



MINUTES

A&B - PUBLIC

**Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Wednesday 19 August 2015 at 10 am**

Present:

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

Apologies:

None

In Attendance:

C Ferguson, Director of Corporate Services
C McIntyre, Executive Manager – Audit, Risk and Improvement
J Riise, Executive Manager – Governance and Law
V Simpson, Executive Manager – Community Planning and Development
R Sinclair, Executive Manager – Capital Programme
H Tait, Team Leader – Accountancy
C Bain, Treasury Accountant
M Gordon, Team Leader – Human Resources
J Jamieson, Risk Management Officer
C Christie, Risk Management Officer
C Anderson, Communications Officer
L Adamson, Committee Officer

Chairperson

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

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

49/15 Corporate and Executive Service Department Directorate – Performance Report: 3 Month/1st Quarter 2015/16

The Committee considered a report by the Director of Corporate Services (CRP-15-15-F), which summarised the activity and performance of the Corporate and Executive Services Department for the reporting period above.

The Director of Corporate Services summarised the main terms of the report. Members were advised on minor errors in the report, where the Director of Corporate Services confirmed that the new AHS project has achieved financial

close, and the target date for reporting on the Long Term Investment Plan was December 2015.

In response to a question, the Director of Corporate Services advised on instances where the Council would have to react to external events which could have opportunity costs. She advised that the frequency of such events could increase through increased partnership working, with adverse financial impact.

In response to questions relating to the Corporate Services and Chief Executive Actions, as listed in Appendix 1, Members noted the following:

- It was acknowledged that the progress statement relating to Action “DP045 – Implementation of Health and Safety Strategy and Policy” required to be updated. It was confirmed that posts in Human Resources have now been filled and the project will move forward. A Member made reference to the ongoing Inquiry following the Glasgow Bin Lorry crash, where he stressed the importance for the Council to have a Health and Safety Strategy in place.
- Work has been progressing on the Workforce Strategy, and the Strategy will be reported to Committee next cycle. An update was given on recruitment and retention initiatives, and Members noted that focus will be on areas within the Council facing skills shortages. A programme of work is also underway to liaise with young people to ensure they consider career opportunities at an early stage, and to assist young people into apprenticeships.
- A review of the Graduate Placement scheme will form a part of the Workforce Strategy report, which will be presented to Committee in October.
- An update on the project to upgrade all servers to Windows Server 2008 would be circulated to Members.
- A report on the options for future use of the existing AHS site at the Knab would be reported to Members next cycle.
- During an update on the Building Budgets 2015 project, Members were informed on the expectation that engagement and participation will increase as there are an increased number of workshops and a new on-line model has been developed to participate remotely. Feedback is given to all who participate in the budgeting process. The workshops have been widely publicised and promoted, and the project will meet its target for completion.

In response to a question, the Director of Corporate Services advised that the majority of the projects as listed in Appendix 1 should be completed before the end of the financial year. However, any projects completed earlier than the target date will be reported to Members at that time.

In referring to the different formats of performance reporting to the Committees during this cycle of meetings, a Member said that in his opinion there was still a need for improvements in this area. He suggested the need for the information to be linked together to provide a more strategic corporate approach for the Council, that can be measured against the Corporate Plan in its entirety. In her response, the Director of Corporate Services advised that the work being done on the Corporate Plan will provide a platform for improved reporting, and she would

discuss this further with Members. A Member made comments that the move to an outcomes focused approach rather than a finance led approach while linking decisions to the Corporate Plan will require a different means of working. In acknowledging the real will to move towards an outcome focused approach, the Director of Corporate Services advised on the challenge to first set the baseline and how to measure outcomes to show progress of change and performance.

(Mr T Smith left the meeting).

In response to questions relating to a number of the risks in the Corporate Services Risk Register, at Appendix 5, Members noted the following:

- In regard to Risk “B0003 – Customer/Citizen”, it was reported that the Council does not routinely benchmark its pay scale against other local authorities, however the pay scales approved are robustly scrutinised in terms of appropriate fairness and equalities. A Member commented on the need to better publicise that the Council’s pay scales are competitive.
- The Director of Corporate Services undertook to provide clarity to Members on the monetary terms relative to the statement that the Council’s reserves have decreased by 60% since the turn of the century, as referred to in Risk “B0006 Economic/Financial”.
- During a discussion on Risk “B0007 – Economic/other”, which informed on the historic lack of investment in Shetland’s infrastructure, reference was made to the assertions from the Long-Term Investment Plan, and the Leader made comment on the need for the report to be updated.

During debate, a Member made further comment on the inconsistency in the presentation on the performance reporting to Committees, and on the instances when progress statements have not informed on the current situation. He acknowledged however, the reassurance from Officers that further improvements will be made in this area.

Decision:

The Committee noted the contents of the report.

50/15

Development Services Directorate Performance Report: 3 Month/1st Quarter 2015/16

The Committee considered a report by the Director of Development Services [DV-43-15-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 provided an update to Members on a number of the strategic actions included at Appendix 1.

In response to a question, the Executive Manager – Community Planning and Development advised on the work to develop Local Area Forums across Shetland to strengthen local democracy, which will be carried out in parallel with the Community Empowerment Act and Islands Bill consultation.

In response to a request from a Member, it was agreed that Action 4, would be reworded to “Continue to develop homes for life”.

During debate, the Leader highlighted the positive outcomes in regard to external funding, where 67% of external funding applied for in the first quarter has been secured. This funding equates to £610k, and decisions on a further £153k are awaited.

Decision:

The Committee noted the contents of the report.

51/15 **Management Accounts for Policy and Resources Committee: 2015/16 – Projected Outturn at Quarter 1**

The Committee considered a report by the Executive Manager – Finance [F-040-F] which enabled the monitoring of services within its remit to ensure that Members were aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget.

The Team Leader – Accountancy introduced the report, and advised on the main variances as outlined in Appendix 1.

In response to a question, the Executive Manager – Capital Programme undertook to provide further detail to Members on the underestimation of income from Olnafirth offices.

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

Decision:

The Committee **RESOLVED** to review the Management Accounts showing the projected outturn position at Quarter 1.

52/15 **SIC Overall Management Accounts 215/16: Projected Outturn at Quarter 1**

The Committee considered a report by the Executive Manager – Finance [F-034-F] which enabled the monitoring of all Council services to ensure that Members were aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget.

The Team Leader – Accountancy summarised the main terms of the report, where Members were informed on the projected outcome position of £1,739m on revenue and £1,477m on capital. It has been determined that from the total projected underspend of £3.456m, £1.2m is expected to be recurring underspend. In reporting from Appendices 1 and 2, the Team Leader – Accountancy informed on the main variances on revenue and capital projects. She highlighted the contingency and cost pressure budgets at Appendix 3, which has been set to provide some assurance to Members that the Council will remain within the total budget.

During the discussion, the Leader commented that he welcomed the inclusion at Quarter 1 of the expected recurring savings, which provides Members with a better understanding on the savings targets.

In response to a question, the Team Leader – Accountancy undertook to clarify to Members whether the recurring savings referred to in Section 3.8 of the report, on the closure of Viewforth, included lease rental.

(Mr T Smith returned to the meeting).

In response to questions from a Member, the Team Leader - Accountancy undertook to provide clarity on the figure in the report for the sustainable draw on reserves.

During the discussion, a Member commented that the Council's financial planning would appear to be entirely inflexible, where irrespective of the return and savings achieved there is no provision to respond to changing circumstances. Another Member made reference to the work that was to take place to review the criteria of the Spend to Save Scheme. The Leader advised that changes cannot be made at this time on the medium term investments and he made comment on the uncertainty going forward in regard to the reduction in grant allocations. The Team Leader – Accountancy confirmed that all these areas would be reviewed and reported on as part of the refresh of the MTFP.

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 review the Management Accounts showing the projected outturn position at Quarter 1.

53/15

Management Accounts for the Pension Fund 2015/16: Projected Outturn at Quarter 1

The Committee considered a report by the Executive Manager – Finance [F037-F] which presented the financial performance of the Pension Fund Management Accounts.

The Team Leader – Accountancy summarised the main terms of the report.

In response to a question, the Team Leader – Accountancy reported that transfers in and out of the scheme is an area that is very difficult to predict, however it is based on an average from past experience.

In response to a question, the Team Leader – Accountancy confirmed that this will be the final year for pension contributions to be made for Shetland Towage employees.

Decision:

The Committee **RESOLVED** to review and note the projected outturn position at Quarter 1.

Council Investments Review for Quarter to June 2015

The Committee considered a report by the Executive Manager – Finance [F-043-F] which allowed for the review of the quarter to June 2015 investment position and performance of the Council's long term investments, managed on its behalf by fund managers.

The Treasury Accountant summarised the main terms of the report, and provided an overview on the financial performance of the Fund Managers at Quarter 1.

In response to a question, the Treasury Accountant advised that at the end of July, the projection would be that the Council's investments have increased by £3m.

The Committee noted the contents of the report.

Decision:

The Committee **RESOLVED** to consider the outcome of the quarterly review.

Corporate Risk Register

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement [IA-16-15-F] which presented the Corporate Risk Register for review and comment.

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

A Member outlined his concern that the Council does not have a Health and Safety Strategy in place. In that regard, he questioned the implications to the Council in terms of the level of risk, where he made reference to the ongoing Inquiry from the recent Glasgow Bin Lorry incident. In response to a question, the Executive Manager – Audit, Risk and Improvement acknowledged that having a Strategy in place would reduce risks in that area, where he advised that he understood a new member of staff will soon be tasked to take the project forward. During the discussion, the Executive Manager – Governance and Law reassured Members that the Council has a Health and Safety Strategy in place, which is reviewed and updated regularly. He said that currently every manager is responsible for managing health and safety issues for their own area, and information and learning points from investigations conducted by the Health and Safety Executive are implemented by management. He added that the Human Resources Service want to retain focus on areas of health and safety through the comprehensive implementation of the Strategy, and therefore this would not be considered a significant increased risk rating.

In response to a comment that the information presented to Members in regard to the risks associated with health and safety within the Council was therefore incorrect, the Director of Corporate Services confirmed that as existing Health and Safety Strategy is out of date, therefore the risks would be increased, however more work will be undertaken to address any areas of risks. The Executive Manager – Audit, Risk and Improvement provided reassurance to Members that even if the Health and Safety Strategy is out of date health and safety risks should be taken fully into account in any case.

In response to comments from some Members, it was confirmed that a report would be presented to Policy and Resources Committee following the outcome of the Glasgow Bin Lorry Incident Inquiry. The report is to inform on learning points to the Council, and that assurance can be given that these matters have been addressed.

A Member advised that he welcomed the presentation of the Risk Register reports to Committees, however he highlighted the variable commentary provided in the "Current and Planned Control measures" section of the risks. He also said that he had difficulty to understand what is being done to reduce the level of risk, and suggested a better means to highlight to Members on any particular areas of concern. In her response, the Director of Corporate Services advised that improvements would be made to future reporting.

A Member made reference to the high level of risk allocated to the Anderson High School project, where he questioned whether the risk could be reduced now that the project had reached financial close. The Director of Corporate Services explained that although the project had reached financial close, there could still be a number of potential risks and challenges ahead for the Council due to it being a major construction project, on a new site. The Executive Manager – Capital Programme added that the risks associated with the financial model for the project has transferred to the private sector, however there will continue to be risks to the Council's reputation, and around operational matters should the project be delayed.

The Committee noted the contents of the report.

Decision:

The Committee reviewed the Corporate Risk Register, noting that it will be subject to review at quarterly Risk Board meetings and presented annually to the Policy and Resources Committee.

56/15

Progress Report – Asset Investment Plan

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

The Executive Manager – Capital Programme introduced the report.

In response to a question, the Executive Manager – Capital Programme undertook to clarify to Members in regard to figures provided on the Occupational Therapy project. The Committee otherwise agreed to note the contents of the report.

Decision:

The Committee **RECOMMENDED** that the Council notes the progress on the projects within the AIP.

57/15

Policy and Resources Committee Business Programme 2015/16

The Committee considered a report by the Team Leader - Administration [GL-32-15-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.

The Executive Manager – Governance and Law introduced the report.

In response to a question, it was agreed that clarity would be sought from the Executive Manager – Community Planning and Development in regard to the proposals for reporting on the “Community Grants” report.

The Leader advised on the need for reporting on compensated added years to the Pension Scheme, preferably before the end of the calendar year.

Members were advised that reports on the “Business Case for the Council’s Role in Broadband Development” would be presented to both Development Committee and Policy and Resources Committee in September and November,

Decision:

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

The meeting concluded at 11.45am.

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Chair