

Finance and Resources Committee

10.00am, Thursday, 8 February 2018

Present

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

1. Tron Kirk - Edinburgh

(a) Deputation – The Edinburgh World Heritage Trust

The Committee agreed to hear a deputation from Adam Wilkinson from the Edinburgh World Heritage Trust (EWHT), in relation to the proposals for the Tron Kirk, Edinburgh.

The deputation spoke in favour of the possible short term lease for the Tron Kirk and highlighted the following:

- This would be a more appropriate use of the Tron Kirk, permitting an exhibition of both the Old and New Town as introducing Scotland's other world heritage sites and a small but upgraded retail offer.
- This was part of their long term vision for the Tron Kirk to help transform the most historic buildings into the Edinburgh's Heritage Centre.
- In recent decades, the EWHT had competed about 1500 restoration projects. They were committed to community led engagement and had expertise in international best practice.
- The building was category A listed, at risk and significant investment was needed for this building in the long term.
- The retail aspect taking about 30% of the space would sell a selection of premium Scottish and UK source related merchandise.
- The funding for the exhibition will come from the retail partner and additional grants and trusts.

He believed that the Trust's proposals would be telling Edinburgh's story, introducing other world heritage sites and engaging with numerous local

community groups. It could lead to the much larger refurbishment of the building, was sustainable, brought investment and was a low risk solution.

(b) Deputation – The Tron Market Limited

The Committee agreed to hear a deputation from Stuart Ramsay and William Taylor of the Tron Market Limited.

The deputation spoke in favour of continuing with the current arrangements and highlighted the following:

- They represented the numerous traders, makers, designers and small business owners who made up the Tron Market. The traders were very “artisan” and provided a wide range of products for a diverse market.
- There were “trickle down” benefits for other jobs that were involved in manufacturing.
- There were sometimes 3000 visitor per day and the Market and traders consistently received positive feedback.
- They had formed a new business to take the market forward, however, it was difficult to invest when a business was only on a rolling year to year leases.
- They were offering a 44% increase in the current rental income, were completely self-financing and had a single project to promote the building and make it a living, working space that benefited the population of Edinburgh and Scotland.

The Convener thanked the deputation and explained that the report for the Tron Kirk, Edinburgh would be considered by the Committee as part of its private deliberations.

2. Deputation – UNISON

The Committee agreed to hear a deputation from Tom Connolly and Gerry Stovin on behalf of UNISON in relation to the reports on the Revenue Budget Framework 2018/23: Progress Update and the 2018-19 Budget Proposals: Overview of Citizen Engagement Process and Feedback.

The deputation highlighted the following:

- There had been a cut in budget allocation from the Scottish Government to councils in 2017 of £225 m, which had been partly mitigated to changes to council tax bands and the ability to raise council tax.
- Between 2011 and 2017 funding for local authorities had fallen by 8% and about 30,000 council jobs had been cut, with further cuts being proposed.
- Councils had responded to austerity with various methods including cuts to staff, services and the attempted outsourcing of services.
- The UK government should reverse its austerity agenda and the Scottish Government should stop cutting funding to local authorities.

- The Council as employer should recognise its statutory duty of care to staff who were demoralised and overworked.
- If shaped by austerity, the transformation programme was no more than a cost-cutting exercise with negative impacts on staff and services.
- The proposed pay increase should protect staff from inflation.
- Austerity has meant the imposition of £1.5b of efficiency savings local authorities since 2012, who needed dedicated staff who provided services.

To conclude, local authorities had borne the brunt of austerity cuts and the proposed pay increase was unsatisfactory. UNISON had campaigned to prevent cuts, they wanted to defend jobs and services and urged members to do this.

The Convener thanked the deputation for their presentation and invited them to remain for Committee's consideration of the reports by the Executive Director of Resources (item 3) and the Chief Executive (item 4).

3. Revenue Budget Framework 2018/23: Progress Update

Committee considered a report which advised of the implications for the Council following announcement of the Local Government Finance Settlement on 14 December 2017.

Decision

- 1) To note the impact of the provisional 2018/19 Local Government Finance Settlement on the 2018/23 revenue budget framework.
- 2) To note the officer recommendations in allocating additional available grant funding relative to framework assumptions.
- 3) To note, nonetheless, the estimated remaining savings requirements across the overall period of the framework.
- 4) To refer the report to Council as part of the budget-setting process.

(References – Finance and Resources Committee 7 November 2017 (item 1); report by the Executive Director of Resources, submitted)

4. 2018-19 Budget Proposals: Overview of Citizen Engagement Process and Feedback

Details were provided of the structure of the budget engagement campaign and the key actions taken to ensure citizens and other stakeholders were meaningfully engaged. The report summarised the overall level of response and emerging themes from feedback to the Council's budget engagement process.

Decision

- 1) To note the report.
- 2) To refer the report to Council as part of setting the 2018/19 revenue budget framework.

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

5. Council Budget 2018/23 – Risks and Reserves

Details were provided on the risks inherent in the revenue and capital budget framework and the range of measures and provisions established to mitigate these.

Decision

- 1) To note the report.
- 2) To remit the report to the City of Edinburgh Council for decision on 22 February 2018 as part of the budget-setting process.

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

6. Capital Investment Programme 2018/19 to 2022/23

Details were given of the Capital Investment Programme, which set out the planned investment for the period 2018/19 to 2022/23, which was based on the Capital Plan and included proposals whereby the Council could use additional resources to address some of its capital priorities.

Decision

- 1) To note the report and remit to Council's budget meeting of 22 February 2018 the 2018-2023 Capital Investment Programme.
- 2) To note that the announcement of the Finance Settlement made in December 2017 indicated a general capital grant for 2018/19 of £49.405m which exceeded the Council's previous indicative plans by £4.905m and that this amount remained unallocated.
- 3) To note that the announcement of the Finance Settlement made on 14 December 2017 indicated specific capital grants for Development Management Funding of £27.950m and Cycling, Walking and Safer Streets of £0.691m.
- 4) To agree that £5m of any available budget resulting from the underspend against the Water of Leith Phase 2 project be transferred to the North Bridge refurbishment project, subject to approval by full Council.
- 5) To note that following the proposed update to the capital plan in Appendix 1 of the report by the Executive Director or Resources, £179.805m remained unallocated. Within this was an amount of £160.9m from additional borrowing repayable from the General Fund revenue budget subject to the achievement of a balanced overall position across the 2018/23 revenue budget framework.
- 6) To note the up to date analysis of unfunded service priorities and pressures set out within the report.
- 7) To note the recommended use of the additional resources to address some of the Council's capital investment priorities and remit to Council for decision on 22 February 2018 in the context of infrastructure needs, priorities and

existing Council commitments.

- 8) To request a briefing note to members on the proposals for the Wave 4 Schools Programme.

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

7. Accounts Commission – Local Government in Scotland – Financial Overview – Referral from the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee on 16 January 2018 considered a report detailing the Accounts Commission's Scotland-wide review of local government financial performance for 2016/17 which was published in November 2017.

The report had been referred to the Finance and Resources Committee for its consideration in the context of setting the Council's 2018/23 revenue and capital budget framework.

Decision

To note the report by the Executive Director of Resources, in the context of the Council's 2018/23 revenue and capital budget framework.

(References – Governance, Risk and Best Value Committee on 16 January 2018 (item 7); report by the Chief Executive, submitted)

8. Council Revenue Budget Framework (2018-2023) – Impact Assessments

A summary was provided of the main potential equality, rights and environmental impacts of proposals described within the draft Revenue Budget Framework 2018-23, and recommendations were identified for mitigating potential negative equality and rights impacts alongside an assessment of cumulative impacts.

Decision

- 1) To note the potential equality, rights and environmental impacts associated with the revenue budget 2018-23 proposals, and the recommendations to mitigate potential negative impacts.
- 2) To note the cumulative equality, rights and environmental impacts across all revenue budget options.
- 3) To refer the report for consideration at the Council budget-setting meeting on 22 February 2018.
- 4) To note that a summary of the principal findings emerging from all Integrated Impact Assessments undertaken would be reported to the Committee's next meeting on 27 March 2018.

(Reference – report by Chief Executive, submitted)

9. Housing Revenue Account Budget Strategy 2018-2023

Details were provided of the proposed Housing Revenue Account (HRA) budget, draft five year capital programme, and the rent levels for 2017/18.

Decision

- 1) To agree to refer the 2018/19 HRA budget, draft five-year capital investment programme, and the rent levels for 2018/19 set out in Appendices 4 and 6 of the report by the Executive Director of Place to the Council budget meeting for approval.
- 2) To note the progress being made on delivery of Council commitments to tenants, particularly in the delivery of new affordable and low-cost homes.

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

10. Edinburgh Leisure – Pension Guarantee

The Council has been asked by Edinburgh Leisure (EL) to act as a guarantor for its pension arrangements with Lothian Pension Fund (LPF), thus enabling EL to continue to fund its pension obligations using the “ongoing basis” to minimise the impact of pension increases on its budget.

Decision

- 1) To note the report.
- 2) To refer the report to Council for approval to act as a pension guarantor for Edinburgh Leisure.
- 3) To agree that any further requests from organisations seeking pension liability guarantees should be considered on their own merits.

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

11. Resolution to Consider in Private

The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the following item of business on the grounds that it involved the disclosure of exempt information as defined in Paragraphs 6, 8 and 10 of Part 1 of Schedule 7(A) of the Act

12. Tron Kirk, Edinburgh

On 8 September 2016, the Finance and Resources Committee had considered a report on the lease on the Tron Kirk.

Committee considered a report which provided an update on the short and longer term proposals for the Tron Kirk, highlighted options available to the Council and sought Committee instructions on how to proceed.

Motion

- 1) To note:
 - That the Tron Kirk was a grade A listed building which was acquired by the Council in 1952 and had largely lain empty and neglected over a number of years.
 - The building currently sat on Historic Environment Scotland's listed buildings at risk register.
- 2) To further note:
 - It was now over four years since a decision was taken to authorise the principle of leasing the Tron to Edinburgh World Heritage Trust (EWHT), subject to a robust business case, in order to conserve the building and use it as a focal point for visitors to Edinburgh's World Heritage site.
 - The subsequent delays to this long term plan because EWHT was not in a position to take over the building and the decisions made on the short term use of the property.
 - The current position on lease of the Tron and the options available to the Council budget.
- 3) Given the lengthy period which has elapsed since the initial decision on the long term use of the building, to agree:
 - That the best option for moving this forward was Option B, i.e. to continue with the current arrangements at a revised rent and place the property on the open market as a long term investor opportunity.
 - That, given the nature of the building and the fact that it was considered to be part of Edinburgh's heritage, to instruct officers to design an appropriate tender process with the key aim of ensuring that the heritage of the building was protected in the long term and that this was reflected in the intended use of the building.
 - That the evaluation of bids be carried out independently of the Council by an appropriate organisation(s), to be determined by the Executive Director of Resources in consultation with the Convener and Vice Convener, with final approval of the lease being made by the Finance and Resources Committee.

- moved by Councillor Rankin, seconded by Councillor Donaldson.

Amendment

- 1) To note the current position regarding the proposed redevelopment of the Tron Kirk.
- 2) To confirm support of Option A as detailed in the report by the Executive Director of Resources, namely a short term lease to EWHT on the terms outlined in paragraph 3.5 of the report plus long-term redevelopment lease.

- moved by Councillor Hutchison, seconded by Councillor Johnston.

Voting

For the motion: 5 votes

(Councillors Bridgman, Donaldson, Howie, Rankin and, Watt).

For the amendment: 6 votes

(Councillors Corbett, Hutchison, Johnston, Miller, Neil Ross and Whyte).

Decision

- 1) To note the current position regarding the proposed redevelopment of the Tron Kirk.
- 2) To confirm support of Option A as detailed in the report by the Executive Director of Resources, namely a short term lease to EWHT on the terms outlined in paragraph 3.5 of the report plus long-term redevelopment lease.

(References – Finance and Resources Committee 8 September 2016 (item 16); report by the Executive Director of Resources, submitted)