

Committee Minutes

The City of Edinburgh Council

Year 2011/2012

Meeting 9 – Thursday, 19 January 2012

Edinburgh, 19 January 2012 – At a special meeting of The City of Edinburgh Council.

Present:-

LORD PROVOST

The Right Honourable George Grubb

COUNCILLORS

Elaine Aitken
Ewan Aitken
Robert C Aldridge
Jeremy R Balfour
Eric Barry
Angela Blacklock
Mike Bridgman
Tom Buchanan
Steve Burgess
Andrew Burns
Ronald Cairns
Steve Cardownie
Maggie Chapman
Maureen M Child
Joanna Coleman
Bill Cook
Jennifer A Dawe
Cammy Day
Charles Dundas
Paul G Edie
Nick Elliott-Cannon
Paul Godzik
Norma Hart
Stephen Hawkins
Ricky Henderson
Lesley Hinds
Allan G Jackson

Alison Johnstone
Colin Keir
Louise Lang
Jim Lowrie
Gordon Mackenzie
Kate MacKenzie
Marilyne A MacLaren
Mark McInnes
Stuart Roy McIvor
Tim McKay
Eric Milligan
Elaine Morris
Joanna Mowat
Rob Munn
Gordon J Munro
Alastair Paisley
Gary Peacock
Ian Perry
Alasdair Rankin
Cameron Rose
Jason G Rust
Conor Snowden
Stefan Tymkewycz
Phil Wheeler
Iain Whyte
Donald Wilson
Norrie Work

1 **Alternative Business Models Review Programme**

A Special Meeting of the Council had been called by the Lord Provost under Standing Order 6 to consider the Alternative Business Models Review Programme in relation to Integrated Facilities Management and Corporate and Transactional Services.

(a) Deputations

The Council agreed to hear the following deputations:

UNISON, City of Edinburgh Branch – The deputation said that a positive outcome to today's meeting would be a decision to keep Council services in-house. The trade unions had been campaigning for the right of their members to deliver quality public services directed by elected members. In their view, Council taxes should directly fund public services rather than be paid to private companies to deliver these services.

The deputation said that the trade unions had provided credible evidence to show that a compelling case for privatisation had not been made and in fact had shown in detail that the in-house options were realistic, fair, efficient and workable when compared on a level playing field. They asked the Council to back its work force and support the in-house option for the provision of Council services.

Greater Leith Against the Cuts – The deputation said they would be pleased to see the end of the ABM project as they considered it fundamentally undemocratic and stressed that the Council should represent the wishes of the public. The deputation believed that the Council's own research had shown that privatisation of public services was unpopular and there was little trust amongst the public that it would save money or provide better services.

The deputation expressed disappointment with the consultation process on ABM. In their view it had been inadequate – public meetings had been poorly advertised, held at times inappropriate for many and the information provided had been minimal. The deputation urged the Council to take a positive step and reject the ABM proposals.

(References – e-mail requests, submitted.)

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(b) Report by the Chief Executive – Integrated Facilities Management

The final business case for the Integrated Facilities Management workstream of the Alternative Business Models programme was presented and recommendations were made on the way forward.

The Chief Executive's recommendations were detailed in paragraph 9 of her report as follows:

“9.1 That the Council:

- (i) agrees to the appointment of Mitie as the preferred bidder for the Integrated Facilities Management workstream;
- (ii) delegates to the Directors of Services for Communities and Corporate Governance authority to enter into a partnership agreement; and
- (iii) agrees to draw down £242k from the Council's spend-to-save fund to meet the mobilisation costs for Integrated Facilities Management.”

Motion

- 1) To reiterate the Administration's stated position (Administration Budget – 11 February 2010) that:

“This Administration instinctively supports public services and recognises the responsibility that local government has to provide for society fairly, equitably and progressively. However, Council recognises that, in its responsibility to Edinburgh and its residents, it is necessary to consider all approaches critically and objectively.”

- 2) To note that over the 7 year period of the partnership agreement Mitie had contracted to deliver over £17million more savings than the Public Sector Comparator and had guaranteed other significant outcomes including a commitment to create 50 apprenticeships annually and a 25% energy saving across the Council estate.
- 3) To agree that, maximising savings was in line with the Council's stated commitment to providing *“high-quality services in the most efficient and cost-effective manner”* (Budget Motion 10/02/2011) and that these savings would help protect our most vulnerable, ensure that every young person had an equal opportunity to reach their full potential and that Edinburgh was cleaner and more sustainable.

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- 4) Having considered information regarding the Public Sector Comparator and Mitie, to note that the independent external review of the Public Sector Comparator provided a “moderately low” confidence rating of its deliverability.
- 5) Mindful of the obligation on all elected members to demonstrate Best Value, to accept there was a compelling case to appoint Mitie to deliver the Integrated Facilities Management work stream and to approve the recommendations contained in paragraph 9.1 of the report by the Chief Executive.
- 6) To further instruct the Director of Services for Communities to ensure that the Council had the necessary management and staff capacity to deliver, monitor and manage the Partnership Agreement with Mitie.

- moved by Councillor Wheeler, seconded by Councillor Dawe (on behalf of the Liberal Democrat Group).

Amendment

- 1) To note that the Alternative Business Models Review Programme would be concluded by a decision of Council and that this was commonly known by, and made clear to, all Parties involved in the process.
- 2) Having taken into account inter-alia the following ...
 - (i) The statutory duty to deliver Best Value, namely the duty to ensure the continuous improvement of services. Specifically to note the duty to strike an appropriate balance between quality and cost while having due regard for efficiency, effectiveness, economy, equality, human rights and sustainability including social and economic sustainability as well as environmental protection.
 - (ii) The statutory duty to have due regard for Scottish Government guidance and protocols including Best Value Guidance, Section 52 Guidance, the National Standards on Community Engagement and the “Public Private Partnerships in Scotland – protocol and guidance concerning employment issues”.
 - (iii) The now acknowledged workforce reduction under this element of the ABM programme with public sector jobs being lost to the City of Edinburgh and the resulting adverse economic consequences for the city.
 - (iv) The risk to local services, and local accountability, being too great and the estimated level of savings being unlikely to outweigh the dis-benefits of this element of the ABM programme.

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- (v) The information that was made available in the “data room” coupled with detailed analysis of some of the said information.

... all lead Council to agree that the procurement process be terminated without award of a contract.

- 3) To further note that an internal improvement plan had been developed which had the potential to deliver significant improvements and savings to in-house service delivery and to agree:
 - (i) To develop the vision of the Integrated Facilities Management internal improvement plan and instruct the Chief Executive Officer to take appropriate steps to secure implementation of internal improvement.
 - (ii) That regular reports on the progress of the internal improvement plan be made to the Finance and Resources Committee and/or Council and that Committee should bring any matters of concern regarding its progress to the attention of the Council in order that it could determine any course of action it deemed necessary.
- 4) Therefore to reject recommendations 9.1(i) to 9.1(iii) in the report by the Chief Executive and to proceed as stated above.

- moved by Councillor Henderson (on behalf of the Labour Group), seconded by Councillor Elliott-Cannon (on behalf of the SNP Group).

Voting

In terms of Standing Order 31(1), the vote was taken by calling the roll.

For the motion:

Lord Provost Grubb; Councillors Elaine Aitken, Aldridge, Balfour, Coleman, Dawe, Dundas, Edie, Hawkins, Jackson, Lang, Lowrie, Gordon Mackenzie, Kate MacKenzie, McInnes, McKay, Mowat, Paisley, Rose, Rust, Snowden, Wheeler and Whyte – 23 votes.

For the amendment:

Councillors Ewan Aitken, Barry, Blacklock, Bridgman, Buchanan, Burgess, Burns, Cairns, Cardownie, Chapman, Child, Cook, Day, Elliott-Cannon, Godzik, Hart, Henderson, Hinds, Johnstone, Keir, McIvor, Milligan, Morris, Munn, Munro, Peacock, Perry, Rankin, Tymkewycz, Wilson and Work – 31 votes.

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Decision

To approve the amendment by Councillor Henderson.

(References – Act of Council No 17 of 27 October 2011; report no CEC/82/11-12/CE by the Chief Executive, submitted.)

Declaration of Interests

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

(c) Report by the Chief Executive – Corporate and Transactional Services

The final business case for the Corporate and Transactional Services workstream of the Alternative Business Models programme was presented and recommendations were made on the way forward.

Decision

- 1) To note the report by the Chief Executive.
- 2) To terminate the procurement without a contract award.
- 3) Noting the views expressed by the OGC Gateway Review and the report by KPMG, to instruct the Director of Corporate Governance to develop the vision set out in the Public Sector Comparator and to implement a programme of internal improvement as soon as possible on the Corporate and Transactional Services workstream. This work should also address the concerns in the Gateway Review and KPMG report, that:
 - (a) the level of internal and external resource needed to be reviewed;
 - (b) the level and pace of benefits was not ambitious enough;
 - (c) it was unrealistic to expect internal resources to have the experience needed to deliver appropriate transformational change and there was a need to develop staff competencies and establish the necessary leadership culture;
 - (d) Customer Relationship Management (CRM) technology might not be best suited to Council needs and there should be scoping of IT requirements;
 - (e) the procurement proposals were low in ambition but likely to need to be framed over a longer time-scale than envisaged;
 - (f) there was a need for clear governance and reporting structures.

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- 4) To agree that regular reports on this project would be made to the appropriate Committees as this improvement programme progressed.

(References – Act of Council No 17 of 27 October 2011; report no CEC/81/11-12/CE by the Chief Executive, submitted.)

Declaration of Interests

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

Councillor Henderson declared a financial interest in the above item as an employee of one of the bidders and left the Chamber during its consideration.