



MINUTES

A&B - PUBLIC

Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Wednesday 28 May 2014 at 10am

Present:

G Robinson	G Cleaver
A Cooper	B Fox
C Smith	G Smith
T Smith	M Stout
V Wishart	

Apologies:

S Coutts
A Cooper (for lateness)
G Robinson (for lateness)

In Attendance:

C Ferguson, Director - Corporate Services
J Gray, Executive Manager - Finance
J Riise, Executive Manager - Governance and Law
R Sinclair, Executive Manager - Capital Programme
J Smith, Executive Manager - Improvement and Performance
H Tait, Team Leader - Accountancy
C Anderson, Senior Communications Officer
L Adamson, Committee Officer

Also in Attendance:

C Hislop, Audit Scotland

Chairperson

In the absence of the Leader, Mr Fox, Depute Leader, presided

Circular

The circular calling the meeting was held as read.

In advising the Committee of the delay in attendance at today's meeting by the Council's Leader and Executive Manager – Finance, the Chair proposed that the order of the agenda would be changed to allow the Executive Manager – Finance to be in attendance to present his reports. The Committee agreed.

Declarations of Interest

None

01/14 **Progress Report – Asset Investment Plan**

The Committee considered a report by the Executive Manager – Capital Programme [CPS-08-14-F], which advised on the progress on the projects contained within the Asset Investment Plan (AIP).

The Executive Manager – Capital Programme introduced the report. He advised on a correction in Appendix 1, in that whilst the figures in the table are correct, the narrative under HCH3305 – Hoofields New Housing should be corrected to state that there was no further anticipated Scottish Government Capital Grant allocation of £300K. The total grant was £600K and this was drawn down in March 2013. The allocation of £460K for Brae housing has always been for that project and was drawn down in March 2014. He confirmed that this would be amended for future reporting to Members.

A Member enquired on any highlights and lessons learned from the 12 month reporting on projects through the AIP. The Executive Manager – Capital Programme commented that the number of projects has decreased in line with the financial sustainability requirements of the Council, and he advised that more careful consideration is being given to how individual projects are funded and more external funding is being sought for projects. He added that the financial outcome is reasonably in line with the budget set.

In response to a questions regarding the NHS Conversion Scalloway School project, the Executive Manger – Capital Programme explained that the project has been tendered under the banner of the Council, however the tendering process will be carried out by the NHS, who are fully funding the project and will have full responsibility for all financial risks.

Mr C Smith moved that the Committee approve the recommendation contained in the report. Mr G Smith seconded.

Decision:

The Committee **RECOMMENDED** that the Council resolve to note the progress on the projects within the Asset Investment Plan.

02/13

Corporate and Executive Services Directorate – 2013/14 – 12 Month Performance Report

The Committee considered a report by the Executive Manager – Improvement and Performance [IP-14-14-F], which summarised the activity and performance of the Corporate Services Department and the Executive Office for Quarter 4 of 2013/14, the 12 months up to the end of March 2014.

In introducing the report, the Executive Manager – Improvement and Performance outlined the progress that has been made on the “this year we will” priorities from the Council’s Corporate Plan, the Change Programme and the Directorate Plan.

The Director of Corporate Services advised Members on an anomaly in the report, in that the Workforce Strategy project ranked as Amber should be shown as a Red. She explained the reasons for the delay on the project, but confirmed that the project is still on target for completion by December 2014. She reported that Corporate Services has challenging targets to meet under the MTFP, and advised on work in progress to make changes to work patterns and structures within the Service to react to the demands from other areas of the Council, which will be reported in the near future.

(Mr Cooper attended the meeting).

In response to a question, the Director of Corporate Services advised on the regular work and dialogue that takes place to continually monitor and improve performance throughout the Council, which is reflected in the progress made in the Change Programme. She advised on the approach that is now taken with projects following PRINCE2 methodology and on areas where services work together and are being more proactive to achieve continued improvements.

In response to questions, the Executive Manager – Capital Programme advised that he would provide an update to Members on transactions completed and proposals going forward in regard to the disposal of Council buildings. He added that, to date, no school buildings have been disposed of through community asset transfer, however all buildings have been transferred on a commercial basis. A Member made comment on the need to empower the voluntary sector, and for Departments to work together to make things happen.

A Member commented that the progress being made on performance should be relayed to the wider public to give reassurance on the positive changes within the Council. He then made reference to the progress on ‘Shared Lobbying’ in the report, and questioned whether Shetland could be missing out in areas of non-shared lobbying, where an issue would impact only on Shetland. The Executive Manager – Improvement and Performance made reference to the resolution of the Housing Debt, and said that any issues specific to Shetland could be pursued in a similar way.

(Mr Robinson attended the meeting).

In referring to the development of a Workforce Strategy, Members advised on the need to better encourage and inform young people and school leavers on the skills that will be required in Shetland in future years, for a consistent approach to be taken within the Council to facilitate and promote traineeships, for the continuation of the apprenticeship programme and a proposal was made for the reintroduction of the Graduate Placement Scheme. The Director of Corporate Services advised that work was in progress to develop the Workforce Strategy and there are specific areas where focus has to be given, however she said that further consideration would be given to the points raised and a report would be prepared for Members.

A Member commented that with Council wages having been constrained in recent years and the forward projections that public sector spend will continue to restrain wages, the Council is no longer the preferred employer in terms of wages. He said that the Council should therefore recognise that this is likely to increase the need for applying market forces to attract staff to its employment.

During the discussion, and in response to a comment, the Director of Corporate Services suggested that improved reporting on the real challenges being faced by the Council could be incorporated into the format of future reports, or as part of the new arrangements to be made for the Policy Forum.

Decision:

The Committee discussed the contents of the report and made relevant comments on progress against priorities to inform future activity within the remainder of this year, and on the planning process for next and future years.

(Mr Fox left the Chair).

The meeting adjourned for a short break at 10.55am

The meeting reconvened at 11am

(Mr Robinson assumed the Chair).

03/14

Overall Council Performance Report – 2013/14 – End of Year

The Committee considered a joint report by the Chief Executive, the Director of Corporate Services and the Executive Manager – Improvement and Performance [IP-15-14-F], which presented an overview of performance across the Council during 2013/14.

The Executive Manager – Improvement and Performance introduced the report, and in referring Members to the table at Section 3.4 he advised on the progress made on the 2013/14 Change Programme with 19 actions/projects completed and 13 continuing into 2014/15.

In response to a question relating to the high level of long-term sickness reported within the Council during February 2014, the Executive Manager – Improvement and Performance advised that year on year February is the month where the highest short-term sickness occurs, but he undertook to find out more information on the increase in long-term sickness and report to Members.

Mr Cooper made reference to the table at Section 3.4, and to the 13 projects from last year's Change Programme that are to be continued into 2014/15. Mr Cooper reported from the recent meeting of Development Committee where concern had been raised in regard to the number of uncompleted projects, and he stated that this was an issue where improvements had to be made. He therefore sought regular reporting to ensure progress is made in concluding the outstanding projects. The Leader advised that he shared this concern, and asked that an action point be taken forward through this Committee for reports to be prepared on all uncompleted projects and presented to each of the relevant functional Committees, with onward reporting to Policy and Resources Committee.

In referring to the graph at Appendix 2, which illustrated the reduction in overall staffing numbers, the Leader advised on the expectation on the biggest reduction during 2013/14 and therefore the numbers should remain fairly constant from this point forward. He added that this was an area that would be monitored. The Leader reported on the reduction in more than 600 posts since December 2010, which has been a major contributor to help reduce the Council's deficit, and has been achieved through the help and support of the Trade Unions.

On the motion of Mr Robinson, seconded by Mr Cooper, the Committee approved the recommendation in the report.

Decision:

The Committee discussed the contents of the report and made relevant comments on progress against priorities to inform the planning process for next and future years.

04/14

Corporate Services and Chief Executive Directorate Plan 2014/15

The Committee considered a report by the Director of Corporate Services and the Chief Executive [IP-13-14-F], which presented the final edit of the Corporate Services and Chief Executive Directorate Plan for 2014/15 aligned with the Council's Corporate Plan.

After hearing the Director of Corporate Services introduce the report, Mr Robinson moved that the Committee approve the recommendation contained therein. Mr Stout seconded.

Decision:

The Committee **RESOVLED** that this version of the Plan be shared with partners, staff and the community.

05/14

Planning and Performance Management Framework Update Report

The Committee considered a report by the Executive Manager – Improvement and Performance [IP-12-14-F], which recommended updates to the Council's Planning and Performance Management Framework (PPMF) to meet the obligations of Best Value and better support the delivery of the Corporate Plan.

The Executive Manager – Improvement and Performance introduced the report.

During the discussion, there was general agreement among Members on the need for Community Councils to be better informed on the Council's PPMF arrangements. The Leader suggested that this could form part of the community engagement on the budget setting process to be undertaken later in the year, and it was suggested that a more reader friendly format of the PPMF should be used for the consultation with communities.

Comments were made that Community Councils are becoming less engaged with the Council and therefore less in partnership to deliver on common objectives. Members acknowledged the need for improved engagement with Community Councils and communities to ensure they are better informed on an ongoing basis. In response to a suggestion from the Executive Manager – Improvement and Performance, Members agreed that engagement with Community Councils/communities would be a topic for early discussion by the Policy Forum.

On the motion of Mr C Smith, seconded by Mr Robinson, the Committee approved the recommendation in the report.

Decision:

The Committee **RECOMMENDED** that the Council resolve to approve the arrangements contained in the Planning and Performance Management Framework.

06/14

Committee Business Programme – 2014/15

The Committee considered a report by the Team Leader – Administration [GL-07-14-P&R], which informed of the planned business to be presented to Committee over the remaining quarters of the current financial year to 31 March 2015, and to allow discussion with Officers regarding any changes or additions required to that Programme.

In introducing the report, the Executive Manager – Governance and Law advised that this was an opportunity to discuss the agenda for reports coming forward to Committee, which will be supported by the Policy Forum where they will be allocated to the appropriate functional Committee.

In response to questions, the Executive Manager – Governance and Law advised that the format of reporting and remit of the Policy Forum would be subjects for discussion at a Members Seminar.

In response to a question, the Director of Corporate Services advised that work was in progress for reporting on the Eric Gray Resource Centre to Committee on 23 June 2014.

On the motion of Mr C Smith, seconded by Mr Fox, the Committee approved the recommendation in the report.

Decision:

The Policy and Resources Committee noted its business planned for the remaining quarters of the current financial year up to 31 March 2015.

07/14

Management Accounts for Policy and Resources Committee: 2013/14 – Draft Outturn Quarter 4

The Committee considered a report by the Executive Manager – Finance [F-019-F], which enabled review of the financial performance of the services within its remit.

In introducing the report, the Executive Manager – Finance advised on the £799K underspend on revenue. He reported on the main variances as set out in Appendix 1, and advised on the proposed carry forwards into 2014/15 of £650,000.

In response to a question relating to the underpend in the Finance Service cost relating to temporary staff vacancies, the Director of Corporate Services explained that when vacancies do arise careful consideration is given to whether the work can be done in different ways, or through linking different roles and areas of work and this can lead to some delays in recruitment. However it was reported that there are certain vacancies that it is absolutely vital to be filled to meet service delivery. In response to a question as to whether it would be possible to streamline the current cumbersome recruitment process should a situation arise whereby there is urgency to recruit to a post, the Director of Corporate Services advised that a streamlined recruitment process had recently been followed to recruit to the Ferry Service and could be utilised again should it be considered necessary.

A Member questioned whether there had been any substantial reduction in business rates from the rationalisation of the Council's estate. The Executive Manager – Capital Programme advised on the savings in terms of rates and disposal of buildings and net savings income to the Council. The Executive

Manager – Finance reported on the work in progress to switch a service supplier which could generate a significant saving to the Council.

On the motion of Mr C Smith, seconded by Mr Stout, the Committee approved the recommendations in the report.

Decision:

The Committee **RESOLVED** to:

- Note the Management Accounts outturn position for 2013/14; and
- Note the proposed carry forward of 2013/14 budgets incorporated into the Overall Outturn report also presented to the Policy and Resources Committee on 28 May 2014.

08/14

Shetland Islands Council 2013-14 Draft Outturn

The Committee considered a report by the Executive Manager – Finance [F-024-F], which presented the actual spending position for Shetland Islands Council.

The Executive Manager – Finance introduced the report and advised on the estimated draw on reserves of £15.099m in 2013/14 compared to the draw on reserves of £35.6m at the start of the new Council. He advised on the cost pressures on the Council during that time, which included pay awards, an increase in demand for services and the general reduction in Government funding, and he advised on similar cost pressures which will impact into the future.

The Executive Manager – Finance informed that from the draw on reserves of approximately £15m, £5.7m is a recurring draw while £9.3m is non-recurring, and he highlighted to Members the detail on the non-recurring draw at Section 1.06 of the report. He advised Members on the underspend in the General Fund budget of £5m in addition to the £12m savings built into the budget, with the outturn being £109m compared to £131m at 2011/12. He provided a summary of the outturn position on the Harbour Account, Housing Revenue Account budget, the Capital Programme budget and on the carry forwards of £3.697m relating to general underspends which will be presented for approval to Council later today.

In acknowledging the impact that the wage increase will have on the Council budget, the Leader said that there had been a long period of wage restraint he questioned how long the constraint can continue with wages increasing in the private sector.

During the discussion, Members paid tribute to all the officers who have been involved in achieving the improvements in the spending position of the Council, and on the timeous presentation of the accounts.

Mr Robinson moved that the Committee approve the recommendation contained in the report. Mr T Smith seconded.

Decision:

The Committee **RESOLVED** to:

- Note the 2013-14 draft outturn position; and

- Note the 2013/14 proposed carry forwards.

The meeting concluded at 12.10pm

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Chair

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Interim Chair