

Finance and Resources Committee

10.00am, Thursday 27 September 2018

Present

Councillors Rankin (Convener), Donaldson (Vice-Convener), Kate Campbell, Corbett, Gordon, Hutchison, Johnston, Miller, Rose (substituting for Councillor Whyte), Neil Ross and Watt.

1. Deputation – UNISON

The Committee agreed to hear a deputation from Gerry Stovin on behalf of UNISON in relation to the report on the Asset Management Strategy Transformation Programme – Update.

The deputation highlighted the following:

- If savings of £1.3m had to be found as part of the Asset Management Strategy Cleaning Transformational Review then it was likely that 200 jobs would be lost and a move to a three-day week for cleaning in schools.
- There should be no recruitment of permanent cleaning staff whilst the threat of up to 200 redundancies remained on the table.
- Cleaning staff were overworked and spread too thin as a result of all the current cleaning job vacancies in the system.
- The recent changes to the janitorial jobs had made that job less attractive and there was a danger of the same happening with the cleaning profession if similar changes were implemented. This would exasperate the current challenges being experienced in recruiting cleaners.
- Extra schools had been added to the cleaning budget which was a concern for the trade unions.
- It was important that there be no more cuts to the cleaning service and that a decision be made on this promptly.

The Convener thanked the Deputation and invited them to remain for the Committee's consideration of the report by the Executive Director of Resources (item 2).

2. Asset Management Strategy Transformation Programme – Update

The Committee considered a report which set out an overview of the original Asset Management Strategy (AMS) in the context of the changes that had taken place over the past three years and the forecast future requirement for significant new build, over the next three-year period.

Motion

- 1) To note that members of the Finance and Resources Committee met with officers to discuss the progress and future direction of the AMS on 22 August 2018.
- 2) To recognise and record the Committee's awareness of the continued and ongoing challenges with the increasing size of the operational estate.
- 3) To approve the revised strategy to delivery property rationalisation by focusing upon service led design at a local level and the re-provisioning and co-location of existing services into single sites as well as utilising strategic reviews of specific areas, such as depots, and opportunities as they arose for individual properties.
- 4) To approve, as consistent with Council policy across all capital build projects that a scoping exercise was undertaken to identify how co-located community facilities could be delivered as an integral feature of each project.
- 5) To agree the proposal to widen the original Facilities Management (FM) scope of review to include both Catering and Security services.
- 6) To agree that the strategy for the Council's property investment portfolio should remain to drive out financial return, both revenue and capital and that a review should take place to consider disinvestment if it was in the Council's financial interest to do so.
- 7) To note that the AMS financial profiling of how the approved savings would be delivered would be refreshed and would reflect these updated assumptions.
- 8) To refer the report to the Governance, Risk and Best Value Committee for information.

- Moved by Councillor Rankin, seconded by Councillor Donaldson

Amendment

- 1) To note that members of the Finance and Resources Committee met with officers to discuss the progress and future direction of the AMS on 22 August 2018.
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- 3) To approve the revised strategy to delivery property rationalisation by focusing upon service led design at a local level and the re-provisioning and co-location of existing services into single sites as well as utilising strategic reviews of

specific areas, such as depots, and opportunities as they arose for individual properties.

- 4) To approve, as consistent with Council policy across all capital build projects that a scoping exercise was undertaken to identify how co-located community facilities could be delivered as an integral feature of each project.
- 5) To agree the proposal to widen the original Facilities Management (FM) scope of review to include both Catering and Security services. To recognise that the early implementation of the new FM arrangements for primary schools and community centres had raised concerns about access and costs and to agree that school community and wider community use of buildings was a priority; and to note that a three-month review of arrangements was indicated at the City of Edinburgh Council meeting on 20 September 2018, the conclusions and actions from which should be reported to Committee as soon as practicable after the review had been carried out.
- 6) To agree that the strategy for the Council's property investment portfolio should remain to drive out financial return, both revenue and capital and that a review should take place to consider disinvestment if it was in the Council's financial interest to do so.
- 7) To note that the AMS financial profiling of how the approved savings would be delivered would be refreshed and would reflect these updated assumptions.
- 8) To refer the report to the Governance, Risk and Best Value Committee for information.
- 9) To note that disposals and lets at less than market price continued to feature in property management and therefore agreed that there should be further consideration of the need for a checklist of criteria for guidance which would be used to determine when a let, re-let or disposal might be at less than market value.

- Moved by Councillor Corbett, seconded by Councillor Miller

In terms of Standing Order 21(11), the amendment was accepted as an addendum to the motion.

Decision

- 1) To note that members of the Finance and Resources Committee met with officers to discuss the progress and future direction of the AMS on 22 August 2018.
- 2) To recognise and record the Committee's awareness of the continued and ongoing challenges with the increasing size of the operational estate.
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- 4) To approve, as consistent Council policy across all capital build projects that a scoping exercise was undertaken to identify how co-located community facilities could be delivered as an integral feature of each project.
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- 7) To note that the AMS financial profiling of how the approved savings would be delivered would be refreshed and would reflect these updated assumptions.
- 8) To refer the report to the Governance, Risk and Best Value Committee for information.
- 9) To note that disposals and lets at less than market price continued to feature in property management and therefore agreed that there should be further consideration of the need for a checklist of criteria for guidance which would be used to determine when a let, re-let or disposal might be at less than market value.
- 10) To note the issues regarding the previous budget assumptions in the AMS Cleaning Transformational Review and to instruct officers to proceed with the review immediately with the cost thereof to be contained within existing budget levels.
- 11) To note that council officers did not have delegated powers to grant discretionary lets and that all future decisions of this kind would continue to be brought before the Finance and Resources Committee.
- 12) To note that, due to the complexity of preparing guidance on concessionary lets, the Head of Property and Facilities Management would make arrangements for a meeting to be held where live examples would be given, one from the operational and one from the investment estate to help officers understand how to be inclusive of the many issues members had encountered.

Declaration of Interests

Councillor Donaldson declared a non-financial interest in the above item as a member of UNISON.

(References – Finance and Resources Committee, 12 June 2018 (Item 3); report by Executive Director of Resources, submitted.)

3. Minutes

Decision

To approve the minutes of the Finance and Resources Committee of 16 August 2018 as a correct record.

4. Finance and Resources Committee Work Programme

The Finance and Resources Committee Work Programme was submitted.

Decision

To note the Work Programme

(Reference – Finance and Resources Committee Work Programme, submitted.)

5. Rolling Actions Log

The Finance and Resources Committee Rolling Actions Log was submitted.

Decision

- 1) To agree to close action 13.
- 2) To otherwise note the Rolling Actions Log.

(Reference – Rolling Actions Log, submitted.)

6. Business Bulletin

The Finance and Resources Committee Business Bulletin was submitted.

Decision

To note the Business Bulletin.

(Reference – Business Bulletin, submitted.)

7. City of Edinburgh Council – 2017/18 Annual Audit Report to the Council and Controller of Audit – referral from the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee on 25 September 2018 considered a report on the principal findings arising from the City of Edinburgh Council's 2017/18 external audit. The report had been referred to the Finance and Resources Committee for approval.

Decision

To approve the audited Annual Accounts for 2017/18 and refer the report to Council for noting.

(References – Governance, Risk and Best Value Committee, 25 September 2018 (Item 7); report by the Executive Director of Resources, submitted.)

8. The City of Edinburgh Council Charitable Trusts – Report to those charged with Governance on 2017-18 Audit

Details were provided of the External Auditor's view on matters which arose from the Charitable Trusts audit in compliance with International Standard on Auditing 260.

Decision

- 1) To approve the Audited Trustee's Annual Report and Accounts for 2017/18 and note that these would be submitted to the External Auditor by 30 September 2018 and to OSCR by 31 December 2018.
- 2) To note the commentary on the management of the Charitable Trusts included in the Audit Management Report in Appendix 1 of the report.
- 3) To note that the intention was for Boyd Anderson Trust to be formally wound up during the 2018-19 financial year, as approved by the Finance and Resources Committee on 23 January 2018.

(References – Finance and Resources Committee, 28 September 2017 (Item 7); report by Executive Director of Resources, submitted.)

9. 2017-18 Common Good Annual Performance Report

Details were provided on the outturn position for the Common Good Fund and the performance of its cash investments for the 2017/2018 financial year. An update was also provided on the Common Good Property Planned Maintenance Fund and the plans for the 2018/19 financial year, along with the current issues affecting the Common Good in Edinburgh.

Decision

- 1) To note the report.
- 2) To approve the issuing of the Common Good Asset Register for public consultation.

(References – Finance and Resources Committee, 5 September 2017 (Item 29); report by the Executive Director of Resources, submitted.)

10. Carbon Reduction Commitment (CRC) Annual Report

The Committee considered a report which detailed the Council's Carbon Reduction Commitment (CRC) carbon footprint for the financial year 2017/18 and the subsequent submission of the data to the Environment Agency in compliance with legislation. Detail was also provided on the current projects and initiatives to reduce carbon emissions across the Council's operational property and street lighting estate.

Motion

- 1) To note the Council's carbon footprint for the financial year 2017/18.
- 2) To note the annual report was submitted to the Environment Agency by the statutory deadline of the end of July.

- 3) To approve the annually reviewed CRC handbook, and to note it would be updated as appropriate.
- 4) To note that the Carbon Reduction Commitment would close from April 2019 and the 2018/19 carbon footprint, which would be submitted in July 2019, would be the final report required under this scheme.
 - Moved by Councillor Rankin, seconded by Councillor Donaldson

Amendment

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- 2) To note the annual report was submitted to the Environment Agency by the statutory deadline of the end of July.
- 3) To approve the annually reviewed CRC handbook, and to note it would be updated as appropriate.
- 4) To note that the Carbon Reduction Commitment would close from April 2019 and the 2018/19 carbon footprint, which would be submitted in July 2019, would be the final report required under this scheme.
- 5) To request that annual reporting to Committee continued after the final report required under the CRC scheme, in order to continue to inform members about improvements in energy efficiency until any new statutory reporting scheme specified the Council's reporting duties.
 - Moved by Councillor Miller, seconded by Councillor Corbett

In terms of Standing Order 21(11), the amendment was accepted as an addendum to the motion.

Decision

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- 5) To request that annual reporting to Committee continues after the final report required under the CRC scheme, in order to continue to inform members about improvements in energy efficiency until any new statutory reporting scheme specifies the Council's reporting duties.

(References – Finance and Resources Committee, 5 September 2017 (Item 16); report by the Executive Director of Resources, submitted.)

11. Council Change Strategy: Planning for Change and Delivering Services 2019-2023

The Committee considered a report which set out the longer-term changes and improvements the Council proposed to achieve, aligned to its statutory responsibility to set a balanced budget for 2019/20 as part of a medium-term financial and strategic framework. An update was also provided on the current financial position including capital spending priorities and the process for the Edinburgh Integration Joint Board for Health and Social Care services to set its budget.

Motion

- 1) To approve the publication of Planning for Change and Delivering Services that would then be used to engage citizens ahead of the setting of the Council's 2019/20 budget in February 2019.
- 2) To note that the key financial assumptions over the next four years remained unchanged from those reported to the Committee on 12 June 2018, meaning that the Council required to identify at least £28m of savings in 2019/20 and £106m over the four-year period to 2022/23.
- 3) To note that further reports would be presented to the Finance and Resources Committee in January 2019, setting out the implications for the Council of the provisional Local Government Finance Settlement for 2019/20, the outcome of the engagement process and the main integrated impact assessment findings, in advance of the Council budget-setting meeting in February 2019.
 - Moved by Councillor Rankin, seconded by Councillor Donaldson

Amendment

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- 4) To note that the themes and ideas set out in the report were simply for consultation and did not reflect the settled views of members of the committee or political groups within it.
- 5) To agree that, bearing in mind analysis of the public consultation responses and the draft Scottish Government settlement for local authorities, specific proposals

for the 2019-20 council budget would be issued for public feedback in a way and in a timescale in which that feedback could influence the final budget decisions.

- 6) To agree that a draft carbon budget would be provided to a future meeting of Finance and Resources Committee to feed into the final budget meeting of council.

- Moved by Councillor Corbett, seconded by Councillor Miller

In terms of Standing Order 21(11), the amendment was accepted as an addendum to the motion.

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- 5) To agree that, bearing in mind analysis of the public consultation responses and the draft Scottish Government settlement for local authorities, specific proposals for the 2019-20 council budget would be issued for public feedback in a way and in a timescale in which that feedback can influence the final budget decisions.
- 6) To agree that a draft carbon budget would be provided to a future meeting of Finance and Resources Committee to feed into the final budget meeting of council.
- 7) To agree to amend the Planning for Change and Delivering Services strategy document to reflect that both the Transient Visitors Levy (TVL) and Work Place Parking Levy both required enabling legislation to be enacted before the Council could benefit from additional income. There would be no financial benefit to the Council from these proposals as part of the 2019/20 financial year.
- 8) To agree that the Planning for Change and Delivering Services strategy document be updated take cognisance of comments made at the committee meeting, and then be circulated to committee members for final comment.

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