



MINUTES

B - PUBLIC

Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Tuesday 29 August 2017 at 10am

Present:

C Smith	A Cooper
S Coutts	A Duncan
S Leask	R McGregor
G Smith	T Smith
R Thomson	

Apologies:

M Burgess

In Attendance:

M Boden, Chief Executive
H Budge, Director of Children's Services
J Belford, Executive Manager – Finance
J Riise, Executive Manager – Governance and Law
R Sinclair, Executive Manager – Capital Programme
C Symons, Executive Manager – Estate Operations
J Macleod, Performance and Improvement Adviser
K Symons, Solicitor
C Anderson, Senior Communications Officer
L Adamson, Committee Officer

Chairperson

Mr C Smith, Leader, as Chair of the Committee presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None.

Minutes

The minutes of the meeting held on 19 June 2017 were approved on the motion of Mr Cooper, seconded by Mr Leask.

51/17 **Corporate Services and Executive Services – Directorate Performance Report**
– 1st Quarter 2017/18

The Committee considered a report by the Director of Corporate Services (CRP-11-17-F) which summarised the activity and performance of the Corporate and Executive Services Department for the 1st Quarter of 2017/18.

In introducing the report, the Executive Manager – Governance and Law highlighted the key issues in Quarter 1 as reported in Section 4.1.

Referring to Appendix A, he provided an update on the project “DP156 Information Management and Improvement” in terms of the Record Management Plan. He advised that the progress reported as being 1% disguises the activity taken place on matters of information governance, and he confirmed that regular reports will be provided on progress made.

At Appendix B “Performance Indicators”, the Executive Manager – Governance and Law highlighted the Quarter 1 reporting of an increase in sickness absence, which it was noted was a result of a few longer-term absences. He advised that the maximising attendance policy will continue to be applied and performance in this area monitored. He added that Corporate Services continues to be the 2nd lowest in terms of sickness levels, and well below the Council target of 4%. In referring to the Overtime indicators, he advised that recent overtime was required for completion of the final accounts, which he said had been the most efficient way to manage that workload.

In referring to the Corporate Services Risk Register at Appendix D, the Executive Manager – Governance and Law advised that the risk relating to Compliance with Standing Orders, dated from two years ago, and all Standing Orders have now been updated. He also drew attention to the risk included which highlighted the staff implications for the Election that was held in May 2017. In that regard, he proposed the two risks could be removed from the Register.

During debate, the Chair thanked the Executive Manager – Governance and Law, and his team, for their efforts and hard work at the election.

Decision:

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

52/17

Management Accounts for Community Health and Social Care: 2017/18 – Draft Outturn at Quarter 1

A report by the Executive Manager – Finance (F-071-F) enabled the Committee to note the financial performance of services within the Community Health and Social Care Directorate.

In introducing the report, the Executive Manager – Finance advised on the overall position at Quarter 1 of a small underspend. Cost pressures have not been allocated at this time, and there will be costs in connection with the pay award for Council staff being paid this month, which will be reported in Quarter 2.

The Executive Manager – Finance proposed that in terms of any detail on the information in the appendices, questions should be raised at the IJB meeting next week.

Decision:

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

53/17 **Management Accounts for Policy & Resources Committee:
2017/18 – Draft Outturn at Quarter 1**

A report by the Executive Manager – Finance (F-067-17-F) enabled the Committee to monitor the financial performance of services 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 summarised the main terms of the report, and advised on the one minor variance reported in Appendix 1, being an underspend on Fund Manager Fees.

In response to a question, the Executive Manager – Finance informed on the cost pressure allocations at Section 4.9 of the report, and said that the pay award, will be reported at Quarter 2.

Decision:

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

54/17 **SIC Overall Management Accounts 2017/18 - Projected Outturn at Quarter 1**

The Committee considered a report by the Executive Manager – Finance (F-070-F), which set out the overall Council projected financial position as at Quarter 1.

The Executive Manager – Finance summarised the main terms of the report. He advised that in terms of revenue the Council is managing its budget at Quarter 1, however there would be more certainty moving to Quarter 2. In referring to Appendix 1, he highlighted the clear pressures on the budget for Children's Services, and confirmed that this will be an area closely monitored going forward. He added that all other services are on budget moving into Quarter 2.

In response to questions, and in referring to Appendix 3, the Executive Manager – Finance provided an update on the cost pressure and contingency budgets. In responding to a question regarding the Housing Revenue Account, the Executive Manager – Finance advised that the housing collection rate was currently on target, and a shortfall would be taken into account when considering bad debt.

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

Decision:

The Committee **RECOMMENDED** that the Council resolves to review the Management Accounts showing the projected outturn position at Quarter 1.

55/17 **Council Investment Review for Quarter to June 2017**

The Committee considered a report by the Executive Manager – Finance (F-073-F), which informed on the investment position and performance of the Council's long term external investments, managed on its behalf by fund managers.

In introducing the report, the Executive Manager – Finance reported that the Council's investments increased in value by £4m over the quarter, and he provided a summary of the Fund Managers' performance, which it was noted were all ahead or on target over the quarter to June 2017. He advised that KPMG are currently undertaking a review of the position to return 7.3% annually over the long term. The outcome of that review will be reported to Council later in the year, but ahead of the budget setting. The Executive Manager – Finance reported that each of the Fund Managers have been invited to present their investment performance.

In response to questions, the Executive Manager – Finance undertook to provide clarity in regard to the capital sum when the aspiration of the annual return from Fund Managers was agreed. He acknowledged that while 7.3% was an historic figure, this continues to be the target for Fund Managers to deliver on to the Council.

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

Decision:

The Committee **NOTED** the quarterly review of the Council's external investments over the quarter to June 2017.

56/17 **Local Government in Scotland, Performance and Challenges 2017**

The Committee considered a report by the Executive Manager – Finance (F-061-F), which presented the Accounts Commission report "Performance and Challenges 2017".

The Executive Manager – Finance summarised the main terms of the report. He drew attention to the statement in Section 2.3.1 of the report, namely, "Council's have faced significant challenges from a long-term decline in revenue funding", and in that regard he referred to the graph at Exhibit 3 of Audit Scotland's report which illustrated that Shetland had received the highest reduction of Government grant.

The Executive Manager – Finance then referred to Section 4.4 of the report, which set out the approach being taken to ensure the points raised have been or are being addressed and that the latest data is being captured to plan for the medium and longer-term.

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

Decision

The Committee noted the report, and **RESOLVED** to instruct the Corporate Management Team to take account of the key findings and messages in their work across the Council.

57/17 **Corporate Parenting Strategy**

The Committee considered a report by the Executive Manager – Children's Resources (CS-13-17-F), which presented the Corporate Parenting Strategy.

In introducing the report, the Director of Children's Services advised from the appointments made at Education and Families Committee to the Corporate Parenting Board (CPB); namely, Mr G Smith, Chair of Education and Families Committee as Chair of the CPB, and Mr T Smith and Mr J Fraser as Members on the CPB. The Director of Children's Services highlighted the 6 key priorities to achieve the objectives of the Strategy, and said that the CPB will oversee scrutiny to ensure the actions are taken forward for the young people in care. In concluding, the Director of Children's Services reminded Members of the training session on Corporate Parenting session on 1 September.

Reference was made to Outcome 2, at page 15 of the Strategy, where comment was made on the need for additional support to be given to young people when they move on from being looked after, particularly as this can be when young people are at their most vulnerable. The Director of Children's Services advised that while this matter is being addressed through legislation, with the age young people receive support having been raised from 21 to 25 years, the Council's Through Care/After Care Service work with young people during that time and support them to move into more independent living. She acknowledged however that this was an area that would benefit from further improvement. The Chief Executive advised on the work undertaken within the Through Care/After Care Service to provide care and support during the transition phase. He said that while the outcomes are very much dependent on each young person's experiences in education, of their employment, type and location of accommodation and who they socialise with, support in this area is being developed further and is receiving additional focus. In that regard, a suggestion was made for Members to visit the Through Care/After Care Service to better understand the challenges and the support offered to the young people in care.

During the discussion, comment was made on the need to address reality and perceptions within communities when young people move from care into community, in that communities need to be better informed that these young people need to be supported and can be assets to their communities. The Director of Children's Services took onboard this valid point, which she would pass on to the Team Leader - Through Care/After Care Service.

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

Decision

The Committee **RESOLVED** to adopt the recommendation from the Education and Families Committee, namely to:

- **RECOMMEND** approval of the Corporate Parenting Strategy to the Council, and agreed to the replacement of the Looked After Children's Strategy with Part A of the Council's Constitution and Policy Framework, to be managed by the Education and Families Committee.

58/17

Edinburgh Schools and Grenfell Tower Update Report

The Committee considered a report by the Executive Manager – Estate Operations (EO-03-17-F) which summarised the Council's responses to the publication of the Edinburgh Schools report and the tragic fire at Grenfell Tower.

In introducing the report, the Executive Manager – Estate Operations informed on the background and findings from both the Edinburgh School Wall Collapse and the Grenfell Fire. He reported on the quality assurance practices, testing and inspections carried out to ensure Council buildings are safe.

Reference was made to the fatal accident when a pupil had been killed by the collapse of an internal wall, where assurance was sought in terms of internal walls in the Council's schools estate. The Executive Manager – Estate Operations said that following the findings of that enquiry all wing walls in Shetland schools had been removed.

Decision

The Committee **NOTED** the report and actions taken to confirm adequate construction techniques and materials had been used in the Council's building stock.

59/17

Corporate Risk Register – Quarterly Update

The Committee considered a report by the Director of Corporate Services (IA-16-17-F), which presented the current Corporate Risk Register.

The Chief Executive introduced the report.

Reference was made to the recent indication from the Scottish Government in terms of funding of the inter island ferry services, it was questioned whether this would be an area of escalated risk. The Chief Executive advised that this would not be a specific risk to the service, but would be captured as an overall risk to the Council.

During debate, further examples were given of Scottish Government funding to Council's being reduced, and to the expectation of further reductions into the future, where it was acknowledged that reserves will have to be used to address the reduction in funding going forward. The Leader advised that he will continue to negotiate and fight for the best for the Council.

Decision

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

60/17

Asset Investment Plan – Progress Report

The Committee considered a report by the Executive Manager – Capital Programme (CPS-03-17F), which advised on the progress of the projects contained within its Asset Investment Plan which are currently underway or to be started in 2017/18.

The Executive Manager – Capital Programme introduced the report. In referring Members to Appendix A, he acknowledged there were a number of projects that have been reported for some time, but confirmed that these will continue to be presented until such time as the final accounts have been completed.

The Executive Manager – Capital Programme then advised from the Anderson High School Replacement project, that the contractor is still committed to complete in

September and the move into the new school is planned for October. In response to a question, he confirmed that the new hostel would follow the same timeline.

In response to questions regarding the anticipated final cost of the Sound Primary School Refurbishment, the Executive Manager – Capital Programme advised that he would provide detail to Members in that regard.

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

Decision

The Committee **RECOMMENDED** that the Council note the progress of the projects within the Asset Investment Plan.

61/17

Asset Investment Plan - Business Justification Cases

The Committee considered a report by the Director of Capital Programme (CPS-03-17F), which presented an Asset Investment proposal for approval (the purchase of Multratug 29), and another for noting (Aith Junior High School Solar PV Project), both of which have been considered by the Council's Asset Investment Group based on the submission of Business Case documentation.

In introducing the report, the Executive Manager – Capital Programme advised that the decision to proceed with the Aith Junior High School Solar PV project provided an opportunity to save on construction costs.

The Executive Manager – Capital Programme advised on the proposal to purchase the Multratug 29, which is currently being chartered at Sella Ness with the option to purchase if content with performance of the vessel. He added that there would be no benefit to postpone the purchase and he advised that approval by the Council this cycle would meet the final funding commitment by 20 September, in line with the contract. He added that in approving the project, the external borrowing would be subject to a future report by the Executive Manager – Finance.

During the discussion, concern was expressed that an Outline Business Case and Full Business Case on proposals to purchase the Multratug 29 had not been prepared to allow an informed decision to be made, and that these proposals had not been presented in the first instance, to the Harbour Board. Reference was also made to the uncertainty of towage services at Sullom Voe, as to whether the service would be externalised in the future. In the event that the towage service was externalised, reassurance would be required that the Council would recoup on the residual value of the tug. Mr Cooper added that the decision to lease the Multratug 29 had been predicated on the basis that the towage service may be externalised.

The Executive Manager – Capital Programme advised on the gateway process, where straightforward projects can progress based on Business Justification Case documentation, irrespective of value. He acknowledged that there has been some discussion on the possibility of an externalised towage service, however the operation of the port has to continue meantime in the most efficient way possible and in addition to the potential for resale, an external operator may lease the tugs from the Council. In referring to Page 4 of the Business Justification Report, the Executive Manager – Finance highlighted that the purchase price of the Multratug

29 would still be in the order of £7m in three years time, and therefore the asset was expected to retain its value for many years to come.

During the discussion, a suggestion was made on the need to reconsider how capital projects are taken forward, and whether all projects should first be presented to their functional Committee/Board, for a recommendation to Policy and Resources Committee for a decision in terms of the funding.

In noting that there are time constraints on the purchase of the Multratug 29, Mr McGregor moved that the proposal be referred back to the Harbour Board for urgent consideration. In seconding, Mr Cooper advised of a further opportunity for the Council to exercise the option to purchase the Multratug 29, in January 2018.

During the discussion, a suggestion was made to call an urgent meeting of the Harbour Board, and for the report to be added to the agenda for the Council on 20th September, at the latest.

Mr Macgregor agreed to the proposal to refer consideration of the proposal for the purchase of the Multratug 29 to an urgent Harbour Board and direct to the Council meeting on 20 September. In terms of the decision at 1.2, he proposed that the Committee note that the Asset Investment Plan 2017-22 was updated with the Aith Junior High School Solar PV Project. This received the consent of his seconder.

Decision

The Committee **RESOLVED** to refer consideration of the proposal for the purchase of Multratug 29 to the Harbour Board, before the Council meeting on 20 September 2017; and

The Committee **NOTED** that the Asset Investment Plan 2017-22 was updated with the Aith Junior High School Solar PV Project.

Mr C Smith 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 item of business. Mr Coutts seconded.

62/17 **Confidential Corporate Risk Register – Quarterly Update**

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 Chief Executive introduced the report, and responded to questions from Members.

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

Decision

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

The meeting concluded 11.30am.

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Chair