



MINUTES

B - PUBLIC

Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Monday 18 April 2016 at 10.00am

Present:

G Robinson	G Cleaver
S Coutts	C Smith
G Smith	T Smith
M Stout	V Wishart

Apologies:

A Cooper

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
D Irvine, Executive Manager – Economic Development
J Riise, Executive Manager – Governance and Law
J Robinson, Executive Manager – Allied Health Professionals
V Simpson, Executive Manager – Community Planning and Development
K Adam, Solicitor
C Black, Procurement Manager
W Grant, Project Manager
A Sutherland, Project Manager
C Anderson, Senior Communications Officer
L Adamson, Committee Officer

Also in Attendance:

M Burgess
A Wishart

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 Committee approved the minutes of the meetings held on a) 15 February 2016 and b) 2 March 2016 on the motion of Ms Wishart, seconded by Mr G Smith.

24/16

Chair's Report – Development Committee – 11 April 2016

Business Case for the use of Assets Transferred from Shetland Development Trust

The Committee considered a report by the Chair of Development Committee (P&R-0418-DV-19), which presented the full business case for the use of assets transferred into Shetland Islands Council (Council) from the Shetland Development Trust (SDT).

Mr T Smith, Vice Chair of Development Committee, introduced the report.

Mr Robinson moved that the Committee approve the recommendations in the report. He then invited officers from the project team to the table to answer questions from Members.

Mr G Smith advised that he had concerns on a number of different levels. He found it difficult to understand the complexities of the conclusions on the options, sought reassurance that there had not been double counting on the opportunity costs and economic benefits sections, and he also questioned the accuracy of the baseline figures. The Project Manager (W Grant) explained that in line with the Building Better Business Case (BBBC) methodology, a proportion of the monetary benefits are taken into the opportunity costs, where opportunity costs are part of the overall net costs looking at each of the options. In response, Mr Smith commented that if the premise has been based on inaccurate figures he had difficulty accepting the recommendations in the report. The Executive Manager – Finance advised that the Project Board had reviewed the calculations in detail, and had challenged the element of opportunity costs. However he gave assurance that the application of opportunity costs had been applied in a consistent manner. The Chief Executive said that should there be any disagreement on the calculations, he suggested that the information in the penultimate row of the table in Appendix 4 “Opportunity Costs – economic benefit in terms of turnover to Shetland businesses” could be deleted, and calculations adjusted, where decisions could then be based on the revised costs for each option.

During the discussion, clarity was sought on the need for the proposed £15m lending fund, when currently and historically lending has been at £8.5m. The Executive Manager – Economic Development explained that the purpose of the exercise had been to identify the best option from a best value perspective, which he advised is Option 3. He added that while current lending is at £8.5m, historically lending has been as high as £13.5m. In terms of the proposed 30% increase in staff costs for Option 3, compared to Option 4, the Executive Manager – Economic Development explained that with the move towards a larger lending fund there will be a need for more staff, and for staff to be relocated within the service to deliver on this important lending mechanism.

Mr G Smith stated that the “Do Nothing” option (Option 12) would allow £18m to be invested in the managed funds, where the return on the investment could be used to provide important services for the community and retain jobs in rural areas. In that regard, he questioned why a proper analysis of Option 12 had not been included as part of this report, and also sought clarity on the findings that no jobs would be created should Option 12 be supported. The Executive Manager –

Economic Development explained that for Option 12, there was the potential that 57 jobs would be created and maintained.

In response to a question, the Project Manager explained that the calculations had been predicated on full lending in year one, as a hypothetical approach had been taken in regard to lending over 15, 12 and 9 years, where it was accepted it would take a period of time to reach the maximum level of funding.

In response to a question, the Executive Manager – Economic Development advised that the Shetland Investment Fund (SIF) would be the lender of last resort and in cases would provide top up to a funding package. He confirmed that all applications for funding need to demonstrate that they have considered and exhausted all other lending options.

Reference was made to the table at Appendix 5, where clarity was sought in regard to the assumption that there would be no measurable economic benefit to Shetland should all capital be invested as managed funding. The Executive Manager – Finance explained that while lending from the SIF would increase economic activity and the ability of the private sector to operate and grow their businesses, there is no guarantee that investing in the global markets would generate economic return. In response to queries regarding the assumptions on potential defaults and business failures from the SIF, and in terms of any risk or loss of income on current managed fund investments, it was confirmed that the information was included in the table at Appendix 4.

In response to a query, Members were advised that the map at Section 3.8 of the Business Case included an historical analysis of jobs that have been created and maintained throughout Shetland through the provision of Council/SDT lending to the private sector between 2008 and 2016.

A Member said that in his opinion, a lending fund to the private sector would only be seen as a good proposal should the Council be in the position where it has excess funding, however that is not the case and the Council has a fundamental duty to deliver public services. In response to a question, the Project Manager explained that other Local Authorities have different ways to provide lending to the private sector, where often lending is administered through a separate fund, similar to the SDT. She went on to advise on recent changes in regard to a Scottish wide loan funding scheme, where Shetland would be participating but would only receive a small proportion, and that Shetland would have more benefit through local control by lending directly to businesses.

During debate, reference was made to the discussion at Development Committee, in regard to this being the first major project completed through the BBBC methodology, and to the suggestion that a Seminar is arranged for Members to get a better understanding of the process.

Mr G Smith advised that he would not be proposing an amendment to the decision taken at Development Committee as he presumed Members had given this proper and full scrutiny, however he did have difficulty to perceive the lending fund as a priority. He advised on the duty of the Council to provide services to meet the needs of the most vulnerable people in the community and to maintain and retain jobs in rural areas. He advised also on the Council's disappointment in regard to the settlement from the Scottish Government, and said that services will have to be reduced in future years, and inevitably jobs will be lost. He said that there were

other lending providers where businesses can access funding. Mr Cleaver said that he echoed Mr G Smith's concerns, where he said that the priority for the Council should be to maintain an ability to deliver public services in the long-term during this challenging time. He advised also that people moving to Shetland need to be able to access social, health and educational services, and that in supporting the proposals as presented in the report, the Council would be missing an opportunity to make those services more sustainable.

During his address, Mr T Smith advised that the operation of the SIF was an opportunity to maintain and continue to support the small business community in Shetland, with a minimum of risk to the Council. He advised on the success of the aquaculture industry in Shetland, which he said would not have attained its position had it not been for financial help from the SDT/Council. He also made reference to a number of case studies as presented at Appendix 1, and said that these businesses may not have been as successful without SDT/Council support. In referring to the map at Section 3.8, Mr T Smith highlighted the 191 jobs created in rural Shetland as a result of SDT/Council investment, and with 35 jobs in Lerwick, was a total of 226 jobs created. Mr T Smith seconded Mr Robinson's motion.

During the discussion, comments were made on the immense amount of work that has been involved to follow the BBBC methodology, which provides evidence to back up the recommendation as presented. The need for a healthy and balanced economy in Shetland was also highlighted, where investment in the private sector, and in particular for start up businesses, will help achieve that balance. In that regard, Mr Robinson advised that the Council has been very fortunate to have funds and the ability to support businesses in Shetland. He commented that the map was an excellent indicator of the benefits to Shetland in terms of jobs created, particularly in the rural areas.

Decision:

The Committee **RESOLVED** to adopt the recommendations from the Development Committee, namely to:

- Agree a provision of £15m for local lending from a Shetland Investment Fund with the balance of £3m remaining as managed funds.
- Note that the Project Board will continue to meet to oversee the review of policies and procedures for lending activity, reporting progress, and recommending decisions, where necessary.

25/16

An Overview of Local Government in Scotland – Audit Scotland Reports

The Committee considered a report by the Executive Manager - Finance (F-019-F), which provided an overview of the national reports published by Audit Scotland under their series entitled "An Overview of Local Government in Scotland".

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

A comment was made that the information presented provided a good analysis of the progress that the Council has made. In response to a request, the Executive Manager – Community Planning and Development provided Members with an update on the implementation of the Community Empowerment (Scotland) Act, where Members noted that consultation responses to Part 2 of the Act, and follow

up on implementation will be reported to the next meeting of the Shetland Partnership Board.

Reference was made to the suggestion at Development Committee in terms of informing Members from the Building Better Business Case (BBBC) methodology following completion of the first project. The Executive Director – Finance confirmed that the information would be provided to Members in due course.

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

Decision:

The Committee noted the content of the report and **RESOLVED** to instruct the Corporate Management Team to take account of the key findings in the work of officers throughout the Council.

26/16

Audit Scotland Report - Major Capital Investment in Councils - Follow up

The Committee considered a report by the Executive Manager – Capital Programme (CPS-06-16-F), which presents an Impact report by Audit Scotland on major capital investment in councils.

In introducing the report, the Director of Corporate Services referred to the earlier decision for Members to be informed on learning points from the Building Better Business Case (BBBC) process, and advised on the desire of Members to be involved in a more practical way at an earlier stage in projects. Members were advised that while the Asset Investment Plan and full lifetime costs of projects are regularly presented to Council Members, this was not routine practice in many other local authorities.

Decision:

The Committee noted the contents of the report.

27/16

Audit Scotland Report - Procurement in Councils - Impact Report

The Committee considered a report by the Executive Manager – Capital Programme (CPS-07-16-F), which presented an Impact report by Audit Scotland on Procurement in councils.

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

Decision:

The Committee noted the contents of the report.

28/16

Commissioning and Procurement Strategy Review

The Committee considered a report by the Director of Corporate Services (CRP-08-16-F), which provided an update on the work being undertaken to review the Council's policies and strategies on commissioning and procurement. The report also presented the draft strategy document, "Commissioning and Procurement Framework 2016-2020".

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

(Mr T Smith left the meeting).

In response to questions, the Director of Corporate Services explained the steps that have been taken to ensure a better understanding of the process. Each area of work will have one commissioning officer who will also have responsibility for performance monitoring and review, which she said will make for a simpler process for all organisations involved. The Director of Corporate Services added that the Framework very much promotes ongoing dialogue for organisations who deliver services on the Council's behalf.

In response to a question, the Procurement Manager advised on the terms of recent changes to EU regulations on procurement relating to a new "light-touch" regime which applies to care and support services.

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

Decision:

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

- NOTE the progress made in reviewing the Council's policies and strategies on commissioning and procurement presented in this report;
- APPROVE the Commissioning and Procurement Framework document [Appendix 1 to the report] as part of the Council's Strategic framework documents, as set out in Part A of the Council's Constitution, to be managed by the Policy and Resources Committee;
- AGREE that the Framework be implemented with immediate effect for use by the Council and delegate authority to the Director of Corporate Services, or her nominee, to update the Framework as required in light of guidance from the Scottish Government and any comments received from partner agencies and stakeholders; provided that where this constitutes a material change to the Framework and the processes described in the Framework, a further report will be presented to Policy and Resources Committee; and
- AGREE that the implementation and use of the Framework should be kept under review with regular updates regarding the commissioning and procurement of services presented to functional Committees and the IJB as part of the Planning and Performance Management Framework (PPMF) reports.

29/16

Care and Support Charging Policy

The Committee considered a report by the Executive Manager – Allied Health Professionals (CC-23-16-F), which presented the Draft Care and Support Charging Policy 2016-2019.

The Executive Manager – Allied Health Professionals summarised the main terms of the report. She outlined to Members the proposed change from reporting on the Policy annually, to reporting every 3 years, but confirmed that any proposals for significant change within that timeframe would be reported to Committee.

In referring to Section 4.3 of the Policy, the Executive Manager – Allied Health and Professions advised on a change to be made to the wording, where the first sentence should read, “In some circumstances we will not charge for support provided to carers to enable them to provide care to a cared-for person”.

In response to questions, the Executive Manager – Allied Health and Professionals advised that the loss of income of £16,783 as a result of the implementation of the higher buffer of 25% compared to 16%, will be included as part of the Scottish Government’s settlement on a recurring basis. It was confirmed that the funding to cover costs accrued by moving to the new charging threshold will form part of the Social Care budget, and will apply particularly to those services.

During debate, Mr Robinson moved that the Committee approve the recommendations in the report. In seconding, Mr C Smith questioned whether dialogue could take place with CoSLA in regard to an earlier sign off date for their guidance, to better align with the budget setting for all Local Authorities.

Decision:

The Committee **RESOLVED** to:

- Adopt the Care and Support Charging Policy 2016-19; and
- Delegate authority to the Executive Manager – Allied Health Professionals to update the Policy from time to time in accordance with guidelines or changes in legislation, provided that any significant changes be reported to the Policy and Resources Committee for approval.

30/16

Corporate Risk Register

The Committee considered a report by the Director of Corporate Services (CRP-07-16-F), which presented the Corporate Risk Register.

Mr G Smith advised that he wished to raise a particular matter when the meeting moves to private session.

In introducing the report, the Director of Corporate Services advised that a risk relating to Pension Liability will be added to the Corporate Risk Register. Member also noted that the Corporate Risk Register will be reported on a regular basis to the Council.

In response to a question relating to Risk ORG0022, the Director of Development Services confirmed that the Board of the NAFC Marine Centre have confirmed their commitment to the next steps in the College integration process.

Decision:

The Committee **RESOLVED** to:

- Note the changes to the content of the Corporate Risk Register;
- Note key risks facing the Council at this time and the action taken to mitigate those risks; and

- Comment and advise the Chief Executive and senior managers of their views and any changes required.

31/16

College Integration - Progress Update and Next Steps

The Committee considered a report by the Director of Development Services (DV-22-16-F), which provided an update on progress and plans to take actions forward and seeks decisions on actions to support moving towards a single governance and delivery model for “Tertiary Education, Research and Training in Shetland”.

In introducing the report, the Director of Development Services provided updates on the progress that has been made on the various work streams. He reported from the discussions when this report has been presented to the required Committees, in terms of the governance arrangements to be in place before the Integrated Joint Principal (IJP) takes post, and on the length of the fixed term appointment for the IJP.

In response to a question, the Director of Development Services gave assurance in regard to the resources in place to progress the recruitment and develop the governance arrangements. He advised on the proposal for a Members Seminar in May, and that the decisions on governance arrangements would be made before the end of May.

During debate, a Member reiterated the need to address governance arrangements and the level of authority delegated to the Shetland College Board. In referring to the recommendation at 2.3, he commented on the irony that the Committee are being asked today to include Train Shetland in the remit of the Shetland College Board, which as it currently stands, will initially weaken the scrutiny of Train Shetland.

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

Decision:

The Committee:

- **RESOLVED**, having taken account of the views of Committees, to approve the proposal to amend the Council’s Constitution – Part C – Section 2.8 to include Train Shetland within the remit of the Shetland College Board as set out in Appendix 2; and
- **RECOMMENDED** that the Council approve the proposals detailed at paragraphs 2.2 and 2.3 of the report.

32/16

Exception from Contract Standing Orders MV Geira Emergency Works

The Committee considered a report by the Executive Manager – Ferry Operations (FO-02-16-F), which described the emergency repair works required to be carried out to the MV Geira under exception from the Council’s Contract Standing Orders.

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

Mr Stout said that given the complexity of the dry docking timetable, he referred to the effort made for the emergency works to be carried out to ensure minimum

disruption. Mr Stout moved that the Committee approve the recommendation in the report. Mr Coutts seconded.

Decision:

The Committee noted the transfer of capital budget from savings and underspends on projects in the 2015/16 Asset Investment Plan described at paragraph 4.7 required to fund the emergency work on the MV Geira.

33/16

Shetland Islands Council Workforce Strategy

The Committee considered a report by the Executive Manager - Human Resources (HR-05-16-F), which sought agreement for the Council's first Workforce Strategy.

The Executive Manager – Human Resources summarised the main terms of the report.

In response to a request for clarity, the Executive Manager – Human Resources explained the process whereby the improvement activities when they are achieved will be reported on and monitored as part of the Implementation Plan.

In response to a question, the Executive Manager – Human Resources explained that while remote working is not specifically referenced in the Workforce Strategy, the Council promotes flexible working and staff are supported to do the right work where it is needed. A suggestion was made for the Council's intentions in regard to Remote Working to be set out in the Workforce Strategy. During the discussion, it was suggested that a session could first be arranged for Members to further discuss remote working. Areas in the Workforce Strategy were highlighted that supported the principles of remote working, where it was suggested that these could be developed further in that regard.

During debate, Mr Robinson commented on the excellent Strategy document, which he said was very much in line with what had been sought by Members. He referred to the Section "Ownership and Scope of the Strategy", where he highlighted the range of commitment and responsibility required by all employees, but with specific responsibility at different levels, and from Members, to ensure the Strategy is successful. Mr Robinson moved that the Committee approve the recommendation in the report. Mr Stout seconded.

Decision:

The Committee **RESOLVED** to approve the Workforce Strategy.

34/16

Shetland's Local Outcomes Improvement Plan 2016-20

The Committee considered a report by the Chief Executive (DV-28-16-F), which presented the Local Outcomes Improvement Plan (LOIP).

The Chief Executive summarised the main terms of the report. He advised that the LOIP was work in progress, and will be updated as statutory guidance is enacted. He advised on the decision of the Council and the other partners, that the LOIP will follow a more evidenced based approach with fewer objectives, and with particular focus to address issues of inequalities. The Chief Executive said that the objectives and targets in the LOIP have been extensively explored, and align fully with the objectives and priorities in the Community Plan and the Council's Corporate Plan. He advised that there will be extensive inspection on the LOIP, and all partners will

be held accountable for the success of the partnership, with the key challenge over the next year for the Council and the partnership together to make changes and be more action orientated.

During the discussion, a Member said that the LOIP was the most important document that the Council needs to consider in terms of how collectively available resources can be used to the benefit of Shetland. However he questioned the actual process to engage, listen to, value and act on issues raised by non-statutory partners, and on how they can influence and impact on the LOIP. In referring to the "Ways of Working" section of the LOIP, where it outlined the support to Community Planning to deliver better outcomes in the communities, comments were made in terms of the diminishing resources year on year, where it was questioned whether there will be adequate resources to deliver on the outcomes and priorities. The Director of Development Services advised on the aim to use resources more collectively and effectively and to utilise limited resources better. He added that in terms of public engagement in community planning, this will form part of the combined process using the Place Standard model.

A Member suggested the creation of a fund to support direct engagement with community organisations, where services could be better delivered with reduced resources and help to preserve rural communities, jobs and infrastructure at a local level. The Chief Executive said that proposals for such a fund could be put through the Building Better Business Case process. In terms of community participation, he advised that having created the opportunities for interaction, the partnership could then identify an area, or part of an area, where there is a real evidence base of inequalities, where a Plan could then be produced for the area identified. It will then become more natural for communities to get involved, and want to get involved, without any support or encouragement.

In response to a question, the Executive Manager – Community Planning and Development advised on the ongoing work with Community Councils in terms of participatory budgeting, and on the success of a shared event with Orkney Islands Council and the Western Isles Council around lessons learned from participatory budgeting. A Member advised on the enthusiastic approach being taken by Community Councils in regard to participatory budgeting, which he said demonstrates the type of meaningful partnerships that could be realised with organisations to identify low cost high return benefits to communities and the Council.

(Mr Coutts left the meeting).

In response to questions, the Chief Executive said that the Shetland Partnership Board endorsed the draft LOIP at its meeting in March. He advised on the obligation that each partner organisation will have to deliver the LOIP, and that the statutory partners will be subject to Government inspection. He explained that the national organisations would be obliged to make each local partnership work and support their organisation locally, where the inspection will cover areas of local partnership working which is now a statutory duty. The Chief Executive added that the next Seminar will cover duties to participate, funding and voting.

Mr Stout advised on the amount of work that has been involved to develop the LOIP, which he said clearly identifies areas which required focus. Mr Stout moved that the Committee approve the recommendations in the report. Mr Robinson seconded.

Decision:

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

- Sign up to Shetland's Local Outcomes Improvement Plan 2016-2020; and
- Support its implementation as a statutory Community Planning partner.

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 Appendix 1 to the following item of business, for agenda items 13 to 15, and for the additional item 16. Mr Robinson advised however that he intended to hold the next item in public, and the meeting would only go into private should any discussion be required in relation to the appendix. Mr C Smith seconded.

35/16 **Irrecoverable Debt 2015/16**

The Committee considered a report by the Executive Manager – Finance (F-018-F), which notified Council of the identified debts which are now deemed to be uncollectable and which, therefore, have been written off during 2015/16.

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

In response to questions, the Executive Manager – Finance undertook to circulate to Members of the Committee the 5 year trend in terms of irrecoverable debt, relative to housing rents, Council Tax and National Non-domestic Rates, and where possible to inform on national trends.

During the discussion on the consideration of risks in regard to irrecoverable debt, Members were advised on the significant amount of work that has been undertaken to change the criteria and risk assessments for commercial lending.

In response to questions, the write off percentage for 2015/16 was confirmed to be less than 0.3%. Members were also advised that bad debt provision is reported annually to Audit Committee.

Decision:

The Committee noted:

- The individual debtors in excess of £5,000 written off during 2015/16; and
- The summary of bad debts under £5,000 that have been written off during 2015/16.

(Representatives of the media left the meeting).

36/16 **College Integration – Joint Principal Recruitment**

The Committee considered a report by the Director of Development Services, which sought agreement for the process and establish the membership of an Appointments Panel to take forward the recruitment of an Interim Joint Principal (IJP) of Shetland College, Train Shetland and the NAFC Marine Centre.

The Director of Development Services introduced the report and responded to questions from Members.

Mr Robinson moved that the Committee approve the recommendation in the report, with the inclusion of the amended wording to Section 4.3 of the report. Mr G Smith seconded.

Decision:

The Committee

- **RESOLVED** to approve the amended wording to Section 4.3 of the report, namely, "The position of Joint Principal, during a period of significant change, requires a different set of skills, experience and qualities in addition to those normally required for the post of Principal that may not be what are required for the long term benefit of Shetland's Tertiary Education";
- **RESOLVED**, having taken account of the views of Committees, to approve the proposals for the recruitment of an Interim Joint Principal as set out in the report at Section 4; and
- **RECOMMENDED** that the Council appoint three Shetland College Board members and three members of Shetland Fisheries Training Centre Trust (SFTCT) Board, as nominated by the SFTCT Board, to the Appointments Panel.

37/16

Update on Request for Support

The Committee considered a report by the Director of Corporate Services.

The Director of Corporate Services summarised the main terms of the report and responded to questions from Members.

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

Decision:

The Committee approved the recommendations as set out in the report.

38/16

EIS-FELA Shetland College Branch Pay Claim

The Committee considered a report by the Acting Principal, Shetland College.

The Director of Development Services introduced the report and responded to questions from Members.

Mr Robinson moved that Committee approve the implementation of a 1.5% pay increase for 2015/16, and that negotiations are kept open for the current financial year. Mr G Smith seconded.

Decision:

The Committee **RESOLVED** to approve the implementation of a 1.5% pay increase for 2015/16 for all Shetland College Lecturing staff, and that negotiations are kept open for the current financial year.

39/16

Corporate Risk Register

Reference was made to the earlier report on the agenda, and in response to questions clarity was provided on a particular risk.

The meeting concluded at 1.35pm.

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Chair