet need.
- 3) To note the range of mitigation measures instigated by the Interim Chief Officer.
- 4) To note that work was ongoing to assess the level of increasing demand and unmet need and to evaluate opportunities for financial savings and demand

management, and that the Interim Chief Officer would provide regular updates on progress to the Finance and Resources Committee.

- 5) To refer the report by the Executive Director of Resources to the Governance, Risk and Best Value Committee as part of its work programme.

(References – Finance and Resources Committee 28 September 2017 (item 5); report by the Interim Chief Officer, Edinburgh Health and Social Care Partnership, submitted)

## **12. Workforce Dashboard – August 2017**

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Details were provided on employee numbers, trends on absence rates, the cost of the pay bill, the number of Voluntary Early Release Arrangement/Voluntary Redundancy (VERA/VR) leavers and accumulative budget savings and the number of redeployees and associated costs.

### **Decision**

To note the workforce information contained in the dashboard.

(References – Finance and Resources Committee 5 September 2017 (item 27); report by the Executive Director of Resources, submitted)

## **13. Homelessness Prevention – Locality Support Services – Contract Ref: CT 0266**

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Approval was sought to award contracts to Ypeople/Sacro and Four Square for the provision of Locality Support Services for Homelessness Prevention.

### **Decision**

To approve the award of contracts to Ypeople / Sacro and to Four Square for the provision of Locality Support Services for Homelessness Prevention from 1 March 2018 for a period of three years, with annual options to extend for a maximum of two further years.

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

### **Declaration of Interest**

Councillor Corbett declared a financial interest as an employee of Shelter Scotland and left the meeting during the Council's consideration of the above item.

## **14. Award of Contract for the Provision of Occupational Health Services and Employee Assistance Programme**

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Approval was sought to award the contract for the provision of Occupational Health (OH) services and Employee Assistance Programme (EAP) to People Asset Management Limited (PAM).

## **Decision**

To approve the award of a contract for Occupational Health Services and Employee Assistance Programme to People Asset Management Limited, (PAM) from 8 January 2018 to 7 January 2021 with the option to extend for a further 12 months.

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

## **15. Bus Tracker – Future Provision**

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Details were provided on Edinburgh's Real Time Passenger Information (RTPI) system, Bustracker which was provided by French based company Cofey Ineo.

Approval was sought for a waiver to extend the existing contract with Cofely Ineo to the end of 2018, at a value of approximately £675,000. Further payments of approximately £125,000 must be paid to Bridge Radio, OFCOM and Arqiva to continue full operation of the current system until the end of 2018. This would ensure the system continued to operate until the implementation of a replacement solution.

## **Decision**

To authorise maintenance payments to the end of 2018 at an approximate cost of £800,000 to allow the Bustracker system to continue operating until the implementation of a replacement solution.

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

## **16. Award of Clerk of Works Framework**

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Approval was sought for the award of a framework agreement for Clerk of Work Services to the organisations identified as offering the most economically advantageous bids, following a competitive tendering process. The framework consisted of eight providers for the inspection of capital works supporting the Council to deliver construction, maintenance and repair programmes.

## **Decision**

- 1) To approve the award of a framework agreement for Clerk of Works Services to BHL Consultancy Ltd, Clerk of Works Inspection Services, D A Gilmour, GHPC Group, Hickton, IMG Quality Control, Long O Donnell Associates and Ross Quality Control for an estimated £1,000,000 per annum.
- 2) To note the contract values above were reflective of an estimation of required Clerk of Works Services and might therefore fluctuate depending on the Council's Construction Works programme over the next four years.
- 3) To delegate authority to the Executive Director or Head of Service of the relevant Directorate or Service in accordance with the Scheme of Delegation for the awarding of mini competitions or direct awards call offs which were undertaken using the framework.

(References – Act of Council No 3 of 21 September 2017; report by the Executive Director of Place, submitted)

## 17. Boroughmuir High School, Viewforth, Bruntsfield – Update on Proposed Sale

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The Committee had approved the disposal of the existing Boroughmuir High School to CALA Management Limited (CALA). The bid was subject to numerous conditions including planning permission for residential development. Planning Consent for the development had been refused and CALA had subsequently revised the development proposals to address the concerns raised by both the Development Management Sub-Committee and the appeal decision.

Approval was sought to proceed with the sale to CALA on the revised offer and the terms and conditions detailed in the report by the Executive Director of Resources.

### **Motion**

To continue with the sale of Boroughmuir High School, Viewforth, Bruntsfield to CALA Management Limited on the terms outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

- moved by Councillor Rankin, seconded by Councillor Donaldson

### **Amendment**

To continue consideration of the matter to the next meeting on 23 January 2018 for further information on the issues raised by members.

- moved by Councillor Corbett, seconded by Councillor Miller

### **Voting**

The voting was as follows:

For the motion	-	7 votes
For the amendment	-	2 votes

(For the motion – Councillors Dixon, Donaldson, Howie, Hutchison, McLellan, Rankin and Neil Ross.

For the amendment – Councillors Corbett and Miller.

Abstention – Councillor Watt.)

### **Decision**

To approve the motion by Councillor Rankin.

(References – Finance and Resources Committee 13 May 2015 (item 4); Development Management Sub-Committee 28 April 2017 (item 2); report by the Executive Director of Resources, submitted)

### **Declaration of Interest**

Councillor Johnston declared a non-financial interest as a purchaser of a property being sold by Cala Homes and took no part in the Committee's consideration of the above item.

## **18. Open Framework Agreement for Learning and Development Contract Ref – CT 2132**

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Approval was sought to establish an Open Framework Agreement for Learning and Development. The term of the framework agreement would be three years, with the option to extend for up to a further twelve months.

### **Decision**

- 1) To approve the establishment of an Open Framework Agreement for Learning and Development and the award onto the framework agreement of the providers for specific Lots as listed at Appendix 1 to the report by the Executive Director of Resources, to start operation in January 2018 and run for a period of three years, with the option to extend for a further 12 months.
- 2) To note that new providers would be added during the term of the Open Framework Agreement at no additional cost to the Council.

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

## **19. Transport Infrastructure Framework – Award Under delegated Authority**

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Approval was sought to delegate authority to the Executive Director of Place to award a multi-lot framework agreement to the most economically advantageous organisations identified following a competitive tendering process, in order to achieve a contract start date of 3 January 2018.

### **Decision**

- 1) To delegate authority to the Executive Director of Place to award the framework to the most economically advantageous organisations identified following a competitive tendering process.
- 2) To note that the contract value was estimated to be between £40 - £60m over four years.
- 3) To note the contract values were reflective of historical spend on these services over the previous four financial years, and that the scope of works might fluctuate subject to budget allocation and funding approvals.
- 4) To note that these awards would be reported to Finance and Resources Committee under the half yearly procurement report for Awards of Contract.

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

## **20. Proposed Community Asset Transfer of Former Bothy at 26b Gilmerton Dykes Street, Edinburgh**

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Details were provided on an application by The Friends of Burdiehouse Burn Valley Park (FBBVP), to purchase the former bothy located at the entrance to Burdiehouse Burn Valley Park, Gilmerton Dykes Street, via Community Asset Transfer.

## **Decision**

To approve the disposal of the former bothy at 26b Gilmerton Dykes Street to the Friends of Burdiehouse Burn Valley Park, on the terms set out in the report and on such other terms and conditions to be agreed by the Executive Director of Resources.

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

## **21. Proposed 5 year Lease of Unit 1 The Clocktower, Flassches Yard, South Gyle Crescent, Edinburgh**

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Approval was sought to grant a new 5 year lease to Electric Vehicles (Scotland) Limited on the terms and conditions outlined in the report by the Executive Director of Resources.

### **Decision**

To approve a 5 year lease to Electric Vehicles (Scotland) Limited of Unit 1 The Clocktower, Flassches Yard 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. Proposed 25 Year Lease of 27 Peffer Place**

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Approval was sought to grant a new 25 year lease to Edinburgh Headway Group on the terms and conditions outlined in the report by the Executive Director of Resources.

### **Decision**

To approve a 25 year lease to Edinburgh Headway Group at 27 Peffer Place 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)

## **23. Pupil Equity Funding Open Framework Agreement**

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Details were provided on the award of an open framework for the provision of Pupil Equity Fund services, which had been made under the urgency provisions as detailed in Committee Terms of Reference and Delegated Functions.

### **Decision**

To note the action taken by the Executive Director of Communities and Families in consultation with the Convener and Vice Convener under the urgency provisions, to award an open framework to the service providers as listed in Appendix 2 to the report for a maximum value of £4,000,000. The purpose of the open framework was to deliver services for Pupil Equity Funding. The open framework was awarded on 8 September 2017 for a period of two years with the option to extend for up to a further two periods of 12 months.

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

## **24. Adoption of the Scotland Excel Framework for Supply and Delivery of Personal Protective Equipment**

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Approval was sought for the adoption of the Scotland Excel Framework Agreement for Supply and Delivery of Personal Protective Equipment (PPE).

### **Decision**

To approve the adoption and implementation of the Scotland Excel Framework Agreement for Supply and Delivery of Personal Protective Equipment from 7 November 2017 to 28 February 2019 with the option to extend to 28 February 2021.

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

## **25. 329 High Street – Update on Proposed Disposal**

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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 10 of Part 1 of Schedule 7(A) of the Act.

The Committee had continued consideration of a request for approval to continue with the disposal of 329 High Street on the basis of revised terms and conditions outlined in the report by the Executive Director of Resources.

### **Decision**

To agree to delegate authority to the Executive Director of Resources, in consultation with the Convener and Vice Convener, to review and undertake the disposal of 329 High Street, including consideration of:

- the potential for a lease, without the heritable interest in the property being transferred;
- an updated assessment of the market value of the property; and
- the Council requiring space for its own use.

(References – Finance and Resources Committee 28 September 2017 (item 21); report by the Executive Director of Resources, submitted)

## **26. External Audit review of CGI IT Security Controls – referral from the Governance, Risk and Best Value Committee**

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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 10 of Part 1 of Schedule 7(A) of the Act

The Governance, Risk and Best Value Committee had referred a report on the external audit review of the effectiveness of the CGI/Council's security control procedures.

## **Decision**

To note the report.

(References – Governance, Risk and Best Value Committee 31 October 2017 (item 11); referral report from the Governance, Risk and Best Value Committee, submitted.)