

Minute

Policy and Resources Committee

Tuesday, 18 April 2023, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors James W Stockan, Heather N Woodbridge, Graham A Bevan, Stephen G Clackson, Alexander G Cowie, David Dawson, P Lindsay Hall, Rachael A King, Kristopher D Leask, W Leslie Manson, James R Moar, Raymond S Peace, Gwenda M Shearer, Gillian Skuse, Jean E Stevenson, Ivan A Taylor, Mellissa-Louise Thomson, Owen Tierney and Duncan A Tullock.

Present via remote link (Microsoft Teams)

Councillors Steven B Heddle and John A R Scott.

Clerk

- Hazel Flett, Service Manager (Governance).

In Attendance

- Oliver D Reid, Chief Executive.
- Stephen Brown, Chief Officer, Orkney Health and Social Care Partnership.
- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- James Wylie, Corporate Director for Education, Leisure and Housing.
- Gavin Mitchell, Head of Legal and Governance.
- Andrew Groundwater, Head of Human Resources and Organisational Development (for Items 1 to 4 and 11 to 13).
- Sweyn Johnston, Head of Enterprise and Economic Growth.
- Erik Knight, Head of Finance.
- Roddy Mackay, Head of Planning and Community Protection (Items 1 to 4).
- Kenny MacPherson, Head of Property, Asset Management and Facilities (for Items 1 to 10).
- Lorna Richardson, Head of Neighbourhood Services (for Items 1 to 10).
- Alison Skea, Service Manager (Organisational Development) (for Items 1 and 2).
- James Green, Team Manager (Marine Planning) (Items 1 to 4).

Observing

- Alex Rodwell, Head of Improvement and Performance.
- Kirsty Groundwater, Communications Team Leader (for Items 4 to 13).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor James W Stockan.

1. Disclosure of Exempt Information

The Committee noted the proposal that the public be excluded from the meeting for consideration of Items 9 to 12, as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Elected Members – Political Skills Framework

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, together with an Equality Impact Assessment, copies of which had been circulated, and after hearing a report from the Service Manager (Organisational Development), the Committee:

Noted:

2.1. That the Continuous Professional Development Framework for Elected Members, including a 360-degree feedback process, adopted by the Council in April 2015, was no longer available.

2.2. That the Political Skills Framework, developed by the Improvement Service, provided a structured self-assessment process to assist individual members in identifying their learning and development needs forming their Personal Development Plan.

2.3. That the People Plan – Empowering Our People 2022 - 2026, adopted by the Council in July 2022, acknowledged the role of Political Leaders and the importance of collaborative leadership with officers and ensured their access to development through professional organisations.

2.4. That it was not mandatory for Elected Members to sign up to the Political Skills Framework and participation would be on a voluntary basis.

The Committee resolved to **recommend to the Council:**

2.5. That the Political Skills Framework, attached as Appendix 1 to this Minute, be approved as a self-assessment process for Elected Members who may wish to use it.

Councillor James R Moar joined the meeting during discussion of this item.

3. Corporate Risk Register

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Property, Asset Management and Facilities, the Committee:

Resolved to **recommend to the Council** that the updated Corporate Risk Register, as at April 2023, attached as Appendix 2 to this Minute, be approved.

4. Highly Protected Marine Areas – Consultation

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Planning and Community Protection, the Committee:

Noted:

4.1. That, through the Bute House Agreement, Scottish Ministers had committed to designate at least 10% of Scotland's seas as Highly Protected Marine Areas by 2026.

4.2. That Highly Protected Marine Areas formed part of the Scottish Government's commitment to tackle the twin biodiversity and climate crises in order to support the recovery and resilience of Scotland's marine environment.

4.3. That the Scottish Government carried out a public consultation between 12 December 2022 and 17 April 2023 to seek views and comments on the following draft documents, in order to help inform and shape Highly Protected Marine Area policy development:

- Draft Policy Framework.
- Site Selection Guidelines.
- Initial Sustainability Appraisal.
- Partial Island Communities Impact Assessment Screening Report.
- Partial Business and Regulatory Impact Assessment.

4.4. That the consultation, referred to at paragraph 4.3 above, did not identify Highly Protected Marine Area sites.

4.5. That the Scottish Government intended to formally consult separately on any specific Highly Protected Marine Area sites, which was likely to take place in 2025, before final designation of sites in 2026.

4.6. That, although the Council had requested an extension to the date for submission of consultation responses, the Scottish Government had advised that, as the consultation period had already been extended, no further extension was possible, although it was prepared to accept a response submitted on behalf of the Council no later than 18 April 2023.

4.7. The proposed updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, attached as Appendix 1 to the report by the Corporate Director for Neighbourhood Services and Infrastructure.

4.8. The Council's draft response to the Scottish Government's consultation on Highly Protected Marine Areas, attached as Appendix 2 to the report by the Corporate Director for Neighbourhood Services and Infrastructure.

Councillor Kristopher D Leask, seconded by Councillor Gwenda M Shearer, moved that:

- The proposed updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, as presented by officers, be approved.
- The response to the Scottish Government's consultation on Highly Protected Marine Areas, as drafted by officers, be approved.

Councillor P Lindsay Hall, seconded by Councillor David Dawson, moved an amendment that:

- The proposed updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, be amended to read as follows:

"The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland. In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.
 - Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.
 - The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.
 - All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner."
- The draft response to the Scottish Government's consultation on Highly Protected Marine Areas, be amended to read as follows:

"In considering its response the Council is mindful of the significant contribution already being made by the Orkney Islands marine region (out to 12 nautical miles) to the provision of a healthy biodiverse marine environment, being home to a range of international and national designated sites. 25% of the Orkney Islands marine region is already designated as being of national or international conservation importance, with the most recent designations of marine Special Protection Areas covering Scapa Flow and North Orkney covering a total area of 529 km² being confirmed in February 2022.

The Council has engaged with the consultation and has significant concerns regarding how this policy initiative will be implemented and the potential for significant socio-economic impacts affecting Orkney communities.

Orkney Islands Council has adopted the following policy position:

The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland. In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.
- Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.
- The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.
- All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner.

It is therefore the position of Orkney Islands Council that the proposal to designate an arbitrary figure of at least 10% of Scotland's seas as Highly Protected Marine Areas be opposed in its entirety.”.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Graham A Bevan, Stephen G Clackson, Alexander G Cowie, David Dawson, P Lindsay Hall, Steven B Heddle, Rachael A King, W Leslie Manson, James R Moar, Raymond S Peace, Gillian Skuse, James W Stockan, Ivan A Taylor, Mellissa-Louise Thomson, Owen Tierney, Duncan A Tullock and Heather N Woodbridge (17).

For the Motion:

Councillors Kristopher D Leask, John A R Scott, Gwenda M Shearer and Jean E Stevenson (4).

The Amendment was therefore carried and became the Motion.

Councillor Rachael A King, seconded by Councillor Jean E Stevenson, moved a further amendment, notice of which had been given, that:

- The proposed updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, be amended to read as follows:

“In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland.

- The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.
 - Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.
 - The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.
 - All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner.”.
- The draft response to the Scottish Government’s consultation on Highly Protected Marine Areas, be amended to read as follows:

“In considering its response the Council is mindful of the significant contribution already being made by the Orkney Islands marine region (out to 12 nautical miles) to the provision of a healthy biodiverse marine environment, being home to a range of international and national designated sites. 25% of the Orkney Islands marine region is already designated as being of national or international conservation importance, with the most recent designations of marine Special Protection Areas covering Scapa Flow and North Orkney covering a total area of 529 km² being confirmed in February 2022.

The Council has engaged with the consultation and has significant concerns regarding how this policy initiative will be implemented and the potential for significant socio-economic impacts affecting Orkney communities.

Orkney Islands Council has adopted the following policy position:

In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland.
- The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.
- Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.
- The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.
- All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner.

The Scottish Government, NatureScot and Joint Nature Conservation Committee (JNCC), as appropriate, must fully engage with the Council and affected stakeholders in accordance with this policy position.

It is welcomed that an aim of HPMA is to enhance the benefits that coastal communities and others derive from our seas. The Council policy position states that 'Where a proposed new designation would have significant adverse economic and/or social effects on local communities, its introduction will not be supported by the Council'. Accordingly, any HPMA proposals that would have significant adverse socio-economic impacts on Orkney communities, that cannot be satisfactorily mitigated, will be robustly opposed by Orkney Islands Council.

It is important that both the potential adverse socio-economic effects and benefits are fully considered as part of the HPMA identification, selection and designation processes. It is recognised that studies of existing highly protected marine areas have shown that they can result in significant conservation and ecosystem benefits and can significantly increase the abundance and diversity of marine life exported to surrounding areas. These 'spill over effects' have been shown to improve the productivity of commercial fisheries, including lobster and scallop, in adjacent waters. In terms of assessing socio-economic impacts of HPMA proposals, it is important that the cumulative effect of wider spatial squeeze on existing marine sectors is fully considered.

As no HPMA sites have been identified as part of the current consultation, it is not currently possible to confirm whether the HPMA process can be taken forward in a way that would align with the Council's policy position. It is of paramount importance that the Council and affected local stakeholders are fully engaged at all stages of the proposed six stage site HPMA selection, assessment and designation process.

The HPMA draft guidelines for site selection state that 'the legislation of HPMA and the application of these site selection guidelines will take account of socio-economic factors affecting the resilience and viability of marine industries, coastal communities and other stakeholders. As a result, some proposals may be screened out of further consideration during the selection process'. This statement is strongly supported and must be applied to avoid adverse socio-economic impacts on island communities when selecting HPMA sites.

The draft HPMA Policy Framework, para. 5.2, identifies areas to be excluded from HPMA selection as follows:

'Areas of national importance such as those earmarked for renewable developments (such as ScotWind and the Innovation and Target Oil and Gas (INTOG) leasing round areas and the areas of associated transmission infrastructure), existing active renewables and oil and gas infrastructure, existing ports and harbours, and some areas where defence activities are carried out. Also propose that existing active cables are excluded from the HPMA selection process'.

The exclusion of the areas stated in para. 5.2 from HPMA selection is supported by the Council. These excluded areas need to include the full extent of Statutory Harbour Areas (SHAs) as stated in the Orkney County Council Act 1974 (as amended), which includes (amongst others) Scapa Flow and Kirkwall SHAs and all internal ferry terminals. Orkney Harbours are identified in National Planning Framework 4 due to their national significant and role in supporting the 'Energy Innovation Development on the Islands' national development. Any proposed HPMA within Orkney Harbour Areas would be strongly opposed by Orkney Islands Council.

The definition of 'existing active renewables and oil and gas infrastructure' needs to be clarified. Existing active renewables sites should include wind, wave and tidal sites with an agreement for lease, a seabed lease, consented development and development currently being considered within the statutory consenting system. Existing active oil and gas infrastructure should include the whole of Scapa Flow due to the operation of the Flotta Oil Terminal and Ship to Ship transfer licenced sites within Scapa Flow, and the future potential of Scapa Flow in zero carbon fuels transition including the Future Fuels Hub delivered under the Islands Growth Deal.

The proposal to have no restrictions on the laying of new cables in relation to lifeline services to remote and island communities, such as, for example, power distribution cables or cables related to broadband/telecommunication services, is strongly supported by Orkney Islands Council.

The proposal to have no restrictions on the transit of ships and ferries in HPMA is strongly supported, though it is recognised that this principle is already established under United Nations Convention on the Law of the Sea (UNCLOS).

In terms of key economic sectors of relevance to Orkney, the Council is particularly concerned regarding the potential impact on the aquaculture and the wave and tidal renewable energy generation sectors.

Salmon farming and has been established in Orkney for many years, providing significant employment and wider socio-economic benefits. The proposals to exclude aquaculture of any form within HPMA and require any existing farms within the new designation to relocate, is likely to have significant implications for local businesses and communities, particularly in our more remote and economically fragile locations.

Orkney waters are amongst the most energy-rich localities in Europe with significant wave and tidal renewable energy resources and Orkney is a global leader in wave and tidal energy research and development. Whilst the intention to exclude existing wave and tidal sites, other consented sites, together with those identified in draft or adopted plans from the HPMA selection process is welcomed there is a fear that there are many other projects that have not reached this stage in development which will be curtailed.

The HPMA Policy Framework sets out a six Stage process for stakeholder engagement. It is critical that the Council are fully engaged throughout this process to ensure that island interests are fully considered by Scottish Government. It is welcomed that the consideration of socio-economic impact will be a critical step in the HPMA designation process, particularly at Stage 4: Shaping HPMA. In accordance with the priorities in the National Plan for Scotland's Islands, particularly Strategic Objective 2 to improve and promote sustainable economic development, the Council emphasises the importance of protecting island communities from any significant adverse socio-economic impacts associated with HPMA.

Orkney Islands Council welcomes that the HPMA designation process is different to the recent marine Special Protection Area designation process, which could not take socio-economic considerations into account due to European case law. The Council therefore emphasises the importance of the Scottish Government exercising its discretion to avoid adverse socio-economic impacts on Orkney communities in relation to HPMA.

The partial Island Communities Impact Assessment (ICIA) Screening Report has identified a number of possible impacts for island communities. It states that the ICIA screening determination cannot be completed until after a suite of proposed HPMA's are identified. It is welcomed that the Scottish Government intend to seek perspectives from those with direct experience of island life in order to determine whether there are significantly different impacts for island communities. Orkney Islands Council, and other affected stakeholders in Orkney, should be fully engaged in the ICIA and wider designation processes to ensure that adverse effects on Orkney communities are avoid or effectively minimised. The Council should be consulted by Scottish Government to identify local stakeholders that could be affected by any HPMA site proposals.

Should HPMA's proceed, it will be essential to effectively monitor whether the stated HPMA aims are being achieved. This monitoring will require significant resources for the Scottish Government, NatureScot and JNCC. After an adequate monitoring phase, if a HPMA fails to meet these objectives, the site should be considered for de-designation. The legal provisions for HPMA designation should enable this approach including the revocation of designation, where appropriate.

It is therefore the position of Orkney Islands Council that the proposal to designate an arbitrary figure of at least 10% of Scotland's seas as Highly Protected Marine Areas be opposed in its entirety."

The result of a recorded vote was as follows:

For the Amendment:

Councillors Stephen G Clackson, Alexander G Cowie, Rachael A King, Kristopher D Leask, John A R Scott, Gwenda M Shearer, Jean E Stevenson, Ivan A Taylor and Heather N Woodbridge (9).

For the Motion:

Councillors Graham A Bevan, David Dawson, P Lindsay Hall, Steven B Heddle, W Leslie Manson, James R Moar, Raymond S Peace, Gillian Skuse, James W Stockan, Mellissa-Louise Thomson, Owen Tierney and Duncan A Tullock (12).

The Motion was therefore carried and the Committee thereafter:

Resolved to **recommend to the Council:**

4.9. That the updated policy position on the consideration of any new national or international environmental, natural heritage or marine related designations, attached as Appendix 3 to this Minute, be approved.

4.10. That the response to the Scottish Government's consultation on Highly Protected Marine Areas, attached as Appendix 4 to this Minute, be approved.

4.11. That the Corporate Director for Neighbourhood Services and Infrastructure should immediately submit the response to the Scottish Government, on behalf of the Council, in relation to the consultation on Highly Protected Marine Areas.

4.12. That, due to the timescale constraints involved, the Chief Executive be requested to exercise emergency powers to authorise submission of the response, referred to at paragraph 4.10 above, prior to approval by Council.

5. Pension Fund Sub-committee together with Pension Board

After consideration of the draft Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 15 February 2023, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Heather N Woodbridge, seconded by Councillor James W Stockan, to approve the Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 15 February 2023, attached as Appendix 5 to this Minute, as a true record.

6. Investments Sub-committee

After consideration of the draft Minute of the Meeting of the Investments Sub-committee held on 16 February 2023, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Heather N Woodbridge, seconded by Councillor Rachael A King, to approve the Minute of the Meeting of the Investments Sub-committee held on 16 February 2023, attached as Appendix 6 to this Minute, as a true record.

7. Human Resources Sub-committee

The Committee noted that this item had been withdrawn and would be considered at the General Meeting of the Council to be held on 3 May 2023.

8. Exclusion of Public

On the motion of Councillor James W Stockan, seconded by Councillor Heather N Woodbridge, the Committee resolved that the public be excluded for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

9. Proposed Salt Storage Facility

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 8 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Neighbourhood Services, the Committee:

Noted:

9.1. That, on 21 December 2021, the Policy and Resources Committee recommended the allocation of one-off funding towards a series of projects considered to provide recovery prospects from the COVID-19 pandemic, including an allocation of £500,000 towards the provision of a salt storage facility, potentially located at Cursiter Quarry.

9.2. That, on 23 November 2022, when considering the Stage 2 Capital Project Appraisal in respect of a proposed new salt storage facility, the Policy and Resources Committee recommended:

- That the Stage 2 Capital Project Appraisal in respect of the proposed salt storage facility at Cursiter Quarry, attached as Appendix 4 to the Minute, be approved.
- That, as an exception to the Capital Project Appraisal process, in order to manage storage conditions for salt to meet national road safety standards, the proposed salt storage facility at Cursiter Quarry be added to the capital programme for 2023/24 onwards, at a gross capital cost of £500,000, funded by the allocation of one-off funding referred to at paragraph 9.1 above.

The Committee resolved to **recommend to the Council**:

9.3. That the existing provision within the General Fund capital programme, in respect of the proposed salt storage facility at Cursiter Quarry be increased, to be funded by a contribution from the Capital Fund.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

10. Place Based Investment Programme

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 6, 8 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Corporate Director for Enterprise and Sustainable Development, copies of which had been circulated, and after hearing a report from the Head of Enterprise and Economic Growth, the Committee:

Noted:

10.1. That the 2020 Programme for Government committed to establishing a Place Based Investment Programme, with Scottish Government and Council Leaders agreeing that Local Government would receive a share of the funding over five years to support and advance place based investment.

10.2. That the Chief Executive exercised emergency powers to determine use of the Council's 2022/23 allocation from the Place Based Investment Programme.

10.3. That, as greater notice was expected in respect of the 2023/24 allocation from the Place Based Investment Programme, proposals would be brought forward in due course.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

Councillor P Lindsay Hall left the meeting at this point.

11. Orkney Harbours Infrastructure – Update

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 6, 8 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, the Committee:

Noted:

11.1. The intent to develop a Deep Water Quay in Scapa Flow and an Orkney Logistics Base at Hatston as “shovel-ready” projects by December 2023/early 2024.

11.2. That development of a new quay in Scapa Flow and an Orkney Logistics Base at Hatston were National Developments in terms of the Scottish Government’s National Planning Framework 4, together with the implications for the Council’s planning process in determining planning applications for projects that were National Developments.

11.3. That applying for planning permission was an integral part of developing projects to a state of shovel-readiness and that planning applications would be submitted on or soon after 28 April 2023 in respect of the Orkney Logistics Base at Hatston and by 30 June 2023 in respect of Scapa Deep Water Quay.

11.4. That alternative options were being examined in order that a full options appraisal of the opportunities for a Deep Water Quay in Scapa Flow could be undertaken.

11.5. That dedicated Deep Water Quay provision through the Scapa Deep Water Quay project was one of a number of projects currently being developed and worked on by the Council, that could contribute to supporting a range of operational and business uses related to shipping, marine development, offshore wind, offshore decommissioning activities and current and future energy developments which, combined, could support the economy and communities of Orkney in a sustainable way.

11.6. That, should a strong business case not be in place to support the capital costs of progressing the Scapa Deep Water Quay project beyond December 2023, including elements required to deliver ongoing revenue, social and economic benefits for the Council and communities of Orkney, Council would be recommended to mothball the project at the "shovel-ready" stage, incurring no further significant expenditure and undertaking no further development work until a suitable business case was secured.

11.7. That, as there remained uncertainty over confirmed business requirements at this stage, further options for development and provision of key harbour infrastructure, including a floating quay, either as new build provision or through development of existing resources, for example at Lyness or more widely in Scapa Flow or within Orkney Harbours’ jurisdiction, were being actively considered as options to ensure that the capacity and opportunities they could offer to businesses were fully understood as future business requirements and timelines were firmed up, particularly in relation to floating off-shore wind developments.

11.8. That the Corporate Director for Enterprise and Sustainable Regeneration would take forward the final work required to bring the Scapa Deep Water Quay project to a "shovel-ready" stage by December 2023/early 2024, in line with previously agreed budgets and timescales, including securing the relevant planning consents required.

11.9. That the Corporate Director for Enterprise and Sustainable Regeneration would conclude development of the final business case documentation for Scapa Deep Water Quay, required by potential external funders such as Scottish and UK Governments, to allow relevant funding applications to be submitted in line with funders’ timescales, and to support development of an Orkney Islands Council business case and options appraisal.

The Committee resolved to **recommend to the Council:**

11.10. To contribute funding from the Scapa Flow Development budget towards an independent assessment, to be commissioned by Highlands and Islands Enterprise, of the development potential and need for increased deep-water quay capacity in the north of Scotland.

11.11. That the Corporate Director for Enterprise and Sustainable Regeneration should produce an Orkney Islands Council final business case for the Scapa Deep Water Quay and the Hatston Logistics Base, which included a wider analysis of the environmental, social and economic impact of the proposed projects on the local and wider communities of Orkney and the contribution that any development would make to supporting the Council's sustainable revenue position in future years, to ensure that this information was available to elected members in advance of any decision being required to proceed with project implementation.

11.12. That powers be delegated to the Chief Executive, in consultation with the Strategic Projects Project Board and the Corporate Director for Strategy, Performance and Business Solutions, to lead on public communications for the harbour infrastructure projects, including the appointment of an independent project Champion, to be funded from within existing project budgets or the Scapa Flow Development Budget.

11.13. That powers be delegated to the Chief Executive, in consultation with the Strategic Projects Project Board and the Corporate Director for Enterprise and Sustainable Regeneration, to appoint expert specialist advice or project management capacity, to be funded from within existing project budgets or the Scapa Flow Development Budget.

11.14. That the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration should continue engagement with relevant businesses and the local supply chain, Highlands and Islands Enterprise, UK and Scottish Governments to ensure that all parties were aware of the current progress with all relevant harbour infrastructure developments and had the opportunity to contribute to supporting development of the business cases required to progress individual projects further.

11.15. That, going forward, financial oversight reporting on development of the harbour infrastructure projects be included in the regular financial monitoring reports presented to the Policy and Resources Committee.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

Councillor John A R Scott left the meeting during discussion of this item.

12. Asset Management Sub-committee

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 7A of the Act.

After consideration of the draft Minute of the Meeting of the Asset Management Sub-committee held on 21 March 2023, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Heather N Woodbridge, seconded by Councillor James W Stockan, to approve the Minute of the Meeting of the Asset Management Sub-committee held on 21 March 2023, attached as Appendix 7 to this Minute, as a true record.

13. Conclusion of Meeting

At 14:50 the Chair declared the meeting concluded.

Signed: (Leader's signature).

Elected Members' Political Skills Framework

1. The Political Skills Assessment

The Political Skills assessment has been developed to support Elected Members to consider how they take up and carry out different roles and responsibilities. It has been designed to form part of a structured process for councils to help them put in place appropriate Elected Member development arrangements.

It is a self-assessment and not a test with an objective score. The sole purpose of the assessment is to help members reflect on changes they want to make, to better carry out their roles and responsibilities.

The assessment uses Six Key Roles for Elected Members, and from which a limited number should be chosen (ideally only two). Roles chosen will be dependent on what the individual elected member considers is most important and prominent at the time of assessment.

- Community Leadership.
- Strategy and Policy Development.
- Decision-making.
- Scrutiny.
- Partnership Working.
- Regulatory.

The six key roles are broken down into **responsibilities** and then further into **indicators of effective practice** which will aid learning and reflection.

Six Key Interpersonal Skills have also been identified with effective behaviours/ indicators detailed against each skill. This provides further guidance which can be used in this reflective process and will support elected members identify areas where further learning and development support are required.

The following documents outline the roles, responsibilities and indicators of effective practice which form the basis of the assessment, as well as the list of key interpersonal skills.

[Roles, responsibilities and indicators of effective practice](#)

[Key interpersonal skills](#)

2. The Process

We propose that the Assessment will be launched in April / May 2023 which allows new Elected Members to be familiar with their roles.

Elected Members who wish to complete the assessment should contact Democratic Services who will provide them with a link to the electronic assessment form or a hard copy form which needs to be completed and submitted prior to a face to face interview arranged by Democratic Services with officers within the Council's Organisational Development (OD) team.

The face to face interview will involve discussion around the assessment form, possible areas of development and how best these learning needs can be met.

3. Learning and Development Activities

A learning and development programme for individuals will be arranged and where appropriate some learning events may be open to other Elected Members.

Examples of learning activities might include mentoring by an appropriate experienced Elected Member, support from an officer with expertise on a specific subject e.g., Finance, Planning, Audit etc. Briefings or workshops by external providers, or guidance documents available online or hard copy.

The Improvement Service offer briefings and webinars on topical issues and can arrange bespoke support and training on request.

Elected Members in a senior role can access Coaching offered through the Improvement Service.

Please note that Elected Members can access these opportunities whether or not they are signed up to the Political Skills Framework.

4. Review

The Elected Member will agree a review period with officers within the OD team which allows the learning and development activity to take place and the impact assessed by the participant.

Review periods agreed are likely to be approximately 12 months depending on the circumstances. At these reviews Elected Members can choose to identify an additional key role as appropriate and go through the process again.

Appendix 2.

Corporate Risk Register – April 2023

Pages 2298 to 2336.

Corporate Risk Register – April 2023

Strategic Risks

Cluster.	Risk Number.	Risk.	Owner.
Physical.	1.	Transport.	Corporate Director for Enterprise and Sustainable Regeneration.
Financial.	2.	Economic Sustainability.	Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.
Reputational.	3.	Adverse Communications.	Corporate Director for Strategy, Performance and Business Solutions.
Physical.	4.	Workforce.	Corporate Director for Strategy, Performance and Business Solutions.
Physical.	5.	Asset Management.	Corporate Director for Neighbourhood Services and Infrastructure.
Economic.	6.	Economic.	Corporate Director for Enterprise and Sustainable Regeneration.
Technological.	7.	Cyber Security.	Corporate Director for Neighbourhood Services and Infrastructure.
Technological.	8.	Connectivity.	Corporate Director for Enterprise and Sustainable Regeneration.
Partnership.	9.	Partnerships.	Corporate Director for Strategy, Performance and Business Solutions.
Legislative.	10.	Procurement.	Corporate Director for Strategy, Performance and Business Solutions.
Legislative.	11.	Health and Safety.	Corporate Director for Neighbourhood Services and Infrastructure.
Physical.	12.	Climate Change	Corporate Director for Neighbourhood Services and Infrastructure.
Financial.	13.	Housing.	Corporate Director for Education, Leisure and Housing.
Professional.	14.	Childcare Services.	Corporate Director for Education, Leisure and Housing.
Physical.	15.	Pandemic.	Corporate Director for Neighbourhood Services and Infrastructure.
Legislative.	16.	Children and Young People.	Chief Officer, Orkney Health and Social Care Partnership.

Risks by cluster

Cluster.	Risk Number.	Risk.	Owner.
Physical.	12.	Climate Change.	Corporate Director for Neighbourhood Services and Infrastructure.
Economic.	6.	Economic.	Corporate Director for Enterprise and Sustainable Regeneration.
Financial.	2.	Economic Sustainability.	Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.
Financial.	13.	Housing.	Corporate Director for Education, Leisure and Housing.
Legislative.	16.	Children and Young People.	Chief Officer, Orkney Health and Social Care Partnership.
Legislative.	11.	Health and Safety.	Corporate Director for Neighbourhood Services and Infrastructure.
Legislative.	10.	Procurement.	Corporate Director for Strategy, Performance and Business Solutions.
Partnership.	9.	Partnerships.	Corporate Director for Strategy, Performance and Business Solutions.
Physical.	5.	Asset Management.	Corporate Director for Neighbourhood Services and Infrastructure.
Physical.	1.	Transport.	Corporate Director for Enterprise and Sustainable Regeneration.
Physical.	15.	Pandemic.	Corporate Director for Neighbourhood Services and Infrastructure.
Physical.	4.	Workforce.	Corporate Director for Strategy, Performance and Business Solutions.
Professional.	14.	Childcare Services.	Corporate Director for Education, Leisure and Housing.
Reputational.	3.	Adverse Communications.	Corporate Director for Strategy, Performance and Business Solutions.
Technological.	7.	Cyber Security.	Corporate Director for Neighbourhood Services and Infrastructure.
Technological.	8.	Connectivity.	Corporate Director for Enterprise and Sustainable Regeneration.

Risks by owner

Owner.	Cluster.	Risk Number.	Risk.
Corporate Director for Neighbourhood Services and Infrastructure?.	Physical.	12.	Climate Change.
Corporate Director for Education, Leisure and Housing.	Financial.	13.	Housing.
Corporate Director for Education, Leisure and Housing.	Professional.	14.	Childcare Services.
Corporate Director for Enterprise and Sustainable Regeneration.	Physical.	1.	Transport.
Corporate Director for Enterprise and Sustainable Regeneration.	Economic.	6.	Economic.
Corporate Director for Enterprise and Sustainable Regeneration.	Technological.	8.	Connectivity.
Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.	Financial.	2.	Economic Sustainability.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	5.	Asset Management.
Corporate Director for Neighbourhood Services and Infrastructure.	Technological.	7.	Cyber Security.
Corporate Director for Neighbourhood Services and Infrastructure.	Legislative.	11.	Health and Safety.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	15.	Pandemic.
Corporate Director for Strategy, Performance and Business Solutions.	Reputational.	3.	Adverse Communications.
Corporate Director for Strategy, Performance and Business Solutions.	Physical.	4.	Workforce.
Corporate Director for Strategy, Performance and Business Solutions.	Partnership.	9.	Partnerships.
Corporate Director for Strategy, Performance and Business Solutions.	Legislative.	10.	Procurement.
Chief Officer, Orkney Health and Social Care Partnership.	Legislative.	16.	Children and Young People.

Risks by rating

Owner.	Cluster.	Risk Number.	Risk.	Risk Rating.
Corporate Director for Enterprise and Sustainable Regeneration.	Physical.	1.	Transport.	25.
Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.	Financial.	2.	Economic Sustainability.	25.
Corporate Director for Enterprise and Sustainable Regeneration.	Economic.	6.	Economic.	25.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	12.	Climate Change	20
Corporate Director for Strategy, Performance and Business Solutions.	Physical.	4.	Workforce.	16.
Corporate Director for Enterprise and Sustainable Regeneration.	Technological.	8.	Connectivity.	16.
Chief Officer, Orkney Health and Social Care Partnership.	Legislative.	16.	Children and Young People.	15.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	15.	Pandemic.	15.
Corporate Director for Neighbourhood Services and Infrastructure.	Technological.	7.	Cyber Security.	12.
Corporate Director for Strategy, Performance and Business Solutions.	Reputational.	3.	Adverse Communications.	12.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	5.	Asset Management.	12.
Corporate Director for Education, Leisure and Housing.	Financial.	13.	Housing.	12.
Corporate Director for Education, Leisure and Housing.	Professional.	14.	Childcare Services.	12.
Corporate Director for Strategy, Performance and Business Solutions.	Partnership.	9.	Partnerships.	9.

Owner.	Cluster.	Risk Number.	Risk.	Risk Rating.
Corporate Director for Strategy, Performance and Business Solutions.	Legislative.	10.	Procurement.	9.
Corporate Director for Neighbourhood Services and Infrastructure.	Legislative.	11.	Health and Safety.	9.

Risk matrix

		IMPACT					
		1.	2.	3.	4.	5.	
		Insignificant	Minor	Moderate	Major	Severe	
LIKELIHOOD	5.	Almost Certain.	Medium	Medium	High	High	Extreme
	4.	Likely.	Medium	Medium	Medium	High	Extreme
	3.	Possible.	Low	Medium	Medium	High	High
	2.	Unlikely.	Low	Low	Medium	Medium	High
	1.	Rare.	Low	Low	Low	Medium	High

Risk Number.		Risk Title.				Cluster.		Owner.	
1.		Transport				Physical.		Chief Executive, Corporate Director for Enterprise and Sustainable Regeneration, and Corporate Director for Neighbourhood Services and Infrastructure	
Likelihood:	5.	Impact:	5.	RAG:	Red.	Current Risk Score:	25.	Target Risk Score:	25.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>1a. Internal Ferries.</p> <p>Failure to secure agreement with Scottish Government on appropriate funding arrangements to deliver the Scottish Ferries Plan in relation to ferry and terminal replacement for Orkney.</p> <p>Ferry and Terminal replacement programme currently unfunded with ageing infrastructure.</p>	<p>Internal Ferries.</p> <p>Ferries reach end of service life with no solution in place.</p> <p>High repair costs indicate that buying new would be more cost effective.</p> <p>Deterioration of piers infrastructure.</p> <p>Reductions in lifeline provisions for the community are below Scottish Ferries Plan standards.</p> <p>Services become unaffordable.</p>	<p>Internal Ferries.</p> <p>Ferries reach end of life with no replacement – rapid service deterioration. Excessive support costs as aged ferries kept running.</p> <p>Reduced capacity and flexibility to maintain scheduled services.</p> <p>Excessive running costs of old ferries. No opportunities to achieve expected service levels.</p> <p>Risk of delay in procurement leading to reduced capability to purchase fit for purpose new tonnage. Buying piecemeal also reduces economy of scale; community unrest due to people depopulating the isles due to lack of</p>	<p>Internal Ferries.</p> <p>Treat</p>	<p>Internal Ferries.</p> <p>Ongoing dialogue with the Scottish Government emphasising the difficulties of a small authority providing the range of public services within reduced budgets across a wide and diverse geographical area.</p> <p>Continue to seek additional specific funding sources to protect lifeline services in Orkney and its outlying communities to ensure they are not significantly disaffected, e.g., Transport Grant for replacement ferries.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>1b. External Ferries.</p> <p>Loss of service to the lifeline ferry route.</p>	<p>External Ferries.</p> <p>Scottish Government announcement of reduction in ferry timetable, ferry replacement, RET or rescheduling of service.</p>	<p>lifeline transport connectivity.</p> <p>External Ferries.</p> <p>Reduction in available spaces. Transport disruption. Re-routing of supply import/ export lines. Pressure on non-lifeline ferry.</p>	<p>External Ferries.</p> <p>Treat.</p>	<p>External Ferries.</p> <p>Relationship with contract provider. Lobby Scottish Government.</p>
<p>1c. Air.</p> <p>Loss of internal/ external air service currently operated by Loganair.</p> <p>Reduction in services following the sale of the airline.</p>	<p>Air.</p> <p>Sale of the business. Collapse of business. Tender application for internal air service.</p>	<p>Air.</p> <p>Increased demand on internal ferries. Lack of transport provision for itinerant service provision. Increased demand for temporary accommodation.</p>	<p>Air.</p> <p>Tolerate.</p>	<p>Air.</p> <p>Relationship with contract provider. Lobby Scottish Government.</p>
<p>1d. Causeways.</p> <p>Failure of the Churchill barriers, given their age (now 70+ years old) combined with increasing use of heavier vehicles, especially but not only associated with the freight</p>	<p>1d. Causeways.</p> <p>Failure in substrate leading to road closure.</p>	<p>1d. Causeways.</p> <p>No alternative route. Disruption for linked south isles residents. Disruption for businesses due to ferry access, displacement of</p>	<p>1d. Causeways.</p> <p>Treat.</p>	<p>1d. Causeways.</p> <p>Engineering studies on barrier road surface and substrate. Previous studies on barrier 2 overtopping with suggested engineering control measures widely known.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>vehicles using the external ferry service from St Margaret's Hope.</p> <p>Barrier 1 is known to have a degraded surface and the presence of some voids within the structure.</p> <p>Barrier 2 continues to be problematic to cross in adverse weather conditions, specifically where tidal and wind conditions produce overtopping.</p> <p>Closure of the barriers are required to maintain public safety, usually for 2 hours either side of a high tide when certain weather/ tidal conditions prevail.</p>		<p>employees, lack of supply routes.</p> <p>Increased freight costs.</p> <p>Ferry availability during peak periods.</p>		<p>Traffic management.</p>

Risk Number.		Risk Title.				Cluster.	Owner.		
2.		Economic Sustainability				Financial.	Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.		
Likelihood:	5.	Impact:	5.	RAG:	Red.	Current Risk Score:	25.	Target Risk Score:	16.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<ul style="list-style-type: none"> • Reduced funding across Council Services. • Reduced income as a result of economic pressures. • Increased costs to capital projects. • Increased costs to revenue budgets. • Increased energy costs. • Increased demands to existing services. • Lack of capacity to deliver core services. • Impacts to supply chain. • Increased costs to capital replacement programme. • Impacts to Council investments. • Inflationary rises. 	<ul style="list-style-type: none"> • Increase to energy costs. • Increase to CPI/RPI costs. • Increase in transportation and delivery costs. • Increase to running costs for Council fleet and internal ferries. • Increase of salaries due to pay awards. • Increase to cost of living. • Increase in expectations from Community. • Increase in rent and Council tax default. • Increase in requests for statutory services. • Reduction in grant from Scottish Government. • Reduction in requests for Council paid services. • Reduction in capacity to deliver services. • Reduction in investments. 	<p>Community unrest. Unhappy service users. Elected members unable to meet need. Loss of credibility of Council. Inability to deliver the range of services expected and legal challenge. Capital projects are delivered late or not at all leading to increased costs and difficulties in delivering services. Local Economy adversely impacted by labour shortages and high price of materials. Non-payment of rent and Council Tax. Inability to pay for Council Services. Increased demand on Food Banks, free school meals, school clothing</p>	Treat.	<p>Ownership of the Budget Setting Process by the Corporate Leadership Team / Extended Corporate Management Leadership Team with openness and transparency around the identification of potential areas for re-provisioning of services.</p> <p>Development of a range of actions (savings and other budget improvement measures) to address whatever financial environment the Council faces going into 2023/24 in order to inform future business and budget planning.</p> <p>A strategy on the use of Reserves.</p> <p>Delivery of budget savings will be monitored within Services and reported to the Policy and Resources Committee.</p> <p>There must be an acknowledgement of reality with the focus on continuation of the delivery of minimum Statutory Provision versus Statutory with Discretion, Non-Statutory but Essential or Discretionary Expenditure whilst having regard to the Council Priorities.</p> <p>Improved project planning with much longer lead in times.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<ul style="list-style-type: none"> • Council tax levy during period. • Impact on staffing recruitment and retention. • Availability of key products. 	<ul style="list-style-type: none"> • Expectations outstrip capacity to deliver. • The Scottish Government fails to provide sufficient funding for essential services. • UK Government fails to provide funding equivalent to shortfall consequent from loss of EU Funding following UK exit from European Union • Government movement to energy cost caps. 	<p>grants, crisis grants, Scottish Welfare Fund.</p> <p>Financial pressures impacting adversely on mental wellbeing, and relationships leading to increased demand on Council wellbeing services.</p> <p>Strike action on pay leading to disruption in the delivery of Council Services.</p> <p>Inability to recruit or retain staff.</p> <p>Community expectations are not reduced due to a failure to communicate and engage effectively with communities.</p> <p>Failure to demonstrate the value of the Council's ongoing services to the public.</p> <p>Living costs outstrip available income as a result of pay awards, benefits and other income receipts not keeping up with inflation leading to inability to meet household outgoings.</p>		<p>Additional staff capacity in Neighbourhood Services and Infrastructure to manage the capital programme.</p> <p>Development of a Child Poverty Action Plan.</p> <p>Signposting to financial advice.</p> <p>Local Authority Covid-19 Economic Recovery (LACER) funding.</p> <p>Increased use of welfare fund applications.</p> <p>Review of pay and grading model.</p> <p>Exploration of market supplements.</p> <p>Promotion in the reduction of energy usage.</p> <p>Hybrid working policy.</p> <p>Reduction in heating costs for offices.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
3.	Adverse reaction to communications with staff, the public and stakeholders including social media.				Reputational.	Corporate Director for Strategy, Performance and Business Solutions.			
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	9.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>The Council's resources made available by Government will continue to reduce or remain static over the next few years despite growing need and demand. The Council must therefore use its general fund and strategic reserve fund resources to maintain services whilst areas for savings / efficiencies and income generation are progressed.</p> <p>The Council must ensure that communities continue to be appropriately engaged about the efficiency measures and inevitable service changes and are proactively informed so that customer expectations are realistic. There is the potential that staff do not feel engaged in Our People Our Plan priorities and the inevitable change processes or valued as active</p>	<p>Customers have unrealistic expectations of what Council services can deliver.</p> <p>Customers do not understand the reasons for the changes and blame the Council.</p> <p>Good ideas are not harvested from effective community consultation.</p> <p>Failure to demonstrate the value of the Council's on-going services to the public.</p> <p>Council is unable to demonstrate the ability to work corporately.</p> <p>Staff are not given the opportunity to engage with and contribute to Our People Our Plan and the subsequent corporate development; staff become disengaged in essential change processes.</p> <p>The Council does not maintain an effective presence on social media as a communication tool.</p>	<p>Reputational risk.</p> <p>Misplaced criticism.</p> <p>Good ideas lost.</p> <p>Confusion about what the Council's priorities are.</p> <p>More difficult to align resources to priorities.</p> <p>Lack of understanding of what the Council wants to achieve.</p> <p>Changes are not achieved.</p> <p>Staff morale is adversely affected.</p> <p>Customers may not get a joined-up service.</p> <p>Inter-service tensions undermine corporate achievements.</p> <p>Legal implications.</p> <p>Exclusion of sectors of the community.</p>	Treat.	<p>Communication and Engagement Plan for Our People or Plan (OPOP) in development.</p> <p>As part of OPOP a workstream on Internal Communication is in place.</p> <p>In addition, work has commenced on the next review of the communication and engagement strategies and plans that are in place to publicise the Council's objectives and priorities, existing services and service change to ensure communities are engaged. The last review included the increased use of social media as a platform and tool for community engagement.</p> <p>Proactive press releases and campaigns are being prepared and released to promote positive stories about the services provided by the Council.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>contributors to corporate change, service realignments or developments.</p> <p>The Council fails to manage how we respond to social media and to take advantage of the potential benefits of social media.</p>				

Risk Number.		Risk Title.				Cluster.	Owner.		
4.		Workforce planning – lack of skills, experience and capacity.				Physical.	Corporate Director for Strategy, Performance and Business Solutions.		
Likelihood:	4.	Impact:	4.	RAG:	Amber.	Current Risk Score:	16.	Target Risk Score:	6.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Insufficient workforce planning actions underway to shape future workforce through redeployment, succession planning, recruitment, training etc. Capacity issues make it difficult for the service to realise its priorities. Increasingly limited and competitive market for recruitment of key leadership and professional roles</p>	<p>Council staff become overstretched. Council staff become demoralised. The Council does not have the right staff, in the right place, at the right time, to deliver set priorities and / or statutory functions. The Council is unable to meet its statutory obligations. Statutory officers are unable to discharge their statutory functions adequately. EU nationals unable to gain Visas to work in the UK or unwilling to move to the UK under a more challenging post Brexit process.</p>	<p>Council cannot manage within its resources. Existing workforce becomes overstretched. Key pieces of work are not able to be undertaken. Service standards drop and vulnerable people are placed at risk. Council is reactive rather than proactive. An increased risk in legal challenges and complaints. Risk of financial penalties. Recruitment taking place from a smaller pool of potential staff.</p>	<p>Treat.</p>	<p>Review of staffing model seeking to increase staffing resource where possible in pressure areas has been completed and currently being implemented. Projects within Our People, Our Plan initiative targeting improvements across operating model, workforce planning, culture, performance. New corporate People Plan has been developed to identify and address strategic workforce challenges. More proactive approach to recruitment, succession planning and attraction of people to live and work in Orkney. Adoption of Investors in People in 2022. Leadership Development programme to grow / upskill leaders. Development of programmes around youth employment, attracting young people into the workforce and improving career pathways. Continued use and development of remote and flexible working will encourage improved working methods and retention of key staff. Inclusion of staff in re-design of operations.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Social Work Traineeship introduced to 'grow our own workforce' and reduce the need for agency staff.</p> <p>Care at Home posts regraded to recognise the increased complexity of the role and make the salary more attractive to those considering a career in care.</p> <p>Joint initiative with Orkney College to create a 6-week 'Introduction to Care' taster course. Guaranteed interviews for participants who complete the course.</p> <p>Increased commitment to proactive communications particularly related to staff and trade unions.</p> <p>Regular monthly Trade Union meeting at Corporate level.</p> <p>Formal Consultation protocol to be agreed with the Trade Unions.</p> <p>Regular staff / Trade Union meetings at Service level, when required.</p> <p>Change in emphasis of staff engagement to include the process of change.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
5.	Failure to ensure we obtain and retain maximum benefit from Council's assets.				Physical.	Corporate Director for Neighbourhood Services and Infrastructure.			
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	10.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>The Council may not have enough funds to sustain assets, replace ageing assets and develop key assets (also see Risk 1 which is particularly significant). Essential buildings and infrastructure for travel, communications etc must be maintained to ensure property and roads, IT, telecoms and other infrastructure continue to be able to support the Council's services.</p>	<p>The Council cannot maintain or develop its essential assets to provide public services.</p> <p>The Council cannot implement an asset management strategy.</p> <p>The public is unable to communicate with services.</p> <p>Professionals are unable to communicate with each other to provide effective services.</p>	<p>Roads and buildings deteriorate.</p> <p>IT infrastructure cannot support services.</p> <p>Unused / surplus buildings. Services are not delivered.</p> <p>Lifeline routes compromised.</p> <p>Risk of accident and potential claim.</p> <p>Vulnerable people are at risk.</p> <p>Communication is not possible between agencies to co-ordinate services.</p> <p>Council's reputation is at risk.</p>	<p>Treat.</p>	<p>Corporate Asset Management Plan updated in 2019 and covers the period 2019 to 2023.</p> <p>Existing Property Asset Management Plan is kept up to date and reviewed regularly. The 2019 to 2023 plan was re-written and considered by the Asset Management Sub-committee in November 2019.</p> <p>Existing ICT Asset Management Plan was updated in 2021 and approved by Asset Management Sub-Committee.</p> <p>The Fleet and Plant Asset replacement programme is under review and will be updated in 2022.</p> <p>The capital programme 2018 to 2023 is fully committed. Work is underway to agree the 2024 to 2029 programme in the current financial year, noting that funding pressure will not necessarily see any significant investment in maintaining assets above current levels or address any backlog issues. It should be further noted that the impacts of the Covid-19 Pandemic and Brexit have increased costs and added significant delays to some programmes, including extreme supply chain delays being experienced by our contractors.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Service Asset Management Plans has commenced on Open Spaces and thereafter Heritage. They have been completed for Roads in terms of the Roads Asset Replacement Programme 2022-2025 and the Roads Maintenance Programme 2022-2023.</p> <p>Estates PID being progressed, tender for consultancy support was unsuccessful at first attempt, and it will be revised and reissued in August 2022.</p> <p>All asset replacement programmes (budgets) for roads, waste, fleet and property (revenue repairs and capital improvements), are monitored in detail to ensure planned, cyclical, reactive and emergency works are completed in context of significant budget pressures (efficiencies).</p> <p>The Council agreed to draw £2.1 million from reserves to address a backlog of roads maintenance when it set the budget for 2021 / 22. This additional funding is being fed into maintenance budgets over two financial years.</p> <p>The Council agreed in December 2021 to a number of areas where additional one-off funding of £3.9 million on maintenance repair and replacement should be expended.</p> <p>Capital Planning and Asset Management Working Group holds monthly meetings to consider prioritisation of future works.</p>

Risk Number.		Risk Title.				Cluster.		Owner.	
6.		Inability to sustain and enhance economic opportunities.				Economic.		Corporate Director for Enterprise and Sustainable Regeneration.	
Likelihood:	5.	Impact:	5.	RAG:	Red.	Current Risk Score:	25.	Target Risk Score:	20.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Commercial sectors are vulnerable to market forces and changing national and international economic circumstances. Orkney's population is also ageing, leading to a range of challenges and opportunities in managing the impact of this demographic shift in terms of service provision.</p> <p>Deliverability of key project and political agendas including the Islands Deal, Harbours Masterplan, Grid and Digital Connectivity, Shared Prosperity Fund, Ferry Replacement, Arctic Strategy and Innovation Freeport concepts.</p> <p>COVID 19 Recovery and Response challenges.</p>	<p>The Council fails to support a diverse economy.</p> <p>Decline in farming and other traditional industries.</p> <p>External market forces and economic factors lead to increasing pressure on local businesses.</p> <p>Cost of transportation threatens travel of goods and people to and from Orkney.</p> <p>The Council fails to support emerging industries.</p> <p>The Council fails to ensure community benefits arise from developing industries.</p> <p>The Council fails to secure long term benefits from Renewables sector.</p> <p>Increasing pressure on services for older people.</p> <p>Reducing work age Government fail to deliver on or support economic opportunities and Regulatory change and an appropriately</p>	<p>Local economy struggles pushing additional responsibilities onto the public sector.</p> <p>Council budgets become increasingly pressed.</p> <p>Staffing shortages.</p> <p>Loss of external funding due to Brexit.</p> <p>Loss of jobs, increase in unemployment, reduced economic performance.</p>	<p>Treat.</p>	<p>The budgets for revenue repairs and capital improvements are reviewed annually as part of the Council's budget process.</p> <p>Seek to identify additional options for delivery of the maintenance programmes.</p> <p>Where unavoidable pressures are identified these are managed through an allocated 'contingency' or capacity within the Enterprise and Sustainable Regeneration Directorate given positive trading performance.</p> <p>To ensure the delivery of approved plans is achieved, there has been additional investment in people resources in roads, waste, fleet and soon to be the quarry and property team (as part of workload analysis and mini restructuring).</p> <p>To ensure the size and scale of the capital programme is realistic in terms of affordability, pace and thereby resources, members have agreed the 2018 to 2023 programme. This considers the Council's internal and external people resource, contractor capacity and how funded (internally or externally, noting island deal possibilities).</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
	<p>designed and timed Shared Prosperity Fund.</p> <p>Lack of capacity to deliver sufficient support to post COVID-19 economy.</p> <p>Lack of Government support for unique islands impacts of COVID-19 e.g. tourism 3 winters scenario, population.</p>			<p>Political engagement and lobbying at UK and Scottish Government levels.</p> <p>Effective working of Economic Recovery Steering Group.</p> <p>Establishment of Crown Estate Economic Development fund to support local business.</p>

Risk Number.	Risk Title.	Cluster.	Owner.						
7.	Inadequate information security and management, and inadequate cyber security – With the increase in the use of publicly visible technology and the increasing ingenuity and elaborateness of threat actors there is an increased risk of exposure to threats from criminal and other malicious parties.	Technological.	Corporate Director for Neighbourhood Services and Infrastructure.						
Likelihood:	3.	Impact:	4.	RAG:	Amber.	Current Risk Score:	12.	Target Risk Score:	6.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>The Council fails to maintain an adequate audit trail of all information created.</p> <p>The Council does not handle, share and release all its data adequately.</p> <p>The Data Protection Act 2018 has introduced new duties for the Council.</p> <p>Failure to implement and maintain suitable cyber controls to protect assets.</p>	<p>Inappropriate disclosure, sharing, retention or loss of data.</p> <p>Failure to comply with information governance legislation including the Data Protection Act 2018.</p>	<p>Customer distress and harm.</p> <p>Financial and legal implications.</p> <p>Reputational risk.</p> <p>Inability to access information when required.</p> <p>Failure to deliver services.</p> <p>Failure to share information leading to duplication of effort.</p> <p>Not responding to information requests on time.</p> <p>Complaints against the Council.</p>	Treat.	<p>The Records Management Improvement Plan sets out further actions required to ensure that the Council maintains compliance with its legal responsibilities, including the Data Protection Act 2018.</p> <p>Senior Management leadership in place regarding delivery of the Records Management Improvement Plan.</p> <p>The Council met the Cyber Essential (Basic) accreditation as required by the Scottish Government in February 2018; the target for this was June 2018.</p> <p>Cyber Essential + accreditation achieved, April 2019. Noted that the Information Services Programme Board decided, in June 2019, not to seek re-accreditation of CE+ for 2020 on the basis that all the same criteria, and more, was tested as part of the Public Services Network (PSN) compliance activity.</p> <p>PSN reaccreditation was validated from 1 May 2021 to 1 May 2022 and work is underway to achieve re-accreditation.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>IT Security is managed proactively and there is an ongoing programme of patching / updating the hardware and software in operation across the Council.</p> <p>As part of the Council's resilience planning, it has completed an exercise in a box, designed by the National Cyber Security Centre and adapted by officers, focused on a Cybersecurity Ransomware attack with attendance from all Council services and reported to Corporate Leadership Team. Ongoing work on business continuity actions, aligned to Cyber Scotland incident response planning, following this is now in progress.</p> <p>The Council has invested in a new dual site hyperconverged infrastructure to host its on-premises production services and data with work now progressing to deploy the secondary unit to a disaster recovery location.</p> <p>There has been an extensive programme of replacement to upgrade the council desktop PCs to Windows 10 which has been completed. Any devices which are not compliant are restricted from network access.</p>

Risk Number.		Risk Title.			Cluster.		Owner.		
8.		Inadequate availability and reliability of ultrafast and mobile connectivity across Orkney.			Technological.		Corporate Director for Enterprise and Sustainable Regeneration.		
Likelihood:	4.	Impact:	4.	RAG:	Amber.	Current Risk Score:	16.	Target Risk Score:	8.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Failure to lobby Governments to address the current digital divide and put in place infrastructure to ensure a step change in speeds.</p> <p>Lack of mobile coverage.</p> <p>Failure to press the Government to deliver a longer-term plan to ensure that there are the right mechanisms, partnerships and commercial models in place.</p> <p>Limited subsea backhaul constrains network speeds while failures leave homes and business at risk of disruption.</p>	<p>Orkney fails to secure maximum and equitable geographic coverage of availability and reliability of ultrafast broadband and mobile connectivity across Orkney, and the required improvements to Broadband services and mobile network across the islands are not delivered.</p> <p>Orkney is unable to attract inward investment and sustain fragile communities.</p> <p>Educational infrastructure disadvantaged by lack of service.</p> <p>Critical links to the Scottish Mainland fail leaving Orkney with poor or no digital connectivity</p>	<p>Failure to attract inward investment.</p> <p>Failure to attract skilled employees.</p> <p>Digital isolation across age groups.</p> <p>Failure to realise opportunities in respect of Telehealth, Telecare, mobile working and tele-learning.</p> <p>Poor online public service access including welfare benefits, etc.</p> <p>Disruption to homes and business operations.</p>	Treat.	<p>Continue to support political lobbying and seek opportunities to progress policy.</p> <p>Support the Scottish Government in the roll out of R100 infrastructure in Orkney, including improvements to subsea backhaul.</p> <p>Support development and introduction of alternative commercial models, including 5G infrastructure.</p> <p>The Council has commissioned development of a digital strategy for Orkney which presents options for enhancing digital connectivity provision. The draft strategy will be reported to Council for consideration in September 2022.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
9.	Lack of development of effective partnerships.				Partnership.	Corporate Director for Strategy, Performance and Business Solutions.			
Likelihood:	3.	Impact:	3.	RAG:	Yellow.	Current Risk Score:	9.	Target Risk Score:	6.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>The Council must develop partnership working to maximise use of the culminative resource and impact on outcomes for the community Planning Partnership.</p> <p>Working in partnership exposes the Council to some degree of reputational risk, depending on the stability of the arrangements and outcomes delivered.</p> <p>Resource and key staffing constraints may affect the success of partnerships.</p> <p>Changing ministerial roles in UK Government delays progress with key issues.</p> <p>The Scottish Government has not progressed the Local Governance Review pilot of the Single Authority Model.</p> <p>The Scottish Government's intention to create a National Care Service and</p>	<p>The Council does not implement a robust and effective framework for managing its key partnerships.</p> <p>The resource and key staffing pressures on the parent bodies affect the reputation of the partnership.</p> <p>National developments relating to the redesign of adult care services may not take account of the unique requirements of delivering effective care services in remote and rural areas.</p> <p>Ministers in governments change role/ remit.</p>	<p>Impact upon service delivery.</p> <p>Loss of reputation due to inability to meet statutory requirements.</p> <p>Efficiencies not achieved.</p> <p>Reduced ability to deliver on important projects for vulnerable people and their families.</p> <p>Reduced ability to support and protect individuals and families by delivering effective care services within Orkney.</p> <p>Dialogue with ministerial colleagues prolonged and repeated thus delaying progress.</p>	<p>Treat.</p>	<p>The Council will continue to work closely with partners under current frameworks which are monitored closely to ensure they are robust, effective and deliver good governance.</p> <p>The Council will continue to review existing partnerships and explore new ones as opportunities arise to suit Orkney as a whole.</p> <p>Engagement with Scottish Ministers in respect of the Local Governance review which supports joint working will be sought.</p> <p>Engage with the Scottish Government through COSLA. As a separate legal entity, the IJB will consider its own actions relating to this risk on the IJB's risk register.</p> <p>Engagement with UK Ministers will continue.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>to amend the functions of Integration Joint Boards could see social care in Orkney delivered in a different way.</p> <p>Scottish Government referendum may cause further instability and delays in decision making.</p>				

Risk Number.		Risk Title.				Cluster.	Owner.			
10.		Inadequate procurement compliance and sustainable communities.				Legislative.	Corporate Director for Strategy, Performance and Business Solutions.			
Likelihood:	3.	Impact:	2.	RAG:	Yellow.	Current Risk Score:	6.	Target Risk Score:	6.	

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Financial and non-financial savings have not yet been fully explored.</p> <p>Further work to be done to support local businesses to help them participate in procurement opportunities, building on the Meet the Buyer event which was first held in August 2016.</p>	<p>Legal challenge is a possibility unless the Procurement Regulations are complied with and processes followed.</p> <p>Officers fail to understand the limitations that the Procurement Regulations place on the Council.</p> <p>Officers do not follow due process and tendering must be repeated.</p> <p>Anticipated savings may not be fully realised through collaborative contracts.</p> <p>The local economy may not be as well supported as it could be.</p> <p>Member / officer disharmony due to lack of understanding of responsibilities.</p>	<p>Financial loss due to legal challenge.</p> <p>Reputational harm.</p> <p>Delays in services being procured due to re-tendering or court action.</p> <p>Loss to the local economy.</p> <p>Loss of effectiveness and efficiency.</p> <p>Lost opportunity in terms of savings.</p>	<p>Treat.</p>	<p>Procurement Consultative Group comprising Elected Members and Officers is in place and meets when required.</p> <p>Procurement Working Group (Officers with delegated procurement authority) set up to provide training, support and a corporate approach to procurement exercises and priorities.</p> <p>Frequent communication with this group is in place and training on the use of the new Procurement Plan and the Sustainable Procurement Impact Assessment was completed in Spring/Summer 2021.</p> <p>Procurement Improvement Plan developed and kept under review. A new Procurement Strategy will be drafted and go out for consultation following the finalisation of the new Council Plan for 2023 onwards and will align with any new Council priorities.</p> <p>Sustainable Procurement Strategy approved by Members in February 2018.</p> <p>Following external consultation in Summer 2021 a new version, including a Sustainable Procurement Impact Assessment, was agreed by Council in March 2022.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Procurement Manual, updated in April 2019, is currently under review and is due to be finalised in Autumn 2022.</p> <p>Procurement and Commercial Improvement Programme (PCIP) assessment by Scotland Excel completed in September 2019. OIC score showed a good improvement from 49% to 58%. Action plan to meet recommendations is being implemented.</p> <p>Meet the Buyer event for October 2019 was held successfully. Event for 2020 put on hold due to the pandemic and targeted event held in 2021. Smaller contract-specific Meet the Buyer Events have been held, such as the Isles Kerbside Collection Services in 2021 and Food Supply Catering Contracts in August 2022.</p> <p>Contracts Register is now updated continuously with reference to the Procurement Plan, and the importance of the Contracts Register is stressed to all staff who are making purchasing decisions.</p> <p>Proactive work with the Corporate Admin Group to look at the creation and use of local Framework Agreements, for example, a local framework for stationery.</p> <p>Contract Standing Orders under regular review, with the last formal review carried out in Spring 2022. This update incorporated the new OIC Management Structure and updates to financial thresholds.</p> <p>COVID-19 Supplier Relief Programme implemented.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Actions following the Internal Audit review of Quarry Procurement Procedures in March 2021 have been progressed as planned. Procurement Plan process has been implemented and all officers with Delegated Procurement Authority have attended a workshop, as have a number of other key OIC staff.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
11.	Health and Safety non-conformance.				Legislative.	Corporate Director for Neighbourhood Services and Infrastructure.			
Likelihood:	3.	Impact:	2.	RAG:	Yellow.	Current Risk Score:	6.	Target Risk Score:	4.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
Non-compliance with health and safety policies, rules and procedures by employees, members of the public, contractors etc.	Reportable accidents, work related ill health and dangerous occurrences.	<p>Staff exposed to unnecessary risk or harm.</p> <p>Increase in staff absence or sickness.</p> <p>Reduction in staff morale.</p> <p>Enforcement action from the Health and Safety Executive. This may include Improvement and prohibition notices and prosecution.</p> <p>Material breaches, if identified, are subject to cost recovery by way of 'fees for intervention'.</p> <p>Civil action resulting in the payment of compensation for injury or damage etc.</p>	Treat.	<p>Frequency of Safety Committee meetings increased including a review of adverse events.</p> <p>Corporate Leadership Team to promote a positive health and safety culture.</p> <p>Revamp of Health and Safety Policy and supporting guidance.</p> <p>Proactive health and safety to feature as a standing item in Senior Management meetings as appropriate.</p> <p>IOSH 'Leading Safely' training has been refreshed for the majority of Corporate Leadership Team and Extended Corporate Leadership Team members. Assessment of training needs for new members to be completed in Sept 2022 and recommendations implemented in Q3 2022/23</p> <p>Proactive Health and Safety campaigns organised and promoted to all Council employees started in April 2018.</p> <p>Review and potential investment of additional service-focused resources to strengthen operational health and safety effectiveness (one 0.6 FTE additional post within Neighbourhood Services and Infrastructure agreed April 2022).</p>

Vulnerability.		Trigger.		Consequences.		Options.	Mitigating Actions.		
Risk Number.		Risk Title.				Cluster.		Owner.	
12.		Climate Change				Physical.		Corporate Director for Neighbourhood Services & Infrastructure	
Likelihood:	4	Impact:	5	RAG:	Red	Current Risk Score:	20	Target Risk Score:	12

Vulnerability.		Trigger.		Consequences.		Options.	Mitigating Actions.	
<p>Council infrastructure impacted by extreme and unpredictable weather, resulting in increased costs of maintenance and weakened or disrupted delivery of services including travel disruption.</p> <p>Communities facing increased frequency of coastal flooding and increased volumes of surface water.</p> <p>Local economic production affected by climate impacts.</p> <p>Transition to support climate response initiatives require significant capital investment.</p>		<p>Extreme and unpredictable sustained weather (lightning, winds, tides) causes increased damage or wear & tear to council infrastructure.</p> <p>Increased severity of coastal flooding leads to damage of property in coastal communities, while surface water levels impact transport routes and agricultural activities in the community.</p> <p>Surface water and other climate impacts affect normal activity cycles impacting food production including agriculture.</p> <p>Move to Net Zero requires capital funding and resourcing beyond Council capacity.</p>		<p>Weakened or disrupted delivery of Council services including transport, roads maintenance, property access and digital services.</p> <p>Increased costs of service delivery reduce capacity due to constraints in budgets.</p> <p>Reduced economic output in Orkney requires increased Council interventions.</p> <p>Failure to meet targets or reductions in funding of other Council Priorities to support initiatives.</p>		Treat.	<p>Declaration of Climate Emergency.</p> <p>New Council Plan has specific climate related goals including Net Zero.</p> <p>Local Heat and Energy Efficiency Strategy</p> <p>Flood Risk Management Plan 2022 – 2028</p> <p>Resilience review and response to SEPA Flood Warnings as an Incident Management process.</p>	

Risk Number.		Risk Title.				Cluster.	Owner.		
13.		House Build Programme – Risk of being unable to fully utilise Affordable Housing Supply Programme funding from the Scottish Government.				Financial.	Corporate Director for Education, Leisure and Housing.		
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	9.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>A range of factors are affecting the Council's ability to spend the Affordable Housing Supply Programme's funding, in partnership with Orkney Housing Association Ltd. These factors include:</p> <p>Contractors are currently under significant pressure with substantial amounts of work and limited resources.</p> <p>Issues affecting Scottish Water's sewerage system in Kirkwall and a need to separate surface water run off to free up capacity.</p> <p>The Housing Revenue Account holds a relatively high level of debt, and debt repayments are substantial.</p> <p>The cost of meeting the Energy Efficiency Standard for Social Housing 2 by 2032 is serving to</p>	<p>Inability to commit to fully utilising the funding that the Scottish Government allocate to Orkney each financial year.</p>	<p>Loss of funding that is essential to Orkney meeting need for social / affordable housing.</p> <p>Rising pressure as more applicants further increase pressure on the Council's growing housing waiting list.</p> <p>Difficulties in OIC meeting its statutory homelessness requirements through placing households into permanent accommodation.</p> <p>Barriers to implementing the Rapid Rehousing Transition Plan.</p> <p>Inflationary impact on other housing sectors, particularly the private rented sector.</p> <p>Negative impact on local economy if economically active households or those requiring to live and work in Orkney cannot</p>	<p>Treat.</p>	<p>A house-build group has been established and meets regularly, drawing membership from the Council's Housing Service, Environmental, Property and IT Services, the Scottish Government, Scottish Water and Orkney Housing Association Ltd.</p> <p>Multiple actions are being progressed. These include:</p> <p>Four properties to be developed at Moar Drive, Kirkwall.</p> <p>The third stage of the build project at Carness, Kirkwall is planned with 14 further properties to be developed.</p> <p>45 design and build properties are being sought to include 8 mid-market rent properties.</p> <p>A project to develop the infrastructure at Soullisquoy, Kirkwall will be taken which will ultimately support 130 properties.</p> <p>Works are being taken forward to endeavour to address some of issues around water / sewerage in part of Kirkwall.</p> <p>Orkney Housing Association Ltd has social rented housing projects planned for Evie (4), Toab (2) and Holm (4) and a programme of 15 new supply shared equity properties at various locations.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>exacerbate Housing Revenue Account challenges.</p> <p>Price rises impacting on materials and labour, coupled with supply issues, will impact on the affordability of the house build programme and more generally on the Housing Revenue Account.</p> <p>The impact of the above on the level of affordability of rents for tenants, given that a small Housing Revenue Account suffers from limited economies of scale. Orkney generally has rents which are within the highest 6 in Scotland.</p> <p>Given the cost of living crisis, there will be a pressure to limit rent rises for financial year 2022/23.</p> <p>There is a lack of resource across all partner agencies (and the construction sector) which places limitations on responsiveness to additional demands.</p> <p>Orkney Housing Association Limited is also limited in the number of properties that it can</p>		<p>secure affordable housing in the area.</p> <p>Young Orkney families are increasingly being priced out of the private rented sector, cannot secure a suitable mortgage and / or are not high enough up the priority list to secure social rented housing. The frustration this causes can increase the likelihood that some of these households leave Orkney, resulting in further inhibition to the social fabric and economy of Orkney.</p>		<p>Off the shelf purchases are being investigated and considered (while considering the ability for the properties concerned to be brought up to the energy efficiency standards required by the Council where relevant). Currently house prices are such that the number of off the shelf purchases is likely to be low.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>develop due to financial constraints of their own. This increases the pressure on the Council to build to utilise the available funding.</p>				

Risk Number.	Risk Title.				Cluster.	Owner.			
14.	Early Learning and Childcare Expansion Plan.				Reputational.	Corporate Director for Education, Leisure and Housing.			
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	10.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
Leadership capacity.	Failure to recruit high quality candidates.	Lack of leadership in settings.	Treat.	Refocus the Leadership pathway to develop leadership capacity within the workforce.
Insufficient number of high quality and / or qualified practitioners.	Failure to recruit high quality candidates.	Vacant posts and repeated recruitment. Impact on quality and outcomes for children. Failure to meet National Standard.		Support practitioners to gain BA in Childhood Practice and establish requirement within job description. Implementation of head teacher training to support development of pedagogical leadership capacity. Work with the Orkney College UHI and the Scottish Government ELC Improvement team to plan alternative pathways. Work with Orkney College UHI to review the availability and quality of courses on offer.
Insufficient budget to meet emerging demands of Scottish Government.	New legislation/policy insufficiently funded for the local context (e.g. discretionary deferrals, nursery milk and snack).	Budget overspend.		Lobby Scottish Government so that they take account of the unique island challenges relating to new policies. Ensure Orkney attendance at national meetings / forums to ensure the remote and rural voice is heard.
Financial model for 0-3 service becomes unviable.	Inability to appoint adequate numbers of practitioners to	Greater than acceptable losses.		Ensure Elected Members and the Corporate Leadership Team are well briefed prior to national meetings. Review and revise parental service contract with consideration for advance payments.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
	ensure maximum ratio and maximum income.	Service failure in workplaces due to lack of childcare available.		Carefully monitor occupancy, staff ratios and fee payment to ensure the setting is running as efficiently as possible.

Risk Number.	Risk Title.				Cluster.	Owner.			
15.	Pandemic.				Pandemic.	Corporate Director for Neighbourhood Services and Infrastructure.			
Likelihood:	3.	Impact:	5.	RAG:	Amber.	Current Risk Score:	15.	Target Risk Score:	10.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
The spread of a pandemic virus is likely to significantly hamper the ability of the Council to perform its statutory functions.	World Health Organisation declaration of a global pandemic. The declaration of a Major Emergency has led to the appointment of an Emergency Controller and the introduction of Emergency Governance Arrangements, approved by Council on 23 March 2020 which included temporary amendments to the Council's Standing Orders.	Service Delivery: Failure to carry out statutory duties - demand outstrips capacity. Cessation of non-urgent and elective work. Unable to provide certain services. Delays to capital programmes. Ability to successfully resolve emergency incidents. Ability to respond to concurrent events including Brexit or those contained within the Community Risk Register. Deterioration in staff experience adversely affecting team performance. Financial management and budgetary impact: Incurring additional unbudgeted spend	Treat.	Business Continuity Planning. Redeployment to move staff from non-critical areas to more front-line roles. Amend operational procedures where required e.g. to reflect physical distancing, enhanced hygiene requirements to control/minimise spread within ongoing operational activities. Consideration of issues within Strategic, Tactical and Operational environments. Creation of RENEW framework. Enhanced risk assessments in relation to Pandemic. Regular staff updates online and directly from Chief Executive. Positive staff leadership. Provision of online support packages through HR. Continuation of Duty Tactical Lead arrangements through any declaration of an emergency. Specific Finance code organised to record all spending relating to pandemics Central tracker evolving to capture COVID-19 costs, develop forecasts (revenue, capital, cash flow, procurement),

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
		<p>Increased costs, reduced income, impact on capital projects etc.</p> <p>Appropriate governance.</p> <p>Ability to pay staff.</p> <p>Legacy financial impact.</p> <p>Impact on Strategic Reserve Fund.</p> <p>Health and Safety:</p> <p>Failure to provide appropriate PPE.</p> <p>Ability to carry out statutory duties and support frontline response.</p> <p>Exposure to virus, potential spreading and related absences.</p> <p>Potential harm to critical service users and providers.</p> <p>Demand outstrips supply for business-as-usual supplies.</p> <p>Demand outstrips supply for PPE.</p> <p>If the organisation does not seek to maintain and improve officer and staff wellbeing during the response to Pandemic, there is a risk of increased absences, loss of discretionary effort and</p>		<p>management of stock, policy changes and Scottish Government reporting.</p> <p>Finance embedded in Strategic Incident Management Team.</p> <p>Communication with Scottish Government ongoing regarding forecast additional costs and corresponding additional funding required to deliver services to the standard required.</p> <p>Home working solutions in place for staff where required.</p> <p>Dialogue with Banks regarding processes.</p> <p>Some internal audit capacity maintained.</p> <p>Co-ordination of ordering of Personal Protective Equipment (PPE) through Selbro.</p> <p>Collaboration with NHS Orkney regarding PPE availability.</p> <p>Initial ordering issues overtaken with use of Scotland Excel.</p> <p>Pre planner and continual procurement of relevant supplies to support frontline response.</p> <p>Use of NHS National Services Scotland (NSS) and own routes to market.</p> <p>Critical identification of PPE need.</p> <p>Engagement with Highland and Islands Local Resilience Partnership to identify shortages and need.</p> <p>Procurement reviewing suppliers to allow fast track enabling of different routes to market.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
		<p>overall decrease in operational capacity.</p> <p>Lack of scrutiny surrounding Council functions.</p> <p>Mandatory duties of the Council – schooling, social services.</p> <p>Permissive duties of the Council – education and economic development.</p> <p>Regulatory powers – trading standards, environmental health and licensing.</p> <p>Joint working arrangements.</p>		<p>Guidance in respect of available support published on Council website.</p> <p>Advice provided regarding managerial and physical distancing - reduction in face-to-face meetings.</p> <p>Alternative solutions for meetings and working for home were implemented around Microsoft Teams, Microsoft OneDrive and Microsoft SharePoint with additional remote access secure VPN services used when necessary.</p> <p>Council meetings can be held online through Microsoft Teams and audiocast to the public. Recordings of these are published on the Council website together with the associated minutes.</p> <p>Confidential meetings held with Corporate Leadership Team and Elected members when required to discuss declared Pandemic matters.</p> <p>The Strategic Incident Management Team meets regularly to enable swift determination of strategic matters.</p> <p>The Incident Management Team meets regularly to manage operational and tactical issues.</p> <p>Corporate Leadership Team and Extended Corporate Leadership Teams continue to meet to address ongoing Council business.</p> <p>The response and recovery arrangements are regularly reviewed to ensure the declaration of a major emergency remains relevant.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Emergency response working strategy and structural arrangements are regularly reviewed.</p> <p>Debriefs arranged to capture initial identified points from initial response to the pandemic. Actions arising from the debriefs are being progressed.</p>

Risk Number.		Risk Title.			Cluster.		Owner.		
16.		Inability to deliver core protection and support services for children and young people.			Legislative.		Chief Officer, Orkney HSP.		
Likelihood:	3.	Impact:	5.	RAG:	Amber.	Current Risk Score:	15.	Target Risk Score:	10.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
Children and young people are vulnerable due to the Council's need to improve policies, procedures and services as part of multi-agency child protection and support services, highlighted in the 'Report of a joint inspection of services for children and young people in need of care and protection in Orkney', February 2020.	Children and young people in need of protection and/or support do not have their needs met by the multi-agency team.	Children and young people are exposed to harm; children and young people are not provided with the best chances in early life; children and young people are not supported in closing the opportunity gap. When performance shortfalls are highlighted in inspection reports, this clearly drives improvement. However, a collateral consequence can be that it makes it more difficult to attract permanent good quality staff to work in Orkney children's and young people's social work and social care services, exacerbating vulnerabilities.	Treat.	Comprehensive multi-agency improvement plan has been developed which addresses all areas for improvement. Progress with this plan is closely monitored by the Chief Officers' Group and the relevant partner governance bodies. A follow-up inspection was undertaken by the Care Inspectorate and reported in August 2021. The findings indicate we have made significant progress and there is still considerable work to be done. Findings are mainly consistent with our own view of where we are in children's services improvement from a self-evaluation perspective which is positive. The findings have been reported to Council and IJB and the Improvement Plan had been adjusted to reprioritise key actions. A further Progress Review by the Care Inspectorate, focusing on outcomes, will commence in February 2022 and will be reported in August from which we shall evaluate our improvement position. The Second Progress Review was undertaken by the Care Inspectorate and reported in May 2022. The findings indicated that considerable further work had been completed since the first

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				Progress Review and key improvement areas were being progressed. The Care Inspectorate will not require a further Progress Review and have asked for a further Position Statement to be submitted in spring 2023.

Updated Council Policy Position

The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland. In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.
- Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.
- The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.
- All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner.

Orkney Islands Council Response on the Highly Protected Marine Areas Consultation

In considering its response the Council is mindful of the significant contribution already being made by the Orkney Islands marine region (out to 12 nautical miles) to the provision of a healthy biodiverse marine environment, being home to a range of international and national designated sites. 25% of the Orkney Islands marine region is already designated as being of national or international conservation importance, with the most recent designations of marine Special Protection Areas covering Scapa Flow and North Orkney covering a total area of 529 km² being confirmed in February 2022.

The Council has engaged with the consultation and has significant concerns regarding how this policy initiative will be implemented and the potential for significant socio-economic impacts affecting Orkney communities.

Orkney Islands Council has adopted the following policy position:

The Council recognises the significant contribution environmental, natural heritage and marine designations make to the protection and enhancement of biological diversity of Scotland. In relation to the consideration of any new national or international environmental, natural heritage or marine related designations:

- *The economic and social impact of any proposed designation on local communities must be fully taken into account as a matter of paramount importance.*
- *Where a proposed new designation would have adverse economic and/or social effects on local communities, its introduction will be strongly opposed by the Council, if necessary by judicial means.*
- *The Council would require formal engagement with the relevant designating bodies in advance of any formal public consultation on any potential new or amended designation in Orkney.*
- *All the management measures which affect a proposed designation should be tabled in advance of the designation in an open and transparent manner.*

It is therefore the position of Orkney Islands Council that the proposal to designate an arbitrary figure of at least 10% of Scotland's seas as Highly Protected Marine Areas be opposed in its entirety.

Minute

Pension Fund Sub-committee, together with Pension Board

Wednesday, 15 February 2023, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Pension Fund Sub-committee:

Councillors Heather N Woodbridge, P Lindsay Hall, Steven B Heddle, Rachael A King, Kristopher D Leask, James W Stockan and Mellissa-Louise Thomson.

Pension Board:

Employer Representatives:

Councillors Graham A Bevan, James R Moar and Owen Tierney, Orkney Islands Council.

Trade Union Representative:

Eoin Millar (Unite).

Present via remote link (Microsoft Teams)

Trade Union Representative:

Karen Kent (Unison).

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration (for Items 1 to 3).
- Robert Adamson, Service Manager (Payroll and Pensions).
- Shonagh Merriman, Service Manager (Corporate Finance).
- Paul Maxton, Solicitor.

Not Present

Pension Board:

Trade Union Representatives:

- Mark Vincent (GMB).
- Eileen Swanney (Unison).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Heather N Woodbridge.

1. Disclosure of Exempt Information

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Item 6 as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Revenue Expenditure Monitoring

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Corporate Director for Enterprise and Sustainable Regeneration, the Sub-committee:

Noted:

2.1. The revenue financial summary statement, in respect of service areas for which the Pension Fund Sub-committee was responsible, for the period 1 April to 31 December 2022, attached as Annex 1 to the report by the Head of Finance, indicating a budget deficit position of £47,734,100.

2.2. The revenue financial detail by service area statement, in respect of service areas for which the Pension Fund Sub-committee was responsible, for the period 1 April to 31 December 2022, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

2.3. The explanations given and actions proposed, in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that action was being taken with regard to significant budget variances.

3. Pension Fund – Draft Budget

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Corporate Director for Enterprise and Sustainable Regeneration, the Sub-committee:

Resolved that the draft revenue budget for the Orkney Islands Council Pension Fund for financial year 2023/24, attached as Annex 1 to the report by the Head of Finance, be submitted to the Policy and Resources Committee for consideration through the budget setting process.

4. Pension Fund Training

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Service Manager (Corporate Finance), the Sub-committee:

Noted:

4.1. Progress made over the 12-month period to 31 December 2022 in relation to meeting the training needs of members of the Pension Fund Sub-committee and the Pension Board, against core areas of the Public Sector Pensions Finance Knowledge and Skills Framework, attached as Appendix 1 to the report by the Head of Finance.

4.2. That, over the 12-month period to 31 December 2022, a total of 20 hours of training was offered to members of the Pension Fund Sub-committee and the Pension Board.

4.3. That all members of the Pension Fund Sub-committee, together with 9 of the 10 members of the Pension Board, had, over the 12-month period to 31 December 2022, achieved the minimum requirement of participation in at least one training event, or equivalent to five hours training.

4.4. That the member of the Pension Board who had not achieved the minimum requirement for training was a union representative and had cited work pressure as making it difficult to attend training events.

The Sub-committee resolved, in terms of delegated powers:

4.5. That the Annual Training Plan for 2023 for members of the Pension Fund Sub-committee and the Pension Board, attached as Appendix 1 to this Minute, be approved.

5. Pension Fund Risk Register – Review

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Service Manager (Corporate Finance), the Sub-committee:

Resolved, in terms of delegated powers, that the updated Risk Register relating to the Orkney Islands Council Pension Fund, attached as Appendix 2 to this report, be approved.

6. Statement of Managed Pension Funds

On the motion of Councillor Heather N Woodbridge, seconded by Councillor Rachael A King, the Sub-committee resolved that the public be excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Service Manager (Corporate Finance), the Sub-committee:

Noted:

6.1. The investment monitoring report for the Pension Fund produced by Hymans Robertson, the Council's appointed investment advisor, attached as Appendix 1 to the report by the Head of Finance, relating to the performance of managed funds for the quarter to 31 December 2022.

6.2. That the Pension Fund investments returned a gain of £9,300,000, or 2.0% over the quarter to 31 December, which was 0.4% ahead of benchmark and was considered good.

6.3. That the value of the Pension Fund had decreased by 17.9% over the 12-month period to 31 December 2022, which was 12.3% behind benchmark over that period and was considered very poor.

6.4. That an average return of 4.2% per annum for the Pension Fund remained positive but was marginally behind the benchmark over the five-year period and therefore behind target, which was to outperform the aggregate benchmark.

6.5. The Governance Summary extracted from Baillie Gifford's investment report for the quarter ending 31 December 2022, attached as Appendix 2 to the report by the Head of Finance.

6.6. The extract from IFM Global Infrastructure's quarterly investor report, showing the responsible investment update for the quarter ending 31 December 2022, attached as Appendix 3 to the report by the Head of Finance.

6.7. The Corporate Governance Summary extracted from Legal and General's investment report for the quarter ending 31 December 2022, attached as Appendix 4 to the report by the Head of Finance.

Councillor Mellissa-Louise Thomson left the meeting during discussion of this item.

7. Conclusion of Meeting

At 15:01 the Chair declared the meeting concluded.

Signed: H N Woodbridge.



ORKNEY ISLANDS COUNCIL

Pension Fund Training Plan

2023

1. Introduction

The Orkney Islands Council Pension Fund is committed to providing training to those involved in the governance of the Fund to ensure that they have the skills and understanding required to carry out their stewardship role. This includes regular events to cover the latest developments in the Local Government Pension Scheme, investment strategy and performance monitoring. In April 2015, the Pension Fund Sub-committee adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

It is important that members of both the Pension Fund Sub-committee and the Pension Board receive appropriate training to allow them to carry out their roles effectively

This training plan sets out how levels of understanding will be assessed, and how the knowledge and skills requirement and other regulatory requirements will be supported through training events over the next financial year.

2. Knowledge and Skills Framework

There are six areas of knowledge and skills that have been identified as the core requirements for those with decision making responsibility for Local Government Pension Scheme funds. They are:

- Pensions legislative and governance context.
- Pensions accounting and auditing standards.
- Financial services procurement and relationship management.
- Investment performance and risk management.
- Financial markets and products knowledge.
- Actuarial methods, standards and practices.

Members of the Pension Fund Sub-committee and the Pension Board are expected to have a collective understanding and Officers are expected to have detailed understanding of these areas of knowledge and skills.

3. Pension Board Specific Requirements

Members of the Pension Board are required to have the capacity to take on the role of assisting the Scheme Manager in relation to compliance with scheme regulations and the requirements of the Pensions Regulator.

In addition, in accordance with Section 248A of the Pensions Act 2004 which was introduced to make provision relating to pensions and financial planning for retirement, it is expected that every individual who is a member of a Local Pension Board will receive training, and as a result:

- Be conversant with the regulations governing the Local Government Pension Scheme, such as the Transitional Regulations and the Investment Regulations.
- Be conversant with any policy document relating to administration of the Fund.
- Have knowledge and understanding of the law relating to pensions.
- Have knowledge and understanding of such other matters as may be prescribed.

4. Committee and Pension Board Training

Training for the Pension Fund Sub-committee and the Pension Board during 2023 will continue to focus on the following areas:

Knowledge and Skills Framework

All training will focus on maintaining the six areas of knowledge and skills, with any gaps in knowledge identified throughout the past year and including the periodic use of member's self-assessment returns where appropriate.

Training Events

An annual pension's group training event will be provided for all members to attend. In addition, to that, expressions of interest will also be sought from members to attend relevant industry events, including conferences and seminars throughout the year. In the event that there is more interest to attend an event than places available, a decision to determine who should get approval to attend will be made by the Head of Finance, in consultation with the Chair of the Pension Fund Sub-committee, will determine appropriate representation and approve attendance.

Informative Review Presentations

Members will receive regular reports on the performance of the administration and investment functions throughout the year. In addition to this Members will be invited to attend informative review presentations by external advisors including the Pension Fund's appointed actuaries, investment advisors and fund managers.

Electronic Resources

Members are invited to access training information available on the Pension Regulator's website setting out the governance requirements of the local government pension scheme, including the respective roles of the Pension Fund Sub-committee and Pension Board at the following link:

<https://trusteetoolkit.thepensionsregulator.gov.uk/login/index.php>

Additionally, resources from previous training events have been made available to Councillors on their Council electronic device under "Training". Training materials will be added to this folder going forward as and when events occur.

5. Other Training

Where gaps in individual members' knowledge have been identified that will not be met by the core training described above, then Members should approach Officers in the first instance with a view to addressing those needs.

Specific training can also be provided for the Chair of the Pension Fund Sub-committee and Pension Board to support them in their role, if required.

6. Officer Training

It is important that Officers have the required training to carry out the tasks of managing the Fund's investments and administering the payment of benefits. The knowledge and skills required of staff are set out in their job descriptions, including any formal qualifications required. Officers should be familiar with the requirements of the CIPFA Code of Practice on Knowledge and Skills and should have knowledge of the six areas of the framework.

Officers will attend relevant professional training events, conferences and seminars during the year to ensure that they remain up-to-date with the latest requirements. In addition, they will be expected to keep up-to-date through use of the internet, and conduct research on relevant issues where required. Individual training plans will be put in place and these will be recorded and reviewed as part of the annual staff appraisal process.

For Officers, there will be a particular focus on the following areas:

Governance – Understanding the guidance and regulations in relation to local pension boards and keeping up-to-date with how other Funds are working with their boards, in order that the Pension Board can be supported effectively and add value to the governance of the Fund.

New Investment Arrangements – Understanding the implications of how the Financial Conduct Authority will implement the Markets in Financial Instruments Directive (MiFIDII) and what the Fund will need to do to comply.

New Investment Products – Keeping up-to-date with what the market is offering, in order to assess the validity of new products for investment by the Fund.

Accounting Issues – Keeping up-to-date with the latest CIPFA guidance on the format of the Pension Fund Statement of Accounts and the content of the Annual Report.

Pensions Admin Regulations – Understanding the latest guidance and interpretation of changes to LGPS Regulations and their impact on procedures.

Pensions Admin Systems - Keeping up-to-date with updates/new releases to the software system Altair, passing training onto all staff.

Wider Pensions Issues – Understanding the impact of wider Government reforms to pensions, such as “freedom and choice” on the LGPS.

7. Reporting and Compliance

In line with the CIPFA Code of Practice, a disclosure will be made in the Fund’s Annual Report and Accounts that covers:

- How the Skills and Knowledge framework has been applied.
- What assessment of training needs has been undertaken.
- What training has been delivered against the identified training needs.

Orkney Islands Council

Pensions Fund Risk Register



1. Objectives

The objectives of the Risk Register are to:-

- identify key risks that could prevent the achievement of the Fund's objectives
- evaluate the significance of the risks;
- identify any mitigating controls;
- identify the owner of each risk; and
- act as a basis by which the risks can be monitored and reported upon.

2. Risk Assessment

Identified risks are assessed separately and for each the following is determined:-

- the likelihood of the risk materialising; and
- the impact/potential consequences if it does occur.

3. Risk Evaluation

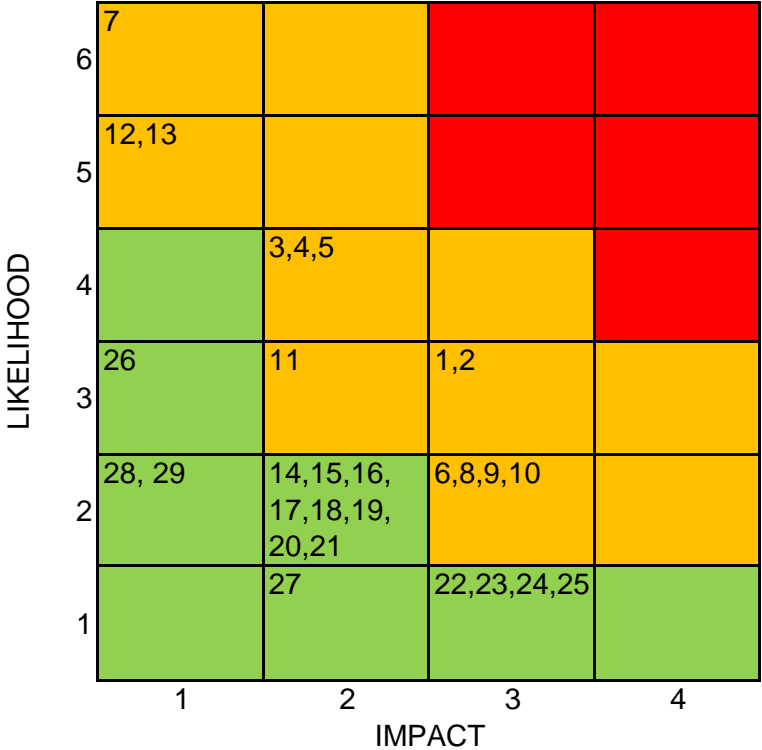
Risks are evaluated on a sliding scale of 1-10 with 10 the highest value i.e. highest likelihood / most severe impact / consequences. The risk evaluation tables overleaf have been used in order to assess specific risks and to introduce a measure of consistency into the risk assessment process. The overall rating for each risk is calculated by multiplying the likelihood value against the impact value to give the total score. The risk rating scores are then used to prioritise the risk rating which is shown in the register itself.

Risk Evaluation Criteria

The Risk Evaluation Tables: Likelihood	
1	Negligible never happened to the Fund but is theoretically possible
2	Extremely unlikely within the next 3 years, but possible within a 10 year cycle
3	Extremely unlikely within the next 12 months, but possible within a 5 year cycle
4	Feasible within the next 12 months
5	Probable within the next 12 months
6	Confidently expected within the next 12 months

The Risk Evaluation Tables: Impact	
1	Negligible
2	Significant – potential to cause significant damage in the short and medium term without threatening the survival of the Fund
3	Could seriously threaten Fund reputation or weaken its capacity to survive
4	Catastrophic

Risk Matrix



Summary and Prioritisation of Pension Fund Risks

Risk Ranking	Risk Theme	Risk	Risk Rating
1	Investment	Active investment manager under-performance relative to benchmark at aggregate level and/or failure of investment market(s) from economic and political instability etc resulting in possible liquidity/cash flow risk	9
2	Investment	Changes in legislation and other regulatory frameworks, such as pooling and merging of LGPS schemes in Scotland, and the outcome of the consultation into the creation of a National Care Service, may impact adversely on the Fund in terms of funding levels and governance structures.	9
3	Investment	The ongoing COVID-19 pandemic could have both short-term and long-term impacts on the investment returns of the Fund.	8
4	Investment	Significant disruption of global stock markets	8
5	Governance	Committee and Board members have inadequate knowledge and understanding.	8
6	Operational	Business Continuity (Service delivery threats, Insufficient daily backup etc)	6
7	Operational	New pension access reforms, "Freedom and choice", and increase in awareness, may lead to Fund members electing to transfer all or part of their pension entitlement much earlier than projected.	6
8	Operational	Breach of Data Protection Legislation - theft or loss of data.	6
9	Investment	Inefficiencies with the portfolio could result in unintended risks.	6
10	Operational	Failure to produce compliant annual report and accounts within deadline.	6
11	Operational	Recruitment and retention of key staff.	6
12	Investment	Outcome of the McCloud judgement and how it will impact on future liabilities of the Fund.	5
13	Investment	Outcome of the Cost Cap and how it will impact on future contributions.	5
14	Investment	Brexit risks potentially impacting the Funds assets and liabilities	4
15	Operational	Increased risk or fraud and scams due to the COVID-19 pandemic.	4
16	Operational	Scale of Pension Team could create an over reliance on Key Pension Officers and staff absence being problematic.	4
17	Governance	Funding Strategy is only updated following the tri-ennial actuarial valuation and does not reflect any subsequent regulatory changes, longevity, early retirement patterns, or any pay and price inflation.	4
18	Governance	Lack of communication and budgetary controls between Administering Authority and members of the Pension Fund Sub Committee.	4
19	Investment	Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation	4
20	Operational	Incomplete member records and failure to collect and account for contributions in a timely manner.	4
21	Governance	Decisions influenced by possible conflicts of interest or not in the best interests of stakeholders.	4
22	Operational	Fraud/Theft of Fund assets by internal staff members.	3
23	Governance	Failure to adhere to relevant statutory regulations including updates from LGPS	3
24	Investment	Negligence, default, fraud by investment manager.	3
25	Investment	Failure of Global Custodian.	3
26	Investment	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	3
27	Operational	Failure to process accurate pension benefit payments, including lump sum payments, in a timely manner.	2
28	Operational	The administration performance measure and targets may no longer be the most appropriate for the fund.	2
29	Operational	Pandemic resulting in closure of facilities'.	2

Pension Fund - Risk Ranking

Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
1	Active investment manager under-performance relative to benchmark at aggregate level and/or failure of investment market(s) from economic and political instability etc.	Illiquidity or loss of investments. Negative publicity and adverse reporting. Potential loss of interest from any excessive holding of funds.	3	3	9	9	<ul style="list-style-type: none"> Regular review of Funding Strategy. Regular review of Investment Strategy in line with the actuarial valuation. External investment consultants and actuaries are appointed to advise the PFSC. Diversified long-term investment strategy focused on developed markets and managed by experienced Investment Managers. Market regulation. Robust governance and investment monitoring framework. Quarterly monitoring of investment managers performance by external independent advisers and PFSC. 	Head of Finance/PFSC	Ongoing
2	Changes in legislation and other regulatory frameworks, such as pooling or merging of LGPS schemes in Scotland, and the outcome of the consultation into the creation of a National Care Service, may impact adversely on the Fund in terms of funding levels and governance structures	Loss of investments or control of investments.	3	3	9	9	<ul style="list-style-type: none"> Participation in active CIPFA and Scottish Pension network allow changes and impacts to be identified quickly. Involvement with COSLA discussions on Pensions. Participation in consultation on pooling/merger by the Scheme Advisory Board. Monitoring and highlighting actions and decisions from scheme advisory board. 	Head of Finance/PFSC	Ongoing
3	The ongoing COVID-19 pandemic could have both short-term and long-term impacts on the investment returns of the Fund.	Loss of value to the Fund.	4	2	8	10	<ul style="list-style-type: none"> External investment consultants and actuaries are appointed to advise the PFSC. Diversified long-term investment strategy focused on developed markets and managed by experienced Investment Managers. Robust governance and investment monitoring framework. Annual review of mandates. Periodic review of investment structure. 	Head of Finance/PFSC	Ongoing
4	Significant disruption of global stock markets.	Loss of value to the Fund.	4	2	8	N/A	<ul style="list-style-type: none"> Diversification of scheme assets, global approach, multiple fund managers. Investment strategy review following outcome of triennial valuation. 	Head of Finance/PFSC	Ongoing
5	Committee and Board members have inadequate knowledge and understanding.	Qualified audit report; potential bad publicity; members loss of confidence in officers' abilities; excessive pressure on officers; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers.	4	2	8	4	<ul style="list-style-type: none"> Training policy statement in line with the Code of Practice on Public Sector Pensions Finance Knowledge and Skills. A training register maintains a record of all training provided and attended. A training plan is agreed annually. 	Head of Finance	Ongoing
6	Business Continuity (Service delivery threats, Insufficient daily backup etc)	Temporary loss of ability to provide service to stake holders. Staff downtime, loss of service delivery. Monthly pension payroll to pensioners delayed resulting in possible hardship.	2	3	6	6	<ul style="list-style-type: none"> Business continuity and disaster recovery plans in place. Procedures to back-up IT System are fully developed and stored securely. Contingency arrangements are in place including staff ability to work from home. Pensions Administration system is now fully operational with established procedures in place. 	IT / Pensions Manager	Ongoing
7	New pension access reforms, "Freedom and choice", and increase in awareness, may lead to Fund members electing to transfer all or part of their pension entitlement much earlier than projected resulting in the potential change in liability profile for the Fund.	Requirement to release large amounts of cash to members. Disinvest current assets in a much more unplanned manner with the potential to disadvantage the Funding position.	6	1	6	6	<ul style="list-style-type: none"> Management will continue to monitor the amounts being transferred. Management will notify Hymans Robertson, Actuaries to the Fund, if they feel the level of transfers could impact on the funding position. Requirement of scheme is for any transfers over £30K to provide evidence that they have sought financial advice from an adviser registered with the FCA. 	Pensions Manager	Ongoing
8	Breach of Data Protection Legislation - theft or loss of data.	Audit criticism, legal challenge, reputational damage, financial penalties.	2	3	6	6	<ul style="list-style-type: none"> Data securely sent/received to/from the fund actuary using a secure internet portal. Pension Fund adopted internal controls of Administering Authority. Staff complete the online i-Learn module on Data Protection. 	Pensions Manager /IT/Legal	Ongoing

Pension Fund - Risk Ranking

Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
9	Inefficiencies with the portfolio could result in unintended risks.	Underperformance of investments.	2	3	6	6	<ul style="list-style-type: none"> Diversified strategic asset allocation policy which is regularly reviewed by the PFSC. Investment Management Agreement that incentivises the Fund Manager to outperform the benchmark and drive out any inefficiencies. External independent consultants review the investment performance quarterly. 	Head of Finance/ PFSC	Ongoing
10	Failure to produce compliant annual report and accounts within deadline.	Audit criticism, reputational damage.	2	3	6	6	<ul style="list-style-type: none"> Agree audit program timeously Plan timetable annually Use of qualified staff 	Accounting / Pensions	Ongoing
11	Recruitment and retention of key staff.	Loss or failure of service delivery	3	2	6	6	<ul style="list-style-type: none"> OIC's policy includes actively encouraging skilled and educated workers to remain in Orkney. Existing staff are given the opportunity to gain an appropriate pension qualification. 	Head of Finance Pensions Manager/ HR	Ongoing
12	The outcome of the recent court judgements, including Mcloud and Goodwin, will impact future liabilities of the Fund and increase pressure on contributions depending on the remedy decided by the UK Government to compensate individuals for the difference in treatment since public service pension reforms in 2015 on the grounds of age and gender discrimination.	Increase in employer contribution rates.	5	1	5	5	<ul style="list-style-type: none"> Hymans Robertson provided an updated actuarial present valuation at the end of financial year 2018-2019 following the Court of Appeal judgement to estimate the impact of the McCloud judgement. A provision was made to recognise this in the Annual Accounts 2018-19. Once the full implications of the ruling are established officers with assistance from Hymans Robertson will further quantify the impact on the Fund. The cost cap introduced in 2015 will limit the impact. 	Head of Finance/ PFSC	Ongoing
13	The Cost Cap or Cost Management as it is also known as, is being introduced to the LGPS as a mechanism for sharing funding risk between the employers and members. It will not be fully implemented until the outcome of the Mcloud judgement is known but could lead to scheme benefits changing and either employers or employees paying higher contributions.	Increase in employer contribution rates.	5	1	5	5	<ul style="list-style-type: none"> Once the full implications of the cost cap are established officers, with assistance from Hymans Robertson, will further quantify the impact on the Fund. Good investment returns protect the Fund in the short term and the impact will be further reviewed in the interim valuations each year and at the next triennial valuation in 2023. 	Head of Finance/ PFSC	Ongoing
14	Brexit risks include the following which could impact the Funds Assets and Liabilities - <ul style="list-style-type: none"> Risk of rising inflation increasing the amount of future pensions paid. Actuarial basis risk of falling gilt yields, which could accelerate rate at which contributions are required to be paid following the next actuarial valuation. 	Loss of value to the Fund.	4	1	4	8	<ul style="list-style-type: none"> Triennial valuation for 2023 will be completed and necessary adjustments made to the investment strategy as required. Performance of the Pension Fund will continue to be monitored quarterly by Hymans Robertson and any recommendations they make on the assets held will be considered by the Pension Board and Sub-Committee. 	Head of Finance/ PFSC	Ongoing
15	Increased risk of fraud and scams due to the COVID-19 pandemic.	Changes in working practices at outside bodies has made it harder to contact people by phone, with many offices now closed to staff. Dependence on emails as a form of communication could be exploited by potential fraudsters. Home working by staff can result in less discussion about transactions that are taking place.	2	2	4	4	<ul style="list-style-type: none"> New Pension Regulator provisions in place from November 2021 to strengthen the checks that take place prior to any transfers being made. Management will continue to monitor closely the checks that have taken place prior to any transfers out being made. Management will work closely with staff to ensure they are getting the correct level of support to deliver their role in the team. Staff will be made aware of any potential scams that could take place. This is being further enhanced by the development of a new on-line training course which will be mandatory for all Finance staff. 	Pensions Manager	Ongoing
16	Scale of Pension Team could create an over reliance on Key Pension Officers and staff absence being problematic.	Failure to process payments on time or correctly leading to possible delays or overpayments. Loss or failure of service delivery.	2	2	4	4	<ul style="list-style-type: none"> Checklists Pensions Manager focused on mentoring and knowledge sharing Front line management course Staff complement in the Pensions section has been increased 	Head of Finance Pensions Manager/ HR	Ongoing
17	Funding Strategy is only updated following the tri-ennial actuarial valuation and does not reflect any subsequent regulatory changes, longevity, early retirement patterns, or any pay and price inflation.	Increase in employers contribution rates. Increase in liabilities leading to increase in employer contribution rates. Pressure on cash flow and funding equation. Pressure on cash flow and funding and equation.	2	2	4	4	<ul style="list-style-type: none"> The focus of the actuarial valuation process on real returns, net of prices and pay increases. Valuation monitoring by annual Navigator reports are intended to act as an early warning system. Expert Actuaries appointed to monitor and forecast accordingly. 	PFSC	Ongoing

Pension Fund - Risk Ranking

Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
18	Lack of communication and budgetary controls between Administering Authority and members of the Pension Fund Sub Committee.	Unexpected variances over budget headings; members' loss of confidence in officers' abilities; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers.	2	2	4	4	<ul style="list-style-type: none"> Annual service budget agreed in advance of financial year. Monthly budget monitoring reports (BMR). Quarterly budget reports to the PFSC. 	Pensions Manager PFSC Head Of Finance	Ongoing
19	Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation	Financial loss borne by the Pension Fund	2	2	4	4	<ul style="list-style-type: none"> The Council's Annual Treasury Management Strategy sets out the Fund's approach to credit risk for internally managed funds. Deposits are only made with banks and financial institutions if they are independently rated and meet the OIC's credit criteria. The strategy also sets limits as to the maximum percentage of deposit with any one class of financial assets. 	Head of Finance	Ongoing
20	Incomplete member records and failure to carry out statutory functions including submission of member data and contributions to the Pension Fund in a timely manner.	Adverse impact on cash flow position; delays in closure of year end accounts; employers forced to leave the scheme. Possible adverse audit opinions, possible unacceptable delays in settlements or overpayments. Missing, incomplete records on pensions administration system undermines service delivery and causes difficulties in establishing correct benefits at individual level and liabilities at whole Fund level.	2	2	4	4	<ul style="list-style-type: none"> Monitor membership on triennial actuarial valuation. Admitted bodies to notify of significant structural changes. Vetting on any new or prospective employers before entering into an admission agreement. Senior Officers liaise closely with employers Contribution monitoring procedures Monthly monitoring of receipts and escalation procedures in place. Annual contribution return certificates. 	Pensions Manager/ Internal Audit	Ongoing
21	Decisions influenced by possible conflicts of interest or not in the best interests of stakeholders.	Limited discretion for interested parties or stakeholders to influence decisions. The pension fund is regulated by the statutory provisions of the LGPS.	2	2	4	4	<ul style="list-style-type: none"> Training provided. Potential conflicts of interest are declared at the beginning of each committee meeting. Register of Interests for members to the PFSC and PB is in place and reviewed annually. 	Head of Finance	Ongoing
22	Fraud/Theft of Fund assets by internal staff members.	Overpayment, unauthorised payment, system corruption, audit criticism, reputational damage	1	3	3	4	<ul style="list-style-type: none"> Established systems of internal controls and security are in place Segregation of duties Supervisory checking of all calculations Internal audit and monitoring arrangements Fraud ilearn course compulsory for all Finance staff 	Head of Finance Pensions Manager/ Internal Audit	Ongoing
23	Failure to adhere to relevant statutory regulations including updates from LGPS	Potential overpayment of pensions. Audit criticism, legal challenge, reputational damage and cost.	1	3	3	3	<ul style="list-style-type: none"> Regular systems checks take place to ensure compliance with current LGPS (Scotland) Regulations. Continual review of discretionary pension policies. Participation in the Scottish Pension Investments Governance Group. Provision of staff training. 	PFSC/PB Head of Finance Pensions Manager	Ongoing
24	Negligence, default, fraud by investment manager.	Loss of value to the Fund; reputational damage.	1	3	3	3	<ul style="list-style-type: none"> Indemnities in Investment Management Agreements and Financial Conduct Authority (FCA) Regulations. Separation of assets from management via global custody arrangement. Document review process on internal control reports from Fund custodians takes place. Process in place for reporting any significant issues to members of the Pension Board and Sub-Committee. 	PFSC	Ongoing
25	Failure of Global Custodian.	Loss of investments or control of investments.	1	3	3	3	<ul style="list-style-type: none"> Regular review and periodic re-tendering. Banking and FCA regulation. Fund's assets not on custodian's balance sheet. 	PFSC	Ongoing
26	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Loss of value to the Fund.	3	1	3	3	<ul style="list-style-type: none"> The Statement of Investment Principles are regularly reviewed. Investment managers are required to take account of both financial and non-financial factors in their investment decisions. Managers are required to be signatories of the UNPRI. Managers are challenged on their engagement activities in connection with environmental, social and governance (ESG) issues including climate risk. Managers are required to report regularly on their compliance with our ESG policy. 	Head of Finance/ PFSC	Ongoing

Pension Fund - Risk Ranking

Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
27	Failure to process accurate pension benefit payments, including lump sum payments, in a timely manner.	Possible unacceptable delays in making full payments to pensioners, possible overpayment of monies.	1	2	2	2	<ul style="list-style-type: none"> Segregation of duties Regular checks by Internal Audit Subscription to tracing service for deceased pensioners 	Pensions Manager/Internal Audit	Ongoing
28	The administration performance measures and targets may no longer be the most appropriate for the fund.	Poor performance of the administration of the Pension Fund.	2	1	2	2	<ul style="list-style-type: none"> Performance is measured and reported to the Pension Board twice yearly. Increased staffing within the Pensions Section has resulted in more targets being met. Regular reviews of performance measures will take place 	Pensions Manager	Ongoing
29	Closure of facilities due to a pandemic.	Loss of income for employer resulting in inability to pay contributions. Adverse impact on cashflow.	2	1	2	2	<ul style="list-style-type: none"> Low number of admitted and scheduled bodies and any new admitted bodies are carefully considered before admission. The Pensions Section are in regular contact with the admitted bodies and would be aware very quickly of any potential non-payment of contributions. The main employer in the scheme is OIC and funding of the Council is not at risk. 	Head of Finance and Pensions Manager	Ongoing

Minute

Investments Sub-committee

Thursday, 16 February 2023, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Heather N Woodbridge, P Lindsay Hall, Rachael A King, Kristopher D Leask, James W Stockan and Mellissa-Louise Thomson.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Michael Scott, Solicitor.

Apology

- Councillor Steven B Heddle.

Declarations of Interest

- No declarations of interest were intimated.

Chair

Councillor Heather N Woodbridge.

1. Disclosure of Exempt Information

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Item 4 as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Revenue Expenditure Monitoring

After consideration of a report by the Head of Finance, copies of which had been circulated, the Sub-committee:

Noted:

2.1. The revenue financial summary statement, in respect of service areas for which the Investments Sub-committee was responsible, for the period 1 April to 31 December 2022, attached as Annex 1 to the report by the Head of Finance, indicating a budget deficit position of £19,952,800.

2.2. The revenue financial detail by service area statement, in respect of service areas for which the Investments Sub-committee was responsible, for the period 1 April to 31 December 2022, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

2.3. The explanations given and actions proposed, in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that action was being taken with regard to significant budget variances.

3. Temporary Loans

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Service Manager (Corporate Finance), the Sub-committee:

Noted:

3.1. The status of the temporary loan portfolio as at 31 December 2022, as detailed in section 3 of the report by the Head of Finance.

3.2. That, for the period 1 April to 31 December 2022, the temporary loans portfolio made a return of £168,268.62 at an average interest rate of 1.30%.

The Sub-committee scrutinised:

3.3. The temporary loans portfolio, detailed in sections 3 and 4 of the report by the Head of Finance, and obtained assurance that the Treasury Management Strategy was being adhered to by the Finance Service and the temporary loans portfolio was producing an acceptable rate of return.

4. Statement of Managed Strategic Reserve Funds

On the motion of Councillor Heather N Woodbridge, seconded by Councillor Rachael A King, the Sub-committee resolved that the public be excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Service Manager (Corporate Finance), the Sub-committee:

Noted:

4.1. The investment monitoring report for the Strategic Reserve Fund produced by Hymans Robertson, the Council's appointed investment advisor, attached as Appendix 1 to the report by the Head of Finance, relating to the performance of managed funds for the quarter to 31 December 2022.

4.2. That the Strategic Reserve Fund investments returned a gain of £300,000, which equated to a gain of 0.9% over the quarter to 31 December 2022 and was 0.3% ahead of benchmark, and therefore considered good.

4.3. That the investment returns on the Strategic Reserve Fund had been negative over the 12-month period to 31 December 2022, with the value of the Fund decreasing by 10.2% which was 6.9% behind benchmark and therefore considered very poor.

4.4. The Schroders Sustainable Investment Report for the quarter ending 31 December 2022, attached as Appendix 2 to the report by the Head of Finance.

4.5. The Barings Global High Yield Credit Strategies Environmental, Social and Governance Impact report for the quarter ending 31 December 2022, attached as Appendix 3 to the report by the Head of Finance.

5. Conclusion of Meeting

At 10:06 the Chair declared the meeting concluded.

Signed: H N Woodbridge.

Minute

Asset Management Sub-committee

Tuesday, 21 March 2023, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Heather N Woodbridge, Lindsay P Hall, Steven B Heddle, James W Stockan and Ivan A Taylor.

Present via remote link (Microsoft Teams)

Councillors Jean E Stevenson and Mellissa-Louise Thomson.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Kenny MacPherson, Head of Property, Asset Management and Facilities.
- Thomas Aldred, Service Manager (ICT).
- Stuart Alison, Service Manager (Enterprise) (for Items 3 to 7).
- Graeme Christie, Service Manager (Estates).
- Hazel Flett, Service Manager (Governance).
- Shonagh Merriman, Service Manager (Corporate Finance).
- Ian Rushbrook, Service Manager (Capital Programme and Property).
- Michael Scott, Solicitor.

Observing

- Gwyn Evans, Surveying Manager.
- Glen Thomson, Senior Surveyor.
- Veer Bansal, Solicitor.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Heather N Woodbridge.

1. Disclosure of Exempt Information

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Items 5 and 6, as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Information Technology Capital Replacement Programme

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Service Manager (ICT), the Sub-committee:

Resolved, in terms of delegated powers:

2.1. That the Information Technology Capital Replacement Programme for 2023/24, together with the indicative programme for 2024/25, attached as Appendices 1 and 2 respectively to this Minute, to be funded from the allocation of £420,000 per annum within the Council's current approved capital programme, be approved.

2.2. That powers be delegated to the Corporate Director for Neighbourhood Services and Infrastructure, in consultation with the Head of Finance, to adjust the two-year programme, referred to at paragraph 2.1 above, as variations arose in order to maximise use of the annual capital allocation.

3. Information Technology Strategy – Delivery Plan Update

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Service Manager (ICT), the Sub-committee:

Scrutinised actions contained in the updated Delivery Plan, attached as Appendix 1 to the report by the Corporate Director for Neighbourhood Services and Infrastructure, and obtained assurance regarding progress being made in implementing the Information Technology Strategy.

4. Exclusion of Public

On the motion of Councillor Heather N Woodbridge, seconded by Councillor James W Stockan, the Sub-committee resolved that the public be excluded for the remainder of the meeting as the business to be considered involved the disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

5. Corporate Asset Maintenance and Improvement Programmes

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Service Manager (Property and Capital Projects), the Sub-committee:

Noted:

5.1. The three-year projections for the Revenue Repairs and Maintenance and Capital Improvement Programmes for the period 2023/24 to 2025/26, attached as Appendix 1 to the report by the Corporate Director for Neighbourhood Services and Infrastructure.

5.2. That, as revenue budgets for 2023/24 had not yet been confirmed, the three-year projections for revenue repairs and maintenance, referred to at paragraph 5.1 above, were based on 2022/23 budget levels.

5.3. That a multi-year approach to the Revenue Repairs and Maintenance and Capital Improvement Programmes allowed for additional flexibility to vary the timing of individual projects as a result of unforeseen events.

The Sub-committee resolved, in terms of delegated powers:

5.4. That the undernoted programmes for 2023/24, together with provisional programmes for 2024/25 and 2025/26, attached as Appendix 3 to this Minute, be approved:

- Revenue Repairs and Maintenance Programme, to be funded from the allocation of £1,708,200 per annum set annually as part of the budget setting process.
- Capital Improvement Programme, to be funded from the allocation of £1,351,400 per annum set annually within the approved capital programme, noting that the allocation would be reduced to £1,086,400 in 2023/24 to account for an overspend of £265,000 against budget in 2022/23.
- Strategic Reserve Fund Revenue Repairs and Maintenance Programme, to be funded from the allocation of £92,300 per annum set annually as part of the budget setting process.
- Strategic Reserve Fund Capital Improvement Programme, to be funded from the allocation of £118,600 per annum within the approved capital programme.

5.5. That powers be delegated to the Corporate Director for Neighbourhood Services and Infrastructure, in consultation with the Head of Finance, to adjust the three-year programmes, referred to at paragraph 5.4 above, as variations arose in order to maximise use of the annual budget allocations.

6. Request to Purchase Property in Kirkwall

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 7A of the Act.

After consideration of a joint report by the Corporate Director for Neighbourhood Services and Infrastructure and the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, and after hearing a report from the Service Manager (Estates), the Sub-committee:

Resolved, in terms of delegated powers, what action should be taken with regard to a request to purchase property in Kirkwall.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

7. Conclusion of Meeting

At 11:05 the Chair declared the meeting concluded.

Signed: H N Woodbridge.

Information Technology Programme 2023/24.

Asset Group	Project	Reason	Sub Total	Total.
Datacentre Replacement	Server Room Replacement	Replacement of Server and Network Room Equipment including UPS (backup power), Remote Management, Monitoring and Access Controls.	£40,000	£40,000
Server Replacements	Replacement of servers that are end-of-life.	Replacement of the servers that are at end of operational lifetime and reaching or beyond vendor support.	£15,000	£25,000
	Replacement of Storage and Backup Infrastructure	Replacement of storage that is approaching capacity and enhance the resilience of data backups.	£10,000	
Local Area Network Replacement	Wi-Fi Modernisation	Renew and improve Wi-Fi systems to maintain capacity and currency of support, replacing end of life equipment including the introduction of 6 th generation Wi-Fi 6 services	£20,000	£65,000
	Replacement of Network Switches	Replacement of Network Switches that are end of support. Ensuring devices are in current support is an essential objective in maintaining Public Sector Network Accreditation in line with the Public Sector Action Plan	£35,000	
Security Gateways	Proxy/Firewall Replacements	There are none forecast as requiring replacement in this year.	£0	£0
Wide Area Network Replacement	Replacement of End of Life and Poor Performing Radio Wireless and Microwave Mast Equipment	To replace core Fixed Wireless and Microwave Radio Links to ensure connectivity between our main mast sites and OIC locations.	£30,000	£30,000
Device Replacement	Replacement of end User Devices (Corporate).	To replace end of life end-user devices in Council Offices. This will fund approximately 125 devices from an asset base of ca 1200 devices.	£70,000	£230,000
	Replacement of end User Devices (Schools).	To replace end of life end-user devices in Schools. This will fund approx. 275 devices across 22 schools from an asset base of ca 3000 devices.	£160,000	
Other	Failures and Emergency Replacements of Capital Equipment.	Allocation to replace failures not covered by repairs, and any systems that fail security audit requirements. Particularly WAN wireless	£30,000	£30,000
			Total	£420,000.

Information Technology Indicative Programme 2024/25.

Asset Group	Project	Reason.	Sub Total.	Total.
Datacentre Replacement	Server Room Replacement	Replacement of Server and Network Room Equipment including UPS (backup power), Remote Management, Monitoring and Access Controls.	£25,000	£25,000
Server Replacements	Replacement of servers that are end-of-life.	Replacement of the servers that are at end of operational lifetime and reaching or beyond vendor support.	£25,000	£35,000
	Replacement of Storage and Backup Infrastructure	Replacement of storage that is approaching capacity and enhance the resilience of data backups.	£10,000	
Local Area Network Replacement	Wi-Fi Modernisation	Renew and improve Wi-Fi systems to maintain capacity and currency of support, replacing end of life equipment including the introduction of 6 th generation Wi-Fi 6 services	£20,000	£55,000
	Replacement of Network Switches	Replacement of Network Switches that are end of support. Ensuring devices are in current support is an essential objective in maintaining Public Sector Network Accreditation in line with the Public Sector Action Plan	£35,000	
Security Gateways	Proxy/Firewall Replacements	There are none forecast as requiring replacement in this year.	£0	£0
Wide Area Network Replacement	Replacement of End of Life and Poor Performing Radio Wireless and Microwave Mast Equipment	To replace core WAN WIFI equipment to ensure connectivity between our main mast sites and care homes.	£45,000	£45,000
Device Replacement	Replacement of end User Devices (Corporate).	To replace end of life end-user devices in Council Offices. This will fund approx. 125 devices from an asset base of ca 1200 devices.	£70,000	£230,000
	Replacement of end User Devices (Schools).	To replace end of life end-user devices in Schools. This will fund approx. 275 devices across 22 schools from an asset base of ca 3000 devices.	£160,000	
Other	Failures and Emergency Replacements of Capital Equipment.	Allocation to replace failures not covered by repairs, and any systems that fail security audit requirements. Particularly WAN wireless	£30,000	£30,000
			Total	£420,000.

Appendix 3.

Corporate Asset Maintenance and Improvement Programmes

Resolved that, under section 50A(4) of the Local Government (Scotland) Act 1973, the public were excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 9 of Part I of Schedule 7A of the Act.

Programmes for 2023/24, together with Provisional Programmes for 2024/25 and 2025/26 in respect of the following:

- Pages 2365 to 2368 – General Fund – Revenue Repairs and Maintenance Programme.
- Pages 2369 to 2370 – Strategic Reserve Fund – Revenue Repairs and Maintenance Programme.
- Pages 2371 to 2379 – General Fund – Capital Improvement Programme.
- Page 2380 – Strategic Reserve Fund – Capital Improvement Programme.

This constitutes a summary of the Appendix in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

Local Government (Scotland) Act 1973 – Schedule 7A

Access to Information: Descriptions of Exempt Information

Paragraph 9. Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.