



MINUTES

A & B

Executive Committee

Council Chamber, Town Hall, Lerwick

Monday 3 October 2011 at 10am

Present:

J G Simpson	A T J Cooper
A T Doull	A G L Duncan
C H J Miller	G Robinson
C L Smith	

Apologies:

E L Fullerton	A S Wishart
A J Cluness	

In Attendance:

A Buchan, Chief Executive
H Sutherland, Chief Financial Officer
J Riise, Executive Manager – Governance and Law
A Cogle, Service Manager - Administration

Chairperson

Mr J G Simpson, Chair of the Committee, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

Mr Duncan declared a financial interest in agenda item 2 [Review of Internal Controls Pension Fund 2010/11 and Action Plan] and advised that he would leave the Chamber for this item.

Mr Cooper also declared a financial interest in agenda item 2 [Review of Internal Controls Pension Fund 2010/11 and Action Plan] and that he would leave the Chamber for this item.

Mrs Miller declared an interest in agenda item 2 [Review of Internal Controls Pension Fund 2010/11 and Action Plan] but advised that it was not a financial nor a significant interest and she would be taking part in that item.

Minutes

The minute of meeting held on 12 September 2011 was confirmed.

The Committee considered a report by the Head of Finance (F-033-F) which presented the findings of the review of internal controls by Audit Scotland in relation to the 2010/11 accounts. In addition the Committee were asked to approve the Action Plan to address the weaknesses identified by Audit Scotland.

After hearing the Head of Finance summarise the terms of the report, Members expressed a requirement for the Audit and Standards Committee to receive updates on the recommendations from the ISA260 report. The Head of Finance confirmed it was the intention that this and further information would be regularly reported to Members via both Audit and Standards and the Executive Committee. During further discussion, Members agreed that additional resourcing of the Finance function should be given a high priority, and that progress on this would form part of the regular update reports to Committees. The Committee otherwise adopted the recommendations in the report on the motion of Mr Smith, seconded by Mrs Miller.

Decision:

The Executive Committee **RESOLVED** to approve the action plan.

The Executive Committee further **RESOLVED** that an update report on items from the Action Plan in this report, and also those improvements that the Council are committed to taking forward in the Finance Service from the ISA260 report, will be reported on regularly for monitoring and review purposes by the Audit and Standards and Executive Committees, as appropriate.

[Mr Duncan and Mr Cooper left the meeting.]

23/11

Review of Internal Controls Pension Fund 2010/11 and Action Plan

The Committee considered a report by the Head of Finance (F-034-F) which presented the findings of the review of internal controls by Audit Scotland in relation to the 2010/11 Pension Fund accounts. In addition the Committee were asked to approve the Action Plan to address the weaknesses identified by Audit Scotland. The Committee approved the recommendations in the report, on the motion of Mrs C Miller, seconded by Mr A Doull.

Decision:

The Executive Committee **RESOLVED** to approve the Action Plan.

[Mr Duncan and Mr Cooper returned to the meeting.]

24/11

Management Accounts Overview: April – June 2011

The Committee considered a joint report by the Chief Executive and the Head of Finance [F-036-F] which provided information on the Council's overall financial performance.

During discussion, Members agreed that the format of the report provide an appropriate and transparent format of reporting, and clearly illustrated the challenges that the Council were facing. It was noted that there would be a

continuous process involving detailed discussions with individual managers about making the necessary savings and service reviews, and emphasis would be put on supporting the culture change and managers through that process. With regard to the savings required, the Chief Executive said the vast majority of savings were internal efficiencies, with little impact on services. He said that approach would continue, and any impacts on service levels would be addressed with Members. The Committee otherwise unanimously agreed the terms of the report.

Decision:

The Committee approved the recommendations and RESOLVED to:

- review the Revenue Management Accounts, from 1 April 2011 – 30 June 2011; and
- review the Capital Management Accounts, from 1 April 2011 – 30 June 2011; and
- review the progress on securing savings and efficiencies in the year; and
- support the Chief Executive and Corporate Management Team in their actions to continue to critically review all spending decisions to ensure that the expected deficit in the current year is met by the end of the financial year.

25/11

Reserves Policy Update

The Committee considered a report by the Head of Finance [F-040-F] which presented information regarding the preliminary principles on the use of reserves for the 2012/13 Budget Strategy.

After some discussion, the Committee agreed to accept the recommendations in the report, on the motion of Mrs Miller, seconded by Mr Smith. In doing so, the Committee recognised that whilst these were challenging targets, these preliminary decisions would provide a framework for the Council to work to over the next 2/3 years.

Decision:

The Committee RECOMMENDED to the Council that it approve some preliminary reserves principles, as the framework for developing the 2012/13 Budget Strategy as follows:

- the General Fund discretionary Reserves (the Reserve Fund, Capital Fund and Repairs and Renewals Fund) should be maintained at no less than £250 million (the Reserves Floor policy).
- the Council should set a target to re-instate the reserves to that value, over the medium term;
- the draw on the Capital Fund for the 5 Year Capital Programme be set at £28m;
- the Council remains debt free for general capital investments;
- the draw on the Repair and Renewal Fund to be set at £3.3m for 2012/13;
- the draw on the Reserve Fund to be set at £3.3m for 2012/13;
- The objective for the General Fund revenue account is to be in balance by 2013/14;

- the Council takes a specific decision as part of the 2012/13 budget exercise to agree the draw on reserves appropriate to balance the budget in that financial year, as part of the transitional arrangements required to move towards the account being in balance from national grant and Council Tax by 2013/14;
- note that future reports will be presented on the average rate of return projections and book versus market value assessments; and
- note that the final policy proposals will be developed in line with the Strategic Budget Plan (a separate item on today's agenda) and reported formally in February 2012.

26/11

Strategic Budget Plan

The Committee considered a report by the Head of Finance [F-041-F] which presented the Strategic Budget Plan for 2012/13 and beyond.

After some discussion, the Committee agreed to accept the recommendations in the report, on the motion of Mr Smith, seconded by Mr Duncan. In doing so, the Committee recognised the efforts being made to consult with the public to gain their views on what communities saw as their priorities. Members were of the view that the policy framework being proposed was clear, although challenging. Members were keen to ensure that management was supported during the public consultation exercise, and also going forward in terms of both staffing resources required within the Finance function, and all services being more financially aware.

Decision:

The Committee RECOMMENDED that the Council approve the Strategic Budget Plan.

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Chair