

# Minute

## Policy and Resources Committee

Tuesday, 20 February 2018, 10:30.

Council Chamber, Council Offices, School Place, Kirkwall.



## Present

Councillors James W Stockan, W Leslie Manson, Stephen G Clackson, Alexander G Cowie, Norman R Craigie, Robin W Crichton, David Dawson, Andrew Drever, Barbara Foulkes, Steven B Heddle, J Harvey Johnston, Rachael A King, John T Richards, Stephen Sankey, John A R Scott, Gwenda M Shearer, Graham L Sinclair, Magnus O Thomson, Owen Tierney, Duncan A Tullock and Kevin F Woodbridge.

## Clerk

- Alistair Buchan, Chief Executive.

## In Attendance

- Gavin Barr, Executive Director of Development and Infrastructure.
- Gillian Morrison, Executive Director of Corporate Services.
- Caroline Sinclair, Chief Officer/Executive Director, Orkney Health and Care.
- Wilfred Weir, Executive Director of Education, Leisure and Housing.
- Gareth Waterson, Head of Finance.
- Brian Archibald, Head of Marine Services, Engineering and Transportation (for Items 1 to 4, 9 and 10).
- Karen Greaves, Head of Executive Support.
- Hayley Green, Head of IT and Facilities.
- Andrew Groundwater, Head of HR and Performance.
- Gavin Mitchell, Head of Legal Services.
- Ian Rushbrook, Capital Projects Manager (for Items 1 to 3).
- Hazel Flett, Senior Committees Officer.

## Observing

- Laura Cromarty, Transport Manager (for Items 9 and 10).
- Anna Whelan, Strategy Manager (for Items 1 to 4).
- David Hartley, Communications Team Leader (for Items 1 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 14 and 15, 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**

### **2.1. Policy and Resources**

After consideration of a joint report by the Chief Executive, the Executive Director of Corporate Services, the Executive Director of Development and Infrastructure and the Head of Finance, copies of which had been circulated, the Committee:

Noted:

**2.1.1.** The revenue financial summary statement in respect of the undernoted services for the period 1 April to 31 December 2017, attached as Annex 1 to the joint report by the Chief Executive, the Executive Director of Corporate Services, the Executive Director of Development and Infrastructure and the Head of Finance, indicating an underspend position of £428,800:

- Central Administration.
- Law Order and Protective Services.
- Other Services.

**2.1.2.** The revenue financial detail by Service Area statement for the period 1 April to 31 December 2017, attached as Annex 2 to the joint report by the Chief Executive, the Executive Director of Corporate Services, the Executive Director of Development and Infrastructure and the Head of Finance.

**2.1.3.** 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 joint report by the Chief Executive, the Executive Director of Corporate Services, the Executive Director of Development and Infrastructure and the Head of Finance.

### **2.2. Summary**

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

Noted:

**2.2.1.** The summary revenue expenditure statement for the period 1 April to 31 December 2017, attached as Annex 1 to the report by the Head of Finance, indicating the following:

- A total General Fund underspend of £555,400.
- A deficit in Sources of Funding of £215,300.
- A net Non-General Fund deficit of £503,200.

**2.2.2.** The financial detail across individual Sources of Funding for the period 1 April to 31 December 2017, including significant variances identified as Priority Actions, attached as Annex 2 to the report by the Head of Finance.

**2.2.3.** 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.

### **3. Capital Expenditure Monitoring**

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

Noted the capital expenditure monitoring statements, in respect of General Fund and Non-General Fund projects and programmes, for the period 1 April to 31 December 2017, attached as Appendix 1 to the report by the Head of Finance.

### **4. Council Plan 2018 to 2023**

After consideration of a joint report by the Chief Executive and the Executive Director of Corporate Services, together with an Equality Impact Assessment, copies of which had been circulated, and after hearing a report from the Head of Executive Support, the Committee:

Noted:

**4.1.** That engagement with Orkney's residents during the Local Government Election campaign in April and May 2017 had informed development of the draft Council Plan.

**4.2.** That the Council Plan reflected national priorities set by both the Scottish and UK Governments and the core services which the Council provided day to day, as well as taking account of new duties arising from recent legislation and improvements recommended by audit and inspection teams.

**4.3.** That the Council Plan reflected the shared mission of the Orkney Partnership which maintained Orkney's Community Plan, incorporating Orkney's Local Outcomes Improvement Plan.

**4.4.** The proposal that, in setting its strategic priorities, the Council would share the updated values of the Orkney Partnership within its new Council Plan.

**4.5.** The draft Council Plan, attached as Appendix 1 to the joint report by the Chief Executive and the Executive Director of Corporate Services, which proposed Strategic Priorities themed under five headings as follows:

- Connected Communities.
- Caring Communities.
- Thriving Communities.
- Enterprising Communities.
- Quality of Life.

**4.6.** That each strategic priority theme would have a number of priority actions listed to indicate the work which would be undertaken to achieve the target outcome.

Councillor James W Stockan, seconded by Councillor Robin W Crichton, moved that the Council Plan, as drafted, be approved.

Councillor Stephen G Clackson, seconded by Councillor Steven B Heddle, moved an amendment that an additional strategic priority relating to education should be included in the draft Council Plan.

On a vote being taken 2 members voted for the amendment and 19 for the motion.

Councillor W Leslie Manson, seconded by Councillor Barbara Foulkes, moved a further amendment, notice of which had been given, that the Council Plan, as drafted, be approved, but with the removal of the acrostic and the tree on pages 5 and 17 respectively.

On a vote being taken 6 members voted for the amendment and 15 for the motion, and the Committee:

Resolved to **recommend to the Council:**

**4.7.** That the Council Plan for the period 2018 to 2023, attached as Appendix 1 to this Minute, be approved.

**4.8.** That the Chief Executive should submit, to the next meeting of the Committee, a delivery plan listing the key actions and projects to deliver the target outcome under each strategic priority theme within the Council Plan.

## **5. Treasury Management**

### **Treasury Management Strategy Statement and Annual Investment Strategy**

After consideration of a report by the Head of Finance, together with an Equality Impact Assessment, copies of which had been circulated, the Committee:

Resolved to **recommend to the Council** that the Treasury Management Strategy Statement and Annual Investment Strategy, attached as Appendix 2 to this Minute, be approved for financial year 2018 to 2019.

## **6. National Audit Reports**

### **6.1. Local Government in Scotland – Financial Overview 2016 to 2017**

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

Noted:

**6.1.1.** The national audit report, Local Government in Scotland – Financial Overview 2016/17, published in November 2017 by Audit Scotland, attached as Annex 1 to the report by the Head of Finance.

**6.1.2.** The key messages in the national audit report, a summary of which was detailed in section 5 of the report by the Head of Finance.

**6.1.3.** That references to Orkney in the national audit report were sparse but generally presented the Council as being in a favourable financial position with low levels of debt and generous levels of reserves despite receiving a lower level of income per head than the other island authorities.

## **6.2. Equal Pay in Scottish Councils**

After consideration of a report by the Executive Director of Corporate Services, copies of which had been circulated, and after hearing a report from the Head of HR and Performance, the Committee:

Noted:

**6.2.1.** The national audit report, Equal pay in Scottish councils, issued in September 2017 by Audit Scotland, attached as Appendix 1 to the report by the Executive Director of Corporate Services.

**6.2.2.** The key messages contained within the national audit report, a summary of which was detailed in section 5 of the report by the Executive Director of Corporate Services, together with the position of the Council regarding Equal Pay.

## **7. Cyber Resilience Strategy for Scotland**

After consideration of a report by the Executive Director of Corporate Services, copies of which had been circulated, the Committee:

Noted:

**7.1.** That, in late 2015, the Scottish Government produced a generic Cyber Resilience Strategy for Scotland, with the aim of increasing awareness and focus on protection.

**7.2.** That, in November 2017, the Public Sector Action Plan on Cyber Resilience for Scotland, developed jointly by the Scottish Government and the National Cyber Resilience Leaders' Board, was launched and represented a significant step towards establishing a wider culture of cyber resilience in Scotland.

**7.3.** The requirements of the Cyber Resilience Strategy and Action Plan and the cyber risk governance arrangements, as outlined in section 5 of the report by the Executive Director of Corporate Services.

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

**7.4.** That Councillor Steven B Heddle be appointed as the named elected member in relation to the Cyber Resilience Strategy and Action Plan.

## **8. Sustainable Procurement Policy**

After consideration of a report by the Executive Director of Corporate Services, together with an Equality Impact Assessment, copies of which had been circulated, and after hearing a report from the Head of IT and Facilities, the Committee:

Noted:

**8.1.** That the Sustainable Procurement Policy 2013 to 2015, approved in October 2013, had been reviewed and updated to comply with the Procurement Reform (Scotland) Act 2014 and associated Regulations.

**8.2.** The outcome of consultation in respect of the revised Sustainable Procurement Policy, as detailed in section 6 of the report by the Executive Director of Corporate Services.

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

**8.3.** That the revised Sustainable Procurement Policy, attached as Appendix 3 to this Minute, be approved.

## **9. Integration Joint Board – Strategic Commissioning Plan**

After consideration of a report by the Chief Officer/Executive Director, Orkney Health and Care, together with an Equality Impact Assessment, copies of which had been circulated, the Committee:

Noted:

**9.1.** That, on 24 March 2016, the Council resolved that the Strategic Commissioning Plan for 2016 to 2019 be endorsed as part of the collective overall planning framework of the work of the Council, NHS Orkney and the Integration Joint Board, noting that the Plan would be refreshed on an annual basis.

**9.2.** The draft refreshed Strategic Commissioning Plan for 2018 to 2019, attached as Appendix 1 to the report by the Chief Officer/Executive Director, Orkney Health and Care, which had been developed on the basis set out in section 6 of the report.

**9.3.** That the draft refreshed Strategic Commissioning Plan for 2018 to 2019 would be presented to the Integration Joint Board on 14 March 2018 for consideration and approval.

## **10. Responsibility for Orkney's Inter Island Ferry Services**

After consideration of a joint report by the Chief Executive and the Executive Director of Development and Infrastructure, copies of which had been circulated, the Committee:

Noted:

**10.1.** That, on 19 December 2012, Transport Scotland published the Scottish Ferry Services Ferries Plan, setting a way forward for improved services and infrastructure over a 10 year period.

**10.2.** That the Ferries Plan made reference to the potential for some local authority operated lifeline ferry services to transfer to the Scottish Government, as outlined in section 5 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure.

**10.3.** That excess expenditure incurred by the Council over funding received in support of inter island ferry services had continued to rise.

**10.4.** The comparisons in terms of revenue and capital expenditure levels between Orkney's inter island ferry services and those services which were the direct responsibility of the Scottish Government, as outlined in section 9.4 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure.

**10.5.** That it was not sustainable for the Council to provide the level of revenue and capital support towards Orkney's inter island ferry services without additional support from the Scottish Government.

**10.6.** That, on 28 November 2017, the Policy and Resources Committee recommended that responsibility of Orkney's inter island ferry services be passed to Transport Scotland.

**10.7.** That, on 12 December 2017, when considering the recommendation at paragraph 10.6 above, the Council resolved that deliberations on responsibility for Orkney's inter island ferry services be referred back to the Policy and Resources Committee for further consideration.

**10.8.** That, on 31 January 2018, the Scottish Government announced its intention to provide supplemental grant funding, amounting to £5,500,000, to cover the deficit revenue funding gap for 2018 to 2019 in relation to Orkney's inter island ferry services.

**10.9.** That discussions with the Scottish Government would continue regarding long term fair funding for inter island ferry services.

**10.10.** That alongside, but separate to, the fair funding discussions referred to at paragraph 10.9 above, it was now necessary to directly consider the principle issue of transfer of responsibility of Orkney's inter island ferry services to the Scottish Government.

On the motion of Councillor Graham L Sinclair, seconded by Councillor Steven B Heddle, the Committee resolved to **recommend to the Council**:

**10.11.** That the principle of the transfer of Orkney's inter island ferry services to the Scottish Government, where this was of no net detriment to the Council, be approved.

**10.12.** That the Chief Executive, in consultation with the Leader, the Head of Finance and the Solicitor to the Council, should negotiate terms for the transfer of responsibility for Orkney's inter island ferry services to the Scottish Government, where this was of no net detriment to the Council, and thereafter submit a report to a future meeting of the Policy and Resources Committee.

## **11. 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 22 November 2017, copies of which had been circulated, the Committee:

Resolved:

**11.1.** On the motion of Councillor W Leslie Manson, seconded by Councillor Rachael A King, to approve the Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 22 November 2017 as a true record.

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

**11.2.** That the recommendation at paragraph 9.5 of the Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 22 November 2017, attached as Appendix 4 to this Minute, be approved.

## **12. Investments Sub-committee**

After consideration of the draft Minute of the Meeting of the Investments Sub-committee held on 23 November 2017, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor W Leslie Manson, seconded by Councillor Rachael A King, to approve the Minute of the Meeting of the Investments Sub-committee held on 23 November 2017, attached as Appendix 5 to this Minute, as a true record.

## **13. Exclusion of Public**

On the motion of Councillor James W Stockan, seconded by Councillor W Leslie Manson, 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.

## **14. 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 paragraphs 2, 6, 8 and 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 1 February 2018, copies of which had been circulated, the Committee:

Resolved:

**14.1.** On the motion of Councillor W Leslie Manson, seconded by Councillor Robin W Crichton, to approve the Minute of the Meeting of the Asset Management Sub-committee held on 1 February 2018 as a true record.

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

**14.2.** That the recommendations at paragraphs 6.5, 6.6 and 9.4 of the Minute of the Meeting of the Asset Management Sub-committee held on 1 February 2018, attached as Appendix 6 to this Minute, be approved.

## **15. Human Resources 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 1 of Part 1 of Schedule 7A of the Act.



After consideration of the draft Minute of the Meeting of the Human Resources Sub-committee held on 1 February 2018, copies of which had been circulated, the Committee:

Resolved:

**15.1.** On the motion of Councillor W Leslie Manson, seconded by Councillor John T Richards, to approve the Minute of the Meeting of the Human Resources Sub-committee held on 1 February 2018 as a true record.

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

**15.2.** That the recommendations at paragraphs 2.5, 3.5 and 3.6 of the Minute of the Meeting of the Human Resources Sub-committee held on 1 February 2018, attached as Appendix 7 to this Minute, be approved.

## **16. Conclusion of Meeting**

At 13:10 the Chair declared the meeting concluded

Signed: James W Stockan.