

MINUTES

A & B

**Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Tuesday 27 September 2011 at 2 p.m.**

Present:

L F Baisley	A T J Cooper
A T Doull	A G L Duncan
F B Grains	R S Henderson
J H Henry	A J Hughson
C H J Miller	J G Simpson
C L Smith	

Apologies:

L Angus	J Budge
A J Cluness	E L Fullerton
I J Hawkins	W H Manson
R C Nickerson	F A Robertson
G Robinson	J W G Wills
A S Wishart	

In attendance (Officers):

A Buchan, Chief Executive
H Sutherland, Head of Finance
J Riise, Head of Legal and Administration
H Tait, Management Accountancy – Service Manager
M Forrester, Senior Assistant Accountant
A Cogle, Service Manager – Administration

Also:

C Hislop, Audit Scotland

Chair

Mr Simpson, Vice-Convener of the Council, presided.

Circular

The circular calling the meeting was held as read.

Due to the timescales involved, the Convener ruled that the following items of business would be considered at this meeting as matters of urgency in terms of subsection 4 of section 50B of the Local Government (Scotland) Act, 1973: (a) Agenda Item 2 – Final Accounts 2010/11; and (b) new agenda item 3 – Improvement Agenda and Management Change – Delegated Authority.

Declarations of Interest

Mrs Baisley declared a financial interest in agenda item 1 [Draft Unaudited Pension Fund Accounts] as an indirect beneficiary of the Pension Fund, and that she would be leaving meeting for that item.

Mrs Miller declared a non-financial interest in agenda item 1 [Draft Unaudited Pension Fund Accounts] as a relative of her was a contributor to the Pension Fund. However, Mrs Miller said this was neither a financial interest nor a substantial other interest, and would therefore be taking part in that agenda item.

Mr Duncan declared a financial interest in agenda item 1 [Draft Unaudited Pension Fund Accounts] as a beneficiary of the Pension Fund, and that he would be leaving meeting for that item.

[Mrs Baisley and Mr Duncan left the meeting.]

91/11 Draft Unaudited Pension Fund Accounts to 31 March 2011

The Council considered a report by the Head of Finance [F-037-F] which presented the draft unaudited Annual Report and Accounts of the Shetland Islands Council Pension Fund to 31 March 2011 for consideration and approval. The recommendations in the report were approved on the motion of Mr Smith, seconded by Mrs Miller.

Decision: The Council RESOLVED to approve:

- (a) the Annual Governance Statement as being an accurate record of the arrangements in place for the Shetland Islands Council Pension Fund;
- (b) the self assessment checklist (Governance Compliance Statement) and recommended actions for improvement to meet best practice arrangements; and
- (c) the draft unaudited accounts to 31 March 2011.

[Mrs Baisley and Mr Duncan returned to the meeting.]

92/11 Final Accounts 2010/2011

The Council considered a report by the Head of Finance [F-039-F] which presented the unsigned financial statements for approval and to receive Audit Scotland's independent report (ISA260) on the financial statements.

The Head of Finance introduced the report, adding that issues of concern highlighted during the process by Audit Scotland had been addressed. She added that the main issue regarded the resourcing of the Finance function, and that would be an important focus for the Council to turn to and make sure that was in place as soon as possible. The Head of Finance confirmed that Audit Scotland had produced their ISO260 report, and whilst this raised a continuing issue regarding the grouping of accounts, there were no outstanding matters in relation to the accounts. She went on to thank all members of the Finance team who had been involved, but in particular Hazel Tait and Maria Forrester for their hard work, to colleagues in PricewaterhouseCoopers and to Ms Hislop and her team from Audit Scotland. She said that this had been a difficult and challenging process, but was now confident that the Council had a good set of accounts for signing off.

Mr Simpson said he echoed the round of thanks to everyone involved, and whilst some of it may not make good reading, the Council acknowledged the work that Audit Scotland and the Finance team had done to get the accounts presented today.

Miss Hislop confirmed that the draft Audit opinion remained regarding the group accounts not including those of the Shetland Charitable Trust. She said this was an item that continued to be a qualification to the accounts and hoped that a resolution could be found. With regard to the detail of the report, Ms Hislop said that there was no criticism being made of Finance staff, and acknowledged the co-operation and hard work that had taken place. However, she said that resourcing of the Finance function had to be reviewed, and if this risk had been addressed earlier and succession planning had been place, that may have solved a lot of problems.

In response to questions, Ms Hislop said whilst some of the issues had been difficult work through, she was confident that the mistakes and issues found earlier in the process had been investigated, understood and had now been addressed.

Members acknowledged that the report had been well considered at the Audit and Standards Committee earlier in the day, and it was recognised that the Council was at fault in not taking action earlier. Members, however, sought re-assurance from the Chief Executive that steps would now be taken to address the issues regarding the resources required and succession planning before the end of the current financial year. The Chief Executive confirmed that steps were now being taken to recruit to the post of Head of Finance, acknowledging that some delay had occurred due to the failure to recruit to the post of Director of Corporate Services. He gave assurance to the Council that he was committed to moving very quickly to addressing all the issues relating to the accountancy resource.

Mrs Baisley moved that the Council approve the recommendation in the report. Mrs Miller seconded.

Decision: The Council noted the ISA260 report from Audit Scotland and RESOLVED to approve the 2010/2011 Final Accounts.

The Council also expressed its thanks to staff in the Finance Service and Audit Scotland for their hard work and commitment shown in finalising the accounts.

The Council also recognised the need to ensure that resourcing of the Finance accountancy function is to be a high priority.

93/11

Resignation of Councillor Iris Hawkins

Mr Simpson referred to Councillor Iris Hawkins who was resigning from the Council at the end of this week. Mr Simpson said that there was a no more dedicated Councillor than Mrs Hawkins had been over the years. He said she was very dedicated to Scalloway, to the Central Ward and to the Council as a whole. Mr Simpson said she had held a number of offices over the years, latterly as Chair of the Infrastructure Committee. He said that the Council wished her well for the future, and for her forthcoming marriage on 4 October, and to place on record the Council's appreciation of the work she had done for Shetland. The Council unanimously concurred.

