



MINUTES

B - PUBLIC

**Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Tuesday 30 August 2016 at 10.00am**

Present:

G Robinson	A Cooper
S Coutts	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
J Belford, Executive Manager – Finance
J Riise, Executive Manager – Governance and Law
R Sinclair, Executive Manager – Capital Programme
K Adam, Solicitor
C Bain, Treasury Accountant
L Adamson, Committee Officer

Also in Attendance:

R Henderson, SIC

Chairperson

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

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

63/16 **Executive and Corporate Services Department Performance Overview Report
3 Month/1st Quarter 2016/17**

The Committee considered a report by the Director of Corporate Services (CRP-20-16-F), which summarised the activity and performance of the Executive and Corporate Services Department for the first quarter of 2016/17.

In introducing the report, the Director of Corporate Services advised on the revised format of performance reporting and on the intention that additional narrative will be included in future reports. She referred to the work being done on the Council's

Planning and Performance Management Framework, and encouraged any interested Members to contact the Director of Infrastructure Services who is leading on the project.

The Director of Corporate Services provided updates on a number of projects listed in Appendix A. In referring to DP072 “Develop a Long Term Financial Plan”, she advised that she would be circulating an update on the project to Members. Referring to Appendix B, she advised on the intention to report on more meaningful performance indicators going forward, and in referring to Appendix C, she reported on errors in recording the time that has elapsed on the list of complaints, which she confirmed would be addressed.

A comment was made that while the improvement in reporting was welcomed, further detail of an analytical nature was requested to inform the budget setting discussions.

In referring to a question regarding the update on “Shetland’s “Voice”” at Appendix 1, the Leader advised that he had no concerns in terms of the Scottish Government’s decision to involve all Local Authorities to develop the National Islands Plan.

A Member enquired on developments with the Council’s Workforce Strategy, since approval by Committee in April 2016. The Director of Corporate Services acknowledged that the Strategy has not moved on as fast as had been hoped, as there has been a need to focus on current priorities and consider where resources are best deployed. She advised however that dialogue has taken place with the Executive Manager – Human Resources on how best to promote the Strategy throughout the Council and that a key part of the work going forward would be to develop workforce priorities for services based on service needs and commissioning arrangements. A Member commented that the response from the Director of Corporate Services was helpful, and was an example of the additional information being sought in reports to ensure a better understanding of specific issues being faced and to allow an informed debate to take place.

In response to questions as to whether the improvements to the HR CHRIS 8 system justified the expenditure and in terms of the delayed implementation of Frontier, Members were advised on the need to keep up to date with the latest versions of technology in terms of efficiency and to interface with systems and develop the best use of technology. In regard to the delays with Frontier, the Executive Manager – Finance advised that progress had been made and testing of the system has now progressed. He added that while there are issues arising at a national level to improve the upgrade, the Council was in close dialogue to ensure a successful conclusion is reached.

Comments were made on the increasing use of social media, and on the benefits and issues that can arise from this means of exchanging information online. In response to questions, the Director of Corporate Services advised from discussions with the Communications Section to establish training opportunities for Members and officers on the best use of Social Media. She also advised on her intention to prepare a report on the use of social media, to ensure a coherent and appropriate approach to best support the business of the Council.

In referring to DP075, in terms of the production of a lobbying strategy and a detailed digital strategy, a Member reported from the discussion yesterday at

Education and Families Committee on the success of a 'telepresence' project in the Western Isle, which had received a significant grant award from the Scottish Government. It had been agreed at that meeting for a report to be prepared on the use of 'telepresence' locally. Comments were made that from a broader strategic position 'telepresence' would rely on the quality of broadband links, and on the need to ensure there is a strategic understanding to support the case to improve digital links. During the discussion that followed, reassurance was given that the Council is currently working on this project with Orkney and the Western Isles, and further, that the funding received by the Western Isles related mainly to the promotion of the Gaelic language.

Mr Cooper advised from yesterday's Development Committee, that the draft Lobbying Strategy would be circulated to Members of the Development Committee this week. He suggested however, that it would be appropriate to share the document with all Members. He advised also, on the commitment given that proposals to extend the fibre network to Unst and Yell would be reported to Development Committee in October.

Reference was made to Appendix C, where clarity was sought in terms of the number of days that have elapsed on the two complaints listed. Reassurance was given to Members, in terms of one of the complaints, which had been dealt with some time ago. Members were assured that the inaccuracies in the reporting on complaints handling this quarter would be rectified. The Executive Manager – Governance and Law added that Social Work complaints, which had been dealt with by the Social Work Complaints Committee, would soon follow the ordinary complaints procedure.

Decision:

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

64/16

Management Accounts for Community Health and Social Care: 2016/17 - Projected Outturn at Quarter 1

The Committee considered a report by the Executive Manager – Finance (F-045-F), which enabled monitoring of the financial performance within its remit to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget.

In referring to this report, and the following three reports on the agenda, the Executive Manager – Finance advised that overall the Council has made a good start to the financial year, however provision has been made for both contingency and cost pressure budgets.

The Executive Manager – Finance advised on the projected outturn position of Community Health and Social Care at this early stage in the financial year, but advised Members that much can happen in the remaining three quarters. He advised that there will be no allocation of contingency or cost pressures budgets until further information is available. In referring to Appendix A, he explained to Members in terms of the budget position of the IJB, and at Appendix B, he highlighted the small overspend relating to Community Care Resources, which is to be funded as part of the Spend to Save Scheme.

In response to a question relating to the projected underspend in Adult Services, the Chief Executive advised on the evolving position in the community, with more people being cared for in their homes, rather than in a care setting, which has resulted a reduced staffing in care homes. Comments were made on the significant underspend within this Service area, but with an anticipated increase in services going forward, concern was expressed in terms of risk management and whether the Risk Register should be more robust in that regard. The Director of Corporate Services advised that the full range of responsibilities have passed from the Council to the IJB, and therefore it is the responsibility of the IJB, should it perceive there are specific risks, to report these to the Council. She advised Members that the IJB, in its Performance Management reporting, includes a detailed Risk Register of all services and reports would also consider individual risks. She added however, in fulfilling the Governance Framework, the concerns from Committee would be relayed to the IJB. The Chief Executive advised that, in this world of decreasing resources and increased demand for services, this was a key area for the Council, IJB and the NHS to work in partnership to address. In response to a question, Mr C Smith, Chair of the IJB, advised from his regular meetings with the Chief Officer of the IJB, that there is nobody waiting for a care package at this time.

Reference was made to the significant overspend relating to off-island placements at Quarter One. The Executive Manager – Finance advised on the planning assumptions and provision within the contingency budget for funding that will be required.

Decision:

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

65/16

**Management Accounts for Policy and Resources Committee:
2016/17 - Projected Outturn at Quarter 1**

The Committee considered a report by the Executive Manager – Finance (F-048-F), which enabled monitoring of the financial performance within its remit to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget.

The Executive Manager – Finance advised on the change in reporting to better reflect the management and operational structure of the Council to this Committee, rather than across all Directorates. The Executive Manager – Finance summarised the main terms of the report, and in referring to the Appendices he highlighted the main adverse variance in revenue relating to training, and reported on the forecast for capital being breakeven for this financial year.

In response to questions, the Executive Manager – Finance provided background information on the Council's approach, over a 3 year period, to fund overspend on the CIPFA training programme from contingency. He reported that the Finance Service is currently supporting four members of staff through CIPFA training. He added that the individuals have been making significant progress, including one member of staff who received two top awards in terms of their achievements. A Member said that while he applauded the initiatives in the Finance Service and other Departments to support individuals through training, he said that there was a

need to ensure the best method is found to make sure developmental opportunities, workforce training and traineeships can continue.

In response to a question, the Executive Manager – Finance acknowledged the link that an increase in Employee Review and Development interviews would identify additional training requirements. However he said that being better informed of all training requirements, would allow plans to be defined at an earlier stage and developed over the medium term, rather than specific training to be arranged at short notice to address each individual's requirements.

In response to a query, clarity was provided in terms of the three projects which form part of the £1,718k Capital Programme Service budget as reported in Appendix 3. A comment was made that further information in that regard would be useful in future reporting.

Decision:

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

66/16

Shetland Islands Council Overall Management Accounts 2016/17
Projected Outturn at Quarter 1

The Committee considered a report by the Executive Manager – Finance (F-051-F), which enabled monitoring of the financial performance within its remit to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget.

The Executive Manager – Finance advised that the Council overall has made a good start this financial year, having identified reduced flexibility in individual budgets but continues to have a strong contingency and cost pressure position to address matters should they arise later in the year.

The Executive Manager – Finance summarised the main terms of the report in terms of the outturn position on revenue and capital. He advised also on the revisions to the Prudential Indicators which required a recommendation from Committee to Council.

In response to comments, the Executive Manager – Finance referred to the information provided to Members over the last period on the budget setting process and updates made to the Medium Term Financial Plan (MTFP). He provided reassurance on the level of Member involvement in the budget setting process going forward, though Seminars, further support and work with Members prior to the budget setting. He advised on the commitment from officers to engage as actively and fully as possible to discuss the different scenarios, while he acknowledged the uncertainty in terms of the 2017/18 settlement. In advising of his support for increased Member engagement, the Leader advised on his expectation for significant debate on the budget setting at Policy Forums. The Director of Corporate Services advised on the intention to build on the Building Budgets exercise in terms of further dialogue with communities on the Place Standard. She advised that the meetings will provide the opportunity for communities to meet Members and Senior Officers to discuss their priorities, and she would encourage everybody to participate.

During the discussion, it was advised that officers have been working on their budgets in line with Directorate and Service Plans for the next three years and the Corporate Plan, in order to inform dialogue at Policy Forums and within communities. Reference was made to the recent Members Seminar which covered all areas of budgets at a high level, and it was confirmed that no budgets have been crystallised at this time as there are a number of scenarios ahead. In terms of process, the Chief Executive advised on the proposal for a series of informed meetings to take place, starting in October, to continually review all the budgets, where ideas and options for change may be made in different areas of the budgets. Reference was made to the Council being a Member of the Shetland Partnership Board, where a Member advised on the importance to bear in mind that budget decisions made by the Council could affect the different partner organisations.

In response to a question, the Executive Manager - Finance advised that the main change to the Prudential Indicators related to Gross Borrowing and the Capital Financing requirement, as outlined in Section 3 of Appendix 4 to the report.

In response to a question in terms of the Spend to Save budget, the Executive Manager – Finance advised on the challenge to find significant projects that would deliver the scale of savings required, and in that regard, on the expectation that approximately £0.5m of the £1m Spend to Save budget will be utilised.

On the motion of Mr Robinson, seconded by Mr Stout, 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, and approve the revised prudential indicators set out in Appendix 4.

67/16

Council Investments Review for Quarter to June 2016

The Committee considered a report by the Executive Manager – Finance (F-052-F), which allowed review of the quarter to June 2016 investment position and performance of the Council's long term investments, managed on its behalf by fund managers.

The Executive Manager – Finance summarised the main terms of the report. He advised that at Quarter 1 each of the Fund Managers have reported significant growth, however he said it was important that Members monitor investments and each Fund Manager's performance, and he continued to recommend that the Council takes a long-term view for the greater good of the services the Council supports.

During the discussion, the Executive Manager – Finance advised that the return reflects the fact that the Council has taken a view over a 20 year period which indicates that through investing in the global markets a 7.3% return can be achieved, while there is a need to recognise inflation. He highlighted to Members that to achieve 7.3% per annum was an extremely high target, however taking 5.2% after inflation should still achieve the long term view.

In response to comments regarding the effects on investments from Brexit, the Executive Manager – Finance advised on the uncertain period ahead and that there can be no guarantees. However he advised that as the Council's investments are not solely in UK markets but spread on a global basis, with a diversified portfolio, this should minimise the risks. He said that Fund Managers will continue to deal with the Council's investments through the uncertain period ahead to achieve the best return for the Council.

The Chief Executive advised of the duty on Members to manage the significant investments where he said that the successful management is vital to services. He referred to the dialogue taking place to explore various means for all Councils to respond to austerity, however he said that it is clear in terms of maximising income and best value in regard to Fund Management this Council is one of the best Councils in the UK. He said that Members should therefore congratulate themselves that the Council's investment portfolio is reaping huge benefits to the community of Shetland at this time.

During the discussion that followed, comments were made that while the market value of the Council's investments has reached £300m, there is a need to remind communities of the increasing levels of austerity, and that the Council is expected to face a reduced settlement from the Scottish Government.

Decision:

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

68/16

Asset Investment Plan - Progress Report

The Committee considered a report by the Executive Manager – Capital Programme (CPS-11-16-F), which advised on progress of the projects contained within its Asset Investment Plan currently underway or to be started in 2016/17.

The Executive Manager – Capital Programme introduced the report.

In response to questions regarding the Scalloway Fish Market project, the Executive Manager – Capital Programme confirmed that the budget has been spent and that the project is now complete. He added that a business case to redevelop the Scalloway Fish Market is being presented next cycle.

The Leader made reference to the full list of capital projects at Appendix A, where he commented that the £5.7m of external funding received represented over 10% of the predicted outturn cost of the projects, which he said was very much welcomed.

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

Decision:

The Committee **RECOMMENDED** that the Council notes the progress on the projects within the Asset Investment Plan.

69/16

Knab Redevelopment - Masterplanning Procurement

The Committee considered a report by the Executive Manager – Capital Programme (CPS-12-16-F), which set out the proposals for procuring the consultancy services required to produce that Masterplan.

The Executive Manager – Capital Programme summarised the main terms of the report.

In commenting on the importance for the Council to have a single contractual relationship with the team who will take forward the masterplanning of the site, Mr T Smith moved that the Committee approve the recommendation in the report. Mr Cooper seconded.

Decision:

The Committee considered the options for procuring masterplanning consultancy services for the Knab site as set out in Section 3.10 of the report and **RECOMMENDED** that the Council resolve to instruct officers to proceed to tender for those services on the open market as described in paragraph 3.10.3 within the report.

70/16

Corporate Risk Register

The Committee considered a report by the Director of Corporate Services (CRP-21-16-F), which presented the Council's Corporate Risk Register.

The Director of Corporate Services advised on the additional narrative that has been included in the Risk Register at Appendix A, however this was still work in progress.

The Director of Corporate Services introduced the report, and highlighted a number of areas of particular risk from the Register. In terms of Risk ORG0032, she advised on the challenges for Service areas to deal with additional projects, which then diverts significant resources from other pieces of work, and for the Council to fulfil its aspirations following the changes in legislation from the Community Empowerment Act. Referring to Risk 'ORG0029', she reported on the ongoing resources to continually update systems to prevent a cyber attack, and to ensure recovery from any such attack with robust backup systems in place. In regard to Risk "OTG0033 – Partnership Working failure", she advised on the significant Council resources that would be needed to fulfil the aspirations of community planning partners and to make the Shetland Partnership a success.

During the discussion, concern was expressed at the extent of resources deployed by the Council compared to the other partner organisations in terms of business to the Shetland Partnership, and that it could be a challenge to get other partners to become more involved and contribute business. The Director of Corporate Services referred to the Local Outcome Improvement Plan (LOIP), where she said that the benefits can only be gained if all partners take a full and active role, where at this time the LOIP has to be seen to deliver on outcomes to communities. In acknowledging the concern on the need to encourage partnership involvement at the Partnership Board, the Leader reported on the active participation by all partners at the technical group level which feeds into the Partnership Board. He advised on the need to make progress on the LOIP, and in that regard, for the Council to lead by example.

Reference was made to the focus going forward to empower communities and to the aim in “Our Plan 2016-2020” to encourage participation and feedback from young people and for their voices to be heard by the Council at regular opportunities. A comment was made in terms of the aspiration to increase engagement with the younger generation while dealing with a backdrop of reduced resources, and how the Council will ensure relevant issues are discussed and informed by the views of young people in Shetland. The Director of Corporate Services advised on the discussion at the Building Budgets Exercise in terms of broader engagement with people who would not necessarily attend at events. It was suggested that the Building Budgets exercise could be directed at schools this year to encourage more engagement from young people, and reference was made to dialogue with members of the Scottish Youth Parliament at various Forums.

During the discussion that followed, comments were made on the challenge to establish the culture and attitudes towards community empowerment while recognising the huge opportunities. Reference was also made to the links to the Islands Bill and the quality of the relationship that has built up with the Scottish Government, relationships with Community Councils, and the relationship between Community Councils and their communities.

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

Decision:

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

- Note the changes to 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.

71/16

Committee Business Programme 2016/17

The Committee considered a report by the Team Leader – Administration (GL-37-16-F), which informed of the planned business to be presented to Committee for the financial year 1 April 2016 to 31 March 2017, and sought discussion with officers regarding any change or additions required to that Programme.

The Executive Manager – Governance and Law introduced the report. He advised that consideration may have to be given to arrange a Special meeting in early course to present the National Bargaining report. In noting the significant number of reports listed for presentation to Committee in October, he suggested that should a special meeting be arranged officers would be encouraged to present reports to that meeting, which would reduce the size of the agenda for the October meeting.

It was reported that the report “Fibre Network to Unst and Yell”, being presented to Development Committee in October, would also be presented to Policy and Resources Committee that cycle.

Decision:

The Committee considered its business planned for the financial year 1 April 2016 to 31 March 2017 and **RESOLVED** to approve the additions to the Business Programme.

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 Stout seconded.

72/16 **Confidential Risks**

The Committee considered a report by the Director of Corporate Services, which presented information with regard to risks where the information is confidential, commercially sensitive or otherwise exempt from publication.

The Director of Corporate Services introduced the report.

Mr G Smith advised that having been unable to attend the recent Special Council meeting, and due to the restricted circulation of the information, he has found it difficult to understand the nature of discussion and the outcome from the meeting. The Executive Manager – Governance and Law offered to meet with Mr Smith to inform him from the meeting.

Reference was made to Risk R0006, in terms of Admitted Bodies to the Council's Pension Fund, where it was suggested that Members would benefit from further information on the role of Actuaries. In that regard, the Executive Manager – Finance undertook to present a report to the Pension Fund Committee/Pension Board.

In referring to developments in health and social care integration, the Leader sought clarity in terms of the Pension Scheme for staff transferring between public authorities. The Executive Manager – Finance said that he would look into this matter.

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

Decision:

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

- Note the issues of confidentiality and the substance of the risks presented at Appendix 1 to the report and the action taken to mitigate those risks; and
- Comment and advise the Chief Executive and senior managers of their views and any changes or action required.

The meeting concluded at 12.30pm.

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Chair

