

MINUTE

AB – Public

Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Wednesday 18 November 2015 at 2 p.m.

Present:

M Bell	M Burgess
P Campbell	G Cleaver
A Cooper	S Coutts
B Fox	R Henderson
A Manson	D Ratter
F Robertson	G Robinson
D Sandison	C Smith
G Smith	T Smith
M Stout	A Westlake
A Wishart	V Wishart

Apologies

A Duncan	J Wills
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In Attendance (Officers):

M Boden, Chief Executive
C Ferguson, Director of Corporate Services
J Belford, Executive Manager - Finance
A Cogle, Team Leader - Administration

Chair:

Mr Bell, Convener of the Council, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest

None

69/15

Shetland Islands Council Medium Term Financial Plan

The Council considered a report by the Executive Manager – Finance (F-073-F), which set out the financial framework within which Shetland Islands Council is expected to operate over the next five years and presented a financial strategy that will help the Council to deliver its services within the financial constraints that have been forecast.

The Leader advised that this report had been considered by the Policy and Resources Committee at its meeting earlier today. He said that during discussion on the report, some Councillors had expressed concern regarding the recommended approach to achieve 3.3% recurring savings across the board and the impact that this may have on services, but that it had been recognised there was a need to narrow the gap between expenditure and income, and to prioritise services in relation to the Corporate Plan. He said there had also been discussion about the budgeting process starting earlier next year, even as soon as January. The Leader added that the Committee had unanimously recommended approval of the Medium Term Financial Plan (MTFP) to the Council.

In introducing the report, the Executive Manager – Finance said that he was pleased to deliver to Members the latest version of the MTFP, which brings together the most recent data on income as an assessment of expenditure to present a plan for the next five years of the Council.

The Executive Manager – Finance gave a presentation to the Council “Shetland Islands Council Medium Term Financial Plan 2015/16 – 2020/21”. He reported to Members on the key aspects of the MTFP, which included the UK/Scottish Context, Income Projections, Expenditure and Cost Pressures, the Forecast, the Plan, Risk Management, Capital and the Financial Strategy. (*Copy of the slides is attached as Appendix A*). The Executive Manager – Finance and the Chief Executive answered Members questions in relation to matters concerning targets, corporate objectives and service priorities, the impacts of changes in staff terms and conditions, [including the working week], Members’ remuneration and spend to save or change opportunities.

During discussion, the Leader said that, further to the recommendation from the Policy and Resources Committee, the document in front of Council today was the latest version that had stood the Council well over the last 3 years. He said that the Council had populated it each year with the best available information, and it was a credit to Members that the Council was in this position now and moved that the Council adopt the terms of the report. The Deputy Leader seconded.

The view was expressed that whilst the MTFP was a good document, and was probably the best information that the Council had at this stage, but 3.3% reductions were unlikely to be able to be applied smoothly, although turning around uncontrolled spending and achieving a relatively stable position was understood as being key to future planning. However, it was stated that the 3.3% cuts could have significant impacts on service levels and it was important that the Council tried to get the message across to the public that no matter how hard they tried to protect front line services, the Council could not protect front line services from the effects of austerity which was affecting councils across the UK.

A concern was expressed by one Member in relation to the Community Care Services budget, and to the fact that the Council had handed over the management of functions to the IJB along with the issues and difficulties facing the services within it. The continuing significant deficit held by NHS Shetland was referred to, and the concern that the Council would not be able to control any intended or unintended initiatives in the IJB once the functions had been handed over. In an attempt to alleviate those concerns, a Member noted that the relationship between the SIC and the IJB meant that no money would be handed over, but the Council would deliver the services that the IJB have approved as part of their strategic plan, and the Council would not lose control over its budgets as it had services to deliver, as did the NHS.

During further discussion, and in response to Members’ concerns regarding possible impacts on front line services, the Leader said that a lot of work had been done already on efficiency savings, and more was being planned as the “do nothing” option would only put this Council back to where it started. He said that the MTFP was the right one for now, and was flexible in terms of how the objectives were met, so long as the overall MTFP was met and that services were carried out efficiently and effectively in the future, despite the grant reductions expected.

Members were in agreement that the overall financial targets had to be met in terms of achieving savings, and it was generally agreed that Members would have to look carefully at how the Council worked and maintained services within the overall financial envelope, and be creative and open about doing things differently in the future.

In conclusion, the Convener thanked everyone for their input, and thanked officers for all their efforts in bringing this forward.

Decision:

The Council **RESOLVED** to adopt the Medium Term Financial Plan by:

- Approving the principles of the plan set out in Section 2.2 of the Plan;
- Approving the assumptions on income and expenditure which underpin the Plan set out in Sections 4, 5, 6 and 7 of the Plan;
- Approving the Financial Strategy set out in Section 13 of the Plan; and
- Approving the Target Budgets for Services as detailed in Appendix C to the report.

The meeting concluded at 3 p.m.

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Convener