Shetland
Islands Council

MINUTES   B - PUBLIC

Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Monday 22 June 2015 at 10am

Present:

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

Apologies:
G Cleaver

In Attendance:
M Boden, Chief Executive
C Ferguson, Director of Corporate Services
N Grant, Director of Development Services
M Sandison, Director of Infrastructure Services
J Belford, Executive Manager – Finance
D Bell, Executive Manager – Human Resources
C McIntyre, Executive Manager – Audit, Risk and Improvement
J Riise, Executive Manager – Governance and Law
J Smith, Executive Manager – Change Programme
K Adam, Solicitor
J Jamieson, Risk Management Officer
J Orr, Human Resources Senior Adviser
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

Minutes
The minutes of the meeting held on 4 May 2015 were approved on the motion of Mr C Smith, seconded by Ms Wishart. The minutes of the meeting on 27 May 2015 were approved on the motion of Mr Fox, seconded by Mr G Smith.

40/15   **Chair's Report – Shetland College Board – 28 May 2015:**
           Shetland College Fees 2015/16
           The Committee considered a report by the Chair of the Shetland College Board
           [P&R-0622-SCB082] which presented a proposal to approve the course fees for the
           academic session 2015/16.

           After hearing the Director of Development Services summarise the main terms of
           the report, Mr G Smith moved and Ms Wishart seconded, that the Committee
           approve the recommendation contained therein

           Decision:

           The Committee **RECOMMENDED** that the Council resolve to approve the course
           fees for academic session 2015/16.

41/15   **Inter Island Ferry Fares Review**
           The Committee considered a report by the Executive Manager – Transport
           Planning [TP-10-15-F] which presented the Consultant's report summarising the
           main conclusions reached and describing measures that are being undertaken to
           enable the Council to consider alternative fare structures in the future.

           The Director of Development Services introduced the report. He advised on the
           conclusion of the review that it would be very difficult to provide a reduction in fares
           to islanders and commuters without significant impacts on other ferry users. He
           reported on the proposals to address revenue security, and that the three
           recommendations to Council, in regard to fare changes, have a combined reduction
           in income of approximately £2,000 per year.

           Mr Stout advised that the report had been presented to Environment and Transport
           Committee, where discussions highlighted the concern in the community that much
           of the consultation has been lost. He confirmed however, that the community could
           be reassured that this has not been the case, and the feedback received framed the
           conclusions to this consultation, and would be used to inform Transport Scotland's
           overall funding of transport services. In response to a question, Mr Stout
           acknowledged the delay in developing smart card solutions for Shetland and went
           on to confirm that the system will work with all types of travel.

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

           Decision:

           The Committee **RESOLVED** to:

           • Note that it is not possible to introduce widespread fare reductions for
             commuters or island residents, without negatively impacting income generation;

           • Note that as a means of ensuring that ferry fares can be maintained at current
             levels an immediate priority is to address revenue security and revenue
             management to ensure that all income due to the Council is collected;

           • Note that steps have already been taken to modify ticket collection methods on
             ferries to improve revenue recovery;

- Note that a pilot project is being developed to establish processes and systems to enable smart and integrated ticketing capabilities on buses and ferries. This will significantly improve revenue security and management as well as providing opportunities for different fare structures to be developed and introduced in the future;

- Recommend to Council that the fare for a standard vehicle journey to Fair Isle or Foula is reduced from £25.30 each way to £6.80 each way, in line with prices in Skerries and Papa Stour;

- Recommend to Council that the fare for a commercial vehicle journey to Fair Isle or Foula is reduced from £100 each way to £13.80 each way, in line with prices in Skerries and Papa Stour; and

- Recommend to Council that a multi-journey motorcycle ticket is introduced at £67.80 for 10 return journeys.

42/15 **Risk Management Strategy, Policy and Associated Documents**
The Committee considered a report by the Executive Manager – Audit, Risk and Improvement [IA-09-15-F] which provided an update on recent work in relation to the management of risk in the organisation and sought approval for the Risk Management Strategy, Risk Management Policy and associated documents.

The Executive Manager – Audit, Risk and Improvement summarised the main terms of the report.

During the discussion, some Members commented that they welcomed the documents, which will allow the Council to be risk aware and equipped to take calculated risks. A Member enquired how the Strategy will be used practically by officers and Members, and comment was made on the need for elements of risk to be more prominent in debate. The Executive Manager – Audit, Risk and Improvement advised that the Council's insurer's, Zurich Municipal, have provided risk training to the Council's Executive Managers and this training will be repeated to Members. He advised that the Risk Board meets quarterly, and there will be risk reporting to the various functional Committees, and at the quarterly PPMF meetings. He added that the Corporate Risk Register is currently being developed and will be presented to the next Policy and Resources Committee.

In response to a question, the Chief Executive advised that the real benefit to the Council is how the Risk Management Strategy and processes will be used. He said that from a Members' perspective the Corporate Risk Register is at Member level with the highest level risks, to be referred to and examined when making corporate planning, service plans and investment decisions. The Director of Corporate Services stated that areas of risk will be given further prominence in reporting and decision making in the wider Council business, and given focus during the Building Better Business Cases and Prince2 methodologies.

Mr Fox sought clarification in regard to governance, accountability and the mechanism for referring areas of risk to Members, where he noted that one of the Council's commitments in regard to risk management is to be transparent and inclusive. The Executive Manager – Audit, Risk and Improvement explained the process for reporting on risks and confirmed that Members will be involved at every

step in the risk management process. The Director of Corporate Services said that risk management will be an integral part of what we do, and part of everyday discussions between officers and Members. The Chief Executive confirmed that Members will be involved during every part of the risk management hierarchy. In regard to risk considerations during the decision making process, he said that staff should err on the side of caution, any potential concerns should be highlighted, and for Members to signal what is politically salient and score appropriately.   In response to further questions, the Chief Executive advised that there is no difference in the risk management considerations in terms of statutory and discretionary decisions but there could be greater risks from avoiding or taking a specific course of action/decision.

In response to a question in regard to risk management where Council Members sit on external bodies, the Chief Executive advised that those bodies' activities would not appear in the Council's Risk Register, unless the external body's activities form part of the wider Corporate Risk Register, which is still to be presented to Members.

Mr Coutts made reference to Page 2 of the Terms of Reference, where he questioned the means for dialogue to take place between Members and CMT in terms of responsibility for setting the Council's appetite for risk.   The Chief Executive advised that this would be through Members' approval of the Policy, and in particular the Risk Appetite Statement at Section 4.1.2.   In his response to a question, the Chief Executive advised that the need to reduce budgets due to reduced income would not be a factor in the management of risks, however extreme financial stringency may drive the decision to take a risk. In regard to risk appetite, he advised on the need to think about the consequences of making decisions and the risks that decision may create.

During the discussion, the Director of Corporate Services drew Members' attention to the paragraph at Section 4.2 'Opportunity', "The organisation seeks to exploit opportunities within areas of its core competencies. Risk to successfully exploiting an opportunity should be identified and recorded in the same way as risk to other objectives, and appropriate control measures recorded and actioned as appropriate", and also to the second paragraph of the Risk Appetite Statement, "While the Council does everything in its power to prevent harm to an individual, and wants to limit its exposure to health and safety, environmental, reputational, legal, financial and regulatory and compliance risks, it recognises that some level of risk is necessary in pursuit of better outcomes for the community and service users", which she said provides a level playing field to assess risks across all areas.

During debate, some Members advised that they welcomed the steps being made to change attitudes and embed the culture of risk management into everyday considerations.   During the discussion, Members commended the Risk Management Officer and Executive Manager – Audit, Risk and Improvement on the work undertaken to develop the documents. Members also made comment on the need for a more sophisticated approach to be taken of risk considerations when compiling reports, rather than repeating a standard risk management statement. It was also suggested that the Risk Management Section be moved to a more prominent part of the report.

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

Decision:

The Committee **RECOMMENDED** that the Council resolve to adopt the revised Risk Management Strategy as part of the Strategy Framework, including the Risk Management Policy and associated documentation.

43/15 **Business Case of the Council's Role in Broadband Development (Progress and Timescale)**
The Committee considered a report by the Director of Development Services [DV-40-15-F] which laid out the process and timeline for conducting a business case analysis (using the CIPFA Better Business Cases Framework) to determine the Council's role in broadband development in Shetland.

The Director of Development Services summarised the main terms of the report, where he advised of the change to the wording to the recommendation (Section 2.1) as agreed at Development Committee, whereby 'note' was replaced with 'insist'. In referring Members to Appendix 1, he provided a summary of the proposals to develop the business case, which Members noted included three gateway processes within a tight timeframe.

In response to a question, the Director of Development Services advised on the importance to consider the economic and social benefits to ensure that the correct decisions are made going forward, where he confirmed that risk management will be a key factor.

Mr Cooper advised from the debate at Development Committee around the lack of engagement from BT/HIE, where although the programme has been announced there has been no confirmation on timescales. In that regard, Mr Cooper said that while the Council can manage its own risks, there is a need to balance risks when dealing with external parties who can fail to engage at a level the community would desire. The Director of Development Services advised that the business case will be developed using the information provided by BT/HIE, which although fairly high level is lacking in detail to fully inform the process.

Mr Cooper moved that the Committee support the recommendation as agreed at Development Committee, namely, "to insist that the plans contained in this report to develop a business case for Shetland Islands Council involvement in broadband development be delivered by 16 November 2015". In seconding, Mr Robinson advised that this project is already delivering for the Council and the Shetland community. He also made reference to the recent award to the Council's ICT Service, for the implementation of the bespoke solution to deliver the Council's network, while achieving significant cost savings.

Mr G Smith commented on the need to be mindful that high speed broadband coverage will transform Shetland, and to push for continued dialogue BT/HIE.

Decision:

The Committee RESOLVED to insist that the plans contained in the report to develop a business case for Shetland Islands Council involvement in broadband development be delivered by 16 November 2015.

44/15 **Harbour Account Update**
The Committee considered a joint report by the Director of Infrastructure Services, the Executive Manager – Change Programme and the Executive Manager –

Finance [ISD-19-15-F] which advised on the need to update a range of Harbour Account budgets for 2015/16 to reflect that the tugs Solan and Bonxie have not been sold and obtain Committee approval to externalise the remaining debt relating to these vessels for financial efficiency.

The Director of Infrastructure Services summarised the main terms of the report.

In response to a query, the Director of Infrastructure Services informed on the current staffing levels, whereby the six tugs are operated by three appropriately resourced crews.

In moving that the Committee approve the recommendations in the report, Mr Stout advised that the "Risk Management" statement was a good example of the financial risks as appropriate, but also reflects a much wider analysis of the risks.   Mr Cooper seconded.

Decision:

The Committee **RESOLVED** to:

- Note that it has not been possible to sell tugs Solan and Bonxie and that it is now prudent to budget for continuing costs for these vessels during 2015/16;

- Approve the reinstatement of the 2015/16 revenue budget estimates for costs relating to tugs Solan and Bonxie; and

- Approve delegated authority to the Executive Manager – Finance to take the necessary steps to externalise the remaining debt relating to these vessels.

Mr Robinson moved that in order to avoid the disclosure of exempt information, the Committee resolve to exclude the public in terms of the relevant legislation during consideration of the following items of business. Mr B Fox seconded.

45/15   **Harbourmaster Recruitment and Ports for the Future Legacy – Marine Pilots**
The Committee considered a report by the Director of Infrastructure Services.

The Director of Infrastructure Services summarised the main terms of the report.

Following discussion, Mr Stout moved that the Committee approve the recommendations in the report. Mr Cooper seconded.

Decision:

The Committee **RESOLVED** to approve the recommendations in the report.

46/15   **Ferry Mates Industrial Action – Independent Review of Job Evaluation Factor Scores**
The Committee considered a report by the Director of Infrastructure Services.

The Director of Infrastructure Services introduced the report.

Following discussion, Mr Robinson moved that the Committee approve the recommendations in the report. Mr Stout seconded.

Decision:

The Committee **RESOLVED** to approve the recommendations in the report.

The meeting concluded at 11am.

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Chair