

MINUTES

A&B - PUBLIC

**Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Wednesday 17 January 2018 at 12 noon**

Present:

M Bell	M Burgess
P Campbell	A Cooper
S Coutts	A Duncan
J Fraser	C Hughson
S Leask	E Macdonald
R McGregor	A Manson
D Sandison	I Scott
D Simpson	C Smith
G Smith	T Smith
R Thomson	A Westlake
B Wishart	

Apologies:

None

In Attendance (Officers):

M Boden, Chief Executive
C Ferguson, Director – Corporate Services
N Grant, Director of Development Services
J Belford, Executive Manager – Finance
J Riise, Executive Manager – Governance and Law
A Cogle, Team Leader - Administration
C Anderson, Senior Communications Officer
L Adamson, Committee Officer

Chairperson

Mr Bell, Convener of the Council, presided.

Circular:

The circular calling the meeting was held as read.

The Convener ruled, in accordance with Section 43(2) of the Local Government in Scotland Act 2003, the attendance of Councillor Mark Burgess during the proceedings be permitted by telephone link.

With this being the last Council meeting prior to the Chief Executive's retirement, the Convener reiterated his thanks to Mr Boden, particularly for the advice and support to Members of the Council and to the leadership team during the period of over 5 years that Mr Boden has held the post. The Convener relayed his best wishes to Mr Boden, and his wife Angela, for a long and happy retirement. The Council concurred.

Declarations of Interest

None

01/18 **2018/19 Financial Settlement**

The Council considered a report by the Executive Manager – Finance (F-004-F) which presented the financial settlement announced by the Scottish Government for the next financial year, 2018/19.

In introducing the report, the Executive Manager – Finance advised that the report presented to Council deals with the Scottish Government's announcement on the Local Government settlement for 2018/19, and the impacts on the Council. He highlighted the statements in Section 2.3 and 2.4 of the report, whereby if a local authority does not intend to agree with the offer from the Scottish Government to accept the full package of measures and benefits, that a revised offer will be less favourable.

The Executive Manager – Finance referred Members to Section 2 of the report which sets out the detail and impacts of the revenue and capital funding, and the specific grants still to be distributed, and he outlined the key messages in that regard. He advised that the Scottish Government budget 2018/19 has yet to be approved, and that following a further three-stage process, final debate will take place on 21 February 2018.

(Mr Scott attended the meeting).

During the discussion, the Executive Manager – Finance responded to questions, and the Council noted the following:

- The funding criteria used in 2017/18 for the Scottish Government allocation to IJBs was a cash equivalent of no less than the previous year, there is however no specific commitment to IJBs for 2018/19. In terms of the funding allocation to the Council of £0.260m in 2018/19 for social care, while there is no requirement in the financial settlement to allocate any specific level of funding to the IJB, the decision will form part of the budget proposals presented to Council on 14 February 2018.
- The funding included for the additional full year impact of the revised Teachers' Pay offer presents a funding shortfall for next year and consequences for future years. Other than the allocation for Teachers pay, there has been no indication that other pay settlements would be funded by the Scottish Government as part of the package.
- The Council Tax package that provides flexibility to increase Council Tax by up to 3% is sanction free, and the expectation would be to work within the 3% range. It has however been stressed by the Cabinet Secretary for Finance and the Constitution that there should be no need to increase Council Tax above 3%. The level of Council Tax will be a decision for the Council as part of its budget setting process, on 14 February 2018.
- The Capital Grant Funding of £6.643m would be a reduction of 8.3% from 2017/18. An estimated award of £6m was however included in the Medium Term Financial Plan and therefore the reduction is better than had been anticipated.
- The proposed specific funding for early years education and childcare is short in terms of the Plan for delivery worked up by the Council at the end of September 2017.

- In terms of the financial settlement, the challenge for Shetland is the formula in place, which results in some Local Authorities being above the average, and some below. Shetland Islands Council is one well below the average and as such comes close to the bottom of the list of those who benefit. The mechanism that protects this Council is the 'floor', where only part of the settlement is protected – the rest has an adverse effect on this Council.

During debate, the Leader commented on the need to accept the offer as presented, alternatively the Council will receive a reduced settlement. Mr C Smith moved that the Council accept the recommendation in the report. Mr Coutts seconded.

Members expressed concern that the reduced financial settlement falls short in terms of maintaining services or any aspiration to do more or to meet new challenges. No provision has been made for pay settlements other than for teachers, and the new requirements put on Local Authorities by the Scottish Government are not being fully funded.

During the discussion, comments were made on the need to make the Scottish Government aware that the settlement is not sufficient, and to relay concerns from communities in terms of austerity. In that regard, the Council has to be better at lobbying Ministers, CoSLA and other organisations, on the impacts that the reduced settlement will have on communities and to increase pressure for a settlement to deliver on services. In terms of lobbying, a proposal was made for a necessary precursor to ensure there is full understanding of the criteria and how Shetland comes to be one of the local authorities that loses out in terms of discretionary mechanisms and on net reductions. This would stand the Council in better stead to lobby and work towards gaining the best settlement possible, albeit with the constraints imposed on the Scottish Government by Westminster. Comment was also made on the need to develop a clear lobbying strategy.

Reference was made to the challenges facing the Council in the coming years regarding pay settlements, and to the unresolved situation around fairer funding for ferries, which are issues that need to be taken into account in accepting this financial settlement. Assurance was however given by the Chair of Environment and Transport Committee, that the Council is continuing to lobby for fairer funding for ferries, and it was hoped that common sense would prevail to include fairer funding in the budget for next year. The use of reserves was also raised, with the Council having to take from reserves to cover basic services, and the Scottish Government will rely on the Council's reserves to reduce its grant funding year on year.

In referring to the statement in Section 2.4 of the report namely, "For local authorities not agreeing the offer, a revised offer will be made. The Cabinet Secretary has been clear that any revised offer will be "less favourable", although no specific reference to the value of any such financial consequences has been provided" comment was made that this was a very objectionable statement, and political blackmail by the Scottish Government, with the Council being penalised should the settlement not be accepted.

During the discussion, comment was made on the Westminster Government's reduced funding to Scotland, and to the impact on the settlements to Scottish Local Authorities. The review of Local Governance should be looked at in the context of the budget settlement, as the Scottish Government, albeit with pressures from Westminster, make choices on the allocation of grant funding which has resulted in years where the Council has been penalised with a disproportionate settlement compared to other areas. Reference was also made to the consequences of the Education Bill, in terms of the

potential to remove any local control. In that regard there is a need to relay concerns around the reduction of resources and powers from Local Government.

During the discussion, Members made reference to the limitations around the decision, and while there were no amendments to the motion, it was concluded the Council has to reluctantly accept the financial package from the Scottish Government.

Decision:

The Council **NOTED** the information presented in the report; and

- **AGREED** and **RESOLVED** to accept the package of measures and benefits set out for Shetland Islands Council within the Local Government Finance Settlement 2018/19, as contained in the Scottish Government's draft budget for 2018/19, and set out in the Local Government Finance Circular 5/2017.

02/18 **Appointments to the Integration Joint Board (IJB) and Policy and Resources Committee**

The Council considered a report by the Executive Manager – Governance and Law (GL-51) which informed the Members of the resignation of Councillor Mark Burgess from the Integration Joint Board with effect from 8 January 2018.

The Executive Manager – Governance and Law summarised the main terms of the report.

Mr Burgess said that while the report calls for the appointment of a Member to the IJB as a consequence of his resignation, the most important element is the appointment of substitute Members on the IJB. In that regard, he advised on the need for greater involvement by the Council Members appointed to the IJB, and suggested the formation of a non-decision making forum to allow better discussion of IJB business. He urged the Members on the IJB and those appointed today, to give consideration to his suggestion to meet at the first opportunity to form the Forum.

In response to a question, the Executive Manager – Governance and Law advised that the IJB Scheme of Administration does not stipulate the mechanism for Members to substitute at a meeting. He advised on the current arrangements for a substitute Member to attend a particular meeting, adding that this is often at short notice, and can be on the day of the meeting. He went on to advise that substitute Members attending on an adhoc basis can create difficulties, including how matters on the agenda are handled.

A Member referred to the current arrangements that all remaining Council Members of the Council can be approached to substitute for Council voting Members on the IJB. She made comment that she has never been approached to be a substitute, and in that regard she stated her discontent.

In response to a question, the Executive Manager – Governance and Law confirmed that substitute Members appointed to the IJB will receive the papers for IJB meetings, and would be included in any induction and information sharing sessions.

Nominations were sought for a voting Member to the IJB.

Mr McGregor was nominated on the motion of Mr Leask, seconded by Mr Campbell.

Ms Manson was nominated on the motion of Mr Cooper, seconded by Mr Sandison.

Ms Hughson was nominated on the motion of Mr T Smith, seconded by Ms Westlake.

All nominees accepted their nominations and following a short address by each nominee to the Council, voting took place by secret ballot and the result was as follows:

Mr McGregor	10
Ms Manson	7
Ms Hughson	4

Mrs Hughson, having received the lowest number of votes, was accordingly eliminated from the voting process.

Voting again took place by secret ballot, and the result was as follows:

Mr McGregor	11
Ms Manson	10

Mr McGregor was duly appointed the voting member to the IJB.

In referring to the decisions required at Section 1.2, the Executive Manager – Governance and Law reminded Members that a consequence of Mr Burgess' resignation from the IJB also lead to a vacancy on Policy and Resources Committee. He explained however that as Mr McGregor is already a Member of Policy and Resources Committee, Ms Macdonald was the only remaining current voting Member of the IJB eligible to be a Member on Policy and Resources. Mr McGregor, being appointed to the vacancy caused by Mr Burgess' resignation, is the only remaining Member on the IJB eligible for appointment to the IJB Clinical Care and Professional Governance Committee (CCPGC).

The Executive Manager – Governance and Law said that while it is highlighted in the report, but not included as a decision, by virtue of Ms Macdonald's appointments to the Policy and Resources Committee and the Pension Fund Committee, there is now a vacancy on the Pension Board. The Executive Manager – Governance and Law sought nominations to the Pension Board.

Mr C Smith nominated Mr Sandison. Mr Sandison however declined the nomination due to a conflict of interest. No further nominations were received. The Convener therefore proposed deferral of the appointment to the Pension Board. He added that the deferral would also allow detail on the remit of the Pension Board to be provided.

The Executive Manager – Governance and Law also reported on a consequence of Mr Burgess' resignation and Ms Macdonald's appointment to Policy and Resources Committee (and the Pension Fund Committee) in that there is now no representation on these Committees from the Central Ward. In that regard, he proposed that a further report would be prepared to allow discussion on that issue.

Following consideration of the decision required at Section 1.3 of the report, the Council unanimously agreed to the suggestion that 2 substitute voting member appointments be made to the IJB. The Executive Manager – Governance and Law proposed that in considering nominations, the first substitute Member appointed would be the Member approached in the first instance to substitute at a meeting of the IJB; the second

Member appointed would be approached should the first substitute Member be unable to attend.

Nominations were sought for the first substitute voting member to the IJB.

Mr J Fraser was nominated on the motion of Mr McGregor, seconded by Mr G Smith.

Ms Manson was nominated on the motion of Mr Cooper, seconded by Mr Duncan.

Both nominees accepted their nominations and following an address by each nominee to the Council, voting took place by secret ballot and the result was as follows:

Mr Fraser	7
Ms Manson	14

Ms Manson was duly appointed as first substitute voting member to the IJB.

Regarding the second substitute voting member to the IJB, Mr Fraser's earlier nomination was confirmed. Following a call for any further nominations, Mr Leask was nominated on the motion of Mr Duncan, seconded by Mr T Smith.

Following a short address by Mr Leask, voting took place by secret ballot and the result was as follows:

Mr Fraser	7
Ms Leask	14

Mr Leask was appointed as the second substitute voting member to the IJB.

On behalf of the IJB, Mr Duncan, Vice-Chair of the IJB, thanked Mr Burgess for his work on the IJB.

Decision:

The Council **NOTED** the resignation of Councillor Mark Burgess from the Integration Joint Board with effect from 8 January 2018, and **RESOLVED** to

- **APPOINT** Councillor Robbie McGregor as a voting member to the IJB for a period until 17 May 2020 [which mirrors the substantive appointments made on 18 May 2017];
- **APPOINT** one of the two Councillor Voting Members of the IJB [excluding the Vice-Chair] to the Council's Policy and Resources Committee in order to complete its membership, namely Councillor Emma Macdonald; and appointed the member appointed as a voting member to the IJB to the IJB Clinical Care and Professional Governance Committee, namely Councillor Robbie McGregor;
- **DECIDE** that two substitute voting Members would be appointed
- **APPOINT** Councillor Andrea Manson and Councillor Stephen Leask as the substitute voting members to the Integration Joint Board for a period until 17 May 2020 [which mirrors the substantive appointments made on 18 May 2017]

The meeting concluded at 1.35pm.

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Convener