



## MINUTES

## B – PUBLIC

**Policy and Resources Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Wednesday 6 March 2019 at 10.00am**

**Present:**

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

**Apologies:**

A Duncan	R McGregor
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**In Attendance:**

C Ferguson, Director of Corporate Services  
N Grant, Director of Development Services  
D Coupe, Executive Manager - Roads  
J Manson, Executive Manager – Finance  
P Peterson, Executive Manager – Executive Services  
J Riise, Executive Manager – Governance and Law  
R Sinclair, Executive Manager – Assets, Commissioning and Procurement  
J Macleod, Performance and Improvement Adviser  
C Bain, Treasury Accountant  
S Brown, Senior Assistant Accountant  
B Kerr, Communications Officer  
L Adamson, Committee Officer

**Also in Attendance**

J Fraser

**Chairperson**

Mr Coutts, Leader of the Council, presided.

**Circular**

The circular calling the meeting was held as read.

**Declarations of Interest**

None

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None

**Minutes**

The minutes of the meeting held on 11 February 2019 were approved on the motion of Mr Scott, seconded by Mr Leask.

10/19 **'Our Plan 2016-20' Progress Report**

The Committee considered a report by the Executive Manager – Executive Services (CE-01-19-F), and the progress report on the Council's Corporate Plan, 'Our Plan 2016-20'.

The Executive Manager – Executive Services introduced the report.

In response to a question, the Executive Manager – Executive Services advised that progress on delivery of the Plan formed part of the quarterly performance monitoring reporting to Members, and that this progress report will be published on the Council's website and through social media channels in order to widely publicise to staff and the public. In response to a further question, the Executive Manager – Executive Services confirmed that he would circulate the progress report to all Community Council Clerks.

During debate, the Leader commented on the positive progress being made on delivering the key activities and projects in the Plan, which demonstrates that in dealing with the challenges from the decline in funding to Local Government the Council can continue to deliver services to the community of Shetland.

**Decision:**

The Committee NOTED the progress on the Council's Corporate Plan, 'Our Plan 2016-20'.

11/19 **Corporate Services and Executive Services Performance Report - Quarter 3 2018/19**

The Committee considered a report by the Director of Corporate Services (CRP-05-19-F) that summarised the activity and performance of Corporate and Executive Services for Quarter 3 2018/19.

In introducing the report, the Director of Corporate Services highlighted the inclusion of the financial reporting in Section 4, with the detail on the revenue and capital outturn position at Appendices E and F. Referring to Risk B0009 in the Risk Register, and the potential impacts from the EU Referendum with the impending decision on Brexit, she reported on the additional focus and resources needed in this area in terms of business continuity within the Council and on the expectation for further reporting on resilience. The Director of Corporate Services also provided an update on the further services that have moved back to 8 North Ness, and reported that the remaining services to relocate was dependent upon the completion of the reception area.

During the discussion, reference was made to the welcomed news that the second bid for funding for fibre to Unst, Yell and Fetlar had been successful. In response to a request for an update on progress of the R100 scheme, the Director of Development Services advised on the regular dialogue with the R100 team on proposals for the North Isles fibre to fit in with the target to reach 100% of households and business with high speed broadband by 2021.

In responding to a comment on the need for further information to Members on proposals for participatory budgeting, it was agreed that a briefing would be provided to Members to inform on progress and plans going forward, prior to any formal report to Committee. It was however suggested that a Policy paper would also be beneficial to provide officers with support, direction and the necessary authority to progress the project.

In responding to a question relating to the progress statement for Project DP152, "Commissioning and Procurement Framework", the Director of Corporate Services confirmed that while the policies and procedures were in place, the intention was to move to a more user friendly and interactive system to support procurement processes. She confirmed that resources would be in place to take that part of the project forward. She also advised on the regular contact between the Council's procurement team and Scotland Excel, adding that procurement activities would be reviewed to establish any further improvements in this area.

Reference was made to the revenue draft outturn position 2018/19 as set out in Appendix E, where clarity was sought in terms of reporting on recurring and non-recurring variances. The Executive Manager – Finance advised that most savings would be non-recurring, being a factor of the circumstances in a particular year. He gave assurance that any recurring savings would be highlighted in the report, and built into the budget going forward.

During debate, comment was made on the need to ensure the Scottish Government deliver on their target for high speed broadband to the remote areas.

#### **Decision:**

The Committee:

- DISCUSSED the contents of the report and its appendices;
- COMMENTED on the achievements of Corporate and Executive Services during the third quarter (Q3) 2018/19; and
- ADVISED managers of their views.

12/19

#### **Management Accounts for Community Health and Social Care 2018/19 - Projected Outturn at Quarter 3**

The Committee considered a report by the Executive Manager – Finance (F-019-19-F), presenting the projected outturn position for 2018/19 as at the end of the third quarter for revenue and capital.

In introducing the report, the Executive Manager – Finance advised on the recommendation as set out in Section 1.2, to approve a further £120k to the IJB in recognition of additional cost pressures.

There were no questions. During debate, comment was made on the improved format of reports in terms of linking performance with financial management.

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

**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.
- RECOMMENDED to the Council that it approves an increase in the payment for 2018/19 to the Community Health and Social Care Partnership Integration Joint Board of £120k, recognising the transfer of Cost Pressure and Contingency budget held by the Council and other budget changes, as detailed at 4.3 below. This will increase the payment for 2018/19 to £21.075m.
- AGREED the actions set out by the Director of Community Health and Social Care to mitigate the projected overspend.

13/19

**SIC Overall Management Accounts 2018/19 Projected Outturn at Quarter 3**

The Committee considered a report by the Executive Manager – Finance (F-005-19-F), which set out the overall Council projected financial position as at Quarter 3.

In introducing the report, the Executive Manager – Finance highlighted the recommendation at Section 1.1.3, to approve an increase in the contribution to ZetTrans of up to £0.484m, and on the transfer from the Development Directorate to cover the shortfall.

In response to questions, the Director of Development Services advised on the additional contribution to ZetTrans to meet additional costs for running the bus service and the inter-island air service, and also a component being for consultancy fees of approximately £120k.

During debate, comment was made on the objective of the Council to ensure a thriving community. While there was disappointment at the revenue projected overspend, it was acknowledged that the Council was dealing with reductions in funding year on year, and that Officers were endeavouring to manage challenges.

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

**Decision:**

The Committee RECOMMENDED that the Council RESOLVE to:

- REVIEW the Management Accounts showing the overall projected outturn position at Quarter 3.
- NOTE that each Director will continue to monitor spend and take actions to mitigate any projected overspends as set out in the service committee reports.

- APPROVE an increase in the contribution to ZetTrans of up to £0.484m to fund the additional cost of running the public bus and air services; and consultancy costs to carry out the public transport network re-design.

14/19

### **Council Investment Review for Quarter to December 2018**

The Committee considered a report by the Executive Manager – Finance (F-020-19-F), presenting a review of the Council’s external investments over the quarter to December 2018.

In introducing the report, the Executive Manager – Finance advised on the significant volatility in the markets over the last quarter, where investments have decreased by £31m, with an overall value of £323m at the end of December 2018. He added that while markets have improved since December, the focus for the Council’s investment strategy continues to be for the longer-term.

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

### **Decision:**

The Committee NOTED the outcome of the quarterly review.

15/19

### **Local Government in Scotland: Financial Overview 2017/18**

The Committee considered a report by the Executive Manager – Finance (F-023-19-F) that provided a high-level, independent view of councils’ financial performance and position in 2017/18.

The Executive Manager – Finance summarised the main terms of the report. In referring to the Financial Overview at Appendix 1, he highlighted the exclusion of Shetland from a number of the graphs due to the level of useable reserves held compared to other Local Authorities. He reported on the Council’s robust Medium Term Financial Plan and budget setting process in place, and referred to the impacts as a result of reduced funding from the Scottish Government.

During the discussion, concern was expressed on the reduction in funding year on year from the Scottish Government, and on the Scottish Government holding back on their commitment for funding for the internal ferry service. In response to a question on whether there were any opportunities for the Council to seek a review of the CoSLA funding criteria, the Executive Manager – Finance advised that there would be an opportunity to feed into the next annual review of the distribution methodology, however he commented that there had been no significant changes to the methodology following the previous review.

In response to a question, the Executive Manager – Finance confirmed that to date, there has been no specific funding from the Scottish Government for Councils to manage any impact from the EU withdrawal. He advised however that Councils have been tasked to develop contingency plans and focus work in that area.

During debate, reference was made to the Introduction on page 5, where it stated “Councillors also need to be clear about the potential impact of planned savings or changes to fees and charges on the local community and economy as well as on achieving corporate objectives”, and comment was made on the importance of the Council’s Service Redesign Programme and for decisions to be based on the

Corporate Plan and the Shetland Partnership Plan. Attention was drawn to page 12, where it reported on the 6.92% reduction in revenue funding to Councils between 2013/14 and 2017/18, where during that time no account had been made of inflation or to the continuing increase in costs, and Councils are having to strive to deliver services in line with demand.

Comments were made on the worrying report in terms of the challenges facing local authorities into the future. It was acknowledged that in dealing with the challenges of reduced funding, it was only due to the level of reserves held that the Council can continue to deliver services to the community. Further concern was expressed that the strong case made and agreed by the Scottish Government for funding for ferries had not been realised and there was now an expectation that the disparity in funding would come from reserves.

During further debate, Members suggested the need for the Council to approach CoSLA in terms of changes to its distribution formula to apportion sufficient funding in order that Shetland can deliver a level of service acceptable to an island community. It was however acknowledged that the Council, as a small local authority and an independent Council, could have little influence in CoSLA's decision making. Comment was also made on the perception among other Local Authorities that Shetland is different, because it holds a healthy reserve fund, but that perception had to be changed. It was also noted that the distribution formula would favour urban communities rather than rural, and therefore Shetland was also a victim in that regard.

**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.

16/19

**Annual Investment Strategy for 2019/20**

The Committee considered a report by the Executive Manager – Finance (F-028-19-F) that presented the proposed Annual Investment and Treasury Strategy for the Council for the financial year 2019/20.

After hearing the Executive Manager – Finance summarise the main terms of the report, the Committee approved the recommendations contained therein, on the motion of Mr Coutts, seconded by Mr Leask.

**Decision:**

The Committee RESOLVED to:

- Review the Borrowing Policy to be followed for the financial year 2019/20
- Review the four clauses within the CIPFA Code of Practice
- Review the Treasury Management Policy Statement
- Review the Statement of Treasury Management Practices.

The Committee RECOMMENDED that the Council RESOLVES to:

- Approve the Annual Investment Strategy Statement to be followed for the financial year 2019/20
- Approve the Treasury Management Strategy to be followed for the financial year 2019/20
- Approve the Treasury Management Prudential Indicators for 2018/19 to 2021/22

17/19

### **Scottish Household Survey**

The Committee considered a report by the Executive Manager – Assets, Commissioning and Procurement (CPS-03-19-F), which provided an opportunity to discuss the Scottish Household Survey results, the trends in local indicators, and comparisons between the local and national indicators.

In introducing the report, the Performance and Improvement Adviser referred Members to Section 4.2.7, which set out the satisfaction rates for local services, and to the table illustrating the percentage of people that agree with various statements about local authority services.

In response to a question, the Director of Development Services confirmed that the datasets from the Scottish Household Survey are used to inform the Shetland Partnership Plan and other corporate plans

*(Mr Fraser attended the meeting).*

During debate, reference was made to the table at 4.2.7 where it was noted that Shetland had scored higher than Scotland in all categories other than “does its best with the money”. In that regard, comment was made on the need to find ways to relay to the community how the Council manages its money. Reference was however made to the perception within the community that the Council has plenty of money, which may have gone some way to influence the responses given, and does not properly reflect the hard work required to maintain a good financial position

The Leader advised on the need for the Council to continue to be ambitious to achieve the best for the community, and to have services that will attract people to work and live in Shetland.

### **Decision:**

The Committee NOTED the contents of the report.

18/19

### **Shetland Travel Scheme**

The Committee considered a report by the Director of Development Services (DV-07-19-F) that provided information on a proposed Shetland Travel Scheme.

The Director of Development Services summarised the main terms of the report.

During the discussion, comment was made on the laudable Scheme that would encourage individuals who would otherwise find the cost of attending events outwith Shetland to be the prohibitive factor.

In responding to questions, the Director of Development Services reported that the £5K budget for the pilot year was essentially an estimate, and that depending on the quality and number of applications received additional funding could be made available from other approved budgets within the Development Directorate. He advised on the aims of the Scheme to promote equality and social inclusion, and he said that depending on the number of applications received, funding could be considered from aspiring participants, rather than solely from the more elite competitors. He confirmed the sensitive manner in which the applications would be handled, and he highlighted the various means to evidence that applicants are from low income families, as set out on page two of the Guidelines, attached as Appendix A. Members also noted that an overview from the pilot year of the Scheme would be reported in due course.

During the discussion, reference was made to the current practice whereby applications can be submitted to Community Councils for funding to assist young people with the costs to participate at events on the mainland, and it was questioned whether the pilot travel Scheme was to be considered as the funding of last resort. The Director of Development Services explained that as part of the application process for the Shetland Travel Scheme, applicants must specify whether they have secured funding from any another organisation to attend their proposed event.

During debate, Members advised on their support for the proposed Scheme, where it was acknowledged that promotion of the Scheme and the vetting of applications had to be treated in a sensitive manner. Comment was made that the pilot year would provide an opportunity to ascertain the take up of the Scheme, which it was hoped would make a difference to individuals who qualify as “low income”, to travel outwith Shetland to attend events. On the motion of Mr Coutts, seconded by Mr G Smith, the Committee approved the recommendations in the report.

### **Decision:**

The Committee RESOLVED to:

- APPROVE the implementation of the Shetland Travel Scheme in accordance with the Scheme guidance; and
- GRANT delegated authority to the Director of Development Services (or his nominee) to administer the Scheme, including the production of an application form.

*(The meeting adjourned at 1150am, and reconvened at 12 noon).*

19/19

### **Review of Streetlighting Reduction Policy**

The Committee considered a report by the Team Leader – Asset and Network (RD-02-19-F) that provided information on a review of the Streetlighting Reduction Policy.

In introducing the report, the Executive Manager – Roads advised of a change to the decision at Environment and Transport Committee, where an additional recommendation was made, namely, “where streetlighting has been removed, consult with residents and others, as appropriate, with a commitment to reinstate the lights should that be the overall wishes of those affected residents”.



During the discussion, some Members advised that there had been issues in some of the areas of Shetland where streetlighting had been switched off between midnight and 6am. In response to a question, the Executive Manager – Roads advised from the trial carried out in Highland Council, where it was found that a 25% dimming of LED lights was almost indistinguishable from the undimmed lighting, and resulted in a 25% cost and energy saving.

During debate, Mr Thomson advised from the discussion at Environment and Transport Committee that there had been overall support to the proposals in the report, and on the unanimous support for the recommendation to Policy and Resources Committee. Members advised on the excellent report, where there has been a proposal to look again at the Policy to take account of changes in technology. Reference was made to the terms of the additional recommendation from Environment and Transport Committee which it was advised would ensure that given the new circumstances, the communities where the 39 streetlights had been removed would be given the opportunity to consider whether the lights should be replaced. In referring to the wording “as appropriate” within the additional recommendation, it was reported that the intention in that regard would be for Community Councils to get involved in the consultation with communities. In that regard, comment was made on the role of Community Councils in terms of their statutory obligation to reflect views of inhabitants in their areas. There was some discussion on a means of reporting from the consultation with communities, and it was agreed that the route would be back to Environment and Transport Committee, which would also include the costs associated with the reinstatement of any of the 39 streetlights that have been removed.

Mr Coutts moved that the Committee approve recommendations 1.1.1, 1.1.2 and 1.1.3 in the report, with an additional recommendation 1.1.4 namely “To work with Community Councils, as appropriate, to consult with the residents in the schemes where streetlights have been removed, with a commitment to reinstate the lights, then report back to Environment and Transport Committee for a decision. Mr G Smith seconded

### **Decision:**

The Committee APPROVED the “Streetlighting Reduction Policy” as detailed in section 4.4, namely:

- Introduce dimmed lighting in areas where part-night lighting is currently in place [Section 4.4.1 – 4.4.2];
- Part-night lighting to be discontinued [Section 4.4.3]; and
- Discontinue the policy to completely remove streetlights [Section 4.4.4]; and,
- To work with Community Councils, as appropriate, to consult with the residents in the schemes where streetlights have been removed, with a commitment to reinstate the lights, then report back to Environment and Transport Committee for a decision.

The Committee considered a report by the Executive Manager – Assets, Commissioning and Procurement (CPS-02-19-F) that informed on the progress of the projects within the Asset Investment Plan currently underway in 2018/19.

The Executive Manager – Assets, Commissioning and Procurement introduced the report.

During the discussion, concern was expressed at the lack of progress with the new Toft Pier project. The Executive Manager – Assets, Commissioning and Procurement provided an update on the project, advising that when the draft Full Business Case had been completed it would be presented to Members during the next available cycle of meetings. He further advised on the proposal that the works would be undertaken during the summer. Further concern was expressed on proposed timescale for progressing the project, where conclusion was sought in early course and it was questioned whether it would be possible for a special meeting to be arranged to present the Full Business Case before the end of March 2019. In responding, the Director of Corporate Services said that while this project could be prioritised over other work, further detail was still awaited in order to progress the business case to completion. In that regard, she stressed that when making investment decisions there was a need for competent and comprehensive business cases to be presented to Members. The Leader advised however, that a special meeting could be arranged, if that was required.

In response to questions, the Executive Manager – Assets, Commissioning and Procurement noted the typographical error in Appendix A, and confirmed that the completion date for works to Sound Early Learning Provision should read '2019/20'. In terms of the works required at Baltasound, Bells Brae, Cunningsburgh and Sound to support the expansion of early learning and childcare, he confirmed that progress was being made and projects were still on schedule.

In response to concerns raised regarding projects in the Asset Investment Plan that have been delayed due to the inadequacy of the business plans, the Director of Corporate Services informed that a key area of work as part of the Business Transformation Programme was to provide further resources in terms of research and analysis to ensure robust business cases are developed in a timely manner. She also advised on additional resources to support the Asset Investment Group. Further concerns were raised at the number of the projects reported as having gone over budget where comment was made on the need to do further work upfront to consider potential issues that may arise. In responding, the Executive Manager – Assets, Commissioning and Procurement advised that there was no single factor for projects going over budget, and he referred to the inevitable risks with construction projects, but said that he would take the comment on board.

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

#### **Decision:**

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

The Committee considered a report by the Director of Corporate Services (CRP-01-19-F) that informed on the progress of the Business Transformation Programme Phase 2.

In introducing the report, the Director of Corporate Services provided an update on progress that has been made on each of the work streams within the Business Transformation Programme (BTP), and on proposals going forward, as set out in Section 4.

In response to a question, the Director of Corporate Service provided reassurance that staff resources were in place to complete the development phase of the Performance Management and Reporting project by 31 March 2019, and for formal reporting in June 2019.

In response to a question, the Director of Corporate Services advised on the ongoing work to move towards electronic payments being progressed as part of the 'People' and 'Participation' priorities in the Shetland Partnership Plan.

**Decision:**

The Committee NOTED the content of the report and the appendices.

*(Mr C Smith left the meeting).*

22/19

**Service Redesign Programme Update**

The Committee considered a report by the Director of Corporate Services (CRP-02-19-F) that informed on progress of the Council's Service Redesign Programme (SRP).

The Director of Corporate Services introduced the report. There was no discussion, and the Committee noted the report.

**Decision:**

The Committee NOTED the content of the report and the appendices.

23/19

**Local Government Benchmarking Framework**

The Committee considered a report by the Executive Manager – Assets, Commissioning and Procurement (CPS-05-19-F) that provided information from a national Local Government Benchmarking Framework (LGBF) exercise carried out across all Scottish Councils.

The Performance and Improvement Adviser introduced the report.

There were no questions. During debate, comment was made on the amount of information generated in terms of benchmarking against Scotland and on the Council's performance year on year, which should be used to achieve the Council's outcomes.

The Committee noted the report.

**Decision:**

The Committee NOTED the content of the report.

24/19

**Corporate Risk Register**

The Committee considered a report by the Director of Corporate Services (CRP-03-19-F) that presented the current Corporate Risk Register, and highlighted recent changes and current relevant information.

The Director of Corporate Services introduced the report. There were no questions, and the Committee noted the report.

**Decision:**

The Committee NOTED the content of 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.**

25/19

**Confidential Corporate Risk Register**

The Committee considered a report by the Director of Corporate Services that presented the current Confidential Corporate Risk Register.

The Director of Corporate Services introduced the report, and responded to questions from Members.

The Committee noted the report.

**Decision:**

The Committee NOTED the content of the report.

The meeting concluded at 1.10pm.

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Chair