

Shetland Islands Council**Auditorium, Shetland Museum and Archives, Hay's Dock, Lerwick****Wednesday 14 December 2016 at 10.00am****Present:**

M Burgess	P Campbell
A Cooper	A Duncan
B Fox	R Henderson
A Manson	D Ratter
F Robertson	D Sandison
G Smith	C Smith
T Smith	M Stout
J Wills	A Wishart
V Wishart	

Apologies

M Bell	G Cleaver
S Coutts	G Robinson
A Westlake	

In Attendance (Officers):

C Ferguson, Director of Corporate Services
M Craigie, Executive Manager – Transport Planning
J Riise, Executive Manager – Governance and Law
R Sinclair, Executive Manager – Capital Programmes
S Brunton, Team Leader - Legal
H Tait, Team Leader - Accountancy
B Kerr, Communications Officer
A Cogle, Team Leader - Administration
L Adamson, Committee Officer

Also in Attendance:

M Conroy, Harper Macleod

Chair:

In the absence of the Convener, Mr C Smith, Vice-Convener, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest

The Chair sought any Declarations of Interest relating to Items 1 - 9 on the agenda. None were advised in that regard. Dr Wills advised on his interest in Item 11, as a Trustee and the Vice-Chair of the Shetland Charitable Trust.

80/16

SIC Overall Management Accounts 2016/17 - Projected Outturn at Quarter 2

The Council considered a report by Executive Manager – Finance (F-070-F) which set out the overall Council projected financial position as at Quarter 2.

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

During the discussion, comments were made on the well presented figures through Committees this cycle, which can give confidence that there is a control on the financial matters of the Council. In response to a question regarding recurring savings going forward, the Director of Corporate Services referred to the need to reduce expenditure to deal with the historical situation over the last few years, which she said has been undertaken with significant success. However she said that with the increasing pressures on the Council, and the decreased settlements from the Scottish Government, it will become increasingly more difficult to find ongoing savings. She advised therefore that the Council will be moving into a situation where discretionary services will have to be significantly reduced or removed altogether.

In referring to the credible savings achieved to date, it was questioned whether consideration has been given to streamline the Council's meeting structure to a single Committee. In that regard, the Director of Corporate Services undertook to discuss this further with the Chief Executive and report back to Members.

In response to a further suggestion to achieve savings, to revert to single Ward for the whole Council, the Executive Manager – Governance and Law advised that Council Ward boundaries will be reviewed following enactment of the Islands Bill.

During debate, officers, the Management Team and Members were commended on how well the finances of the Council has been managed in the short-term. There was however a need to adhere to the Medium Term Financial Plan and to not continue to rely on reserves into the future.

Decision:

The Council **RESOLVED** to review the Management Accounts showing the projected outturn position at Quarter 2.

81/16 **Asset Investment Plan - Progress Report**

The Council considered a report by the Executive Manager – Capital Programme (CPS-14-16-F) which advised on the progress of the projects contained within its Asset Investment Plan which are currently underway or to be started in 2016/17.

In introducing the report, the Executive Manager – Capital Programme highlighted the two capital maintenance budgets that have been re-profiled, as outlined in Sections 4.6 and 4.7.

During the discussion, clarity was sought on the Sound Primary School Refurbishment where the project was over budget; updates were sought on the Leaside Redevelopment project, the Cathodic Protection works on the Cullivoe Pier, progress with the Anderson High Clickimin Path Upgrade and on the programme for works on the project at Scalloway Quay West. The Executive Manager – Capital Programme undertook to provide detail on these projects in an e-mail to Members.

Reference was made to the request at Policy and Resources Committee in terms of spend on Software Licences, and a request was made for additional information on the longevity of the Licences. The Executive Manager – Capital Programme

advised that he could provide this information in his e-mail to Members. During the discussion, it was noted that Software Licences was a complex area, and in that regard it was suggested that the Executive Manager – ICT be asked to prepare a short briefing note to Members.

In terms of the Linga Conversion, it was reported that the propulsion and control systems upgrades are being progressed as the existing equipment was coming to the end of its working life. A comment was made in terms of the design of the current equipment, and whether the system was inappropriate. In that regard, a suggestion was made that the matter could be reviewed by the Council's Audit Committee.

While it was noted that there was no projects specific to Link Spans, it was questioned whether there was any progress on the Whalsay Link Span. Mr Stout advised that no link span projects are scheduled until such time as the outcome of the Scottish Government's funding is known towards inter-island transport services.

The Executive Manager – Capital Programme reported on proposals to progress the Lerwick Library refurbishment in early course. He advised however that any delay with the project due to the need to decant staff into the building from 8 North Ness, would be subject to a later report.

On the motion of Mr C Smith, seconded by Mr Stout the Council approved the recommendation in the report.

Decision:

The Council noted the progress and budget re-profiling of the projects within the Asset Investment Plan.

82/16

Procurement Strategy 2017-2020

The Council considered a report by the Executive Manager – Capital Programme (CPS-15-16-F) which presented the revised corporate Procurement Strategy for 2017 to 2020 to ensure that the Council has appropriate procurement processes and procedures in place to meet both Council wide and Scottish Government objectives.

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

In response to questions, the Executive Manager – Capital Programme advised on the recurring revenue savings of £2M following central procurement exercises, and to the target to achieve savings of £200K-£300K per annum. He acknowledged however that the greatest wins have been realised, with diminishing ongoing savings but that individual exercises will achieve savings going forward. The Director of Corporate Services advised on the progress made in the context of the Commissioning and Procurement Framework, through Partnership working to redesign systems, and on the commitment to develop a 5 year savings target as part of the Business Transformation Plan. She added that while, in terms of normal purchasing, there is little scope for big savings to be made, there is commitment to work in different ways to ensure further savings are achieved.

In response to questions, the Executive Manager – Capital Programme confirmed the significant savings achieved from the Council's membership of Scotland Excel. He added that Scotland Excel have been particularly beneficial on the bulk purchase of heavy plant.

During the discussion, Members sought clarity to the objectives in the Procurement Strategy to support local producers and to buy locally to help the local economy. In that regard, reference was made to the Policy in place in Highland Council to support the purchase of local produce and goods. The Executive Manager – Capital Programme outlined to Members the Procurement Strategy does not include any requirement which would make it more difficult for local suppliers to engage. He advised on the events arranged to meet local suppliers, which he added were often not well attended. In that regard, he advised that the Council was committed to have continued dialogue with suppliers and he would encourage attendance at the events. In terms of procurement, he advised on the need for fairness, and that the Council cannot discriminate positively to disadvantage other suppliers, or to disadvantage local suppliers. In response to a question, he advised that more local suppliers are now registering with Scotland Excel.

In noting Strategic Objective 27 of the Procurement Strategy, namely to “Establish a Procurement culture that recognises accessibility and sustainability as the norm and promoted the Council's objectives for business and community”, it was suggested that this objective would support purchase from local producers. However, the Executive Manager – Capital Programme gave assurance that the Policy does not discriminate any supplier and that the percentage of locally sourced goods needs to remain fair.

Reference was made to the Council's Policy to support implementation of the Scottish Living Wage, and it was questioned to what extent the living wage is taken into account within the Procurement Strategy. The Executive Manager – Capital Programme advised on the difficulty to enforce such a condition, and therefore the Living Wage is not referred to within contracts. He advised however that it was an area he would keep under review.

In response to a question, the Executive Manager – Capital Programme confirmed that he would have dialogue with Highland Council in terms of their Policy to purchase local produce.

On the motion of Mr C Smith, seconded by Mr Cooper, the Council approved the recommendations in the report.

Decision:

The Council **RESOLVED** to:

- consider and approve the corporate Procurement Strategy, at Appendix 1, and
- approve publication of the final corporate Procurement Strategy incorporating any additional changes or matters arising from the meeting;
- subject to approval of the above, delegate authority to the Director of Corporate Services or her nominee to:

- implement the corporate Procurement Strategy as approved;
- enter into such collaborative contracts/ frameworks as are deemed appropriate and necessary in accordance with the corporate Procurement Strategy, subject to consultation with the Executive Manager Governance & Law, or his nominee; and
- consider and implement systems and procedures (including software if necessary), subject to the availability of budget.

83/16

Corporate Risk Register

The Council considered a report by the Director of Corporate Services (CRP-26-16-F) which presented the current Corporate Risk Register as part of the Council's Performance Monitoring arrangements.

In introducing the report, the Director of Corporate Services highlighted the addition to Risk ORG0032 "Failure to meet the Corporate/Community Plan" to take account of the move from 8 North Ness and the increase in workload as a result of officers now being located in different buildings, however she gave assurance in terms of the priority to maintain services and minimise disruption. The Chair advised of his appreciation to officers involved in the move from 8 North Ness, in terms of the amount of work involved while taking into account all health and safety requirements.

In response to a comment relating to Risk ORG0037 "Political – Other" in terms of the considerable work involved to develop the Islands Bill and the Islands Deal, the Director of Corporate Services confirmed that she would raise this at the Risk Board to agree appropriate wording within the Risk Register. Reference was also made to the effects on Shetland following Brexit, and on the importance for Shetland to continue to have a voice in Europe and through membership of the Conference of Peripheral Maritime Regions (CPMR).

Reference was made to Risk ORG0021 "Physical- People/Property" where it was questioned whether there was any specific analysis carried out, to rank assets the Council maintains to identify any specific risks to communities. It was advised that the Long Term Asset Investment Plan includes risk analysis and there is an expectation of more detailed analysis going forward on the condition of buildings and structures. This assurance was welcomed in terms of risks to the wider community of Shetland.

In referring to Risk ORG0034, in terms of admitted bodies to the Council's Pension Fund, and it was questioned whether there has been an analysis of the Pension Fund to meet its liabilities. Reference was also made to the Council Policy to reduce staff numbers going forward, and to the resultant increase in early retirements and early exit packages, where it was questioned whether the impacts on the Pension Fund had been taken into account. The Director of Corporate Services advised that the Council has shed a significant number of staff and the detail is assessed for each proposal using the Building Better Business Cases methodology, and set out in the options appraisal. She advised that in terms of viability of the Council Pension Fund this will be risk managed through the Pension Fund Committee/Pension Board. In that regard, the Council were advised that the Pension Fund Actuaries were attending the next Pension Fund Committee/Pension

Board meeting in January, where questions could be put to them on the Pension Fund.

Decision:

The Council **RESOLVED** 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 view and any changes required.

84/16

Inter-Island Transport Fair Funding and Shetland Inter-Island Transport Study - Progress Report

The Council considered a report by the Executive Manager – Transport Planning (DV-63-16-F) which set out the conclusions of the Shetland Inter-Island Transport Study, which describes set of options for the future of inter-island ferry and air services and infrastructure in terms of a Strategic Business Case based on the application of the Scottish Transport Appraisal Guidance.

The Executive Manager – Transport Planning summarised the main terms of the report.

In response to questions, the Executive Manager – Transport Planning advised that the purpose of the Study was to support the argument being made to the Scottish Government to address the cast faced by the Council in funding the inter island transport network. The case is being made that the inconsistent approach currently adopted by Scottish Government in funding inter island transport in Scotland must be rationalised to be consistent and uniformed across the entire Scottish network.

An update was requested on the timescale for developing the Outline Business Case for the replacement of the MV Good Shepherd, where it was advised that work was due to commence immediately for conclusion in July/August 2017. The Executive Manager – Transport Planning provided clarity on the component of the Business Case for the Outer Isles in terms of the Fair Isle shoreside infrastructure requirements, as outlined in Section 4.10.

In response to a question, the Executive Manager – Transport Planning advised that the Tingwall airstrip will be reported when presenting the Inter Island Air Services Business Case.

Reference was made to the proposed funding contributions to develop the Outline Business Cases, as set out in Section 6.5, where the Executive Manager – Transport Planning advised that there had been encouraging dialogue with both Transport Scotland and Highlands and Islands Enterprise on support for funding but it seems reasonable that the full costs of the Business Cases should be met by Scottish Government.

In response to a comment in terms of Norwegian expertise in the development of fixed links, the Executive Manager – Transport Planning confirmed that fixed links have now been placed with the Scottish Government to explore as part of the national transport strategy review. He advised that a group is likely to be set up to develop policy on fixed links in that regard, however there is no detail at this time in terms of remit and membership. Mr Stout advised on his aspiration for political input in to the process, and that opportunities for European Funding will be on the agenda for the Scottish Government.

In response to a question, the Executive Manager – Transport Planning confirmed that communities will be consulted during consideration of the proposals for the base for Inter Island Air Services.

During the discussion, comment was made that the report was welcomed and in terms of the significant amount of work to get to this stage. In response to a question, the Executive Manager – Transport Planning advised on the likelihood to utilise external expertise to undertake the Outline Business Cases, due to the technical aspects to the Study in terms of appraisals and to develop the economic case for Shetland and to meet the Scottish Government's expectations.

On the motion of Mr C Smith, seconded by Mr Stout, the Council approved the recommendations in the report.

Decision:

The Council noted:

- That the Shetland Inter-Island Transport Study is complete and provides the Strategic Business Case for inter-island ferry and air services in Shetland covering the short, medium and long term.
- That the next phase of work, the Outline Business Cases for each of the short/medium term priorities identified in the Study, requires to be undertaken to establish the preferred options (covering capital and revenue expenditure) and the economic case for those options.
- That work with Scottish Government and Transport Scotland continues in relation to funding of the conclusions of the Shetland Inter-Island Transport Study through the "Fair Funding" initiative that has been ongoing since May 2016.
- That Transport Scotland has been provided with full detail of expenditure on inter-island ferry services and has acknowledged the current estimated revenue short fall of £7m and a capital spend requirement of £1m for 2017/18. Transport Scotland has advised that they have presented these estimates to Ministers for consideration in budget plans for 2017/18 and it is likely that any additional funding would be in the form of a specific grant administered through Transport Scotland.
- That an application will be made to the Council's Spend to Save budget for appropriate funding to support the development of the Outline Business Cases for the priorities identified in Section 4.9 of this report and the Fair Funding work ongoing with the Scottish Government and Transport Scotland.

The Council **RESOLVED** to: -

- Instruct the Director of Development Services, or his nominee, to continue to work with Transport Scotland, Highlands and Islands Enterprise (HIE) and ZetTrans to seek support in delivering the outcomes of the Shetland Inter-Island Transport Study, i.e. developing the Outline Business Cases, for the revenue and capital priorities identified in the Study as detailed in Section 4.9 of this report.
- Instruct the Director of Development Services, or his nominee, to continue working with Scottish Government and Transport Scotland to establish a long term “Fair Funding” position in relation to the provision of inter-island transport services and infrastructure including the most effective models of responsibility and delivery.

The Council adjourned at 11.40am.

The Council reconvened at 11.50am

85/16

Governance Review Programme - Constitutional Documents Update

The Council considered a report by the Executive Manager – Governance and Law (GL-57-16-F) which advised on the updates made to the Council’s Constitutional documents, taking account of decisions already made, changes in legislation, management structures and job titles, since the documents were approved in 2011.

In introducing the report, the Executive Manager – Governance and Law advised that the Planning Scheme of Delegations, Section 3 - the general and specific delegations to officers, Part D – Financial Regulations and Part E – Contract Standing Orders will be reported to Council in February 2017. The Executive Manager – Governance and Law advised of a issue that has been raised subsequent to the report being issued, in that the positions of Depute Convener and Depute Leader are not referred to as senior Officer Bearer positions within the constitution, which follows through to the Depute Leader acting as Vice-Chair of Policy and Resources Committee. He advised that the positions can be provided, by discretion of the new Council by including reference within the Constitution to these positions “if appointed”, and would be a matter of the new Council to address. There is however a need to discuss the roles and responsibilities of such appointments, which he advised could be addressed for reporting in February, or by the new Council in their deliberations of whether to make the appointments. During the discussion, comments were made on the need for clarification to be provided to define the duties of the Depute posts, and the need for rapport between the Convener and Depute Convener and the Leader and Depute Leader, should those appointments be made. In that regard, the Executive Manager – Governance and Law advised on the responsibility of Senior Councillors to ensure constructive relationships are maintained. He therefore suggested that dialogue take place with the existing Convener, Leader and their Deputies to submit proposals in February, and that the new Council can decide on the appointments at the statutory meeting.

In response to comments, the Executive Manager – Governance and Law confirmed the requirement for religious representatives on the Education and

Families Committee was rooted in primary legislation. In terms of any proposal to change the meeting structure, he advised on the opportunities going forward that the Code of Governance will be reviewed on an annual basis.

During the discussion, a correction was noted on Page 23, where the “Sports Strategy”, should be changed to “Sports and Physical Activity Strategy”.

It was questioned whether a protocol was in place, or could be adopted, to allow Members to submit questions to officers prior to a meeting for responses at the meeting, rather than the current system, where officers take questions at a meeting, then undertake to provide responses by e-mail following the meeting. The Executive Manager – Governance and Law commented that such a process would be good practice.

In response to a question, it was confirmed that the mid-term review was referred to within the Constitution documents, and that there have been no changes in that regard.

Comments were made in terms of the failure of Policy and Resources Committee to be a vehicle to develop and discuss policy matters, where it was questioned whether focus could be placed on the policy role of Policy and Resources Committee at “Part B: Senior Councillor Chairs’ Role”. The Executive Manager – Governance and Law advised on the expectation of Policy and Resources Committee to marshal, rather than to be a driver of policy change. He suggested however that this is an area where the new Council could consider as part of their annual reviews of their Code of Corporate Governance. In terms of the Role and Functions of all Councillors, a comment was made on the need for caution in the appointment to bodies in the current financial climate, where there is a need to be clear that the organisation is part of the decision making structure.

During the discussion, reference was made to the Delegations to the Shetland College Board at Page 21, where it was suggested that the first bullet point (6th line) be changed to read, “.....reserved to Education and Families Committee and thereafter to SIC ...”. In referring to Page 17, a suggestion was also made for the relevant functional areas of the Education and Families Committee to include tertiary education. The Executive Manager – Governance and Law commented that these were helpful suggestions, which he said would be incorporated into the Scheme of Delegations.

With the amendments to the documents are proposed, the Council approved the recommendation in the report on the motion of Mr C Smith, seconded by Mr Stout.

Decision:

The Council noted the updates made to the Council’s Constitutional documents and approved these versions for publication.

86/16

Governance Review Programme - Appointments to External Organisations

The Council considered a report by the Executive Manager – Governance and Law (GL-59-16-F) which advised on progress on the review of external appointments, taking account of responses from organisations and the views of Councillors, and to discuss options available and seek agreement on the way forward.

In introducing the report, the Executive Manager – Governance and Law outlined the terms of Section 1.1.1, which informed Members on the principles of future appointments to external organisations.

In response to questions, the Executive Manager – Governance and Law advised that the current arrangements for Member attendance at Parent Council meetings would continue. He confirmed that the Council do not appoint to the Shetland Recreational Trust, nor is it Council policy to appoint to the Shetland Charitable Trust.

A request was made for reporting in February, to be clear in terms of the Council's standing on organisations in terms of the body's ability to contribute to Council Policy development and decision making.

During the discussion, comment was made on Member participation on particular Trusts within their communities, to progress a specific project, where caution was expressed in terms of the need for Members to ensure full indemnification is in place. The Executive Manager – Governance and Law advised that in such circumstances, Members involvement would not be an insurable risk, and therefore the Council should not be making such appointments. He added that this was an area to be closely monitored.

A suggestion was made for external organisations to provide an overview of the expected role to be undertaken by Members, which would allow more appropriate matching of Members to those requirements. The Executive Manager – Governance and Law referred to Section 4.8 of the report, which set out the information to be provided in the detailed appointments register, which he advised will be presented in the updated report to Council in February 2017.

In response to a question, the Executive Manager – Governance and Law advised that there would not always be a need for Trust Deeds to be amended following removal of Council Members as Trustees, however should there be any requirement to change the Trust Deed, this would be by way of a supplementary deed promoted by the Trust itself, not by the Council.

In response to a question, the Executive Manager – Governance and Law advised that the report to Council in February would also inform on the response rates from organisations following the initial communication in terms of future appointments.

(Mr Ratter left the meeting).

In response to a question, the Executive Manager – Governance and Law advised that the Shetland Charitable Trust had written to the Council as part of their own review, and he confirmed that the SCT are outwith the scope of the Council's current review of external appointments.

Comments were made in terms of the amount of work involved to review external appointments, and for the Council to give officers and Members due credit in that regard.

On the motion of Mr T Smith, seconded by Mr Robertson, the Council approved the recommendations in the report.

Decision:

The Council **RESOLVED**:

- That future appointments should be based on the following additional principles :
 - Where there is a **clear link to a Council Strategy or Policy objective in appointing to a national or international body**, the presumption will be to consider making an appointment, but each request will be considered on its own merits;
 - Where any organisation falls within the **Following the Public Pound Policy** requirements, the Council will not appoint a Councillor; and
 - Where the organisation **cannot demonstrate a link to a Council strategic or policy objective, and is not funded by the Council**, each request will be considered on a case by case basis;

And

- The creation of a detailed appointments Register based on these principles, setting out the full requirements and implications of each organisation and set of criteria against which all appointments will be considered.
- A final report will be presented to the Council in February for final approval, as per the agreed timetable.

87/16 **SIC Diary of Meetings 2017/18**

The Council considered a report by the Executive Manager – Governance and Law (GL-58-16-F) which sought Council approval of the schedule of meetings for 2017/18.

The Executive Manager – Governance and Law summarised the main terms of the report. He advised that the dates for the Integration Joint Board would be added in early course. During the discussion, it was confirmed that the meeting dates for 2017/18 would be finalised before the end of the year.

On the motion of Mr C Smith, seconded by Mr Stout, the Council approved the recommendation in the report.

Decision:

The Council **RESOLVED** to approve the schedule of Council and Committee meetings for 2017/18.

88/16 **Council Business Programme 2016/17**

The Council considered a report by the Team Leader – Administration (GL-54-16-F) which informed of the planned business to be presented to Council for the remaining quarters of the financial year 1 April 2016 to 31 March 2017 and sought discussion with Officers regarding any changes or additions required to that Programme.

The Executive Manager – Governance and Law introduced the report. In referring to the report “National Bargaining” listed in the planned business still to be

scheduled, he undertook to ascertain whether a date has been agreed for reporting to Council.

On the motion of Mr Cooper, seconded by Mr C Smith, the Council approved the recommendation in the report.

Decision:

The Council considered its planned business for the remaining quarters of the current financial year (1 April 2016 to 31 March 2017) and **RESOLVED** to approve the Business Programme.

In order to avoid the disclosure of exempt information, Mr C Smith moved, Mr Stout seconded, and the Council RESOLVED to exclude the public in terms of the relevant legislation during consideration of the following items of business.

(Representatives of the media left the meeting)

(Dr Wills, Mr Henderson, Ms Manson and Mr Duncan left the meeting).

89/16 **Confidential Risk Register**

The Council 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,

Following discussion on the risks, Mr C Smith moved that the Council approve the recommendations in the report. Mr Stout seconded.

Decision:

The Council **RESOLVED** to:

- Note the issues of confidentiality and the substance of the risks presented at Appendix 1 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.

(Mr Robertson left the meeting).

RESTRICTED

(The following officers remained in the room during consideration of this item:

Director of Corporate Services, Executive Manager – Capital Programme, Executive Manager – Governance and Law, Team Leader - Legal and the Committee Officer. Also, the Legal Adviser, Harper Macleod)

90/16 **Council Office Premises**

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

The Executive Manager – Governance and Law introduced the report, and the Director of Corporate Services acknowledged the need to update Members since the move from 8 North Ness.

The Legal Adviser summarised the terms of his Briefing Note, and responded to questions from Members.

Decision:

The Council noted the position regarding their office accommodation at 8 North Ness, Lerwick.

The meeting concluded at 3.10pm.

.....
Vice-Convener