

MINUTES

B - PUBLIC

Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Tuesday 22 May 2018 at 10.00am

Present:

S Coutts	A Cooper
A Duncan	S Leask
E Macdonald	R McGregor
I Scott	G Smith
T Smith	R Thomson

Apologies:

None

In Attendance:

M Sandison, Chief Executive
N Grant, Director of Development Services
J Belford, Executive Manager – Finance
D Bell, Executive Manager – Human Resources
J Riise, Executive Manager – Governance and Law
T Coutts, Project Manager
J Macleod, Performance and Improvement Adviser
J Thomason, Management Accountant
P Wishart, Solicitor
B Kerr, Communications Officer
L Adamson, Committee Officer

Also in Attendance:

P Campbell, SIC

Chairperson

Mr Coutts, Leader of the Council, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

Mr G Smith, Mr T Smith and Ms Macdonald declared an interest in Item 5, “Effective and Sustainable Tertiary Education, Research and Training Project - Strategic Outline Case”, as a Member of the Shetland College Board.

40/18 **Corporate Services and Executive Services Performance Report**

The Committee considered a report by the Director of Corporate Services (CRP-08-18-F) that enabled Members to analyse the Corporate and Executive Services performance against the objectives set out in the Directorate Plan and Service Plans for 2017/18 and in the Council’s Corporate Plan.

In introducing the report on behalf of the Director of Corporate Services, the Executive Manager – Finance reported on the busy year from a Corporate and

Executive Services perspective, and he highlighted a number of the achievements during 2017/18 as included in Section 4.8, and on the risks and service challenges at Section 4.9. In referring to the Infographics page, he highlighted that free wi-fi is now available in over 100 different locations including 70 locations outside Lerwick, connecting around 5,000 people every day, and that impressions on the Council's Twitter account has almost double from the previous year.

During the discussion, reference was made to the further developments in ILearn, the Council's e-learning platform, as included in the list of achievements at 4.8 of the report, where the impact and implications on the sustainability of Train Shetland and Shetland College was questioned going forward. The Executive Manager – Human Resources advised on the benefits of e-learning to minimise the length of time staff are away from their work place. However, she gave assurance on the close working with Train Shetland and Shetland College in developing vocational training and short courses, and while she acknowledged there will be some impact as ILearn is rolled out further, she said that all opportunities that Train Shetland and Shetland College can provide will be explored.

In response to a question regarding proposals for participatory budgeting going forward, the Executive Manager – Finance advised from recent discussions with Community Planning and Development on how to develop the approach this year. He reported that rather than focusing solely on the 2018/19 budget, the proposal is for budgets to be shaped by and to take account of community views and opinions throughout the Medium Term Financial Plan period. He confirmed the importance of taking this forward, referring to the requirement by 2021 to deliver 1% of the Council budget through participatory budgeting. The Director of Development Services reported on the ongoing work to develop the scope for tendering the bus network, for implementation by August 2019, which he said could contribute significantly to the 1% target. In response to a question, the Director of Development Services reported that the Western Isles faced similar issues to Shetland to provide public bus services at a reduced cost, and had allocated part of their budget through community participation using a framework to ensure an equitable process that created no inequalities. He added that the Council will be using the same detailed methodology as was followed in the Western Isles.

In response questions relating to the project "DP162 Property Rationalisation" at Appendix A, the Chief Executive reported on the work being undertaken to move staff back into 8 North Ness, and said that she would separately provide Members with an update on progress. She advised that the report of a lease not being renewed was at Charlotte House, where the staff had temporarily been located to the old Knab site. She reported on the ongoing work to try to reduce the number of offices, and to put services that work best together in the same location to get the best service to the public.

During the discussion, reference was made to the Council wide sickness absences as reported in Appendix B, where it was noted with concern that sickness absence within 5 of the 6 Directorates had reported an increase this year. In that regard, it was questioned what further could be done to alleviate the increase, and in particular for the Community Health and Social Care Directorate. In responding, the Executive Manager – Human Resources reported that the Council wide figure of 4.0% sickness absence for 2017/18 was in fact very good, and was attributable to the Policies in place and the levels of support to staff, while she acknowledged that there is always more that can be done in this area. Regarding Community Health and Social Care, the Committee were advised on the significant improvements in

sickness absence in that Directorate over the past 5 years, and that many staff are working in a Care Home setting with vulnerable clients, where it is essential for staff to remain off work following a bout of sickness, as they could affect service users. In response to a question, the Executive Manager - Human Resources advised that Mental Health issues were the most common cause of absence within the Council as is the case in most other Councils across Scotland. She added however that mental health issues were wide ranging, and not necessarily connected with an individual's work.

During debate, comment was made on the need to ensure staff are appropriately supported to deal with the ongoing changes within the Council. Reference was made to comparisons with other Local Authorities regarding sickness absence levels, where the Human Resources Service was commended on the work being done in that area.

Decision:

The Committee NOTED the report.

41/18 **Management Accounts for Community Health and Social Care 2017/18 - Draft Outturn**

The Committee considered a report by the Executive Manager – Finance (F-034-18-F) that presented the financial performance of services within the Community Health and Social Care Directorate.

The Executive Manager – Finance summarised the main points of the report, and the variances as reported in Appendix 1. Regarding Appendix 2, the draft capital outturn position, he highlighted the over spending on Adult Services as the new Eric Gray Resource Centre has been progressing faster than anticipated. He confirmed that the project was still on budget, and that a lower level of spend will be required in 2018/19.

During the discussion, comment was made to the proposals to reduce the budgets to mental health, where assurance was sought on the importance for improved performance within that service. The Chief Executive advised on the proposals for service redesign to reduce duplication, improve access to services and to use services more effectively. She added however that the savings were indicative at this time, and therefore there was a need to ensure that the services delivered meet the needs of the clients going forward. The Leader commented on the need for a holistic and partnership approach based on evidence and prioritisation. Mr Duncan reminded the Committee that a report on the mental health situation, being presented to the IJB during May/June, would then be presented to Policy and Resources Committee.

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

Decision:

The Committee:

- NOTED the Management Accounts for the Community Health and Social Care Directorate showing the draft outturn position for 2017/18;

- NOTED the proposed budget carry-forwards, which will be included in the overall Draft Outturn report to be presented for approval at Policy & Resources Committee on 18 June 2018; and
- RECOMMENDED to the Council that they approve an increase in the payment for 2017/18 to the Community Health and Social Care Partnership Integration Joint Board of £0.140m, recognising the transfer of Cost Pressure and Contingency budget held by the Council in respect of Apprentice Levy costs and other minor budget changes, as detailed at 4.2 below. This will increase the payment for 2017/18 to £20.924m.

42/18

Management Accounts for Policy and Resources Committee 2017/18 - Projected Outturn at Quarter 4

The Committee considered a report by the Executive Manager – Finance (F-045-18-F) that presented the financial performance of services within its remit for the 2017/18 financial year.

In introducing the report, the Executive Manager – Finance advised that the underspend of just over £0.5m across all service areas highlights that budgets have been managed to a very careful degree to meet requirements. He reported that the exception was the Finance Service, where spending on specific ring fenced revenue grant funded projects will be carried forward into 2018/19. He also reported on the welcomed reduction in Fund Managers fees, despite the fact that investments have increased.

In response to a request for further detail on the ICT overspend as reported in the Capital Draft Outturn Position at Appendix 2, the Executive Manager – Finance advised that for the past two financial year's opportunity has arisen to make commitment to contracts before the end of each financial year which results in a reduction in overall costs over time.

In referring to the table at Appendix 1, clarity was sought on the marked increase in the collective Council budgets that have been recharged to the Harbour Account, Pension Fund, HRA and VJB at Quarter 4. The Executive Manager - Finance advised that he would provide Members with further detail on the variance. The Chief Executive made reference to a number of recent procurement exercises carried out, particularly in Ports and Harbours, which have required support from Legal Services.

In response to questions regarding the budget for the Town Hall Conservation project and on timescales for the Lerwick Library Redevelopments, it was advised that the detail would be included in the next Asset Investment Plan report to Members.

Decision:

The Committee NOTED the report.

43/18

Overall SIC Management Accounts for 2017/18 - Projected Outturn at Quarter 4

The Committee considered a report by the Executive Manager - Finance (F-038-18-F) presenting the overall draft outturn position for Shetland Islands Council for 2017/18.

In introducing the report, the Executive Manager – Finance said that the outturn position was good from a financial perspective, during a challenging environment in Local Government and provides good evidence that the Council is living within its means and managing demands of the single financial year. He reported that external investments have risen by £11.6m in the year to March 2018, which includes £10m withdrawn from investments to support cash flow. Following adjustments there has been a 6.6% return for the financial year, which he said is excellent, but is below the 7.3% target achievable over the long term period. In concluding, he commented that this has been a very positive year financially and shows that the Council was well prepared for the financial year 2018/19, however challenges do remain going forward.

During the discussion, the Executive Manager – Finance advised that while national negotiations were still continuing on the pay award for 2018/19, the impact on Council budgets would depend on the settlement agreed. In that regard, the Leader reported from a recent CoSLA meeting, in that while there is appreciation for the Union position, the Local Authority level would have to come from central government.

During debate, Members commented on the excellent figures and performance reported, and that it was good to have reserves to use prudently. Reference was made that the challenges during 2017/18 in terms of Local Government funding will be a recurring theme, and that local authorities will have to provide more for less going forward. The very low level of variances across the Council were commended, and that budgets set have been largely adhered to while managing the challenging environment was a credit to all involved. Reference was made to Section 2.14 of the report, where it was noted that a number of grants as part of ring-fenced funding from the Government have not been utilised during 2017/18 and have been carried into 2018/19. Comment was made on the challenge to fit ring-fenced funds with the localism agenda, and to make decisions based on local situations. The Leader advised that this issue would continue to be highlighted at political level.

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

Decision:

The Committee RECOMMENDED that the Council RESOLVES to:

- NOTE the 2017/18 draft outturn position; and
- APPROVE the 2017/18 proposed revenue and capital carry forwards, as detailed in section 7 of Appendix 1 “2017/18 Financial Review”.

44/18

Effective and Sustainable Tertiary Education, Research and Training Project - Strategic Outline Case

The Committee considered a report by the Director of Development Services (DV-21-18-F) presenting the Strategic Outline Case (SOC) regarding the future operating and governance options for Shetland tertiary education, research and training, which had identified a merger of these services in Shetland as the preferred way forward.

The Director of Development Services summarised the main terms of the report. He outlined the two options to be taken forward in the Full Business Case (FBC), and confirmed the support from the Scottish Funding Council (SFC) and University of the Highlands and Islands (UHI) to the proposals. He reported on the resources and expertise utilised for this project to date, and on the significant amount of resources from within the Council, NAFC and College that will be required going forward. The Project Manager advised the Committee on the structure of the SOC, the critical success factors, the options considered and the selection of Option 5 and Option 6 to be developed further in the FBC.

Mr Campbell, Chair of the Shetland College Board, thanked the staff involved in the preparation of the report, to reach the point now where decisions can be made on the delivery of tertiary education in Shetland as a new entity to be established during 2019. During this address, he said that the Council, with support from the SFC, has the opportunity to place tertiary education in Shetland where it can fully serve learners and the Shetland community to meet challenges ahead. He said that the proposals support the aims of the 10 Year Plan and will bring about a quality education sector in Shetland. At the core will be that the control of the process will remain in Shetland, using local knowledge and understanding, and in that regard teams of staff in the College, Council and NAFC have been identified to take the project forward.

Mr G Smith, Chair of Education and Families Committee, advised on the good level of discussion and debate at yesterday's Committee meeting and on the unanimous decision to support the recommendation in the report. He spoke in support of the proposals, advising on the importance to provide learners with opportunities in Shetland, and he stated that tertiary, further and higher education has to be at the heart of the success of delivering the 10 Year Plan. He said that the project will be one of the most important pieces of work this Council will take forward, and as Members there is a need to support officers to undertake the work going forward.

In noting there were no questions from Members, the Leader, on behalf of the Committee, thanked officers for the amount of work that has gone into the project.

During debate, reference was made to the level for information contained within the SOC, and to the wholehearted support from the Chairs of the College Board and the Education and Families Committee in their addresses to this Committee in support of the recommendation as presented. Members spoke in support of the proposals, highlighting the visions of the plan and the huge positives for the college to be integrated, and in terms of the funding streams available.

Some concern was however expressed on the need going forward to ensure that the research function and specialisms at the NAFC fits in with the final analysis of the merger of the project.

The Leader said that he reiterated all comments made by the Chairs of the College Board and Education and Families Committee, and he welcomed the support from the SFC and UHI, and at a local level from the NAFC. He stated that the project was a priority for the Council, and advised on the need to ensure the project is appropriately resourced, and that staff and users are very much involved in the process going forward. Mr Coutts moved the Committee approve the recommendations in the report, and Mr G Smith seconded.

Decision:

The Committee RECOMMENDED that the Council RESOLVES to:

- APPROVE merger of tertiary education, research and training services as the preferred way forward as identified in the Strategic Outline Case (SOC) for the Effective and Sustainable Tertiary Education, Research and Training in Shetland Project (hereafter referred to as 'the Project'), attached as Appendix 1;
- NOTE: that the preferred way forward contains two options; namely Option 5 ('Host' NAFC) and Option 6 (New College);
- DELEGATE authority to the Chief Executive (or her nominee) to take any action and decisions required to develop the Full Business Case for the preferred option, which will be reported to Committees, Board and Council for a decision in October 2018;
- DELEGATE authority to the Chief Executive (or her nominee) to procure and engage any specialist legal or other services required to develop and finalise the Full Business Case;
- AGREE that the delegation of authority granted to the Shetland College Board on 29 June 2016 [Min. Ref. SIC 53/16] to support potential further stages of the Project remains in place until September 2019; and
- DELEGATE authority to the Director of Development (or his nominee), in consultation with the Chair of Shetland Fisheries Training Centre Trust (SFTCT), to extend the Interim and Joint management arrangements up to the end of the 2018/19 academic term (July 2019).

45/18

Business Transformation Programme Update

The Committee considered a report by the Director of Corporate Services (CRP-07-18-F) that presented an update on progress on the Business Transformation Programme (BTP).

In introducing the report, the Executive Manager – Governance and Law provided an update on each of the work streams as set out in Sections 4.1 to 4.7. He advised that the transition from the BTP would focus now on moving to Service Redesign to capture savings going forward.

There were no questions, and the Committee noted the report.

Decision:

The Committee NOTED the report.

46/18

Service Redesign Programme Update

The Committee considered a report by the Director of Corporate Services (CRP-09-18-F) that presented information regarding the Council's Service Redesign Programme (SRP).

The Chief Executive summarised the main terms of the report.

In responding to a question, the Chief Executive advised on the proposal for the initial meeting of the SRP Sounding Board to be held following completion of the CMT away days, and thereafter to meet on a quarterly basis.

In referring to the project to reduce the costs of providing public bus services in Shetland, it was questioned whether any consideration had been given to encourage the public and staff to increase their usage of public transport. The Director of Development Services advised on the smart-ticketing project, which was ongoing at this time with funding from Transport Scotland, which would encourage use of public transport. He acknowledged that this was a difficult area to develop, however he said that if the bus service is working right the expectation would be for increased usage. He also advised on proposals to further publicise the bus services through the ZetTrans app.

During the discussion, comment was made that Shetland's geography limits public transport for a significant proportion of the Shetland public, however increasing usage of the bus services was an issue to be addressed. It was acknowledged that while the buses can be at capacity at peak travelling times, the public who need to use buses during the day still need services to continue.

During debate, the Leader commented that he welcomed the focus being given to the SRP, noting the inclusion of the projects on the Colleges Review and to achieve sustainable funding for the Inter-Island ferries. He advised on the need to prioritise and resource the SRP, and said that political input would be critical to progress the SRP at Council and community partner level and to drive the programme forward for the benefit of the community of Shetland.

Mr Coutts moved that the Committee approve the recommendations in the report. Mr Thomson seconded.

Decision:

The Committee NOTED the information presented in this report and its appendices and RECOMMEND that the Council AGREES that the:

- Service Redesign Programme (SRP) projects are linked / integrated as appropriate with other strategic change programmes across community planning partners to ensure congruence with the Shetland Partnership Plan and best use of shared resources to achieve agreed Council and Shetland Partnership strategic outcomes;
- SRP projects are linked to the Business Transformation Programme (BTP) so that SRP projects are early adopters of the new ways of working being developed through the BTP;
- Key decision points for SRP projects are built into the Council's Business Programmes with monitoring of progress against SRP projects a standing item on the agenda for Policy and Resources Committee; and
- APPROVES the membership of the SRP Sounding Board set out in the SRP Programme Initiation Document (PID) at Appendix 1.

(Mr Thomson left the meeting).

47/18

Local Government in Scotland, Performance and Challenges 2018

The Committee considered a report by the Executive Manager - Finance (F-035-18-F), which provided an overview of what the Accounts Commission see are the challenges Councils face and how they respond to operating in an increasingly demanding environment from continued reductions in their funding from Scottish Government and greater demands for services.

In introducing the report, the Executive Manager - Finance advised that the Accounts Commission findings were similar to those reported in 2017, and in that regard he provided the Committee with a summary of the key messages and challenges ahead. He advised however that the Council was in a good position on long-term planning, participation and involvement, and was making changes as demonstrated in the adoption of the business case methodology.

In response to a question, comment was made on the delay with the Local Review of Governance and that feedback was awaited from CoSLA and the Scottish Government on the process going forward. The Leader advised that the Review was on the agenda for the forthcoming CoSLA Leaders meeting, and he advised that he would feedback on progress with the Review following that meeting.

In response to separate concerns raised, regarding the impact on the agricultural sector in Shetland from the Government's proposal to ban the shipment of live animals for slaughter, the Chief Executive advised that the implications should not affect island transport, and in that regard she undertook to provide Councillor Duncan with a copy of the transcript of the recent Parliamentary session when the matter had been discussed. During the discussion, Mr Leask advised from his recent discussion with the Cabinet Minister regarding the ban on live animal export, and advised on the importance for Members to lobby ministers and become politically engaged to achieve to get the best for Shetland.

In referring to page 7 of the Accounts Commission report, the Leader highlighted to Committee a number of the key areas that Councils should ensure they are continuously improving going forward.

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

Decision:

The Committee:

- NOTED the content of the report; and
- RESOLVED to instruct the Corporate Management Team to take account of the key findings and messages in their work across the Council.

48/18

Policy and Resources Committee Business Programme 2018/19

The Committee considered a report by the Director of Corporate Services (CRP-10-18-F), which presented the Business Programme for Committee for the financial year 1 April 2018 to 31 March 2019.

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

Decision:

The Committee NOTED the business planned for Policy and Resources Committee in the financial year 2018/19.

49/18

Corporate Risk Register Report

The Committee considered a report by the Director of Corporate Services (IA-13-18-F) which provided information on high level risks that could impact upon the organisation's aims and stated plans.

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

During debate, comment was made on the improved presentation of the report and the grouping of associated risks.

Decision:

The Committee NOTED the report.

Mr Coutts 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. Ms Macdonald seconded.

(The media left the meeting)

50/18

Confidential Corporate Risk Register

The Committee considered a report by the Director of Corporate Services that presented information regarding Council-wide risks where the content is confidential, commercially sensitive or otherwise exempt from publication.

The Executive Manager – Finance introduced the report.

In response to a question, the Executive Manager – Governance and Law provided Committee with a brief update on the situation with 8 North Ness. He advised that a report was being prepared for Council on 27 June 2018 on 8 North Ness, to include legal and technical advice, timescales and costs.

Decision:

The Committee NOTED the report.

The meeting concluded at 12.10pm.

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Chair

