

MINUTES

B - PUBLIC

Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Tuesday 6 March 2018 at 10am

Present:

C Smith	A Cooper
S Coutts	A Duncan
S Leask	E Macdonald
I Scott	G Smith
T Smith	

Apologies:

R McGregor
R Thomson

In Attendance:

C Ferguson, Director of Corporate Services
N Grant, Director of Development Services
J Belford, Executive Manager – Finance
A Jamieson, Executive Manager – Housing
J Riise, Executive Manager – Governance and Law
R Sinclair, Executive Manager – Capital Programme
S Brunton, Team Leader – Legal
C Bain, Treasury Accountant
J Macleod, Performance and Improvement Adviser
B Kerr, 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

Mr T Smith declared an interest in Item 12, “Hjaltland Housing Association – Bridging Finance” as a Board Member of Hjaltland Housing Association. Mr Smith would leave the meeting during that discussion.

Minutes

The minutes of the meeting held on 12 February 2018 were approved on the motion of Mr G Smith, seconded by Mr Leask.

21/18 **Executive and Corporate Services Department** **Performance Overview Report 3rd Quarter 2017/18**

The Committee considered a report by the Director of Corporate Services (CRP-03-18-F), which summarised the activity and performance of the Executive and Corporate Services Department for the 3rd Quarter of 2017/18.

In introducing the report, the Director of Corporate Services advised that good progress was being made on a number of the work streams. The Committee noted that detailed updates on the Business Transformation Programme and the Insurance Project were included as separate reports on the agenda.

In referring to the work stream DP152, “Commissioning and Procurement Framework”, as reported in Appendix A, the Director of Corporate Services confirmed that the procurement framework, procedures and standing orders were all in place. She advised that while the statement would indicate that no progress has been made, that relates specifically to an outstanding piece of work to develop an on-line system to facilitate the procurement process. In responding to a question, the Director of Corporate Services advised that the delay with the on-line system was a consequence of a vacancy, where the decision had been taken not to replace the post. She advised however on her intention to follow up on the action.

During the discussion, a suggestion was made for quarterly reporting on the “Shetland’s Voice” work streams to include the number of engagements between Council representatives and UK Government and EU officials.

In response to a question, the Director of Corporate Services gave an update on the work stream to achieve a paperless Council, which she acknowledged was an area that will require a change of culture and habits within the Council. In response to a question, the Executive Manager – Governance and Law confirmed the legislative requirement for elected Members on each Committee/Council to receive paper copies of agendas, unless however a Member has requested to opt out of receiving paper copies. During the discussion, Members suggested as a means to save on paper and postage that consideration be given to no longer providing paper agendas to the media, and rather than providing a copy of each agenda to those Members not on a Committee, to routinely circulate these by email. A suggestion was also made that some Members would benefit from training on the use of IT equipment.

During debate, Mr Coutts referred to the discussion on the transition to a paperless Council, and advised on the need to find ways to make the most effective and efficient use of technology. In that regard, he said that there were opportunities to do more from a Member perspective and he undertook to seek the views of Members on their IT and training requirements.

Decision:

The Committee **NOTED** the report.

22/18

Executive and Corporate Services Directorate Plan 2018-2021

The Committee considered a report by the Director of Corporate Services (CRP-04-18-F), which presented the Directorate Plan for Executive and Corporate Services.

The Director of Corporate Services introduced the report.

In response to a question, the Executive Manager – Finance advised that the Community Choices Board would be leading on the participatory budgeting project this year. He reported that work has been done on how mainstreaming participation can evolve including different technologies to enhance engagement and on the

areas of the Council to be involved to support that approach. He added that the commitment from the Scottish Government for a target of 1% of budget to be achieved by 2020 will require additional emphasis over the next year. During the discussion, comment was made on the need to learn from previous experience, to make the process meaningful for communities, and to engage early with communities well before the budget setting process. It was also acknowledged that the difficulty may be to sustain and build on the previous good work done.

In response to a question, the Director of Corporate Services said that while Directorate Plans, Service Plans and the Council's Corporate Plan contain different levels of detail, the priorities can easily be aligned to those in the draft Local Outcome Improvement Plan.

In response to a comment regarding progress on some projects going into Quarter 4, the Director of Corporate Services advised that the peak in the day to day workload during the period before the year end can result in reduced resources on certain projects.

During debate, Mr Coutts referred to the participatory budget project, where he made a plea for engagement to be with communities of interest as well as geographic communities.

Decision:

The Committee **NOTED** the report.

23/18 **Management Accounts for Community Health and Social Care 2017/18 – Projected Outturn at Quarter 3**

The Committee considered a report by the Executive Manager – Finance (F-020-F), which presented the projected outturn position for 2017/18 against the revenue budgets distributed by the IJB, and the projected capital outturn position for the Community Health and Social Care Directorate as at the end of the third quarter.

In introducing the report, the Executive Manager – Finance highlighted the different elements proposed to be funded from the cost pressure and contingency budget as set out in Section 4.9, and he advised on the further proposed contribution to the IJB of £932k as detailed in Section 4.2.

In responding to concerns at the budget reductions to the Mental Health service, the Executive Manager – Finance reported on the reallocation of funds between Mental Health and Community Care Resources evident in the 2018/19 budget setting to better reflect actual spend. In response to a question, the Executive Manager – Finance undertook to provide Members with a breakdown of the £103k budget reduction to mental health as reported at Quarter 3.

In responding to a question relating to the projected overspend in employee costs in Community Care Resources as a consequence of long-term sickness, the Executive Manager – Finance advised that detail on sickness absence was included in the quarterly performance reports to the IJB.

During debate, comment was made on the need for the community to be reassured in terms of service delivery of Mental Health services going forward. In that regard,

Mr Duncan referred to the report that will be presented to Committee in May/June 2018.

Mr C Smith moved that the Committee approve the recommendation in the report. Mr Duncan seconded.

Decision:

The Committee **RESOLVED** to review the Management Accounts for the Community Health and Social Care Directorate showing the projected outturn position at Quarter 3.

The Committee **RECOMMENDED** to the Council that it approves an increase in the payment for 2017/18 to the Community Health and Social Care Partnership Integration Joint Board of £0.932m, recognising the transfer of Cost Pressure and Contingency budget held by the Council and miscellaneous budget changes, as detailed at 4.2 below. This will increase the payment for 2017/18 to £20.783m.

24/18 **Management Accounts for Policy and Resources Committee: 2017/18 – Projected Outturn at Quarter 3**

The Committee considered a report by the Executive Manager – Finance (F-029-F), which presented the project outturn position for 2017/18 as at the end of the third quarter for revenue and capital.

The Executive Manager – Finance introduced the report.

During the discussion, a suggestion was made for the quarterly performance reports to include information on projects that have been delayed as a consequence of ongoing staff vacancies.

Decision:

The Committee **NOTED** the report.

25/18 **SIC Overall Management Accounts 2017/18 Projected Outturn at Quarter 3**

The Committee considered a report by the Executive Manager – Finance (F-022-F), which presented the overall Council projected financial position as at Quarter 3.

After hearing the Executive Manager – Finance summarise the main terms of the report and appendices, Mr C Smith moved that the Committee approve the recommendation in the report. Mr Coutts seconded.

Decision:

The Committee **RECOMMENDED** that the Council RESOLVE to:

- review the Management Accounts showing the overall projected outturn position at Quarter 3.
- note the actions proposed set out in the report, and approve the increase in the payment for 2017/18 to the Community Health and Social Care Partnership

Integration Joint Board of £0.932m, recognising the transfer of Cost Pressure and Contingency budget held by the Council and miscellaneous budget changes. This will increase the payment for 2017/18 to £20.783m.

26/18 **Council Investment Review for Quarter to December 2017**

The Committee considered a report by the Executive Manager – Finance (F-023-F), which presented the investment position and performance of the Council's long-term external investments, managed on its behalf by Fund Managers, for the quarter to December 2017.

In introducing the report, the Executive Manager – Finance reported that the Council's investments have increased in value by £14m over the quarter, with an overall value of £358m at the end of December 2017, which he said was in line with the aspiration of the long-term investment return rate of 7.3%. In referring to Appendix 1, the Executive Manager – Finance provided an overview of the performance of each of the Fund Managers. The Committee noted that Investment Consultants, KPMG, were currently conducting a review of the Council's investment strategy, which would be reported in due course.

In response to questions and to a request for more in-depth quarterly reporting to Members on the value of the Council's external investments, and in particular how much is ring-fenced funds, the Executive Manager – Finance suggested that the current annual reporting in the accounts and in the Medium Term Financial Plan was appropriate, but suggested that he could consider a means to reemphasise the value of commitments. During the discussion, a Member referred to the suggestion for quarterly reporting, which he considered would not be of any value or best use of officer time.

During discussion reference was made to BlackRock's recent stance to distance investments in the firearms industry following the recent shootings in America. A suggestion was made for a letter of support to be sent to BlackRock, to convey the Council's support and encouragement not to pursue investment in the gun industry. This suggestion received the support of all Members present, and the Executive Manager – Finance undertook to write to BlackRock in those terms.

During debate, comment was made on the positive reporting in both this and the previous report on the agenda. Officers across the Council were commended for their involvement in reaching a more favourable position than had been anticipated.

Decision:

The Committee **NOTED** the report.

27/18 **Annual Investment and Treasury Strategy for 2018/19**

The Committee considered a report by the Executive Manager – Finance (F-025-F), which presented the proposed Annual Investment and Treasury Strategy for the Council for the financial year 2018/19.

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

In response to a question, the Executive Manager – Finance provided assurance that the Council retains the minimum amount of cash to finance day to day

expenditure. In terms of the Fund Managers he advised that levels of cash will be held for certain periods depending on each portfolio and strategy. The Executive Manager – Finance reported that the Council’s Treasury Team regularly discuss the management of cash with the Fund Managers, and it was also a topic that could be raised with Fund Managers when they present to Council.

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

Decision:

The Committee **RESOLVED** to:

- a) Review the Borrowing Policy to be followed for the financial year 2018/19, as set out in Appendix 1, section 4.
- b) Review the four clauses within the CIPFA Code of Practice as set out in Appendix 1, section 6.
- c) Review the Treasury Management Policy Statement as set out in Appendix 1 section 7, and
- d) Review the Statement of Treasury Management Practices as set out in Appendix 1 section 8.

The Committee **RECOMMENDED** that the Council **RESOLVES** to:

- a) Approve the Annual Investment Strategy Statement to be followed for the financial year 2018/19, as set out in Appendix 1, section 2.
- b) Approve the Treasury Management Strategy to be followed for the financial year 2018/19, as set out in Appendix 1, section 3.
- c) Approve the Treasury Management Prudential Indicators for 2017/18 to 2020/21, as set out in Appendix 1, section 5.

28/18

Insurance Project

The Committee considered a report by the Team Leader – Legal (GL-07-18) which informed on progress on the Insurance Project.

In introducing the report, the Team Leader – Legal reported on progress on the work streams for the project as set out in Appendix 1. She advised that the closing date for submission of tenders for the new insurance contract has been extended to 5pm on 7 March 2018, following a request from an interested party whose business had been impacted by the recent extreme weather on the mainland.

In commenting that the extension to the closing date for tenders was perfectly sensible and an appropriate measure to achieve best value, Mr Coutts moved that the Committee approve the recommendation in the report. Mr C Smith seconded.

Decision:

The Committee **RECOMMENDED** that the Council note the progress towards implementation of the Insurance Project; and **ADOPT** the Statement of Principles and Policy Framework for the ongoing management of the insurance provisions for inclusion as part of the Council’s Strategic Policy Framework to be managed by the Policy and Resources Committee.

29/18

Business Transformation Programme Update – Quarter 3 2017/18

The Committee considered a report by the Director of Corporate Services (CRP-01-18-F) which presented an update on progress with the Business Transformation Programme (BTP) for the third quarter of 2017/18.

In introducing the report, the Director of Corporate Services highlighted the progress made on the various strands of the BTP as set out in Section 4.

In noting the progress being made on the Workforce Strategy strand of the BTP, reference was made to the discussion at the recent Education and Families Committee on difficulties to recruit to posts and staff vacancies. In that regard, a suggestion was made for a piece of work to be carried out to better understand the workforce challenges to maintain staff and how best to recruit new staff into the Council. It was acknowledged that information on the number of vacancies, the length of time each post has been vacant, recruitment exercises undertaken and the number of applicants for each post would help inform that process. The Director of Corporate Services advised on the significant piece of work that has been undertaken on work profiles across the Council, and she said that further work could be done with individual managers in each area to address any specific areas of concern. The Director of Corporate Services referred to the recent results from the Viewpoint Survey that showed a marked increase in staff who see themselves staying with the Council, which she said was reassuring and encouraging, however she acknowledged that the national programme of pay issues could pose particular challenges for the public sector.

In response to a question, the Director of Development Services reported on the potential impact from Brexit in terms of retaining staff in Shetland, and a suggestion was made for some investigative work on the number of employees that may be affected.

In responding to a question relating to the Broadband and Connectivity strand of the BTP, the Director of Development Services advised from the discussion at the recent North Isles Digital Forum that the Scottish Government will be looking to tender for the R100 Superfast Broadband programme within the next 6 months.

Decision:

The Committee **NOTED** the report.

30/18

Accounts Commission and other External Audit Reports – Best Value Reports - Inverclyde, Renfrewshire, East Renfrewshire, West Lothian, Orkney and Clackmannanshire

The Committee considered a report by the Director of Corporate Services (CRP-02-18-F) which presented key messages and local analysis from the recent Accounts Commission Best Value reports for the six Councils.

In introducing the report, the Director of Corporate Services outlined the key themes from the six Best Value reports as set out in Section 2.5. She said that while there was no timescale for the Accounts Commission to report on Best Value for the Council, Best Value should be the aim at all times. She referred to the good performance within the Council in terms of financial governance, and said that the improvements through the Business Transformation Programme, the commitment

to develop a Plan on Service Redesign in 2018, and learning lessons from the other Best Value reports should all stand the Council in good stead. In concluding her introduction, she commended the Performance and Improvement Adviser on the work undertaken to prepare the report.

During the discussion, comment was made that the findings from Orkney Islands Council's Best Value audit would be of most relevance to the Council in terms of both being independent Councils. In that regard reference was made to section 2.10 of the report and to the table at AS5 of Appendix 5, where comment was made on the clear difference in the findings on satisfaction rates with Council services between Orkney Islands Council and Shetland Islands Council. During the discussion it was suggested that the satisfaction rates for Shetland could well relate to the expectation for a high level of service. In responding to a question, the Performance and Improvement Adviser advised that the findings on satisfaction rates had been sourced from the Scottish Household Survey 2016. He added that the results from the full Survey had been presented to Audit Committee and Policy and Resources Committee during February 2018.

In responding to a question, the Performance and Improvement Adviser reported that an announcement on whether the Council has been selected for a Best Value audit in 2019/20, will be made when the Accounts Commission meet during April 2018.

In responding to questions, the Director of Corporate Services reported that a specific action plan would not be developed in preparation for the Council's Best Value audit, with the focus being to demonstrate Best Value, and continuous improvement, through reporting performance on the Service Plans, the Directorate Plans and the Corporate Plan. In response to a question, she highlighted the proposals at Section 1 of the report, namely to agree a single high level set of priorities/outcomes that would demonstrate the priorities for the Council, and its partners, and the progress being made to deliver those outcomes and to review the current PPMF report layouts to emphasise the links between performance information and the council's investment in actions/projects.

During debate, Mr Coutts commented that while the Council will have challenges ahead with budget constraints to deliver services, there has been significant improvements on processes and the Council is now in a more positive position in terms of the Best Value audit. On the motion of Mr Duncan, seconded by Mr Coutts, the Committee approved the recommendations in the report.

Decision:

The Committee **RESOLVED** to approve the proposals in the Appendices, namely to:

- Agree to the establishment of a set of outcome indicators, to measure our progress and performance in delivering the forthcoming "*single high level set of priorities/outcomes*"
- Agree that current PPMF report layouts are reviewed and consideration be given to making more obvious links between performance information and investments in actions/projects.

Asset Investment Plan – Progress Report

The Committee considered a report by the Executive Manager – Capital Programme (CPS-02-18-F), that provided an overview of the full life of projects within the Council's Asset Investment Plan.

After hearing the Executive Manager – Capital Programme introduce the report, the Committee approved the recommendation contained therein, on the motion of Mr Coutts, seconded by Mr G Smith.

Decision:

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

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 Cooper seconded.

(Mr T Smith left the meeting).

(The meeting adjourned at 11.30am, and reconvened at 11.40am).

Hjaltland Housing Association – Bridging Finance

The Committee considered a joint report by the Executive Manager – Housing and the Executive Manager – Finance, which presented proposals for bridging finance arrangements to Hjaltland Housing Association (HHA).

In introducing the report, the Executive Manager – Housing advised on the recommendation at yesterday's Development Committee to support the proposed bridging finance arrangement to HHA. The Executive Manager – Finance provided explanation on HHAs requirement for financial support, and highlighted the requirement to satisfy State Aid obligations in coming to an agreement with HHA.

In response to a question, the Executive Manager – Finance provided clarity on the proposal for annual financing costs to be funded from the additional interest received from economic development investments, and advised on the expectation that the drawdown of funds would be over a relatively short period, however the actual timescales would be dependent on progress on the schemes.

Following further discussion, Mr Cooper moved that the Committee approve the recommendation in the report. Mr Duncan seconded.

Decision:

The Committee **RECOMMENDED** that the Council approve the recommendation in the report.

Mr C Smith advised on his intention to stand down as Political Leader of the Council after tomorrow's Council meeting, and he thanked the Directors and officers for their help and support during his time in the Council. Mr Coutts, Depute Leader,

highlighted the reports in terms of positive performance, and thanked Mr Smith for leading progress going forward.

The meeting concluded at 12 noon.

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Chair