



MINUTES

A&B - PUBLIC

Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Wednesday 27 May 2015 at 10am

Present:

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

Apologies:

None

In Attendance:

M Boden, Chief Executive
C Ferguson, Director of Corporate Services
J Belford, Executive Manager – Finance
C McIntyre, Executive Manager – Audit, Risk and Improvement
V Simpson, Executive Manager – Community Planning and Development
R Sinclair, Executive Manager – Capital Programme
J Riise, Executive Manager – Governance and Law
S Brunton, Team Leader – Legal
B Kerr, Communications Officer
L Adamson, Committee Officer

Also in Attendance:

R Henderson

Chairperson

Mr Robinson, Leader, as Chair of the Committee presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

33/15 **Management Accounts for Policy and Resources Committee:**
2014/15 – Projected Outturn at Quarter 4

The Committee considered a report by the Executive Manager – Finance [F-029-F] which enabled noting of the financial performance of services within its remit.

The Executive Manager – Finance summarised the main terms of the report, where he highlighted the draft underspend of £326k, exclusive of Fund Managers' fees.

He advised on the £158k overspend on Fund Manager's fees which related to the increasing and positive value of reserves and the performance of Fund Managers.

On the motion of Mr Robinson, seconded by Ms Wishart, the Committee approved the recommendations in the report.

Decision:

The Committee **RESOLVED** to:

- Note the Management Accounts showing the draft outturn position; and
- Note the proposed budget carry-forwards which will be included in the overall Draft Outturn Report, also presented for approval at this Committee.

34/15

Shetland Islands Council 2014-15 Draft Outturn

The Committee considered a report by the Executive Manager – Finance [F-030-F] which presented the actual spending position for Shetland Islands Council.

The Executive Manager – Finance summarised the main terms of the report. He informed Members on the projected draw on reserves of £2m, and on the carry-forward request of £5.4m into 2015/16, which he advised was a very positive position from an overall point of view and gave confidence that the Council can move into 2015/16 with a good underlying level of expenditure. In referring Members to Page 5 of the draft outturn report, he highlighted that each of the Directorates has underspent on their 2014/15 budget. The Executive Manager – Finance then provided a brief overview on the 2014/15 budgets for the Harbour Account, Housing Revenue Account, Capital Programme and Spend to Save, and advised on the carry-forward requests into the 2015/16 budget from each of the Directorates on both revenue and capital.

The Chair made comment that the Spend to Save budget has not been utilised, which he advised is a concern to Members when the Council has to make savings. The Executive Manager – Finance said that this matter had also been raised at the functional Committees. He went on to confirm that the criteria for the Spend to Save Scheme would be reviewed, which would form part of the refresh of the Medium Term Financial Plan (MTFP). In response to a question, the Executive Manager – Finance advised that he would circulate to Members any further detail on the criteria of the Spend to Save Scheme, other than what is included in the MTFP.

In response to a question, the Executive Manager – Finance advised that the contingency budget for 2015/16 is approximately £3.6m.

The Chair advised Members that from discussions at the functional Committees, the Executive Manager – Finance has undertaken to provide a breakdown on recurring and non-recurring savings in future reporting.

During debate, Mr C Smith made comment in regard to the underspend reported on Community Care Services, which mainly related to savings on employee costs across the service. He said that although the underspend looks good on paper, the people of Shetland may suffer if there continues to be issues to recruit to the Service. In that regard he added that it cannot always be assumed that staff are willing to work additional hours, and he stated that this situation needs to be

addressed. The Chair acknowledged that in these circumstances it is not good to have an underspend. He added that the issue in regard to recruitment is a serious one and will not easily be overcome with the current low unemployment rate in Shetland. Mr G Smith commented that the 2013/14 accounts are good from a purely financial perspective, however there is concern in regard to the delivery of services and the impact on existing staff to deliver the services.

In regard to future performance reporting, Mr G Smith made a request for commentary to be included on any underspends to inform on financial and qualitative impacts on services.

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

Decision:

The Committee **RECOMMENDED** that the Council resolve to:

- Note the 2014-15 draft outturn position; and
- Approve the 2014-15 proposed carry-forwards.

35/15

Management Accounts for Pension Fund:
2014/15 – Draft Outturn at Quarter 4

The Committee considered a report by the Executive Manager – Finance [F-025-F] which enabled the noting of the financial performance of the Pension Fund Management Accounts.

The Executive Manager – Finance summarised the main terms of the report.

In noting the reduction in transfers into the Pension Scheme, a Member enquired how employees can be encouraged to take up participation of the Scheme. The Executive Manager – Finance advised that from 2017, employees will automatically be enrolled into the scheme and will have to choose to opt out, which he said should have a positive impact on the number of members in the Pension Scheme.

During the discussion, questions were asked in regard to the cost of early retirement and the consequences of additional benefits and the strain on the scheme. The Executive Manager – Finance explained that any extra enhancement for early retirement paid to an individual would be paid by the Council. He advised that the Pension Fund accumulates the contributions and thereby has the assets available to pay out for normal retirement costs, however additional awards are paid by the Council. It was advised that savings are achieved through not replacing staff who have taken early retirement. During the discussion, the Executive Manager – Finance clarified that the number of people who are retiring and taking early retirement is different to what was forecast.

In response to questions, the Director of Corporate Services explained that each application for early retirement is considered on its own merits. She advised that although there is no call for early retirement/voluntary redundancy at this time, employees can still apply. She added that consideration would be given to how the service needs to be delivered, and noted the current difficulty is around retaining numbers of staff to provide the services approved by Members to be delivered.

In response to a question, the Director of Corporate Services advised that some initial work has been done to review the Council's Early Retirement Policy, and that further progress will be made.

In response to a question, the Executive Manager – Finance explained that any costs associated with early retirements from employees of an admitted body into the Pension Scheme would be met by that admitted body.

In response to a question from a Member, the Director of Corporate Services undertook to establish whether any information is available on the percentage of new entrants who join the Pension Scheme and the profile of the workforce participating in the Scheme.

In referring to the reduction in grant funding from the Council and the potential impact on organisations, a Member enquired whether there was provision in the Pension Fund accounts for default on the part of admitted bodies and liabilities on the Council. During his response, the Executive Manager – Finance explained that there is no such provision, with recognition made to the long-term nature of contributions from organisations into the Pension Fund.

In response to questions from a Member, the Executive Manager – Finance advised that he would circulate to Members information on the current funding position of the Pension Fund, and comparisons with other Local Authorities.

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

Decision:

The Committee **RESOLVED** to note the Management Accounts showing the draft outturn position.

36/15

Corporate and Executive Services Directorate – Performance Report Overview 12 Month/4th Quarter

The Committee considered a report by the Director of Corporate Services [CRP-08-15-F] which summarised the activity and performance of the Corporate Services and Executive Services Directorates for the reporting period above.

The Director of Corporate Services introduced the report and provided updates to Members on progress on a number of the priorities. In reporting on the delay in presenting the Workforce Strategy, the Director of Corporate Services gave commitment that the Strategy would be completed during 2015. In referring to the refresh of the Medium Term Financial Plan and Council budgets, she advised that the building budgets exercise and engagement with Members will take place during the summer to decide on future priorities so that budgets can be priority led.

The Director of Corporate Services provided an update to Members on an action currently ranked as Amber, where she reported that a draft Commissioning and Procurement Strategy has been prepared. A Procurement Co-ordinator has been assigned to each Department to make further savings in particular areas and to link with the NHS. Updated procedures and guidance have been developed with focus on more practical areas in order to achieve value in procurement.

In reporting on actions currently ranked as Red, the Director of Corporate Services confirmed that the Major Incident Plans would soon be completed, and work is progressing to improve the Council's performance in regard to the percentage of supplier invoices paid within 30 days.

In referring to the Performance Indicators reported in Appendix 1, the Director of Corporate Services commented on the generally low scores across departments for Employee Review and Development interviews. In that regard, she advised that a piece of work will be undertaken to find out whether there are any issues and to ensure staff are being supported. In referring to the figures on complaints which were currently not available, the Director of Corporate Services gave assurance that the figures would be provided to Members as soon as they become available.

In response to questions, the Executive Manager – Finance reported on the actions being taken to improve the time to pay creditors, which included the introduction of IT based arrangements. He added that there continued to be challenges due to the number of people involved to process and authorise payments, however dialogue will take place with each Director to ensure improvements are achieved. The Chief Executive made comment, in that the current performance whereby 85% of supplier invoices are being paid within 30 days was an outstanding achievement.

In response to a comment, the Director of Corporate services advised that the energy usage figures had not been available at the time of writing the report, and she undertook to circulate the figures to Members when available.

During the discussion, Mr G Smith commented that he welcomed the commitment from the Director of Corporate Services in regard to progress on the Workforce Strategy, the review of the Employee Review and Development process, and the focused approach to the 2015 budgeting. In response to a question regarding progress with the Long Term Financial Plan and Asset Review, the Executive Manager – Capital Programme confirmed that work is underway to develop a Long Term Asset Investment Plan. Whilst he hoped that a report could be presented during the June meeting cycle, it now looked likely to be the following cycle.

In response to a question relating to the favourable reporting on the completion of employee review and development interviews by the Corporate and Executive Services Directorates compared to some of the other Directorates, the Chief Executive confirmed the work is being carried out by the Director of Corporate Services and the other Directors to review the scheme to improve participation, particularly for part-time and non-office based employees.

A Member sought further clarity in regard to the Indicator "Average days per full-time equivalent employee per year invested in learning and development", where currently no data was reported, and in particular to the "systems thinking approach" being proposed. The Director of Corporate Services advised that the aim of the systems thinking approach is to build on key training for Members and Executive Managers, where she advised that the first two areas to be looked at in more detail were procurement and training administration.

In response to questions, the Executive Manager – Audit, Risk and Improvement advised that the new complaints recording and reporting system was in place, and a draft Complaints Policy will be presented to Policy and Resources Committee after the summer recess. He confirmed that quarterly reporting to CMT will inform on the types of complaints received.

A Member made reference to the Indicator which informed on leavers in the last year as a percentage of the average total staff, where he enquired whether 2014/15 had been an exceptionally high year in terms of staff leaving the Council. The Director of Corporate Services advised that there were some areas which had remained stable while in other areas the turnover of staff had been quite high. She added that figures had already been collated on the percentage of staff leaving the Council by Department, which she undertook to circulate to Members.

A Member asked for more detailed breakdown on overtime and whether reasons for the overtime could be provided. The Chief Executive suggested that this could be a topic for a Members' seminar.

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

Decision:

The Committee **RESOLVED** to note the contents of the report.

37/15

**Development Services Directorate Performance Report:
12 Month/4th Quarter 2014/15**

The Committee considered a report by the Director of Development Services [DV-15-15-F] which summarised the activity and performance of the Development Services Directorate for the reporting period above.

The Executive Manager – Community Planning and Development introduced the report, and she confirmed that all actions were green with the exception of the Strengthening Community Involvement Project.

In response to a question, the Executive Manager – Community Planning and Development confirmed that all Shetland Partnership Board members signed up to the Strengthening Community Involvement Project, where she advised that currently part of the project is being Council led with input from the Police and Fire Services. In regard to the progress being made to develop area forums across Shetland, a Member sought assurance that direct links would be made through the stronger, more resilient communities priority with active engagement with people at a local level. The Executive Manager – Community Planning and Development confirmed that was the intention, where she went on to advise that a pilot is being developed in one area of Shetland. She advised that the Forums are to be very much led and informed by communities, where each community will set its priorities and goals. The Chief Executive made comment on the requirement for representatives from each area forum to attend regular meetings, which he said could be an issue for small groups.

A Member referred to the demands on the Community Planning and Development Service with the requirement for increased engagement with communities and partnership working. The Executive Manager – Community Planning and Development advised that a lot of work by the Service is around relationships, where she advised on the good relationship between the Service and communities. She acknowledged however, that this was an area that had to be constantly worked on and developed. In noting the good relationship between the Community Planning and Development Service and communities, Mr G Smith commented that he would hope the perception would change for communities to engage more

positively with the Council as a whole where there are real opportunities to influence priorities for the future.

During a brief discussion, Members discussed the correlation between the localities project with the Community Planning Framework, where it was acknowledged that from time to time the criteria will not match directly.

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

Decision:

The Committee **RESOLVED** to note the contents of the report.

38/15 **Progress Report – Asset Investment Plan**

The Committee considered a report by the Executive Manager – Capital Programme [CPS-09-15-F] which advised on the progress on the projects contained within the AIP.

The Executive Manager – Capital Programme introduced the report.

During a brief discussion, it was noted that the Happy Hansel Extension and the Occupational Therapy Resource Centre, being completed projects, could be removed from future reporting.

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

Decision:

The Committee **RECOMMENDED** that the Council resolve to note the progress on the projects within the AIP.

39/15 **Policy and Resources Committee Business Programme 2015/16**

The Committee considered a report by the Team Leader – Administration [GL-17-15-F] which informed of the planned business to be presented to Committee for the financial year to 31 March 2016 and sought discussion with Officers regarding any changes or additions required to that Programme.

On the motion of Ms Wishart, seconded by Mr Robinson, the Committee approved the Business Programme, as presented.

Decision:

The Committee considered its planned business for the financial year to 31 March 2016 and **RESOLVED** to approve the Business Programme.

The meeting concluded at 11.30am.

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Chair