

Minute

Policy and Resources Committee

Tuesday, 27 November 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, 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.
- Sally Shaw, Chief Officer/Executive Director, Orkney Health and Care.
- Wilfred Weir, Executive Director of Education, Leisure and Housing (for Items 1 to 27).
- Gareth Waterson, Head of Finance.
- Brian Archibald, Head of Marine Services, Engineering and Transportation (for Items 1 to 27).
- Peter Diamond, Head of Education (Leisure, Culture and Inclusion) (for Items 1 to 3 and 17 to 21).
- Karen Greaves, Head of Executive Support.
- Hayley Green, Head of IT and Facilities (for Items 1 to 27).
- Andrew Groundwater, Head of HR and Performance.
- Roddy Mackay, Head of Planning, Development and Regulatory Services (for Items 13 to 27).
- Gavin Mitchell, Head of Legal Services.
- Leslie Rendall, Revenues Manager (for Items 1 to 9).
- Ian Rushbrook, Capital Programme Manager (for Items 1 to 3 and 17 to 27).
- Malcolm Russell, Safety and Contingencies Manager (for Items 9 to 16).
- Catherine Diamond, Principal Teacher Early Years (for Items 17 to 21).
- James Green, Senior Policy Planner (Development and Marine Planning) (for Items 26 and 27).
- Hazel Flett, Senior Committees Officer.

Observing

- David Sawkins, Deputy Harbour Master, Strategy and Support (for Items 17 to 27).
- Luke Fraser, Team Leader (Policy and Planning) (for Items 7 to 9).
- David Hartley, Communications Team Leader (for Items 17 to 27).
- Andrew Hamilton, Performance and Best Value Officer (for Items 1 to 5).
- Rebecca McAuliffe, Press Officer (for Items 1 to 16).

Not Present

- Councillor Magnus O Thomson.

Declarations of Interest

- Councillor Robin W Crichton – Item 9.
- Councillor Andrew Drever – Item 9.
- Councillor Steven B Heddle – Item 9.
- Councillor Rachael A King – Item 9.
- Councillor W Leslie Manson – Item 9.
- Councillor Stephen Sankey – Item 9.
- Councillor Graham L Sinclair – Item 9.
- Councillor James W Stockan – Item 9.
- Councillor Kevin F Woodbridge – Items 5 and 9.

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 25 to 28, 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 30 September 2018, 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 £479,300:

- 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 30 September 2018, 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 30 September 2018, attached as Annex 1 to the report by the Head of Finance, indicating the following:

- A total General Fund underspend of £667,000.
- A surplus in Sources of Funding of £44,100.
- A net Non-General Fund surplus of £6,308,800.

2.2.2. The financial detail across individual Sources of Funding for the period 1 April to 30 September 2018, attached as Annex 2 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 detailed analysis of capital expenditure, together with project updates, in respect of the General Fund and the Non-General Fund capital programmes, for the period 1 April to 30 September 2018, attached as Appendix 1 to the report by the Head of Finance.

4. Performance Monitoring

4.1. Chief Executive's Service

After consideration of a report by the Chief Executive, copies of which had been circulated, and after hearing a report from the Head of Executive Support, the Committee:

Noted the performance of the Chief Executive's Service for the reporting period 1 April to 30 September 2018, as set out in sections 3 to 5 and Annexes 1 and 2 of the report by the Chief Executive.

4.2. Corporate Services

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

Noted the performance of Corporate Services for the reporting period 1 April to 30 September 2018, as set out in sections 3 to 5 and Annexes 1 and 2 of the report by the Executive Director of Corporate Services.

5. Council Delivery Plan – Performance Monitoring

Councillor Kevin F Woodbridge declared a financial interest in this item, in that he was a mutton producer and might utilise any future facility referenced at Action 4.11 of the Council Delivery Plan, however, as that specific Action was not discussed, he did not leave the meeting.

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

Noted:

5.1. Progress made in respect of the targets within the Council Delivery Plan 2018 to 2023 for the reporting period 1 April to 30 September 2018, as set out in Annex 1 to the joint report by the Chief Executive and the Executive Director of Corporate Services.

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

5.2. That the undernoted action, that had been progressed to completion, be closed, whilst continuing to be referenced in future Council Delivery Plan performance monitoring reports:

- Action BV4b – Where appropriate, make explicit the link between Council committee recommendations and the Local Outcomes Improvement Plan.

Councillor J Harvey Johnston joined the meeting at this point.

6. Enterprising Communities – Strategic Operating Principles

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:

- 6.1.** The financial context which had dominated the Council's budget capacity for the last 10 years and that new approaches were now necessary to ensure the Council could continue to have the option to deliver the valued discretionary and other enhanced services which made Orkney perform much higher than other parts of the United Kingdom in terms of quality of life considerations.
- 6.2.** The national context in relation to the Needs Case for new grid connections which would direct the future opportunity for Orkney to continue to provide a platform for leading renewable energy development, including marine wave and tidal development.
- 6.3.** The Council Plan Enterprising Communities priority which included the commitment to strategic investment in projects to generate income and/or deliver significant community benefits, with a particular focus on the renewables sector.
- 6.4.** That, in progressing the Enterprising Communities priority, the Council had the opportunity to contribute to delivery of a new grid connection and also acquire and/or create assets which had the potential to generate long term income to the Council and/or achieve broader community benefits to Orkney.
- 6.5.** The opportunity for the income, referred to at paragraph 6.4 above, to be applied to a range of beneficial outcomes, including supporting a range of Orkney wide and localised community outcomes, as detailed in section 6 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure.
- 6.6.** The potential consequences arising from development which would require to be balanced against the potential benefits, referred to at paragraphs 6.4 and 6.5 above, through the planning process, as summarised in section 7 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure.
- 6.7.** The need to be responsive to changing circumstances which would arise through development of strategic projects which might result in changing design, location and scale of projects and the need to acquire the property or assets necessary to meet project outcomes at short notice.
- 6.8.** The need for the Council to establish strategic operating principles to orientate and enable the timescales and development programme which would be necessary to successfully progress the Enterprising Communities priority.
- 6.9.** Existing governance arrangements, as outlined in section 8 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure, which were considered sufficient to progress the Enterprising Communities priority.
- 6.10.** That, whilst the Council had an Enterprising Communities priority, it also required to operate within a financial and governance framework as outlined in the financial implications detailed at section 12 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure.

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

6.11. That the following operating principles be approved to enable the Council's Enterprising Communities priority:

- In pursuance of the Enterprising Communities priority, officers will operate confidently and in the most timeous manner possible within the Scheme of Delegation to Officers where this can contribute to at least one of the following factors:
 - Reduction or offsetting Council revenue costs.
 - Establishment of new income which can be applied to fund Council and/or community or other economic development priorities.
 - Achievement of a meaningful contribution to the overall Needs Case for a new grid connection to Orkney.
 - A demonstrable best value outcome for the Council or the Orkney community more generally.
- That it is accepted, in principle, that it will be necessary for the Council to commit substantial sums of money in the short to medium term either on development activity or the acquisition of assets having carried out appropriate due diligence of the risk involved and following an assessment of the likelihood of long term returns to the Council and/or the community.
- That it is accepted that there is potential for negative consequences arising from development in relation to natural and built heritage and localised property and community interests which will be considered through the statutory planning process.

7. Orkney Islands Council – Cheque Signatories

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

Noted:

7.1. That changes within the staff establishment of the Finance Service had impacted on the availability of cheque signatories for the Council.

7.2. That, in order to amend the operating mandate, the Royal Bank of Scotland required a minuted decision of the Council.

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

7.3. That Council's list of authorised signatories be approved as:

- Gareth Owen Waterson.
- Colin Elliot Kemp.
- Paul Mosley Kemp.
- Leslie Rendall.
- Shonagh Marie Merriman.

7.4. That the Head of Finance should submit a new operating mandate to the Royal Bank of Scotland to advise of the amendment set out above.

8. Treasury Management – Mid-Year Update

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

Noted:

8.1. The mid-year update for financial year 2018 to 2019 as detailed in Appendices 1 to 4 to the report by the Head of Finance, in respect of the following elements of treasury management:

- Borrowing activity.
- Temporary loans.
- Strategic Reserve Fund.
- Pension Fund.

8.2. The Treasury Adviser's overview of the economy and interest rates for the first half of financial year 2018 to 2019, as detailed in Appendix 5 to the report by the Head of Finance.

8.3. That the Treasury Management Practices had operated effectively during financial year 2018 to 2019 to date.

8.4. That, as at 30 September 2018, the Treasury Management Strategy Statement and Annual Investment Strategy for 2018 to 2019 had been adhered to.

Signed: James W Stockan.

9. Council Tax – Charging on Empty Properties and Second Homes

Councillor Robin W Crichton declared a non-financial interest in this item, in that a close family member owned a second home, but concluded that his interest did not preclude his involvement in the discussion.

Councillor Stephen Sankey declared a financial interest in this item, in that he owned holiday accommodation that could potentially fall within the scope of the report, and was not present during discussion thereof.

Councillors Andrew Drever, Steven B Heddle, Rachael A King, W Leslie Manson, Graham L Sinclair, James W Stockan and Kevin F Woodbridge declared financial interests in this item, in that they owned empty properties and/or second homes, and were not present during discussion thereof.

As both the Leader and Depute Leader, being Chair and Vice Chair respectively of the Committee, had declared their interests and left the meeting, the Chief Executive called for nominations for Chair.

The Committee resolved:

9.1. That Councillor J Harvey Johnston be appointed Chair for this item.

Councillor J Harvey Johnston then took the Chair for this item.

After consideration of a report by the Head of Finance, together with an Equality Impact Assessment, copies of which had been circulated, and after hearing a report from the Revenues Manager, the Committee:

Noted:

9.2. That the Council had discretion to vary the level of Council Tax discount on empty properties to between 50% and 10%.

9.3. That, once an empty property had been unoccupied for a continuous period exceeding 12 months, the Council had discretion to reduce the discount from 10% to 0% and also to make an additional surcharge of up to 100%.

9.4. That the Council had discretion to vary the level of Council Tax on second homes from 50% to 0% but cannot make an additional surcharge.

9.5. That there were approximately 1,110 properties in Orkney that did not constitute someone's sole or main residence, of which only 260 met the legislative classification of an 'empty property' that may be subject to the Council's discretion to apply an additional surcharge of up to 100%.

9.6. That revenue raised from the Council's discretion to vary the level of discount on empty properties and second homes to between 50% and 10% raised £243,000 in financial year 2017 to 2018, which was income that remained ring-fenced for affordable housing projects.

9.7. That revenue raised from the Council's discretion to remove the 10% discount on second homes or empty properties, or by making an additional surcharge of up to 100% on empty properties, was not ring-fenced and could be expected to raise additional revenues of up to £253,000 per annum.

9.8. That the Council had discretion to vary the Council Tax charged for empty properties or second homes for different cases, such as by area or length of time a property was unoccupied, and that this may be implemented by not charging an increase or by offering a reduced or higher level of discount.

9.9. Options for retaining Council Tax discounts or applying surcharges on empty properties and second homes, as detailed in section 10 of the report by the Head of Finance, together with the human resource implications associated with any additional income raised, as detailed in section 11 of the report.

Councillor Robin W Crichton, seconded by Councillor Barbara Foulkes, moved that, from 1 April 2019, the standard default discount of 50% should remain reduced to 10% on empty properties and second homes.

Councillor Stephen G Clackson, seconded by Councillor Owen Tierney, moved an amendment that, from 1 April 2019, the standard default discount of 50% should remain reduced to 10% on empty properties and second homes, with the exception of those residents from the isles who required a second home on the mainland of Orkney to enable them to maintain paid employment, whereby the discount on second homes should be reduced to 50%.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Stephen G Clackson, John T Richards and Owen Tierney (3).

For the Motion:

Councillors Alexander G Cowie, Norman R Craigie, Robin W Crichton, David Dawson, Barbara Foulkes, J Harvey Johnston, John A R Scott, Gwenda M Shearer and Duncan A Tullock (9).

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

9.10. That, from 1 April 2019, the standard default discount of 50% should remain reduced to 10% on empty properties and second homes.

9.11. That, from 1 October 2019, an additional surcharge of 100% be applied to empty properties that had been unoccupied for a period exceeding 12 months.

9.12. That, from 1 October 2019, the maximum period that a second home discount of 10% could be awarded should be set at 12 months, following which the discount would end.

9.13. That additional revenue raised through reducing discounts and additional surcharges on empty properties and second homes that was not ring-fenced, estimated at £253,000 per annum, be allocated as follows:

- From July 2019, £23,700 per annum to implement and develop the Council's Empty Homes Strategy.
- From financial year 2019 to 2020, £15,000 to provide additional resource within Finance Services to help administer and implement changes to empty properties and second homes.
- From financial year 2019 to 2020, £13,500 to provide support to Island Development Trusts looking to apply for Scottish Government housing development funding, together with other energy efficiency and fuel poverty projects being undertaken within Housing Services.
- The remainder of funds raised, estimated at £80,200 in 2019 to 2020 and £200,800 per annum from 2020 to 2021 onwards, to General Fund services.

9.14. That a 0.6 full-time equivalent permanent post of Administrative Assistant, Revenues and Benefits, G4, be established within the Finance Service.

9.15. That the Council's discretionary powers to vary the Council Tax charged, including mitigating measures to improve outcomes for isles communities, attached as Appendix 1 to this Minute, be adopted.

Signed: Harvey Johnston.

Councillor David Dawson left the meeting at this point.

10. Complaints Handling Procedure

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 Legal Services, the Committee:

Noted:

10.1. That the Council's Complaints Handling Procedure, approved in July 2012, was based on the Model Complaints Handling Procedure published by the Scottish Public Services Ombudsman.

10.2. That, on 29 March 2018, the Monitoring and Audit Committee considered an Internal Audit of the processes surrounding the Complaints Handling Procedure, including awareness of, and training in, complaints handling, effectiveness in the handling of complaints and compliance with associated procedures.

10.3. That the Internal Audit report identified three specific areas where improvements to procedures could be made and recommended that appropriate amendments be made to the Complaints Handling Procedure.

10.4. That a separate review of the Model Complaints Handling Procedure was due to be undertaken by the Scottish Public Services Ombudsman during the course of 2019 and it was anticipated that, once that review was complete, further amendments to the Council's Complaints Handling Procedure would be considered to reflect the outcome of the review.

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

10.5. That the revised Complaints Handling Procedure, attached as Appendix 2 to this Minute, be approved.

Councillor David Dawson rejoined the meeting at this point.

11. Risk Management Policy and Strategy

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:

11.1. That the Risk Management Policy and Strategy, last revised in 2016, had been amended to reflect the current Council structure and the way in which monitoring arrangements were included in the strategic planning, performance and risk management framework.

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

11.2. That the Risk Management Policy and Strategy 2018 to 2020, attached as Appendix 3 to this Minute, be approved.

12. Corporate Risk Register

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

Resolved to **recommend to the Council** that the Corporate Risk Register, updated as at October 2018, attached as Appendix 4 to this Minute, be approved.

13. Lone Working Policy and Guidance

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 Safety and Contingencies Manager, the Committee:

Noted:

13.1. That the current Lone Working Policy and Guidance was approved by Council in October 2009.

13.2. That the Lone Working Policy and Guidance had been amended to support the overall Health and Safety Policy by providing guidance and clarification to staff and line management on responsibilities associated with lone working and to reflect structural changes within the Council since the previous revision in October 2009.

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

13.3. That the Lone Working Policy and Guidance, attached as Appendix 5 to this Minute, be approved.

14. Health and Safety Risk Assessment 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 Safety and Contingencies Manager, the Committee:

Noted:

14.1. That the current Health and Safety Risk Assessment Policy was approved by Council in December 2009.

14.2. That the Health and Safety Risk Assessment Policy had been reviewed to support the Council's overall Health and Safety Policy by providing guidance and clarification to staff and line management on responsibilities associated with the completion and review of risk assessments and to reflect structural changes within the Council since the last revision in December 2009.

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

14.3. That the Health and Safety Risk Assessment Policy, attached as Appendix 6 to this Minute, be approved.

15. Fire Safety 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 Safety and Contingencies Manager, the Committee:

Noted:

15.1. That the current Fire Safety Policy was approved by Council in December 2009.

15.2. That the Fire Safety Policy had been amended to ensure continued compliance with fire safety guidance and best practice and to reflect structural changes within the Council since the last revision in December 2009.

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

15.3. That the Fire Safety Policy, attached as Appendix 7 to this Minute, be approved.

16. Evaluation of Service Health and Safety Performance

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 Safety and Contingencies Manager, the Committee:

Noted the Evaluation of Service Health and Safety Performance for 2017 to 2018, attached as Appendix 1 to the report by the Executive Director of Corporate Services.

Councillor John A R Scott left the meeting at this point.

17. St Margaret's Hope Conservation Area Regeneration Scheme

After consideration of a report by the Executive Director of Development and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Planning, Development and Regulatory Services, the Committee:

Noted:

17.1. That, on 9 October 2018, the Council resolved that the Executive Director of Development and Infrastructure should submit a note of interest to Historic Environment Scotland confirming that the Council was interested in operating a Conservation Area Regeneration Scheme project within St Margaret's Hope between 2020 and 2024.

17.2. That, should the application to Historic Environment Scotland be successful, an up to date Conservation Area Appraisal and Management Plan would require to be produced, together with fully developed details of any priority projects or any public realm improvements.

17.3. The proposal that a temporary post of Assistant Planner, at an estimated cost of £28,900 to £31,700 per annum, be established in order to produce the Conservation Area Appraisal and Management Plan, undertake community engagement in respect of the project and identify additional sources of external funding.

17.4. That the Development and Infrastructure Service was not able to identify any surplus capacity within existing revenue budgets to meet the costs associated with the temporary post of Assistant Planner.

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

17.5. That a project budget of £36,700, to be met from the Renewables, Regeneration and Redevelopment Fund, be established in order to progress a Conservation Area Regeneration Scheme within St Margaret's Hope.

18. 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 19 September 2018, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor W Leslie Manson, seconded by Councillor Stephen Sankey, to approve the Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 19 September 2018, attached as Appendix 8 to this Minute, as a true record.

19. Asset Management Sub-committee

After consideration of the draft Minute of the Meeting of the Asset Management Sub-committee held on 8 November 2018, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor W Leslie Manson, seconded by Councillor James W Stockan, to approve the Minute of the Meeting of the Asset Management Sub-committee held on 8 November 2018, attached as Appendix 9 to this Minute, as a true record.

20. Replacement Heating Plant at Smiddybrae House

After consideration of a joint report by the Chief Officer/Executive Director, Orkney Health and Care and the Executive Director of Development and Infrastructure, copies of which had been circulated, and after hearing a report from the Capital Programme Manager, the Committee:

Noted:

20.1. That the existing borehole field for the ground source heat pump installation at Smiddybrae House was exhausted.

20.2. That the existing heating plant at Smiddybrae House was also approaching the end of its useful life.

20.3. That, as part of the design development for a replacement ground source heat pump installation at Smiddybrae House, a thermal conductivity test was undertaken and it was discovered that the thermal capacity of the ground in the area was lower than expected and a larger borehole field was required.

20.4. The opportunity to obtain Renewable Heat Incentive for a project to replace the ground source heating plant at Smiddybrae House.

20.5. That the capital cost of the project to replace the ground source heating plant at Smiddybrae House, amounting to £801,300, would be funded from the General Fund capital improvement programme over the three financial years 2018 to 2021.

20.6. The Stage 2 Capital Project Appraisal, attached as Appendix 1 to the joint report by the Chief Officer/Executive Director, Orkney Health and Care and the Executive Director of Development and Infrastructure, in respect of the project to install boreholes and a new ground source heating plant at Smiddybrae House.

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

20.7. That the project to install boreholes and a new ground source heating plant at Smiddybrae House be approved at an overall project cost of £801,300.

21. Expansion of Early Learning and Childcare

After consideration of a report by the Executive Director of Education, Leisure and Housing, copies of which had been circulated, and after hearing a report from the Head of Education (Leisure, Culture and Inclusion), the Committee:

Noted:

21.1. That, with the expansion of Early Learning and Childcare, from the 600 hours offered in 2017 to 1,140 hours in 2020, there was a requirement to nearly double the number of available places at the various settings.

21.2. That, following a review of infrastructure requirements, larger nurseries were at capacity and additional physical space would require to be provided at Papdale, Dounby and Glaitness.

21.3. That new facilities to be provided required to meet Care Inspectorate standards, including additional toilets, increased playroom space, a manager space and extended outdoor playscapes.

21.4. That the Scottish Government was committed to fully funding the capital requirements associated with expansion of Early Learning and Childcare, subject to a number of conditions, including making best use of existing assets.

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

21.5. That the Stage 2 Capital Project Appraisal in respect of the expansion of Early Learning and Childcare, attached as Appendix 10 to this Minute, be approved.

21.6. That the expansion of Early Learning and Childcare be added to the General Fund capital programme over the period 2018 to 2022, at an overall project cost of £2,240,000, to be funded by grant income from the Scottish Government.

22. Proposed Remediation Works at Lyness

After consideration of a report by the Executive Director of Development and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Marine Services, Engineering and Transportation, the Committee:

Noted:

22.1. That, in July 2016, a project budget of £100,000, to be met from the Renewables, Redevelopment and Regeneration Fund, was established to support the feasibility, business case and due diligence work and studies in respect of a proposed development at Lyness.

22.2. That, in October 2017, a further project budget of £150,000, to be met from the Strategic Reserve Fund, was agreed for site investigation and preparation of a remediation strategy in respect of an area of land at Lyness.

22.3. That, in November 2017, the Council received a grant award of £93,678 from the Scottish Government's Decommissioning Challenge Fund in respect of proposed site works for oilrig decommissioning.

22.4. Expenditure to date on the business case, due diligence and studies amounting to £183,600, resulting in an underspend of £160,078 remaining unallocated on the overall project budget of £343,678 in respect of developments at Lyness.

22.5. That, whilst remediation works would not create a new capital asset at Lyness, the Capital Project Appraisal process was being followed to ensure appropriate governance was in place regarding significant expenditure, estimated at £407,000.

22.6. That, on 30 October 2018, the Harbour Authority Sub-committee recommended:

- That, in order to make a brownfield site available for re-use, the Executive Director of Development and Infrastructure should submit, to the Policy and Resources Committee, a Stage 2 Capital Project Appraisal in respect of proposed remediation works at Lyness.
- That the Executive Director of Development and Infrastructure should approach the Ministry of Defence advising of the Council's commitment to remediation work at Lyness and seeking a financial contribution towards the cost of undertaking the remediation works, as a result of the site being a former Royal Navy/NATO fuel depot.

22.7. The Stage 2 Capital Project Appraisal in respect of proposed remediation works at Lyness, attached as Appendix 1 to the report by the Executive Director of Development and Infrastructure.

Councillor Graham L Sinclair, seconded by Councillor Kevin F Woodbridge, moved that remediation works on the brownfield site at Lyness be undertaken, at a total estimated cost of £407,000, to be funded from the Miscellaneous Piers Reserve Fund.

Councillor James W Stockan, seconded by Councillor David Dawson, moved an amendment that consideration of undertaking remediation works on the brownfield site at Lyness be deferred, to the next meeting of the Committee, to enable the Executive Director of Development and Infrastructure to advise of the response from the Ministry of Defence in relation to a financial contribution towards the cost of undertaking the remediation works, as a result of the site being a former Royal Navy/NATO fuel depot.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Stephen G Clackson, Alexander G Cowie, David Dawson, Barbara Foulkes, Steven B Heddle, J Harvey Johnston, Rachael A King, W Leslie Manson, John T Richards, Stephen Sankey, James W Stockan and Owen Tierney (12).

For the Motion:

Councillors Norman R Craigie, Robin W Crichton, Andrew Drever, Gwenda M Shearer, Graham L Sinclair, Duncan A Tullock and Kevin F Woodbridge (7).

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

22.8. That consideration of undertaking remediation works on the brownfield site at Lyness be deferred, to the next meeting of the Committee, to enable the Executive Director of Development and Infrastructure to advise of the response from the Ministry of Defence in relation to a financial contribution towards the cost of undertaking the remediation works, as a result of the site being a former Royal Navy/NATO fuel depot.

Councillor John A R Scott rejoined the meeting at this point.

23. Proposed Reconstruction of Hatston Pier Road

After consideration of a report by the Executive Director of Development and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Marine Services, Engineering and Transportation, the Committee:

Noted:

23.1. That the Council, as Statutory Harbour Authority, was required to provide and maintain safe and reliable access to the Harbour Areas under its control.

23.2. That parts of Hatston Pier Road were in need of substantial reconstruction and upgrading having been assessed as being beyond economic repair.

23.3. That the street light columns on the section of Hatston Pier Road, from its junction with Grainshore Road, up to and including the car and lorry marshalling areas, were showing signs of failure and in need of replacement.

23.4. That, on 13 March 2018, the Harbour Authority Sub-committee recommended that, as an exception to the Capital Project Appraisal process, due to the poor condition of the road surface and street lighting, the Executive Director of Development and Infrastructure should submit, to the Policy and Resources Committee, a Stage 2 Capital Project Appraisal in respect of the proposed reconstruction of Hatston Pier Road and upgrading of street lighting.

23.5. That Phase 1 of the road reconstruction works was carried out over financial years 2017 to 2019 as a variation to the minor capital improvement programme at a cost of £155,000.

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

23.5. That the Stage 2 Capital Project Appraisal in respect of the proposed reconstruction of Hatston Pier Road, together with upgrading street lighting, attached as Appendix 11 to this Minute, be approved.

23.6. That, as an exception to the Capital Project Appraisal process, due to the poor condition of the road surface and street lighting, the proposed reconstruction of Hatston Pier Road and upgrading of street lighting be added to the Non-General Fund capital programme, over the period 2018 to 2020, at a total estimated cost of £360,000, to be met from the Miscellaneous Piers Reserve Fund.

24. 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.

25. Kirkwall Travel Centre

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 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Executive Director of Development and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Marine Services, Engineering and Transportation, the Committee:

Noted:

25.1. That, since Kirkwall Travel Centre opened in 2007, Orkney had seen a steady increase in the use of public transport and considerable growth in tourism, including, and notably, the cruise industry.

25.2. That Kirkwall Travel Centre was a safe pick up and drop off point for tour and shuttle bus passengers, providing toilet facilities, information, Meet and Greet services, rest areas and access to onwards travel, with its location being in close proximity to key historic sites, shops and cafes in the heart of Kirkwall.

25.3. That, on peak days during the summer season, there was insufficient capacity at Kirkwall Travel Centre to safely accommodate public bus services, tour buses and shuttle buses carrying passengers from the cruise ships arriving at Hatston.

25.4. That, to accommodate the continued growth experienced from the tourism industry and to ensure a quality experience arriving in Kirkwall, consideration had been given to expanding the bus stance area at Kirkwall Travel Centre.

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

25.5. What action should be taken with regard to expanding the bus stance area at Kirkwall Travel Centre.

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.

26. Former Papdale Halls of Residence

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 and 6 of Part 1 of Schedule 7A of the Act.

After consideration of a joint report by the Executive Director of Corporate Services and the Executive Director of Education, Leisure and Housing, copies of which had been circulated, the Committee:

Resolved to **recommend to the Council** what action should be taken with regard to the former Papdale Halls of Residence.

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.

27. Environmental Designations – Proposed Special Protection Areas

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 12 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Executive Director of Development and Infrastructure, copies of which had been circulated, and after hearing a report from the Senior Policy Planner (Development and Marine Planning), the Committee:

Noted:

27.1. That Scottish Ministers were currently considering proposals for two areas covering a large proportion of Orkney's inshore waters, known as North Orkney and Scapa Flow, as detailed on the maps attached as Appendices 2 and 3 to the report by the Executive Director of Development and Infrastructure respectively, for designation as Special Protection Areas.

27.2. That, in March 2015, the Council adopted a policy position to oppose the introduction of marine Special Protection Areas in Orkney waters, which was reinforced in July 2015.

27.3. That, in September 2016 and January 2017, the Council submitted substantive responses to formal consultations by Scottish Natural Heritage on proposals to designate the following:

- A suite of 10 marine proposed Special Protection Areas in Scotland, including the North Orkney and Scapa Flow proposed Special Protection Areas.
- A further five proposed Special Protection Areas, including the Pentland Firth, as detailed on the map attached as Appendix 4 to the report by the Executive Director of Development and Infrastructure.

27.4. The response to the Strategic Environmental Assessment Environmental Report and the Network Assessment for the Marine Proposed Special Protection Areas consultation, attached as Appendix 5 to the report by the Executive Director of Development and Infrastructure, which was submitted to the Scottish Government on 9 November 2018.

27.5. The review of Scottish marine Special Protection Area network assessment in relation to proposed Special Protection Areas in Orkney, prepared by the Council's ornithological advisors, attached as Appendix 6 to the report by the Executive Director of Development and Infrastructure, which was submitted to the Scottish Government on 9 November 2018.

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

27.6. That the current adopted policy position to oppose introduction of marine Special Protection Areas in Orkney waters be confirmed.

27.7. That the officer responses to the Scottish Government consultations, referred to at paragraphs 27.4 and 27.5 above, be endorsed.

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.

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28. Staff Appeals Sub-committee

28.1. Draft Minute of Meeting held on 9 October 2018

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 Staff Appeals Sub-committee held on 9 October 2018, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor W Leslie Manson, seconded by Councillor James W Stockan, to approve the Minute of the Meeting of the Staff Appeals Sub-committee held on 9 October 2018, attached as Appendix 12 to this Minute, as a true record.

28.2. Draft Minute of Meeting held on 29 October 2018

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 Staff Appeals Sub-committee held on 29 October 2018, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor W Leslie Manson, seconded by Councillor Duncan A Tullock, to approve the Minute of the Meeting of the Staff Appeals Sub-committee held on 29 October 2018, attached as Appendix 13 to this Minute, as a true record.

29. Conclusion of Meeting

At 16:45 the Chair declared the meeting concluded.

Signed: James W Stockan.

Appendix 1.

Discretion to vary Council Tax charges

1.1.

The discretion that the Council has to vary the Council Tax charged for different cases could be used in a wide range of scenarios. For example, to take account of the reasons why an owner is justified in leaving the dwelling unoccupied and/or reasons why the dwelling could not be lived in, sold or let.

1.2.

Scottish Government guidance indicates that the following circumstances, although not an exhaustive list, would merit flexibility in terms of not charging the Council Tax increase of up to 100% where the property has been empty for more than 1 year:

- The owner is finishing renovations prior to moving in/selling/letting and can demonstrate that these works are progressing.
- A long-term second home where the owner was unable to meet the 25-day occupancy criteria in the previous 12 months due to personal circumstances but where a history of 25-day occupancy can be shown in previous years.
- A property that is taking a long time to sell/let in a stagnant market despite being priced appropriately.
- Any other circumstances where the owner has agreed with an Empty Homes Development Officer to take positive steps to re-occupy their property and it is in the view of the Empty Homes Development Officer that a time-limited council tax increase “holiday” would encourage the property to be brought back into use sooner.

1.2.1.

It is considered that the Council should adopt the examples provided by the Scottish Government and on a case by case basis to delay the implementation of a surcharge of 100% until the property had been unoccupied for up to a period not exceeding two years, as long as the conditions are met. A discount of 10% would remain in place.

1.3.

Advice from other local authorities recommend that the following flexibilities should also be considered where the property has been empty for more than 1 year.

- An empty property that has been unoccupied for more than 1 year and has been purchased or inherited by a new owner and requires major repair work (this does not apply to routine decoration) to bring the property back into use – allow delay of up to 1 year before applying surcharge of up to 100%, but also allow extension of a further year if there have been delays in the process, for example in obtaining Planning Permission or Building Warrants.

- An empty property, the estate of which remains in the name of an Executor, but the Council Tax exemption period has ended - allow 10% discount for up to 1 year before applying surcharge of up to 100%.
- To allow, in exceptional circumstances, discretion by the Head of Finance to delay application of up to 100% surcharge by up to 1 year.

1.3.1.

It is considered that the Council should adopt the examples provided by other local authorities on a case by case basis to delay the implementation of a surcharge of 100% by up to one year, as long as the conditions are met - instead awarding a 10% discount.

1.4.

Legislation gives local authorities discretion to vary the Council Tax charged for different cases, including the area that a dwelling is in and the length of time that the dwelling has been unoccupied.

1.4.1.

The Council's proposed Empty Homes Strategy notes that property sales in the North Isles and South Isles (excluding Burray and South Ronaldsay) regularly take longer to sell and gain a lower sale price.

1.4.2.

Although only 15% of all properties in Orkney are situated in the North and South Isles (excluding Burray and South Ronaldsay), a disproportionate number of one third of all empty properties are situated in the Isles.

1.4.3.

Having due regard to Orkney's isles communities and the demand for housing it is considered that empty properties, situated in the North and South Isles (excluding Burray and South Ronaldsay), that are being genuinely marketed for sale or let at a realistic market price should be exempt from any surcharge of up to 100% in the amount payable until they have been unoccupied for three years, rather than the standard two years.

1.5.

From 1 April 2014, the existing discount of 50% on empty properties, that are both unoccupied and unfurnished, remains in place for a period of up to 6 months following a period of unoccupied and unfurnished exemption. It is considered that this discount should remain in place.



Complaints Handling Procedure

Version 1.6

Contents

Document Control Sheet	4
Foreword	5
How to use this Complaints Handling Procedure.....	6
Handling anonymous complaints	7
What if the customer does not want to complain?.....	8
Who can make a complaint?	8
Complaints involving more than one Council service	8
Complaints involving more than one organisation.....	9
Reporting to the Head of Service	9
Social work complaints.....	10
Care complaints	10
The complaints handling process	11
Stage one: frontline resolution (informal)	12
What to do when you receive a complaint.....	12
Timelines.....	14
Extension to the timeline	14
Closing the complaint at the frontline resolution stage	14
When to escalate to the investigation stage.....	15
Stage two: Investigation.....	15
What to do when you receive a complaint for investigation.....	15
Timelines.....	16
Extension to the timeline	16
Mediation	17
Closing the complaint at the investigation stage	17
Independent external review	18
Factoring complaints.....	18
Roles and responsibilities	19
Complaints about senior staff.....	20
Complaints about Councillors	20
Recording complaints.....	21
Reporting of complaints	21
Learning from complaints.....	22
Publicising complaints performance information	22
Maintaining confidentiality	22

Managing unacceptable behaviour	23
Supporting the customer	23
Time limit for making complaints	23
Appendix 1 - Complaints	24
Appendix 2 - What is not a complaint	26
Example 1: Planning	26
Example 2: Benefits	26
Example 3: Claims for compensation	26
Example 4: Licence decisions	27
Example 5: School exclusions and placing requests	27
Example 6: School exam results	27
Appendix 3 – Timelines	28
General	28
Timelines at frontline resolution	28
Extension to the five-day timeline	28
Transferring cases from frontline resolution to investigation	29
Timelines at investigation	29
Acknowledgement	29
Investigation	29
Timeline examples	30
Complaint 1	30
Complaint 2	30
Complaint 3	30
Complaint 4	30
Complaint 5	31
Complaint 6	31
Appendix 4 - The complaints handling procedure	32
Appendix 5 - Remedies for complaints	33
Putting things right.	34
Appendix 6 - SPSO Qualitative Assessment of Response - Rubric for Complaints Responses	35
Appendix 7 - Template letters for corresponding with complainants	39

Document Control Sheet

Review/Approval History

Date.	Name.	Position.	Version Approved.
February 2012.	General Meeting of the Council.	n/a.	Version 1.0.
September 2016.	Gavin Mitchell.	Head of Legal Services.	Version 1.2.
24 February 2017.	Gavin Mitchell.	Head of Legal Services.	Version 1.4.
17 November 2017.	Gavin Mitchell.	Head of Legal Services.	Version 1.5.
30 October 2018	Gavin Mitchell	Head of Legal Services	Version 1.6

Change Record Table

Date.	Author.	Version.	Status.	Reason.
19 April 2016.	George Vickers.	1.1.	Final.	Updated web address and Freepost address of SPSO.
9 August 2016.	George Vickers.	1.2.	Final.	Addition of remedy Appendix and changing reference in substantive text.
4 January 2017.	George Vickers.	1.3.	Final.	Changed reference from Public Standards Commissioner to Commissioner for Ethical Standards in Public Life.
24 February 2017.	George Vickers.	1.4.	Final.	Revised Procedure relating to complaints involving more than on service and adding section about reporting to Heads of Service.
16 November 2017.	George Vickers.	1.5.	Final.	Revised to take account of OIC adoption of SPSO Model Social Work CHP.
30 October 2018	Gavin Mitchell	1.6	Final	Revised to implement recommendations contained in the Internal Audit Report, 13 March 2018

Status Description

Final – The document is complete and is not expected to change significantly. All changes will be listed in the change record table.

Foreword

Orkney Islands Council has a commitment to deliver high quality services to all its customers. Customer satisfaction is very important to us. We recognise however, that sometimes things can go wrong. We need to know about this so we can put it right and improve our service for others in the future.

Our complaints handling procedure reflects Orkney Islands Council's commitment to valuing complaints. It seeks to resolve customer dissatisfaction as close as possible to the point of service delivery. We aim to conduct thorough, impartial and fair investigations of customer complaints so that, where appropriate, we can make evidence-based decisions on the facts of the case.

The aim is to produce a standard approach to handling complaints which complies with the Scottish Public Services Ombudsman's (SPSO's) guidance on a model complaints handling procedure. This procedure aims to help us 'get it right first time'. We want to ensure quick, simple and streamlined complaints handling with local, early resolution by capable, well-trained staff.

Complaints give us valuable information we can use to improve customer satisfaction. For our staff, complaints provide a first-hand account of the customer's views and experience and can highlight problems we may otherwise miss. Handled well, complaints can give our customers a form of redress when things go wrong and can also help us continuously improve our services.

Resolving complaints early saves money and creates better customer relations. Sorting them out as close to the point of service delivery as possible means we can deal with them locally and quickly, so they are less likely to escalate to the next stage of the procedure. Complaints that we do not resolve swiftly can greatly add to our workload.

This complaints handling procedure will help us do our job better, improve relationships with our customers and enhance public understanding of the local authority. It will help us to keep the service user at the heart of the process, while enabling us to better understand how to improve our services by learning from complaints.

Chief Executive.

Orkney Islands Council.

How to use this Complaints Handling Procedure

This document explains to staff how to handle complaints. Another document provides information for customers on the complaints procedure. Together, these form our complaints handling procedure.

When using this document, please also refer to the 'SPSO Statement of Complaints Handling Principles' and best practice guidance on complaints handling from the Complaints Standards Authority at the SPSO.

<http://www.valuingcomplaints.org.uk/>.

What is a complaint?

Orkney Islands Council's definition of a complaint is:

'An expression of dissatisfaction by one or more members of the public about the local authority's action or lack of action, or about the standard of service provided by or on behalf of the local authority.'

A complaint may relate to: failure to provide a service inadequate standard of service dissatisfaction with local authority policy treatment by or attitude of a member of staff disagreement with a decision where the customer cannot use another procedure (for example an appeal) to resolve the matter the local authority's failure to follow the appropriate administrative process.

This list does not cover everything.

Appendix 1 provides a range of examples of complaints we may receive, and how these may be handled.

A complaint is not:

- A routine first-time request for a service.
- A request for compensation only.
- Issues that are in court or have already been heard by a court or a tribunal.
- Disagreement with a decision where a statutory right of appeal exists, for example in relation to council tax or planning an attempt to reopen a previously concluded complaint.
- A request to have a complaint reconsidered where we have already given our final decision.

You must not treat these issues as complaints and should instead direct customers to use the appropriate procedures.

Appendix 2 gives more examples of 'what is not a complaint' and how to direct customers appropriately.

Handling anonymous complaints

We value all complaints. This means we treat all complaints, including anonymous complaints, seriously and will take action to consider them further, wherever this is appropriate. Generally, we will consider anonymous complaints if there is enough information in the complaint to enable us to make further enquiries. If, however, an anonymous complaint does not provide enough information to enable us to take further action, we may decide not to pursue it further. Any decision not to pursue an anonymous complaint must be authorised by the relevant Executive Director or Head of Service.

If an anonymous complaint makes serious allegations, we will refer it to an Executive Director or Head of Service immediately.

If we pursue an anonymous complaint further, we will record the issues as an anonymous complaint on the complaints system. This will help to ensure the completeness of the complaints data we record and allow us to take corrective action where appropriate.

What if the customer does not want to complain?

If a customer has expressed dissatisfaction in line with our definition of a complaint but does not want to complain, tell them that we do consider all expressions of dissatisfaction, and that complaints offer us the opportunity to improve services where things have gone wrong. Encourage the customer to submit their complaint and allow us to deal with it through the complaints handling procedure. This will ensure that the customer is updated on the action taken and gets a response to their complaint.

If, however, the customer insists they do not wish to complain, record the issue as an anonymous complaint. This will ensure that the customer's details are not recorded on the complaints database and that they receive no further contact about the matter. It will also help to ensure the completeness of the complaints data recorded and will still allow us to fully consider the matter and take corrective action where appropriate.

Please refer to the example in **Appendix 1** for further guidance.

Who can make a complaint?

Anyone who receives, requests or is affected by our services can make a complaint. Sometimes a customer may be unable or reluctant to make a complaint on their own. We will accept complaints brought by third parties as long as the customer has given their personal consent.

Complaints involving more than one Council service

A complaint may relate to the actions of two or more local authority services or may include circumstances where one or more services have the lead and a support service, such as Legal Services, is providing input as a tertiary service. In these circumstances, you must advise the customer who will take the lead in dealing with the complaint and explain that they will receive only one response covering all issues raised.

The lead service is responsible for keeping the complainant informed about progress with the complaint and letting him or her know the outcome of the complaint. However, all services involved with the subject of the complaint have a responsibility for ensuring that the Complaints Handling Procedure is properly applied. When the lead service has asked a second service to either provide information or take some form of action, the lead service must record this and make a note in a diary, or in an appropriate place, to contact the second service to ensure that this is attended to in a timely manner (what is often referred to as "diarising").

The lead service has the responsibility for keeping the complainant informed of progress in resolving the subject of the complaint and advising the complainant as to what action has been taken. If the second service requires information or action from the lead service in order, for example, to be able to provide the lead service with appropriate advice and support, then this should be diarised by the second service. If no response is received from the lead service, the second service should send a reminder to the lead service.

All actions, correspondence and communications should be filed on relevant file management systems in order that the relevant information to progress the resolution of the complaint is accessible by colleagues. This will help ensure that problems that might arise, such as from unexpected staff absences, can be identified and resolved.

Complaints involving more than one organisation

If a customer complains to the local authority about the service of another agency or public service provider, but the local authority has no involvement in the issue, the customer should be advised to contact the appropriate organisation directly. However, where a complaint relates to a local authority service and the service of another agency or public service provider, (for example a housing association or a government department), and the local authority has a direct interest in the issue, the complaint about the local authority must be handled through the Complaints Handling Procedure. If you need to make enquiries to an outside agency in relation to the complaint always take account of data protection legislation and our guidance on handling our customers' personal information by seeking appropriate advice from Legal Services. The Information Commissioner also has detailed guidance on data sharing and has issued a data sharing code of practice. Case files or other relevant records must be kept up to date.

Such complaints may include:

- A complaint made to us about a claim for housing benefit where the customer's dissatisfaction relates to the service we have provided and the service the DWP has provided.
- A complaint made to us about antisocial behaviour where the customer's dissatisfaction relates to the service we have provided and the service the housing association has provided.

Reporting to the Head of Service

Each service must ensure that their Head of Service (Member of the Corporate Management Team) is kept fully apprised on a regular basis as to progress in the handling of the complaint. For frontline complaints the Head of Service will be apprised within the timeline of five working days prescribed in the Procedure for resolving such complaints. For stage 2 complaints/investigations the Head of Service will be apprised within the prescribed timeline of twenty working days. If the timescale for replying is extended, the Head of Service will be apprised within the timescales of the agreed extended deadlines.

Social work complaints

There is a separate Complaints Handling Procedure for social work complaints which also follows the SPSO model.

Leaflets explaining the social work complaints process are available in customer services and other Orkney Health and Care locations.

All complaints received regarding social work and social care services should be referred to the Orkney Health and Care Planning Officer (Quality and Information).

Care complaints

Local authorities that provide care/support services must be registered with the Care Inspectorate. Anyone receiving care/support services from us has the right to complain either direct to the Care Inspectorate or to us.

Customers may also receive care or support from other agencies under a contract with us. They may direct complaints about these services either to us (just like complaints about any local authority service) or directly to the Care Inspectorate.

The Care Inspectorate's contact details within Orkney are as follows:

Care Inspectorate, East Bank, East Road, Kirkwall Orkney, KW15 1LX.

Telephone: 01856870535.

Alternatively, you could contact the Care Inspectorate's National Enquiry Line on:

Telephone: 08456009527.

Fax: 01382207289.

Their contact details can be found on their website at <http://www.careinspectorate.com/index.php/contact-us>.

You can complete an online complaints form at <http://www.careinspectorate.com/>, or email enquiries@careinspectorate.com.

The complaints handling process

Our complaints handling procedure aims to provide a quick, simple and streamlined process for resolving complaints early and locally by capable, well-trained staff.

Our complaints process provides two opportunities to resolve complaints internally: frontline resolution, and investigation.



For clarity, the term 'frontline resolution' refers to the first stage of the complaints process. It does not reflect any job description within Orkney Islands Council but means seeking to resolve complaints at the initial point of contact where possible.

Appendix 4 contains a flowchart which sets out the key steps to be followed when a complaint is received.

Stage one: frontline resolution (informal)

Frontline resolution aims to quickly resolve straightforward customer complaints that require little or no investigation. Any member of staff may deal with complaints at this stage.

The main principle is to seek early resolution, resolving complaints at the earliest opportunity and as close to the point of service delivery as possible. This may mean a face-to-face discussion with the customer or asking an appropriate member of staff to deal directly with the complaint.

Appendix 1 gives examples of the types of complaint we may consider at this stage, with suggestions on how to resolve them.

In practice, frontline resolution means resolving the complaint at the first point of contact with the customer, either by the member of staff receiving the complaint or other identified staff.

In either case, you may settle the complaint by providing an on-the-spot apology where appropriate, or explaining why the issue occurred and, where possible, what will be done to stop this happening again. You may also explain that, as an organisation that values complaints, we may use the information given when we review service standards in the future.

A customer can make a complaint in writing, in person, by telephone, by email or online, or by having someone complain on their behalf. You must always consider frontline resolution, regardless of how you have received the customer's complaint.

Each directorate has a dedicated complaints officer to deal with complaints in their service. All complaints must be notified to the relevant complaints officer so that the details of the complaint can be recorded.

What to do when you receive a complaint

1. On receiving a complaint, you must first decide whether the issue can indeed be defined as a complaint. The customer may express dissatisfaction about more than one issue. This may mean you treat one element as a complaint, while directing the customer to pursue another element through an alternative route (see Appendix 2).
2. If you have received and identified a complaint, contact the relevant complaints officer so that the details are recorded on our complaints system.
3. Next, decide whether or not the complaint is suitable for frontline resolution. Some complaints will need to be fully investigated before you can give the customer a suitable response. You must escalate these complaints immediately to the investigation stage.

4. Where you think frontline resolution is appropriate, you must consider four key questions:

- What exactly is the customer's complaint (or complaints)?
- What does the customer want to achieve by complaining?
- Can I achieve this, or explain why not?
- If I cannot resolve this, who can help with frontline resolution?

Appendix 7 contains a suggested template for an acknowledgement of a Stage One complaint.

What exactly is the customer's complaint (or complaints)? It is important to be clear about exactly what the customer is complaining of. You may need to ask the customer for more information and probe further to get a full picture.

What does the customer want to achieve by complaining?

At the outset, clarify the outcome the customer wants. Of course, the customer may not be clear about this, and you may need to probe further to find out what they expect, and whether they can be satisfied.

Can I achieve this, or explain why not?

If you can achieve the expected outcome by providing an on-the-spot apology or explain why you cannot achieve it, you should do so. If you consider an apology is appropriate, you may wish to follow the SPSO's guidance on the subject:

The SPSO Guidance on Apology is available at:

https://www.spsso.org.uk/sites/spsso/files/communications_material/leaflets_buj/Apolo%20gy%20for%20Web%20170914.pdf

The customer may expect more than we can provide. If so, you must tell them as soon as possible. An example would be where the customer is so dissatisfied with a kitchen refurbishment that they demand a new kitchen, but we are only willing to repair any broken units.

You are likely to have to convey the decision face to face or on the telephone. If you do so face to face, by telephone or by email, you are not required to write to the customer as well, although you may choose to do so. It is important, however, to keep a full and accurate record of the decision reached and passed to the customer. You should notify the relevant complaints officer of all such records.

If I can't resolve this, who can help with frontline resolution?

If you cannot deal with the complaint because, for example, you are unfamiliar with the issues or area of service involved, pass details of the complaint to someone who can attempt to resolve it.

Timelines

Frontline resolution must be completed within five working days, although in practice we would often expect to resolve the complaint much sooner.

You may need to get more information from other services to resolve the complaint at this stage. However, it is important to respond to the customer within five working days, either resolving the matter or explaining that their complaint is to be investigated.

Extension to the timeline

In exceptional circumstances, where there are clear and justifiable reasons for doing so, you may agree an extension of no more than five working days with the customer. This must only happen when an extension will make it more likely that the complaint will be resolved at the frontline resolution stage.

When you ask for an extension, you must get authorisation from the appropriate Head of Service, who will decide whether you need an extension to effectively resolve the complaint. Examples of when this may be appropriate include staff or contractors being temporarily unavailable. If, however, the issues are so complex that they cannot be resolved in five days, it may be more appropriate to escalate the complaint straight to the investigation stage. You must tell the customer about the reasons for the delay, and when they can expect your response.

If the customer does not agree to an extension but it is unavoidable and reasonable, a Head of Service must decide on the extension. You must then tell the customer about the delay and explain the reason for the decision to grant the extension.

It is important that such extensions do not become the norm. Rather, the timeline at the frontline resolution stage should be extended only rarely. All attempts to resolve the complaint at this stage must take no longer than ten working days from the date you receive the complaint.

The proportion of complaints that exceed the five-day limit will be evident from reported statistics. These statistics must go to our senior management team on a quarterly basis.

Appendix 3 provides further information on timelines.

Closing the complaint at the frontline resolution stage

When you have informed the customer of the outcome, you are not obliged to write to the customer, although you may choose to do so. You must ensure that our response to the complaint addresses all areas that we are responsible for and explains the reasons for our decision. It is also important to keep a full and accurate record of the decision reached and given to the customer. The complaint should then be closed and the complaints system updated accordingly.

Appendix 5 provides guidance on the remedies available to the Council when appropriate standards have not been met. Regard should be had to the guidance during any consideration of a remedy.

When to escalate to the investigation stage

A complaint must be escalated to the investigation stage when:

- Frontline resolution was tried but the customer remains dissatisfied and requests an investigation into the complaint. This may be immediately on communicating the decision at the frontline stage or could be some time later.
- The customer refuses to take part in the frontline resolution process.
- The issues raised are complex and require detailed investigation.
- The complaint relates to serious, high-risk or high-profile issues.

When a previously closed complaint is escalated from the frontline resolution stage, the complaint should be reopened on the complaints system.

Take particular care to identify complaints that might be considered serious, high risk or high profile, as these may require particular action or raise critical issues that need senior management's direct input. The SPSO defines potential high-risk or high-profile complaints as those that may:

- Involve a death or terminal illness.
- Involve serious service failure, for example major delays in providing, or repeated failures to provide a service.
- Generate significant and ongoing press interest pose a serious risk to local authority operations.
- Present issues of a highly sensitive nature, for example concerning:
 - Immediate homelessness.
 - A particularly vulnerable person.
 - Child protection.

Stage two: Investigation

Not all complaints are suitable for frontline resolution and not all complaints will be satisfactorily resolved at that stage. Complaints handled at the investigation stage of the complaints handling procedure are typically complex or require a detailed examination before we can state our position. These complaints may already have been considered at the frontline resolution stage, or they may have been identified from the start as needing immediate investigation.

An investigation aims to establish all the facts relevant to the points made in the complaint and to give the customer a full, objective and proportionate response that represents our final position.

What to do when you receive a complaint for investigation

It is important to be clear from the start of the investigation stage exactly what you are investigating, and to ensure that both the customer and the service understand the investigation's scope.

It may be helpful to discuss and confirm these points with the customer at the outset, to establish why they are dissatisfied and whether the outcome they are looking for sounds realistic. In discussing the complaint with the customer, consider three key questions:

1. What specifically is the customer's complaint or complaints?
2. What does the customer want to achieve by complaining?
3. Are the customer's expectations realistic and achievable?

It may be that the customer expects more than we can provide. If so, you must make this clear to the customer as soon as possible.

Where possible you should also clarify what additional information you will need to investigate the complaint. The customer may need to provide more evidence to help us reach a decision.

Details of the complaint must be recorded on the system for recording complaints. Where appropriate, this will be done as a continuation of frontline resolution. The details must be updated when the investigation ends.

If the investigation stage follows attempted frontline resolution, you must hand over all case notes and associated information to the officer responsible for the investigation, and record that you have done so.

Appendix 7 contains a suggested template for an acknowledgement of a Stage Two complaint.

Timelines

The following deadlines are appropriate to cases at the investigation stage:

- Complaints must be acknowledged within three working days.
- You should provide a full response to the complaint as soon as possible but not later than 20 working days from the time you received the complaint for investigation.

Extension to the timeline

Not all investigations will be able to meet this deadline. For example, some complaints are so complex that they require careful consideration and detailed investigation beyond the 20-day limit. However, these would be the exception and you must always try to deliver a final response to a complaint within 20 working days.

If there are clear and justifiable reasons for extending the timescale, the relevant Head of Service will set time limits on any extended investigation, as long as the customer agrees. You must keep the customer updated on the reason for the delay and give them a revised timescale for completion. If the customer does not agree to an extension but it is unavoidable and reasonable, then the relevant Head of Service must consider and confirm the extension. The reasons for an extension might include the following:

- Essential accounts or statements, crucial to establishing the circumstances of the case, are needed from staff, customers or others but they cannot help because of long-term sickness or leave.
- You cannot obtain further essential information within normal timescales.

- Operations are disrupted by unforeseen or unavoidable operational circumstances, for example industrial action or severe weather conditions.
- The customer has agreed to mediation as a potential route for resolution.

These are only a few examples, and you must judge the matter in relation to each complaint. However, an extension would be the exception and you must always try to deliver a final response to the complaint within 20 working days.

As with complaints considered at the frontline stage, the proportion of complaints that exceed the 20-day limit will be evident from reported statistics. These statistics must go to our senior management team on a quarterly basis.

Appendix 3 provides further information on timelines.

Mediation

Some complex complaints, or complaints where customers and other interested parties have become entrenched in their position, may require a different approach to resolving the complaint. Where appropriate, you may consider using services such as mediation or conciliation using suitably trained and qualified mediators to try to resolve the matter and to reduce the risk of the complaint escalating further.

Mediation will help both parties to understand what has caused the complaint, and so is more likely to lead to mutually satisfactory solutions.

If you and the customer agree to mediation, revised timescales will need to be agreed.

Closing the complaint at the investigation stage

You must let the customer know the outcome of the investigation, in writing or by their preferred method of contact. Our response to the complaint must address all areas that we are responsible for and explain the reasons for our decision. You must record the decision, and details of how it was communicated to the customer, on the system for recording complaints. You must also make clear to the customer:

- Their right to ask SPSO to consider the complaint.
- The time limit for doing so.
- How to contact the SPSO.

Appendix 5 provides guidance on the remedies available to the Council when appropriate standards have not been met. Regard should be had to the guidance as part of any consideration of a remedy.

Appendix 6 contains a table produced by the SPSO for the qualitative assessment of responses to complaints. In order to ensure that complaints are responded to as appropriately as possible, regard should be had to the standards and guidance contained within the SPSO's table when preparing a response to a complaint.

Appendix 7 contains template letters for acknowledging receipt of complaints. The template letters are intended to streamline the process of acknowledging receipt of a complaint.

Appendix 7 also contains guidance in relation to preparing a response to a complaint which should be read together with the guidance contained in **Appendix 6**.

Independent external review

Once the investigation stage has been completed, the customer has the right to approach the SPSO if they remain dissatisfied.

The SPSO considers complaints from people who remain dissatisfied at the conclusion of our complaints procedure. The SPSO looks at issues such as service failures and maladministration (administrative fault), as well as the way we have handled the complaint.

To meet SPSO recommendations, we should always use the wording below to inform customers of their right to ask SPSO to consider the complaint. The SPSO also provides a leaflet, The Ombudsman and your organisation, which you may find helpful in deciding how and when to refer someone to the SPSO.

Information about the SPSO

The Scottish Public Services Ombudsman (SPSO) is the final stage for complaints about public services in Scotland. This includes complaints about Scottish councils. If you remain dissatisfied with a council after its complaints process, you can ask the SPSO to look at your complaint. The SPSO cannot normally look at complaints: where you have not gone all the way through the council's complaints handling procedure more than 12 months after you became aware of the matter you want to complain about, or that have been or are being considered in court.

The SPSO's contact details are:

SPSO, 4 Melville Street, Edinburgh, EH3 7NS or Freepost SPSO.

Freephone: 08003777330.

Website: <https://www.spsso.org.uk/>.

Online contact: <https://www.spsso.org.uk/contact-us>.

Factoring complaints

The SPSO does not normally look at complaints about factoring services. The route for these complaints is through the Housing and Property Chamber.

Contact Information for the Housing and Property Chamber:

Housing and Property Chamber, First-tier Tribunal for Scotland, Glasgow Tribunals Centre, 20 York Street, Glasgow, G2 8GT.

Telephone: 01413025900.

Fax: 01413025901.

Governance of the Complaints Handling Procedure

Roles and responsibilities

Overall responsibility and accountability for the management of complaints lies with the local authority's Chief Executive, Executive Directors and Heads of Service.

Our final position on the complaint must be signed off by the relevant Head of Service and we will confirm that this is our final response. This ensures that our senior management own and are accountable for the decision. It also reassures the customer that their concerns have been taken seriously.

Chief Executive: The Chief Executive provides leadership and direction in ways that guide and enable us to perform effectively across all services. This includes ensuring that there is an effective complaints handling procedure, with a robust investigation process that demonstrates how we learn from the complaints we receive. The Chief Executive may take a personal interest in some complaints. Regular management reports assure the Chief Executive of the quality of complaints performance.

Executive Directors: On the Chief Executive's behalf, Executive Directors' responsibilities include:

- Overseeing the investigation of complaints.
- Ensuring the implementation of actions required as a result of a complaint.
- Deputising for the Chief Executive on occasion.

Heads of Service: Heads of Service may be involved in the operational investigation and management of complaints handling. Heads of Service will also be responsible for signing **Stage 2** decision letters to customers.

Complaints Officers: The Chief Executive's Service and each directorate has at least one nominated complaints officer. The complaints officers' responsibilities include:

- Recording complaints.
- Carrying out **Stage 2** investigations.
- Drafting decision letters to customers.
- Offering advice on the complaints handling procedure to other staff in their service.

The nominated complaints officers for each Service are as follows:

- Chief Executive's Service – Business Improvement Manager.
- Corporate Services – Information Governance Officer.
- Development and Infrastructure – Office Manager (deals with all complaints for D and I except ones made against Orkney Ferries).
- Development and Infrastructure – Ferry Operations Manager (only deals with complaints against Orkney Ferries).
- Education, Leisure and Housing – Educational Resources Officer and Housing Manager Policy and Planning.

All complaints officers must complete the SPSO training on good complaints handling and complaint investigation skills, and refresher training must be completed every three years.

All local authority staff: A complaint may be made to any member of staff in the local authority so all staff must be aware of the complaints handling procedure and how to handle complaints. All staff must know which complaints officer a complaint should be referred to for recording. We encourage all appropriately trained staff to try to resolve complaints quickly and as close to the point of service delivery as possible. However, if staff are not able to personally handle a complaint, the matter must be referred to the appropriate complaints officer.

Managers of front line staff should ensure that their staff have completed the SPSO training on good complaints handling and that refresher training is completed every three years. Managers may also require staff to complete the SPSO training on complaint investigation skills and require refresher training to be completed.

Local authority SPSO liaison officer: The Council's SPSO liaison officer is the Head of Legal Services. He/she is responsible for ensuring that complaints information is provided in an orderly and structured way. He/she is responsible for providing comments on factual accuracy on the Council's behalf in response to SPSO reports and confirming that recommendations have been implemented. The SPSO liaison officer must complete the SPSO training on good complaints handling and complaint investigation skills and ensure that refresher training is completed every three years.

Complaints about senior staff

Complaints about senior staff can be difficult to handle, as there may be a conflict of interest for the staff investigating the complaint. When serious complaints are raised against senior staff, it is particularly important that the investigation is conducted by an individual who is independent of the situation. An officer at an equivalent or higher level in another service or local authority may be required to conduct the investigation.

Advice should be sought initially from the Head of Legal Services, who will consult as necessary with the relevant Executive Director / Chief Executive as appropriate.

Complaints about Councillors

This complaints procedure does not deal with complaints against Councillors. A complaint that a Councillor has breached the Councillors' Code of Conduct should be made to the Commissioner for Ethical Standards in Public Life in Scotland ("CESPLS"). Further information can be found on the CESPLS's website, <http://www.ethicalstandards.org.uk/>.

Advice should be sought initially from the Head of Legal Services, who will consult as necessary with the relevant Executive Director / Chief Executive as appropriate.

Recording, reporting, learning and publicising

Complaints provide valuable customer feedback. One of the aims of the complaints handling procedure is to identify opportunities to improve services across Orkney Islands Council. We must record all complaints in a systematic way so that we can use the complaints data for analysis and management reporting. By recording and using complaints information in this way, we can identify and address the causes of complaints and, where appropriate, identify training opportunities and introduce service improvements.

Recording complaints

To collect suitable data, it is essential to record all complaints in line with SPSO minimum requirements, as follows:

- The customer's name and address.
- The date the complaint was received.
- The nature of the complaint.
- How the complaint was received.
- The service the complaint refers to.
- The date the complaint was closed at the frontline resolution stage (where appropriate).
- The date the complaint was escalated to the investigation stage (where appropriate).
- Action taken at the investigation stage (where appropriate).
- The date the complaint was closed at the investigation stage (where appropriate).
- The outcome of the complaint at each stage.
- The underlying cause of the complaint and any remedial action taken.
- Any changes to policy etc. as a result of the complaint.

The complaints officers use structured systems for recording complaints, their outcomes and any resulting action. These provide a detailed record of services that have failed to satisfy customers.

Reporting of complaints

Complaints details are analysed for trend information to ensure we identify service failures and take appropriate action. Regularly reporting the analysis of complaints information helps to inform management of where services need to improve.

We publish on a quarterly basis the outcome of complaints and the actions we have taken in response. This demonstrates the improvements resulting from complaints and shows that complaints can influence our services. It also helps ensure transparency in our complaints handling service and will show our customers and users that we value their complaints.

We must:

- Publicise on a quarterly basis complaints outcomes, trends and actions taken.
- Use case studies and examples to demonstrate how complaints have helped improve services.

This information will be provided by the complaints officers and should be reported regularly (and at least quarterly) to our senior management team.

Learning from complaints

At the earliest opportunity after the closure of the complaint, the complaint handler should always make sure that the customer and staff of the service involved understand the findings of the investigation and any recommendations made.

Senior management will review the information gathered from complaints regularly and consider whether our services could be improved or internal policies and procedures updated.

As a minimum, we must:

- Use complaints data to identify the root cause of complaints.
- Take action to reduce the risk of recurrence.
- Record the details of corrective action in the complaints file.
- Systematically review complaints performance reports to improve service delivery.

Where we have identified the need for service improvement:

- The action needed to improve services must be authorised.
- An officer (or team) should be designated the 'owner' of the issue, with responsibility for ensuring the action is taken.
- A target date must be set for the action to be taken.
- The designated individual must follow up to ensure that the action is taken within the agreed timescale.
- Where appropriate, performance in the service area should be monitored to ensure that the issue has been resolved.
- We must ensure that local authority staff learn from complaints.

Publicising complaints performance information

We also report on our performance in handling complaints annually in line with SPSO requirements. This includes performance statistics showing the volumes and types of complaints and key performance details, for example on the time taken and the stage at which complaints were resolved.

Maintaining confidentiality

Confidentiality is important in complaints handling. It includes maintaining the customer's confidentiality and explaining to them the importance of confidentiality generally. We must always bear in mind legal requirements, for example, data protection legislation, as well as internal policies on confidentiality and the use of customers' information.

Managing unacceptable behaviour

People may act out of character in times of trouble or distress. The circumstances leading to a complaint may result in the customer acting in an unacceptable way. Customers who have a history of challenging or inappropriate behaviour, or have difficulty expressing themselves, may still have a legitimate grievance.

A customer's reasons for complaining may contribute to the way in which they present their complaint. Regardless of this, we must treat all complaints seriously and properly assess them. However, we also recognise that the actions of customers who are angry, demanding or persistent may result in unreasonable demands on time and resources or unacceptable behaviour towards our staff. We will, therefore, apply our policies and procedures to protect staff from unacceptable behaviour such as unreasonable persistence, threats or offensive behaviour from customers.

Supporting the customer

All members of the community have the right to equal access to our complaints handling procedure. Customers who do not have English as a first language may need help with interpretation and translation services, and other customers may have specific needs that we will seek to address to ensure easy access to the complaints handling procedure.

We must always take into account our commitment and responsibilities to equality. This includes making reasonable adjustments to our service to help the customer where appropriate.

Several support and advocacy groups such as Orkney Citizens Advice Bureau and Advocacy Orkney are available to support customers in pursuing a complaint. Customers should be signposted to these as appropriate.

Time limit for making complaints

This complaint handling procedure sets a time limit of six months from when the customer first knew of the problem, within which time they may ask us to consider the complaint, unless there are special circumstances for considering complaints beyond this time.

We will apply this time limit with discretion. In decision making we will take account of the Scottish Public Services Ombudsman Act 2002 (Section 10(1)), which sets out the time limit within which a member of the public can normally ask the SPSO to consider complaints. The limit is one year from when the person first knew of the problem they are complaining about unless there are special circumstances for considering complaints beyond this time.

If it is clear that a decision not to investigate a customer's complaint will lead to a request for external review of the matter, we may decide that this satisfies the special circumstances criteria. This will enable us to consider the complaint and try to resolve it.

Appendix 1 - Complaints

The following tables give examples of complaints that may be considered at the frontline stage and suggest possible actions to achieve resolution.

Complaint.	Possible actions to achieve resolution.
The customer complains that her council tax direct debit has been set up wrongly.	<ul style="list-style-type: none"> • Apologise to the customer and resolve the issue by properly updating the direct debit details.
The customer has provided evidence to verify his claim for benefits, but the Benefits Service has not updated his case records with this information.	<ul style="list-style-type: none"> • Apologise to the customer. • Update the customer's benefit record to record receipt of evidence. • Check that the benefit award is corrected from the appropriate date.
The customer complains that a workman did not attend to carry out a housing repair as we had agreed.	<ul style="list-style-type: none"> • Speak to the workman, the service or the service manager to explain the customer's complaint and to agree how to resolve the issue, for example by arranging a new time and date to do the repair. • Explain the reasons for the failed appointment and apologise to the customer.
The customer complains that the quality of a repair done by us or our contractor is not satisfactory.	<ul style="list-style-type: none"> • Ask the service to examine the repair to assess whether or not it is acceptable • If appropriate, agree that the service should do more work to resolve the matter. • Explain and apologise to the customer. • Obtain a report from the service or contractor to confirm that the repair is now complete. • Feedback the lessons learned from the complaint into a service improvement plan.
The customer complains that a road is not on our winter gritting route so has not been gritted.	<ul style="list-style-type: none"> • Find out which roads are on our agreed gritting routes and explain this route to the customer. • Use the customer's concerns to inform our future approach to gritting. roads. • Find out which roads are on our agreed gritting routes and explain this route to the customer. Use the customer's concerns to inform.
The customer complains that his/her home carer turned up late and was smoking.	<ul style="list-style-type: none"> • Contact the care service to discuss the matter with a service manager. • The care service should check the timetable for visits and discuss with the home carer the

Complaint.	Possible actions to achieve resolution.
	<p>complaint about smoking.</p> <ul style="list-style-type: none"> • The care service should let you know the outcome. • You in turn contact the customer to explain the policy, confirm the timing of visits (for example between 08:00 and 12 noon) and, where appropriate, apologise for the inconvenience.
<p>The customer complains that a night-working refuse collector woke her up by making excessive noise.</p>	<ul style="list-style-type: none"> • Explain our policy on refuse collection, in particular, the approach to night working. • Tell the customer that you will pass on details of the complaint to the service to highlight the noise issue and ask the service to do what they can to control noise. • Apologise to the customer for the inconvenience.
<p>The customer expresses dissatisfaction in line with the definition of a complaint but says she does not want to complain – just wants to tell us about the matter.</p>	<ul style="list-style-type: none"> • Tell the customer that we value complaints because they help to improve services. • Encourage them to submit the complaint. • In terms of improving service delivery and learning from mistakes, it is important that customer feedback, such as this, is recorded, evaluated and acted upon. Therefore, if the customer still insists that they do not want to complain, record the matter as an anonymous complaint. This will avoid breaching the complaints handling procedure. Reassure the customer that they will not be contacted again about the matter.

Appendix 2 - What is not a complaint

A concern may not necessarily be a complaint. For example, a customer might make a routine first-time request for a service. This is not a complaint, but the issue may escalate into a complaint if it is not handled effectively and the customer has to keep on asking for service.

A customer may also be concerned about various local authority decisions. These decisions may have their own specific review or appeal procedures, and, where appropriate, customers must be directed to the relevant procedure. The following paragraphs provide examples of the types of issues or concerns that must not be handled through the complaints handling procedure. This is not a full list, and you should decide the best route for resolution based on the individual case.

Example 1: Planning

Customers may express dissatisfaction after the refusal of planning or other related permissions. An example would be dissatisfaction with a condition of consent or an enforcement action.

Planning applicants, or their agent, have the right to appeal to Scottish Ministers on planning or related matters determined by Committee. Appeals are usually, but not always, decided by a Reporter from the Directorate of Planning and Environmental Appeals and can be considered on the basis of written submissions or by a hearing or public inquiry. The Reporter appointed to consider the appeal will manage the whole process and consider how to gather enough information to make a decision.

Customers who are dissatisfied with one of our planning decisions, and who have a right to appeal to Scottish Ministers, should be directed to this service. However, some complaints about planning matters are from third parties such as neighbours. These customers do not have the right of appeal to Scottish Ministers. These complaints should, therefore, be considered through the CHP.

Example 2: Benefits

A customer may be dissatisfied or disagree with a decision about their housing or council tax benefit claim. This is not a complaint. The customer may ask us to review the decision. If they remain dissatisfied at the outcome of the review or reconsideration of their claim, they may also appeal against our decision to an independent appeal tribunal. Where they want to do so, you should direct them appropriately.

Example 3: Claims for compensation

A customer may seek compensation from us if they consider us liable. This includes issues such as personal injury or loss of or damage to property. Claims for compensation only are not complaints, so you must not handle them through the complaints handling procedure. You should be clear, however, that where a customer wants to complain about the matter leading to their request for compensation, for example workmen damaging their home, or the condition of a public road causing damage to a motor vehicle, you may consider that matter as a complaint, but deal with the request for compensation separately. You may decide to suspend complaint action pending the outcome of the claim for compensation. If you

do this, you must notify the customer and explain that the complaint will be fully considered when the compensation claim has been resolved.

If you receive a compensation claim, you should forward this to the Head of Finance and Insurance Officer and take their advice regarding any further communication with the complainant. Further guidance on how to put things right can be found in the Council's redress guide at Appendix 5.

Example 4: Licence decisions

We are responsible for issuing various licences, including public entertainment, HMO (houses in multiple occupation), liquor and taxi licences. These have their own legal redress. Customers who are dissatisfied with these decisions will have to pursue this through the correct procedure for the type of licence they want.

Example 5: School exclusions and placing requests

Decisions on appeals against a pupil's exclusion from school or a refusal of a school placing request are made by Committee. Once the Committee has ruled, the customer cannot then use the complaints process to continue their case.

Example 6: School exam results

Schools have devolved authority to offer examinations on the awarding body's behalf. In most cases this will be the SQA. If a customer is dissatisfied with the result of an exam, the school should refer it to the awarding body.

Remember that although there may be an alternative form of redress for the customer as detailed above, you must consider carefully whether or not a customer's representations should be managed within the complaints handling procedure. Dissatisfaction with certain local authority decisions may simply require an explanation and directing to the correct route for resolution. If, however, a customer says they are dissatisfied with the administrative process we have followed in reaching a decision, you may consider that dissatisfaction through the complaints handling procedure. An example may be a complaint from a customer who is dissatisfied with a decision and alleges that we failed to follow or apply the appropriate guidance in reaching that decision.

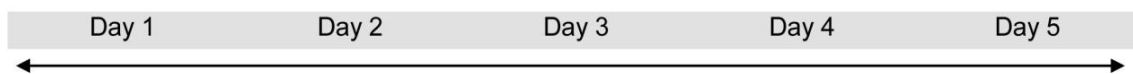
Appendix 3 – Timelines

General

References to timelines throughout the complaints handling procedure relate to working days. When measuring performance against the required timelines, we do not count non-working days, for example weekends, public holidays and days of industrial action where our service has been interrupted.

Timelines at frontline resolution

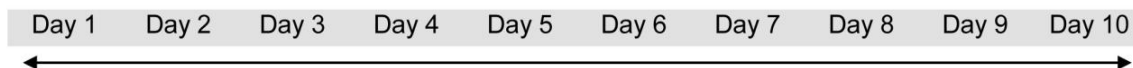
You must aim to achieve frontline resolution within five working days. The day you receive the complaint is day 1. Where you receive it on a non-working day, for example at the weekend or on a public holiday, day 1 will be the next working day.



<p>Day 1: Day complaint received by the local authority, or next working date if date of receipt is a non-working day.</p>	<p>Day 5: Frontline resolution achieved or complaint escalated to the investigation stage.</p>
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Extension to the five-day timeline

If you have extended the timeline at the frontline resolution stage in line with the procedure, the revised timetable for the response must take no longer than 10 working days from the date of receiving the complaint.



<p>Day 1: Day complaint received by the local authority, or next working date if date of receipt is a non-working day.</p>	<p>In a few cases where it is clearly essential to achieve early resolution, you may authorise an extension within five working days from when the complaint was received. You must conclude the frontline resolution stage within 10 working days from the date of receipt, either by resolving the complaint or by escalating it to the investigation stage.</p>	<p>Day 10: Frontline resolution achieved or complaint escalated to the investigation stage.</p>
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Transferring cases from frontline resolution to investigation

If it is clear that frontline resolution has not resolved the matter, and the customer wants to escalate the complaint to the investigation stage, the case must be passed for investigation without delay. In practice this will mean on the same day that the customer is told this will happen.

Timelines at investigation

You may consider a complaint at the investigation stage either: after attempted frontline resolution, or immediately on receipt if you believe the matter to be sufficiently complex, serious or appropriate to merit a full investigation from the outset.

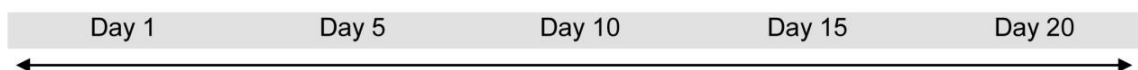
Acknowledgement

All complaints considered at the investigation stage must be acknowledged within three working days of receipt. The date of receipt is: the day the case is transferred from the frontline stage to the investigation stage, where the case has been identified at the outset as requiring investigation, or the day the customer asks for an investigation after a decision at the frontline resolution stage. You should note that a customer may not ask for an investigation immediately after attempts at frontline resolution, or the date you receive the complaint, if you think it sufficiently complex, serious or appropriate to merit a full investigation from the outset.

Investigation

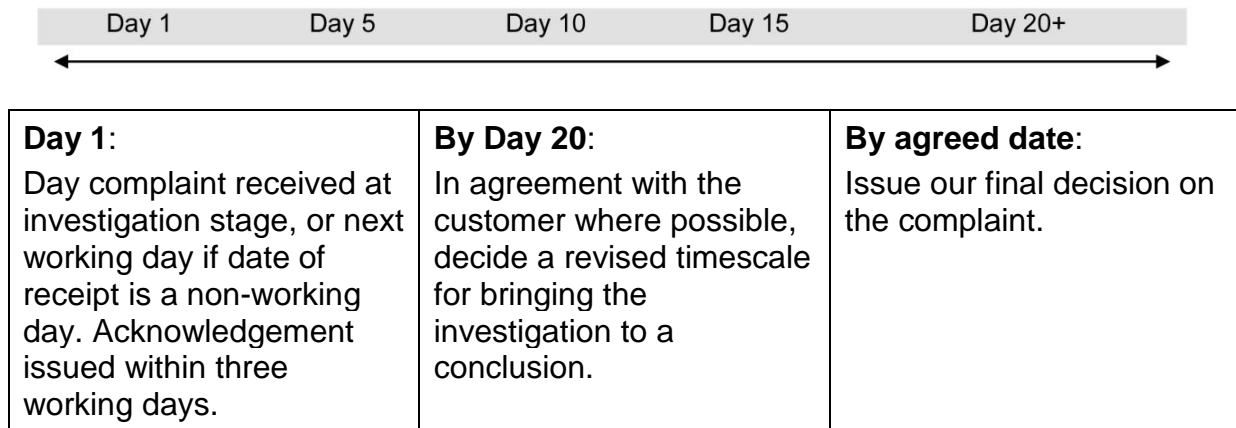
You should respond in full to the complaint within 20 working days of receiving it at the investigation stage.

The 20-working day limit allows time for a thorough, proportionate and consistent investigation to arrive at a decision that is objective, evidence-based and fair. This means you have 20 working days to investigate the complaint, regardless of any time taken to consider it at the frontline resolution stage.



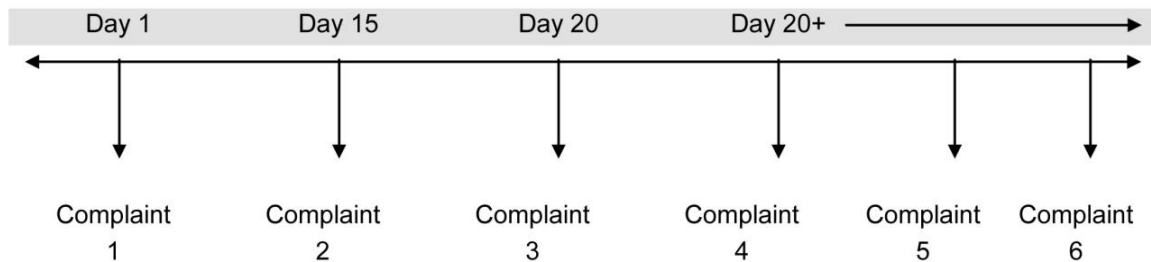
<p>Day 1: Day complaint received at investigation stage, or next working day if date of receipt is a non-working day. Acknowledgement issued within three working days.</p>	<p>Day 20: Local authority's decision issued to customer or agreement reached with customer to extend deadline.</p>
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Exceptionally you may need longer than the 20-day limit for a full response. If so, you must explain the reasons to the customer, and agree with them a revised timescale.



Timeline examples

The following illustration provides examples of the point at which we conclude our consideration of a complaint. It is intended to show the different stages and times at which a complaint may be resolved.



The circumstances of each complaint are explained below:

Complaint 1

Complaint 1 is a straightforward issue that may be resolved by an on-the-spot explanation and, where appropriate, an apology. Such a complaint can be resolved on day 1.

Complaint 2

Complaint 2 is also a straightforward matter requiring little or no investigation. In this example, resolution is reached at day three of the frontline resolution stage.

Complaint 3

Complaint 3 refers to a complaint that we considered appropriate for frontline resolution. We did not resolve it in the required timeline of five working days. However, we authorised an extension on a clear and demonstrable expectation that the complaint would be satisfactorily resolved within a further five days. We resolved the complaint at the frontline resolution stage in a total of eight days.

Complaint 4

Complaint 4 was suitably complex or serious enough to pass to the investigation stage from the outset. We did not try frontline resolution; rather we investigated the case immediately. We issued a final decision to the customer within the 20-day limit.

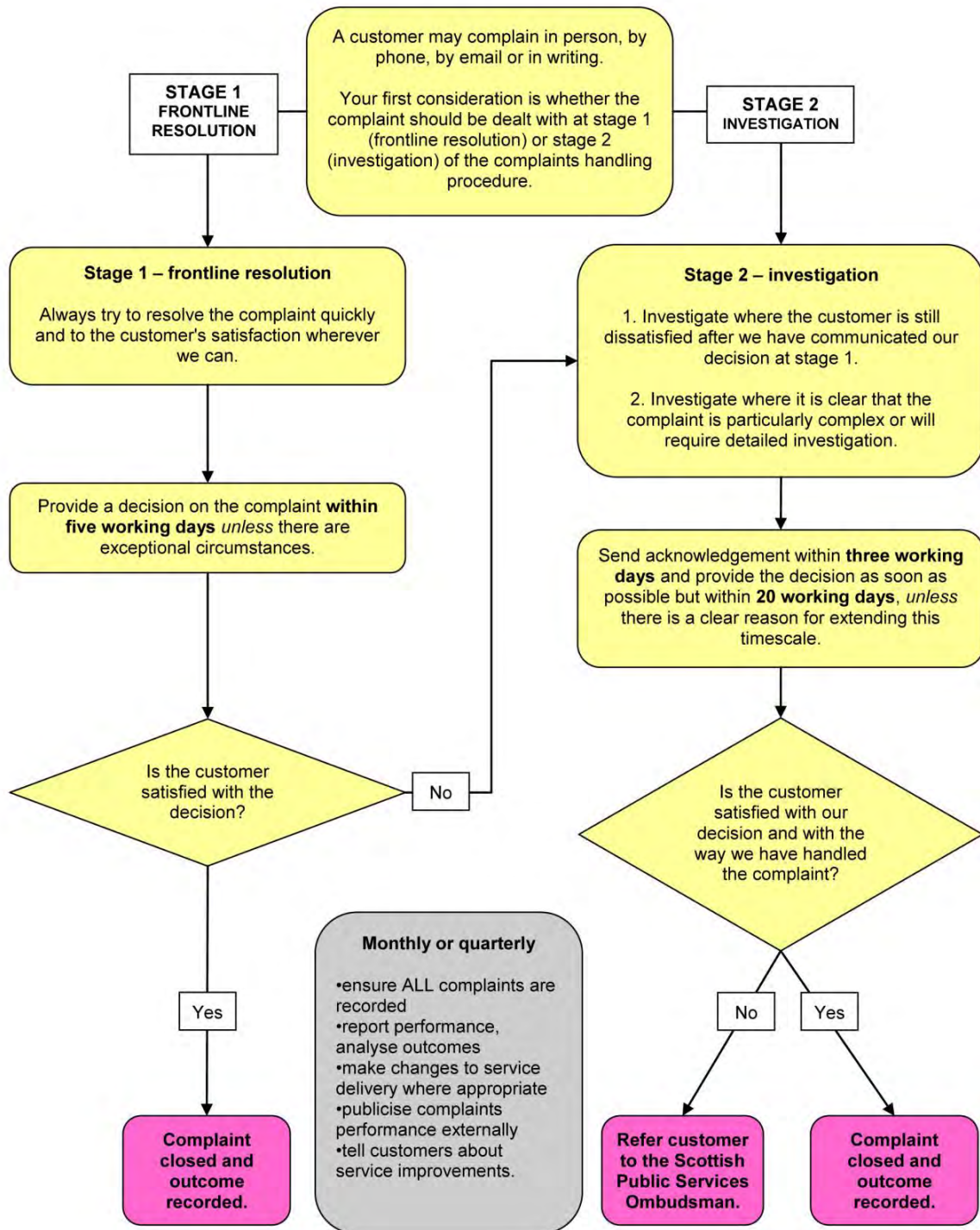
Complaint 5

We considered complaint 5 at the frontline resolution stage, where an extension of five days was authorised. At the end of the frontline stage the customer was still dissatisfied. At their request, we conducted an investigation into the complaint and issued our final response within 20 working days. Although the end-to-end timeline was 30 working days we still met the combined time targets for frontline resolution and investigation.

Complaint 6

Complaint 6 was considered at both the frontline resolution stage and the investigation stage. We did not complete the investigation within the 20-day limit, so we agreed a revised timescale with the customer for concluding the investigation beyond the 20-day limit.

Appendix 4 - The complaints handling procedure



Appendix 5 - Remedies for complaints

Where our service has not met our standards, or we accept that our standards need changing, we will:

- Apologise for the failure in service.
- Explain what went wrong.
- Where appropriate, say how we have learned from the complaint.
- **Say what we have done to redress the problem.**

The underlying objective of the Complaints Procedure is to ensure that, wherever possible and practicable, someone detrimentally affected when something has gone wrong should be returned to the position they would have been in if the failure had not occurred.

In most cases, redress for the complainant will involve the Council putting right what has gone wrong, for example, providing a service which it is agreed should have been provided. If this is not possible or in exceptional cases, redress may **also, at the Council's discretion**, include practical action to mitigate any detriment.

Redress should:

- Be fair and reasonable.
- Be proportionate to the degree and nature of the failure and hardship or the injustice suffered.
- Take into account the wishes and needs of the complainant.
- Be provided in a timely manner.
- Provide, as far as possible, a comprehensive resolution of the issue remembering that it may apply not only to the complainant but to others who have suffered as a result of the same failure.

Redress may be limited by:

- The time since the problem occurred.
- The degree to which the complainant had a contributory responsibility for the failure and the detriment suffered.
- The capability of the Council to comply with the remedy.

Putting things right

There are a number of actions we can take to put things right:

- **Providing the service**

Where we have failed to provide a service that we agree the customer is entitled to, we should ensure that the service is provided in an agreed timetable, explaining any delay.

- **Backdating the service**

Where we have not provided a service that we should have, it may be appropriate to backdate the service to when it should have been provided in the first instance. For example, a benefits application that needs to be backdated to the original claim date.

- **Stopping enforcement action**

Where the complainant disputes the reasons for the enforcement action it may be appropriate to stop the action or postpone the action pending further investigation.

In very exceptional circumstances the Chief Executive may consider time and trouble or goodwill payments and any such request should be referred to the Chief Executive's office.

N.B. Compensation claims are not dealt with under the Complaints Handling Procedure. These should be forwarded to the Head of Finance and the Insurance Officer and their advice taken regarding any further communication with the complainant to ensure any claim is not prejudiced.

Appendix 6 - SPSO Qualitative Assessment of Response - Rubric for Complaints Responses

Standard/Element	Best	Good	Reasonable	Poor	Unacceptable
Grade	1	2	3	4	5
1 Conclusion/ Decision Is it clear what conclusion has been reached? Are the concerns raised justified or not?	Decisions are clearly identifiable and identified as such within the document even when reading quickly	Decisions are set out within the document but not marked as such – some careful reading required to find these	Decisions are clear when the document is read in detail (slowly and carefully)	Decisions are unclear without detailed re-reading (slow and careful reading more than once) and interpretation by the reader	Decisions are not clear even with detailed reading (slow and careful reading) and interpretation by the reader
2 Conclusion / Decision Do the conclusions flow clearly and logically from the information and evidence provided?	The document structure clearly highlights the information relevant to and relied on in making the decision and uses this to explain the conclusions reached	The document includes all information relied on in making the decision and links this to the conclusions reached	All information relevant to the decision is included in the document with a broad link to the conclusions reached	Some information relevant to the decision is included and a broad link made to the decision reached	Limited or no information included with little or no link to the decision reached
3 Explanation Customer focussed Does the response demonstrate empathy and real understanding of the impact of the issue raised on the complainant (irrespective of whether 'fault' identified)	Demonstrates a real understanding of the impact of each issue on the complainant. Uses a personalised approach. Explains agreement and disagreement with the complainant with equal clarity	Demonstrates a real understanding of the impact of each issue on the complainant. Uses a personalised approach	Reflects the language of the complainant and recognises the overall emotional impact. Shows a personalised approach and avoids clichés/ standard phrases	Makes some attempt to acknowledge feelings and impact but uses clichés or standard phrases rather than personalised approach	No attempt to reflect the views of the complainant and may even seek to direct blame at them for this or other issues

Standard/Element	Best	Good	Reasonable	Poor	Unacceptable
Grade	1	2	3	4	5
4 Explanation Breadth of issues raised. Are all the issues raised identified?	Every issue (including those already dealt with) raised is clearly identified	Every outstanding issue is clearly identified	The main substantive issues are identified	Some issues are responded to but there is a lack of clarity in the structure and/ or incomplete coverage of the main points raised	A substantial number of issues raised are not responded to
5 Explanation Quality of Explanation. Is each point explained in a comprehensive way?	Every issue raised is clearly responded to here or reference made to information provided in previous communications e.g. telephone calls or meetings	Every issue identified is clearly responded to here	The main substantive issues are clearly responded to	Most (but not all) issues identified are responded to	Limited responses to those issues identified
6 Accuracy	100% accuracy of dates, references, spelling, grammar	One or two minor errors but no substantial errors. A substantial error is one which impacts on the accuracy of the explanation or is on a point of sensitivity e.g. spelling of a name, key date	Several minor errors but no substantial errors A substantial error is one which impacts on the accuracy of the explanation or is on a point of sensitivity e.g. spelling of a name, key date)	A substantial error A substantial error is one which impacts on the accuracy of the explanation or is on a point of sensitivity e.g. spelling of a name, key date	More than one substantial error. A substantial error is one which impacts on the accuracy of the explanation or is on a point of sensitivity e.g. spelling of a name, key date
7 Action Plan If there is further action as a result of the complaint?	Actions are noted to address all the issues of	Actions are noted to address all the issues of	Actions are noted to address all the issues of	Some actions are noted to address the main issues of	Limited or no reference to any actions to be taken to

Standard/Element	Best	Good	Reasonable	Poor	Unacceptable
Grade	1	2	3	4	5
Is there detail of what this is and when it will happen?	concern identified at any point during the complaint investigation. There is a clear plan (including timescales) for achieving these actions. The complainant is offered the opportunity for updates on progress and involvement in appropriate aspects of the action plan	concern identified at any point during the complaint investigation. There is a clear plan (including timescales) for achieving these actions. The Complainant is offered the opportunity to receive updates	concern identified in the investigation. There is a clear plan (including timescales) for achieving these actions	concern identified in the investigation	address concerns identified in the investigation
8 Apology Does the response make a meaningful and sincere apology <u>IF</u> errors or problems have been identified or agreed?	The apology is clear, personalised and comprehensive. It avoids clichés, attributing blame or making excuses (no 'ifs' no 'buts!'). It is linked to the action plan or offers an explanation as to why further remedy is not possible	The apology is clear, personalised and comprehensive. It avoids clichés, attributing blame or making excuses (no 'ifs' no 'buts!')	There is a clear original apology for the problems identified. It avoids clichés, attributing blame or making excuses (no 'ifs' no 'buts!')	There is an apology but this relies on standard phrases and/or attributes blame to the complainant (I am sorry 'if' you felt ...) or makes excuses (I am sorry 'but' ...)	There is no clearly identifiable apology
9 Use of language How readable is the document?	Uses plain English throughout. All technical terms	Extensive use of plain English. All technical terms	Generally uses plain English throughout. Technical	Some use of plain English. Technical terms are	Technical terms are used without explanation.

Standard/Element	Best	Good	Reasonable	Poor	Unacceptable
Grade	1	2	3	4	5
	are clearly explained and used only as necessary. Personalised approach with no unnecessary use of standard phrases. Tone and approach of the document are appropriate to the complainant's communication style and preferences	are explained and used only as necessary. Personalised approach with no unnecessary use of standard phrases. Tone and approach of the document are appropriate to the complainant's communication style and preferences	terms are explained and used only as necessary. Personalised approach with no unnecessary use of standard phrases. Tone and approach of the document are appropriate to the complainant's communication style and preferences	generally explained. Personalised approach. Tone and approach of the document are appropriate to the complainant's communication style and preferences	OR No personalised approach. OR Unnecessary use of standard phrases. OR Tone and approach of the document not appropriate to the complainant's communication style and preferences
10 Next Steps An explanation of what further steps (if any) the complainant can take	Clear and complete reference to the next steps (internal and external) open to the complainant on every aspect of their complaint. Clear indications of where there are no further steps available and why	Clear and complete reference to the next steps (internal and external) open to the complainant on every aspect of their complaint	Reference to the next steps open to the complainant (internal and external) on every aspect of their complaint is present within the document	Reference to the external steps available to the complainant on the main aspects of their complaint is present within the document	Limited, inaccurate or no reference to further steps open to the complainant

Appendix 7 - Template letters for corresponding with complainants

The general assumption is that the Council will communicate with complainants using the method that the complainant has used to raise the complaint with the Council. Therefore, if the complainant has used a letter to submit the complaint, then the Council will usually respond by letter. If the complainant has used email to submit a complaint, then the Council will respond via email.

If a complaint is raised verbally, either in person or via the telephone, the Council will acknowledge the complaint verbally unless it is a Stage Two complaint when the acknowledgement will be sent in writing, either via email or letter. Communications regarding the outcome of Stage Two complaints will always be sent in writing, either by letter or email.

For Stage One complaints, the response will usually be given verbally unless the complaint had been received in writing or the Service takes the view that it is better to set the issues out in writing, perhaps because they are complex. If the response is given verbally, then the information set out in the template letter should be provided verbally.

The templates in this Appendix have been drafted on the assumption that the complainant has contacted the Council by letter and will need to be adjusted for other forms of communication, for example, when corresponding by email, by including links to the Complaints Handling page on the Council's website.

Acknowledgement of a Stage One complaint

Dear

Complaint -

Thank you for your letter dated advising that you wish to make a complaint regarding I have forwarded your complaint to who will investigate your complaint and will write to you in the next five working days to let you know whether your complaint has been upheld or not upheld.

The nature of your complaint is that...

You have asked the Council to put the complaint right by...

If you accept the outcome of the investigation this will be the end of the matter. However, if you decide not to accept the outcome, you will have the opportunity to have your complaint investigated as a Stage 2 investigation and the complaint will be investigated by the Service Complaints Officer.

Please find enclosed a copy of the Council's Complaints Handling Procedure Customer Guide. If you require more information, please do let me know.

Yours sincerely

Acknowledgement of a Stage Two complaint

Dear

Stage 2 Complaint –

Thank you for informing the Council on ... to advise us that you wish to make a complaint regarding ... Please find enclosed a copy of the Council's Complaints Handling Procedure Customer Guide. Your complaint will be treated as a Stage Two complaint because we will need to carry out an investigation.

The nature of your complaint is that...

You have asked the Council to put the complaint right by...

I have asked ... to carry out an investigation into your complaint which will involve speaking to any members of staff involved. It may also be necessary for ... to speak to you at some point if he/she requires any further information about your complaint.

I intend to contact you within the next twenty working days with the outcome of the investigation. However, if it is found that your complaint is particularly complex it may take a little longer for the investigation to be completed. In these circumstances I will keep in touch with you to inform you about progress.

When I contact you with the outcome of my investigation, I will advise you that your complaint has either been 'upheld', 'partly upheld' or 'not upheld'.

If you decide to accept the outcome of my investigation, this will be the end of the investigation. If you remain dissatisfied with the outcome, you can ask the Scottish Public Services Ombudsman to consider your complaint further.

Outcome letter

It is not possible to draw up a full template for an outcome letter because each complaint is unique. The Complaints Officer should refer to the table at Appendix 6 which sets out what is required. The following should be included:

- A summary of the complaint.
- Whether the complaint is upheld, not upheld or partially upheld.
- The reasons for deciding whether the complaint is upheld, i.e. the findings from the investigation. For some complaints, this will be a very short response and for others it will require a more substantial response.
- An apology, if appropriate.
- The next steps the Council will take to resolve the complaint.
- Any lessons that the Council has learnt and any actions it will take to reduce the risk of the subject of the complaint occurring again.
- If the complaint is Stage One, explaining that if the complainant is not happy then they can make a Stage Two complaint.
- Information about the complainant's right to refer the matter to the Scottish Public Services Ombudsman.

Outcome letter should include reference to the complainant's right to take the matter to the Scottish Public Services Ombudsman. Below is suggested text to be included in the outcome letter:

Information about the Scottish Public Services Ombudsman (SPSO)

The SPSO is the final stage for complaints about public services in Scotland. This includes complaints about Scottish councils. If you remain dissatisfied with the Council after its complaints process, you can ask the SPSO to look at your complaint. The SPSO cannot normally look at complaints:

- when you have not gone all the way through the Council's complaints handling procedure
- more than 12 months after you became aware of the matter you want to complain about, or
- that have been or are being considered in court.

The SPSO's contact details are:

SPSO
4 Melville Street
Edinburgh
EH3 7NS

Or

Freepost SPSO

Freephone: 0800 377 7330 or 0131 225 5300

Online contact; www.spsso.org.uk/contact-us

Website: www.spsso.org.uk

Mobile site: <http://m.spsso.org.uk>

I trust that this provides you with the information that you need as you go through the complaints process. In the meantime, please contact me if you have any questions.

Please find enclosed a copy of the Council's Complaints Handling Procedure Customer Guide. If you require more information, please do let me know.

Yours sincerely



Risk Management Policy and Strategy 2018 to 2020

Contents

1. Policy Statement.....	3
2. Introduction	3
3. Terminology	4
4. Objectives	4
5. Approach	5
6. Benefits Diagram	6
7. Status of Risk Management.....	6
8. Management Arrangements	6
9. Business Continuity	8
10. Monitoring and Accountability	8

Document Control Sheet.

Review / approval history.

Date.	Name.	Position.	Version Approved.
	General Meeting of the Council.	n/a.	Version 1.0.

Change Record Table.

Date.	Author.	Version.	Status.	Reason.
October 2018.	Malcolm Russell.	1.0.	Final.	Reviewed and updated earlier version.

1. Policy Statement

The Council understands that it is important to recognise and manage the many risks which are inherent in its activities, and in the services which it provides for the benefit of the community. The Council has therefore adopted this policy on risk management, has established the attached Risk Management Strategy and has implemented procedures in support of the policy and strategy.

The Council wishes to acknowledge that risk can never be eliminated in its entirety. The Council also wishes to recognise that managing risk can also identify positive opportunities which, with the appropriate level of control, may lead to service improvements. Therefore, the measures which the Council adopts are principles of good management practice which seek to control and balance risk and opportunity. Specifically, in the area of risk management, the Council seeks to:

- Meet at all times its statutory obligations, and to act within the law.
- Safeguard the public at large, the Council's members, employees, pupils, tenants and all persons to whom the Council has a duty of care.
- Protect its property, including buildings, equipment, vehicles or any other assets and resources.
- Preserve and enhance service delivery.
- Maintain effective control of public funds.
- Maintain and enhance the Council's reputation.
- Safeguard and enhance the quality of Orkney's environment.

The Council will promote these objectives by systematically identifying, evaluating, and thereafter seeking to control and monitor all risks which would potentially endanger, or which could have a detrimental effect upon the aims and objectives stated above.

The Council will support its members and officials in developing the necessary skills and competencies so as to enable the provision of good quality risk management to the Council.

2. Introduction

The objective of this strategy is to ensure that risk management is an integral part of the Council's corporate and service management, forms part of the Council's governance, planning and service delivery operations and allows for monitoring and reporting on the effectiveness of that strategy.

The strategy acknowledges that risks occur at all levels of the Council's functions and activities and includes strategic or corporate risks as well as innumerable operational risks.

Risk management is part of the Council's Strategic Planning and Performance Framework, and the monitoring of risk is part of the Council's Corporate Performance and Risk Management System.

3. Terminology

Governance.

The system by which local authorities fulfil their purpose and achieve their intended outcomes for citizens and service users and operate in an effective, efficient, economic and ethical manner. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

Risk.

The chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. This can be further defined as “the probability of an event occurring (or not occurring, as the case may be) and its consequence.”

Risk Management.

The planned and systematic approach to the identification, evaluation and control of risk. The objective of risk management is to secure the assets and reputation of the organisation and to ensure the continued financial and organisational well-being of the Council. All organisations exist to achieve their objectives. The purpose of risk management is to manage the barriers in achieving these objectives.

Good risk management.

Having a process in place that can identify what might go wrong, what the consequences might be of something going wrong and finally, deciding what can be done to reduce the possibility of something going wrong. If something does go wrong, which inevitably happens, making sure that the impact is kept to a minimum. Good risk management is successfully managing the barriers to achieving objectives.

4. Objectives

Orkney Islands Council is committed to establishing and maintaining a systematic approach to the identification and management of risk.

The Council’s risk management objectives are to:

- Ensure that risk management is clearly and consistently integrated and evidenced in the culture of the Council.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Consider compliance with health and safety, insurance and legal requirements as a minimum standard.
- Prevent death, injury, damage and losses, and reduce the cost of incidents and accidents.
- Inform policy and operational decisions by identifying risks and their likely impact.

- Raise awareness of the need of risk management by all those connected with the Council's delivery of service.
- Recognise that good risk management also includes positive risk taking and the identification of opportunities.

These objectives will be achieved by:

- Clearly defining the roles, responsibilities and reporting lines within the Council for risk management.
- Setting out clear risk management processes.
- Continuing to demonstrate the application of risk management principles in the activities of the Council, its employees and members.
- Reinforcing the importance of effective risk management as part of the everyday work of employees and members.
- Maintaining a register of risks linked to the Council's business, corporate and operational objectives, including those risks linked to working in partnership.
- Maintaining documented procedures of the control of risk and provision of suitable information, training and supervision.
- Maintaining an appropriate system for recording health and safety incidents and identifying preventative measures against recurrence.
- Preparing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the Council's ability to function.
- Monitoring arrangements continually and seeking continuous improvement.

5. Approach

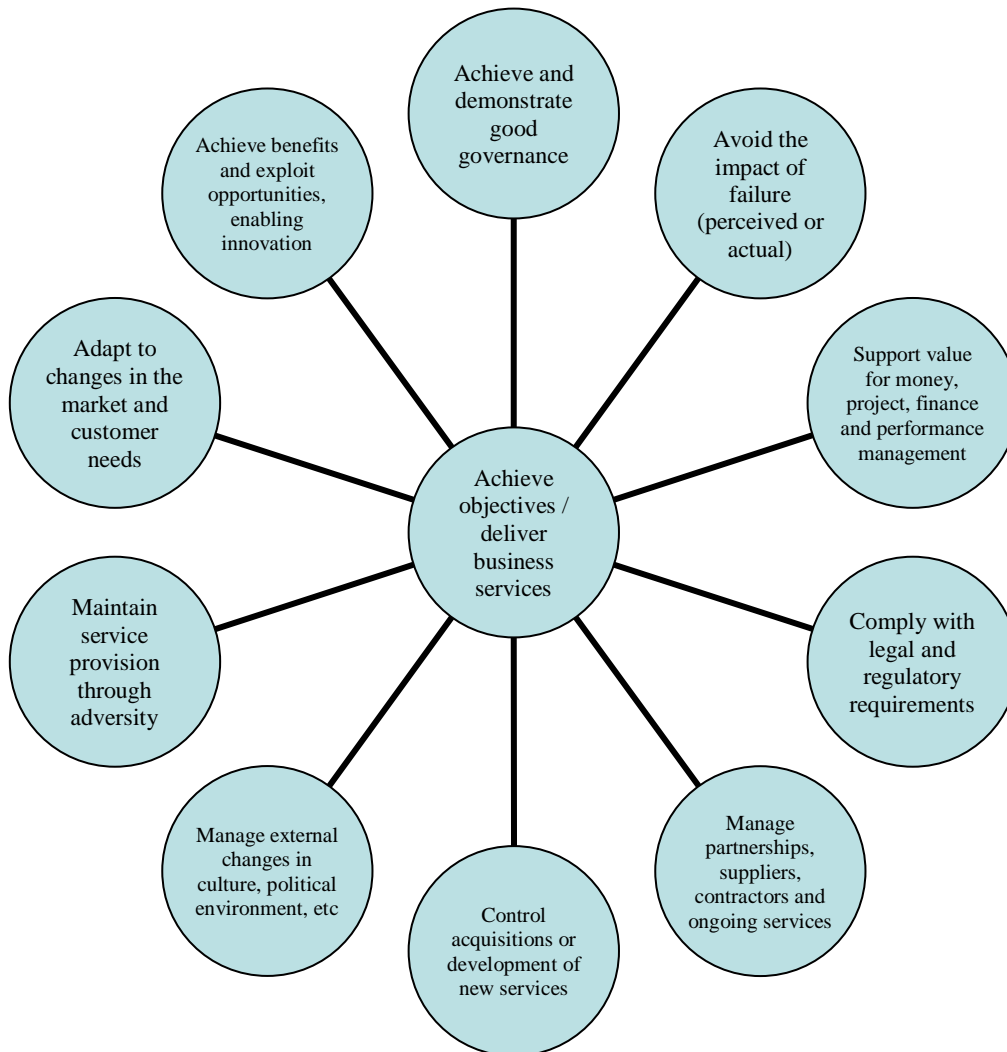
It is essential that a single risk management approach be utilised at all levels throughout the Council. By demonstrating good governance through effective management of risks and opportunities, we will be in a stronger position to deliver our objectives, provide improved services to the public, work better as a partner with other organisations and achieve value for money.

This approach to risk management will inform the Council's business processes, including:

- Strategic planning.
- Financial planning.
- Service planning.
- Policy making and review.
- Performance management.
- Project management.
- Partnership working.

It is essential in order to achieve the objectives referred to in section 4 that processes are in place to identify and assess risks and opportunities, develop and implement controls and warning mechanisms, and to review and report on progress. The identified risks and relevant control measures will be managed through the Council's Risk Register.

6. Benefits Diagram



7. Status of Risk Management

Risk management is as much a part of the duties of Council officials as, for example, the control of budgets or the deployment of staff and assets. It is one of many substantive issues to be considered by elected members when making decisions.

If the Council is to have reasonable assurance that risk management is effective, and is effectively part of the Council's operations, risk management must be carried out in a systematic and structured manner and be subject to monitoring and reporting on its effectiveness.

8. Management Arrangements

Risk management is a part of service and corporate management and accordingly should be integrated as far as possible within normal management processes. The responsibility for the management of risk within a service lies with the Executive Director.

This is a responsibility which Executive Directors may wish to delegate within their service or, on exceptional occasions, refer to the Chief Executive, or to elected members, for decision. An assessment of responsibility for management of particular risks must rest primarily with the Executive Director who should take account of the particular service being provided or issue which is under consideration.

Overall accountability always rests with the Executive Director and therefore Executive Directors are responsible for ensuring that proper arrangements are in place to manage risk, and that effective monitoring is carried out. Such arrangements should include the establishment of risk management processes at all levels within the respective service so that risks identified at unit level (teams, premises, divisions etc) and through the Employee Review and Development process are recorded and either accepted, controlled or transferred to the service risk register, or further to the Corporate Risk Register. Consideration should be given to the risks identified by external / internal audit. Competent advice and guidance on Risk Management, including processes and risk management tools, will be provided by the Safety and Contingencies Manager.

Appropriate arrangements should include the following documents, which must be maintained and updated on an ongoing / continuous basis and reviewed formally every 6 months:

- A risk register.
- As appropriate, an action plan to address the issues raised in the above document. Action plans are optional for amber risks and compulsory for red risks.
- At such a review, the risk appetite should be considered and the risk tolerance line determined for the forthcoming 12 month period.

The risks on each register should be categorised into strategic or operational risks and then sub-divided into appropriate risk cluster headings (e.g. financial, staffing, economic, political, partnerships, governance and communication).

Any new risks which arise throughout the year should be added to the relevant risk register when required.

It is acknowledged that there are some aspects of operational risk management which would benefit from corporate support and co-ordination. There is also a need for the Council to be able to demonstrate that risk management arrangements are effective, through the Corporate Performance and Risk Management system.

The Council's part of Orkney Health and Care may follow the risk management system and documentation currently operated by its partner, NHS Orkney. However, the monitoring and accountability procedures in respect of the Council remain the same.

The Performance and Risk Management Group will consist of at least one representative from each Service of the Council. This will not be a decision-making body, as recommendations would be referred to the Senior Management Team and, as necessary, to the relevant service committee or in relation to Orkney Health and Care, to the Integration Joint Board or a service committee or sub-committee established with an appropriate remit.

The Risk Management Policy and Strategy should be reviewed every two years.

9. Business Continuity

The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of a catastrophic event. The Council must ensure risk management processes are applied throughout the business continuity lifecycle.

10. Monitoring and Accountability

Formal monitoring and accountability procedures should form an integral part of the risk management process, covering the following three main issues:

- Delivering the risk management strategy.
- Implementing risk management action plans, both corporate and service.
- Determining whether the action planning is making a difference to the risk, as appropriate.

The following monitoring arrangements are in place:

- Risk registers are presented to the relevant committee or board annually to advise members of the risks which may affect the achievement of the Council's strategic objectives.
- Service risks are monitored through the Corporate Performance and Risk Management System so that any performance risks are highlighted to the Senior Management Team through exception reporting.
- Ensuring that the Performance and Risk Management Group continues to be an effective and streamlined means of maintaining an overview of risk management and supporting corporate consistency in the implementation of the risk management policy.
- Internal Audit's role may include the auditing of the risk management process across the Council and the reporting on the efficiency and effectiveness of internal controls.

Corporate Risk Register – October 2018

Strategic Risks

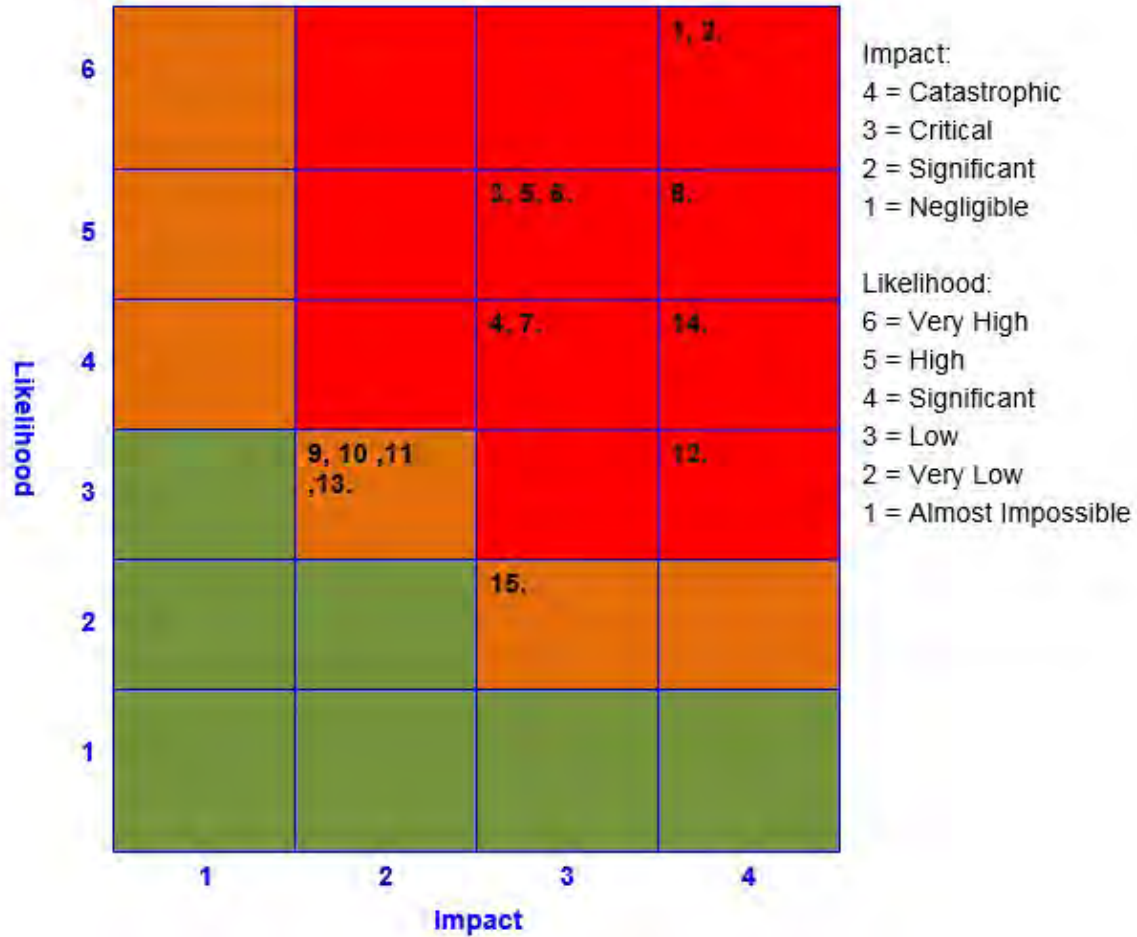
Cluster.	Risk Number.	Owner.
Financial.	1, 8.	Executive Director of Development and Infrastructure.
Financial.	2.	Chief Finance Officer.
Financial.	5.	Executive Director of Corporate Services.
Staffing.	4.	Executive Director of Corporate Services.
Economic Recovery and Sustainability.	6.	Executive Director of Development and Infrastructure.
Political.	14.	Chief Executive.
Partnerships.	10.	Chief Executive.
Partnerships.	9.	Executive Director of Corporate Services.
Governance.	13.	Chief Executive and Head of IT and Facilities.
Communication.	3.	Chief Executive.

Operational Risks

Cluster.	Risk Number.	Owner.
Financial.		
Staffing.		
Economic Recovery and Sustainability.	12.	Executive Director of Development and Infrastructure.
Political.		
Partnerships.		
Governance.	7, 11.	Executive Director of Corporate Services.
Governance.	15.	Executive Director of Development and Infrastructure.

Cluster.	Risk Number.	Owner.
Communication.		

Risk Matrix



Risk Title: 01 – 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 could lead to a loss of service and running of ferry services

Likelihood.	6.	Impact.	4.	RAG.	Red.	Current Risk Score.	24.	Target Risk Score.	6.
--------------------	----	----------------	----	-------------	------	----------------------------	-----	---------------------------	----

Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
Ferry and Terminal replacement programme currently unfunded with ageing infrastructure. Annual revenue costs are unaffordable.	Ferries reach end of service life with no solution in place. High repair costs indicate that buying new would be more cost effective. Deterioration of piers infrastructure. Reductions in lifeline provisions for the community are below Scottish Ferries Plan standards. Services become unaffordable.	Ferries reach end of life with no replacement – rapid service deterioration. Excessive support costs as aged ferries kept running. Reduced capacity and flexibility to maintain scheduled services. Excessive running costs of old ferries. No opportunities to achieve expected service levels. 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 lifeline transport connectivity.	Ongoing dialogue with the Scottish / Westminster Governments emphasising the difficulties of a small authority providing the range of public services within reduced budgets across a wide and diverse geographical area. Continue to seek additional specific funding sources to protect lifeline services in Orkney, and its outlying communities, is not significantly disaffected, i.e. Transport Grant for replacement ferries.

1737

Risk Title: 02 – Finance – Council services – inability to maintain services and meet changing demands

Likelihood.	6.	Impact.	4.	RAG.	Red.	Current Risk Score.	24.	Target Risk Score.	12.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
Public services are sustaining a period of	Expectations outstrip capacity to deliver.	Community unrest.	Ownership of the Budget Setting Process by the Senior Management Team / Corporate

Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
reduced funding and there is a significant concern that resources will be insufficient to meet future need.	Community expectations are not reduced due to a failure to communicate and engage effectively with communities. Failure to demonstrate the value of the council's ongoing services to the public The Scottish Government fails to provide sufficient funding for essential services.	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.	Management Team with openness and transparency around the identification of potential areas for re-provisioning of services. The delivery of budget savings will be monitored within Services and reported to the Policy and Resources Committee. There has to be an acknowledgement of reality with the main 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.

Risk Title: 03 – Adverse reaction to communications with staff, the public and stakeholders including social media

Likelihood.	5.	Impact.	3.	RAG.	Red.	Current Risk Score.	15.	Target Risk Score.	12.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
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 ensure that communities continue to be appropriately engaged about efficiency measures and inevitable	Customers have unrealistic expectations of what Council services can deliver. Customers do not understand the reasons for the changes and blame the Council. Good ideas are not harvested from effective community consultation.	Reputational risk. Misplaced criticism. Good ideas lost. Confusion about what the Council's priorities are. More difficult to align resources to priorities. Lack of understanding of what the Council wants to achieve. Changes are not achieved. Staff morale is adversely affected.	Robust communication and engagement strategies and plans are in place to publicise the Council's objectives and priorities, existing services and service change to ensure communities are engaged. Proactive press releases prepared to promote positive stories about the services provided by the Council The use of social media, and associated Policies, have been updated in the development of the new strategy.

Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
<p>service changes, and proactively informed so that customer expectations are realistic.</p> <p>There is the potential that staff do not feel engaged in change processes or valued as active 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>	<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 contribute to corporate development; staff become disengaged in essential change processes.</p> <p>The Council does not maintain an effective presence in social media as a communication tool.</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>	

Risk Title: 04 - Workforce planning – lack of skills, experience and capacity

Likelihood.	4.	Impact.	3.	RAG.	Red.	Current Risk Score.	12.	Target Risk Score.	6.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
<p>Insufficient workforce planning actions underway to shape future workforce through redeployment and training etc.</p> <p>Capacity issues make it difficult for the service to realise its priorities.</p>	<p>Council staff become overstretched.</p> <p>Council staff become demoralised.</p> <p>The Council does not have the right staff, in the right place, at the right time, to deliver set priorities and / or statutory functions.</p>	<p>Council cannot manage within its resources.</p> <p>Existing workforce becomes overstretched.</p> <p>Key pieces of work are not able to be undertaken.</p> <p>Service standards drop and vulnerable people are placed at risk.</p>	<p>Service workforce plans in place.</p> <p>Corporate workforce plan in place.</p> <p>Reports identified to indicate possible natural wastage trends and retraining requirements.</p> <p>Management to consider these in relation to potential staff reductions and re-organisation.</p>

Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
	<p>The Council is unable to meet its statutory obligations.</p> <p>Statutory officers are unable to discharge their statutory functions adequately.</p>	<p>Council is reactive rather than proactive.</p> <p>An increased risk in legal challenges and complaints.</p> <p>Risk of financial penalties.</p>	<p>Acceptance by senior management in relation to re-deployment of staff including those in other services.</p> <p>Consideration of enhanced approach to redeployment and retraining.</p> <p>Careful consideration in the release of staff by voluntary means to ensure required skills are retained.</p> <p>Continued use of flexible working will encourage improved working methods and retention of key staff.</p> <p>Development of a revised HR strategy for the Council that is up to date and addresses key staffing challenges for Services in future.</p> <p>Identification of staff in HR to be trained and assigned to assist Services with workforce planning.</p> <p>Inclusion of staff in re-design of operations.</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>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 Title: 05 – Failure to ensure we obtain and retain maximum benefit from Council's assets

Likelihood.	5.	Impact.	3.	RAG.	Red.	Current Risk Score.	15.	Target Risk Score.	12.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
<p>The Council may not have sufficient funds to sustain assets, replace ageing assets and develop key assets (also see risk 01 which is particularly significant).</p> <p>Essential buildings and infrastructure for travel, communications etc have to 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.</p> <p>Services are not delivered.</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>Corporate Asset Management Plan is due for review in year 2018 to 2019.</p> <p>Existing Property Asset Management Plan is kept up to date and reviewed regularly</p> <p>Existing ICT Asset Management Plan is kept up to date and reviewed regularly.</p> <p>Existing Fleet and Plant Asset Management Plan is kept up to date and reviewed regularly.</p> <p>Service Asset Management Plans to be written on Open Spaces and Heritage, and Roads and Infrastructure</p> <p>Review of the budgets available for revenue repairs and capital improvements to be undertaken and seek to identify additional options for delivery of the maintenance programmes.</p> <p>Capital Planning and Asset Management Working Group holds monthly meetings.</p>

Risk Title: 06 – Inability to sustain and enhance economic opportunities

Likelihood.	6.	Impact.	4.	RAG.	Red.	Current Risk Score.	24.	Target Risk Score.	12.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
<p>Commercial etc 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>Current uncertainties associated with the Brexit arrangements for our future workforce.</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 population.</p>	<p>Local economy struggles pushing additional responsibilities onto the public sector.</p> <p>OIC budgets become increasingly pressed.</p> <p>Staffing shortages.</p> <p>Loss of external funding due Brexit outcome.</p>	<p>Review of the budgets available for revenue repairs and capital improvements to be undertaken.</p> <p>Seek to identify additional options for delivery of the maintenance programmes.</p>

Risk Title: 07 – Inadequate information security and management, and inadequate cyber security – With the increase in the use of publicly visible technology, there is an increased risk of exposure to threats from criminal and other malicious parties

Likelihood.	4.	Impact.	3.	RAG.	Red.	Current Risk Score.	12.	Target Risk Score.	6.
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Vulnerability.	Trigger.	Consequences.	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 of its data adequately.</p> <p>The new General Data Protection Regulation will replace the Data Protection Act 1998 and will introduce 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 new General Data Protection Regulation.</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 share information leading to duplication of effort.</p> <p>Not responding to information requests on time.</p> <p>Complaints against the Council.</p>	<p>The Records Management Improvement Plan sets out further actions required to ensure that the Council maintains compliance with its legal responsibilities, including the General Data Protection Regulation which came into force in May 2018.</p> <p>Senior Management leadership in place with regards to the 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>IT Security is managed proactively and there is an ongoing programme of patching / updating the hardware and software in operation across the council.</p>

Risk Title: 08 – Inadequate Access to superfast Broadband across Orkney and mobile connectivity

Likelihood.	5.	Impact.	4.	RAG.	Red.	Current Risk Score.	20.	Target Risk Score.	8.
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Vulnerability.	Trigger.	Consequences.	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>Failure to access 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>Orkney fails to secure maximum and equitable geographic coverage of superfast Broadband, wireless connectivity and significant improvements to Broadband services and mobile network across the islands.</p> <p>Orkney is unable to attract inward investment and sustain fragile communities.</p> <p>Educational infrastructure disadvantaged by lack of service.</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>Continue to support political lobbying and seek opportunities to progress policy.</p>

1744

Risk Title: 09 – Co-ordination of Welfare Reform and Social Security changes

Likelihood.	3.	Impact.	2.	RAG.	Amber.	Current Risk Score.	6.	Target Risk Score.	6.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
<p>Service users financially disadvantaged due to lack of clarity regarding roll out of Universal Credit and other aspects of Welfare Reform and social security.</p>	<p>Risk of vulnerable people not receiving the benefits they are entitled to due to lack of understanding of changes in benefits payments.</p>	<p>Vulnerable people/families left without ability to meet basic needs.</p> <p>Resources inadequate to meet assessed need for payments.</p>	<p>Continue to plan through Social Security and Welfare Reform Working Group and operational group.</p> <p>Regular communication with tenants and continued offer of advice.</p>

Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
Lack of public clarity on which agency to approach for different benefits. Substantial expert knowledge vested in a small team.	Accumulated rent arrears. Administrative costs become unmanageable due to withdrawal of local services by national agency.	Budgets inadequate due to non-payment of rent etc. Reputational damage to Council. Potential increase in child poverty due to increase in benefit cap.	Continued liaison with Citizens Advice Bureau and other agencies. Monitoring of arrears.

Risk Title: 10 – Lack of sustainability of partnerships and clarity of responsibilities and outcomes

Likelihood.	3.	Impact.	2.	RAG.	Amber.	Current Risk Score.	6.	Target Risk Score.	6.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
Working in partnership exposes the Council to some degree of reputational risk, depending on the stability of the arrangements and outcomes delivered. Resource constraints may affect the success of Health and Social Care partnership.	The Council does not implement a robust and effective framework for managing its key partnerships. Governance is not effective in relation to a partnership and objectives are not met. The resource pressures on the parent bodies affect the reputation of the partnership. The Outsourcing and Partnerships review does not deliver expected results.	Uncertainty about roles. Impact upon service delivery. Loss of reputation due to inability to meet statutory requirements. Tension between partners. Efficiencies not achieved. Relationships with other bodies deteriorate. Reduced ability to deliver on important projects for vulnerable people and their families.	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. The Council will review existing partnerships and explore new ones under the Outsourcing and Partnerships project. Governance and risk will be key areas in this work to ensure objectives / outcomes are achieved and no unintended consequences arise.

Risk Title: 11 – Inadequate procurement compliance and sustainable communities

Likelihood.	3.	Impact.	2.	RAG.	Amber.	Current Risk Score.	6.	Target Risk Score.	6.
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Vulnerability.	Trigger.	Consequences.	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 has to 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>Procurement Member Officer Working Group in place.</p> <p>Procurement Working Group (Officers) to be set up which will provide training, support and a corporate approach to Procurement exercises and priorities.</p> <p>Frequent communication with this group is already in place and training on the use of PCS Tender was completed by 19 staff in January 2018.</p> <p>Procurement Improvement Plan developed and kept under review.</p> <p>Sustainable Procurement Strategy approved by Members in February 2018.</p> <p>Meet the Buyer event for October 2018 was held successfully.</p> <p>Contracts Register is now updated at least monthly and the use 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.</p>

Risk Title: 12 – Ageing infrastructure leading to deterioration and/or failure of Council operational assets and/or public infrastructure

Likelihood.	3.	Impact.	4.	RAG.	Red.	Current Risk Score.	12.	Target Risk Score.	6.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
With reducing budget capacity the Council may not have sufficient funds to sustain assets, replace ageing assets and develop key assets and infrastructure. For example, recent surveys identifying suspect increased deterioration in the road surface at Barrier 1 which could require substantial repair costs (a 40mph advisory speed limit has been implemented as an interim measure).	Failure of an asset due to wear, pressure on existing asset replacement (revenue and capital) budgets or the need for un-budgeted expenditure to urgently repair or replace assets.	Plant, equipment and infrastructure deteriorate. Services are not delivered. Lifeline routes compromised. Council's reputation at risk. Risk of accident and potential claim.	Review of the budgets available for revenue repairs and capital improvements to be undertaken and seek to identify additional options for delivery of the maintenance programmes.

1747

Risk Title: 13 – Health and Safety non-conformance

Likelihood.	3.	Impact.	2.	RAG.	Amber.	Current Risk Score.	6.	Target Risk Score.	4.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
Non-compliance with health and safety policies, rules and procedures by	Reportable accidents, work related ill health and dangerous occurrences.	Enforcement action from the Health and Safety Executive. This may	Frequency of Safety Committee meetings increased.

Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
employees, members of the public, contractors etc.		include Improvement and prohibition notices and prosecution. Material breaches, if identified, are subject to cost recovery by way of “fees for intervention”. Civil action resulting in the payment of compensation for injury or damage etc.	Senior Management Team to promote a positive health and safety culture. Proactive health and safety to feature as a standing item in Senior Management Team and Corporate Management Team meetings. IOSH “Leading Safely” training has been refreshed for all Corporate Management Team and Senior Management Team members.

Risk Title: 14 - Brexit – Implications following a “hard” no deal outcome

Likelihood.	4.	Impact.	4.	RAG.	Red.	Current Risk Score.	16.	Target Risk Score.	12.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
Loss of access to the single market, with associated implications around trade delays and reduction in supply. Loss of EU funding for projects and businesses in Orkney. Disruption to current workforce and future restrictions on ability to recruit.	Restrictions to the supply chain. Restrictions on the free movement of people and workers’ rights within the EU area.	Insufficient supply of essential commodities (food, medical supplies, fuel). Negative impact on projects and businesses in Orkney should funding streams end and not be replaced. Difficulty in retaining staff and attracting new staff from the EU to work for the Council, possibly leading to Service delivery difficulties due to staff shortages, as well increased pressure on other staff.	The Council to “Island proof” any Scottish Government response. Member Officer Working Group to be convened as soon as final terms of the Brexit deal are known. Urgent discussions within the Community Planning Partnership once the terms of Brexit are known. Urgent escalation of high / severe risks to the Scottish Government. Working with CoSLA to develop and deliver key communications and guidance for existing staff from EU countries. Assessing impact on current staffing establishment.

Risk Title: 15 - Burial grounds – safety issues

Likelihood.	2.	Impact.	3.	RAG.	Amber.	Current Risk Score.	6.	Target Risk Score.	4.
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Vulnerability.	Trigger.	Consequences.	Mitigating Actions.
Unstable headstones could topple over.	A recent fatal accident occurred in a Scottish mainland council burial ground. HSE have issued guidance to all Local Authorities to ensure adequate health and safety measures are in place for graveyards.	Injury to members of the public and maintenance workers etc. Civil action resulting in the payment of compensation for injury or damage etc. Enforcement action from the Health and Safety Executive.	Survey and repair programme underway and is likely to take two years to complete.



Lone Working Policy and Guidance

Contents

1. Policy Statement.....	3
2. Introduction	3
3. Aim.....	3
4. Definition.....	3
5. Application	4
6. Roles and Responsibilities.....	5
7. Supervision	5
8. Legislation.....	6
9. Risk Assessment	6
10. Training.....	7
11. Reporting of Incidents	7
12. Monitoring and Review	8

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	General Meeting of the Council.	n/a.	Version 1.0.

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Date.	Author.	Version.	Status.	Reason.
October 2018.	Malcolm Russell.	1.0.	Final.	Reviewed and updated earlier version.

1. Policy Statement

Orkney Islands Council shall take all reasonably practicable steps to ensure the health, safety and welfare of all those affected by its work activities, including employees who may be required to work alone.

Lone working employees must take reasonable care of themselves and others affected by their work and co-operate with the Council in meeting its obligations.

Suitable arrangements must be in place to ensure 'lone workers' receive adequate information, instruction, training and supervision as required. Such arrangements shall focus on the management of risk and shall be appropriate for the Service work area.

This policy applies equally to all Council employees regardless of their age, disability, gender, gender reassignment status, race or ethnicity, religion or belief, sexual orientation, marriage or civil partnership or pregnancy or maternity status. An Equality Impact Assessment has been undertaken to ensure that no groups are adversely affected in implementing this policy.

2. Introduction

Whilst carrying out 'lone work' does not necessarily imply any higher degree of risk, certain occupations and circumstances do increase the vulnerability of workers. As well as those who work alone for the majority of their working day, a growing number of staff work alone for part of the time, encouraged by increased mobility, flexible working arrangements and the development of communication technology.

Issues faced by the lone worker can change suddenly, with hazards assessed as 'not significant' during the day possibly rising to 'significant' when working alone at night. Similarly, consequences may vary in severity from relatively mild surprise to serious personal injury.

The following approach shall be followed to ensure staff safety. Service management shall carefully assess each element of the lone worker role. Staff must then be trained to understand any control measures being introduced to ensure their safety.

3. Aim

To establish a process that ensures persons who carry out 'lone working' are covered by a specific risk assessment to identify circumstances which may lead to accidents/incidents. The process is aimed at preventing such incidents, and in the final analysis, provide adequate means for obtaining aid.

4. Definition

Lone workers can be defined as: 'Those who work by themselves without close or direct supervision'. Alternatively: 'A worker whose activities involve a large percentage of their working time operating in situations without the benefit of interaction with other workers or without supervision'. However, a small group of persons working together at a remote site can be just as 'alone' when it comes to calling for help in an emergency.

Examples of Council jobs that involve lone working (the list is not exhaustive):

- Cleaners.
- Janitors.
- Vehicle drivers.
- Teachers.
- Council Officers.
- Social workers.
- Clerk of Works.
- Home Care staff.
- Tradespersons.
- On call staff.
- Housing Officers.
- Development Officers.
- Planning Officers.
- Environmental Health Staff.
- Trading Standards Officers.
- Building Inspectors.
- Building Standards Officers.
- Librarians.
- Custodians.
- Marine Officers.

5. Application

This document applies to all lone working carried out by Orkney Islands Council's employees.

The task or role undertaken shall:

- Be safe and without risk to health.
- Have proper facilities and arrangements for welfare and first aid.
- Follow safe systems of work to preserve the health and safety of employees and others who may be affected by their activities.

To ensure the above, appropriate planning, organising and reviewing of work activities must be carried out, with hazards fully addressed through the risk assessment process.

The hazards lone workers can encounter are numerous and varied but would typically include, for example, the following non-exhaustive list:

- Lone travelling on work related business.
- Working with substances hazardous to health.
- Working at height or in confined spaces.

- Electrical work.
- Aggressive or violent behaviour.
- Sudden illness.
- Adverse weather.
- Remote locations.
- Unsupervised working.

6. Roles and Responsibilities

The health and safety roles and responsibilities of management and employees can be found within the Council's Health and Safety Policy.

Additional responsibilities specific to lone working are detailed below.

Line Managers should:

- Identify all staff who are lone workers.
- Inform staff of their responsibilities under the lone working policy.
- Make the policy readily available to all staff members on induction and ensuring local procedures are in place.
- Ensure that risk assessments regarding the personal safety of staff, including those working alone, are undertaken by competent persons.
- Ensure that lone workers have no medical condition that may make them unsuitable for working alone.
- Assist in the development and implementation of safe systems of work to ensure the safety and wellbeing of all staff.
- Review lone working risk assessments on a regular basis, taking into consideration information provided by staff members regarding hazards relating to activities, environments and individuals.
- Ensure that staff members have access to appropriate training opportunities regarding challenging behaviour.

7. Supervision

Risk assessments should identify the correct level of supervision or backup required for lone working. The extent of supervision will depend on the risk and the ability of the lone worker to identify and handle health and safety issues.

Employees new to a job may need to be accompanied until competencies are achieved.

Lone workers need to be sufficiently experienced to fully understand the risks and precautions required. Managers / supervisors should set limits of what may and may not be done whilst working alone.

There should be regular contact by telephone or mobile phone. The supervisor / line manager / buddy should check that the lone worker has returned to base, or home, on completion of the work.

8. Legislation

There is no overall legal prohibition on working alone. However, employers have a general duty under the Health and Safety at Work etc Act 1974 to ensure, so far as is reasonably practicable, the health, safety and welfare at work of their employees etc, including, so far as is reasonably practicable, the provision and maintenance of a safe working environment, safe access and egress, safe systems of work and provision of suitable information, instruction, training and supervision.

The Management of Health and Safety at Work Regulations 1999 require employers to assess the risks to the health and safety of employees etc to which they are exposed whilst they are at work, including lone working risks, for the purpose of identifying the measures that require to be taken to comply with the relevant statutory provisions. The significant findings of the risk assessment must be recorded and brought to the attention of all relevant employees.

9. Risk Assessment

The general principles of risk assessment must be followed.

Assessments should be carried out by suitably trained and competent employees, as identified in service health and safety policies, and supported by the Council's Safety and Contingencies section.

The staff member undertaking the lone working duty should be involved in the risk assessment process.

The risks to lone workers should be reduced to as low a level as is reasonably practicable. Safe systems of work must be adopted departmentally to reflect the specific circumstances of the job, geography and availability of help. Specific guidance, and results of assessment, must be issued and communicated to all relevant employees – and employees must adhere to the same.

There are many factors to be considered when carrying out a risk assessment of lone working. These should include:

- Does the work present a specific risk to the lone worker?
- Is it possible for one person to undertake the tasks necessary?
- Can risks be adequately controlled to ensure the safety of a lone worker?
- What training has the lone worker had to ensure competency in safety issues?
- Has the lone worker received the training which is necessary to allow them to work alone?
- Is the lone worker physically fit and able to work alone?
- What supervision measures are in place?
- Is there a threat of violence to staff?
- Are staff expected to work alone?
- Is there a specific threat due to race, gender or creed?

- Are young or inexperienced workers especially at risk?
- Are there systems in place to take account of emergencies that may arise?
- Does the lone worker have a safe way in and out of the workplace?
- Are there systems in place for contacting and tracing those who work alone?
- Are there systems in place for those who work alone to contact a base or other staff member?
- Is the lone worker likely to encounter a service user who has been “marked” under the Policy on Unacceptable Actions and Challenging Behaviour by Service Users and Complainants.

Lone workers should not be exposed to avoidable risks. A risk assessment may show that a safe system of work cannot be established for a lone worker. If this is the case, unless suitable additional risk control measures are put in place, the particular lone working operation should cease with immediate effect.

Lone working risk control measures may include the following:

- The access to and use of checking and monitoring systems.
- Regular contact between the lone worker and supervision, including “out of hours” provision.
- Improvements to security arrangements.
- Adequate or improved lighting in appropriate areas.
- Communication systems for sharing risk information with colleagues and employees of other disciplines and agencies.
- The provision and use of personal protective clothing and equipment, mobile phones, personal attack alarms.
- Instruction, training and supervision.
- Ill health/accident etc emergency procedures.

10. Training

Heads of Service are responsible for ensuring that their employees receive all relevant health and safety training as deemed necessary for them to carry out their work duties in a safe manner. Specific training and information must be provided to lone workers to enable them identify hazards and minimize risk.

11. Reporting of Incidents

Heads of Service must ensure that all accidents/incidents occurring in relation to their service’s work activities must be recorded in accordance with the procedures specified in the Council’s Health and Safety Policy and investigated as appropriate. This includes all accidents and incidents which may have occurred as a result of, or in relation to, lone working.

12. Monitoring and Review

To ensure lone workers are safe, working procedures should be monitored. This may involve regular visits by a supervisor, or a system whereby workers are required to check in at regular intervals. Where personal checks are used the duration between these checks should be based on the estimated hazard of the job. Periodic telephone contact may be adequate for low-risk working alone situations.

Whatever system is adopted, it must be possible to contact the worker at certain points throughout the working period. It must also be possible for the employee to contact their Service at certain points throughout the working period.

This policy and any documentation produced under it will be added to or modified as required and will be reviewed annually.



Health and Safety Risk Assessment Policy

Contents.

1. Policy Statement.....	3
2. Legislation.....	3
3. Application	4
4. Recording	4
5. Roles and Responsibilities.....	5
5.1. Orkney Islands Council.....	5
5.2. Chief Executive.....	5
5.3. Executive Directors.....	5
5.4. Employees.....	5
5.5. Safety and Contingencies Section.....	6
6. Training.....	6
7. Monitoring.....	6
8. Review	7

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October 2018.	Malcolm Russell.	1.0.	Final.	Reviewed and updated earlier version.

1. Policy Statement

It is the general policy of Orkney Islands Council to take all reasonably practicable steps to ensure the health, safety and welfare at work of all its employees. The Council also acknowledges its responsibilities in respect of persons other than its own employees.

The general policy extends to include “identifying and assessing the risks associated with all work activities of the Council with the aim of eliminating or controlling the risks, so far as is reasonably practicable.

The Health and Safety Risk Assessment Policy complements the Corporate Risk Management Policy and Strategy which details the process of identifying and controlling all risks to the Council.

The Council will specifically ensure that health and safety risk assessments are carried out to identify potential hazards, evaluate the risks from these and implement control measures to minimise the risks.

Trained personnel will be involved in the risk assessment process, which will be supported by the Council’s Safety and Contingencies section.

This policy applies equally to all Council employees regardless of their age, disability, gender, gender reassignment status, race or ethnicity, religion or belief, sexual orientation, marriage or civil partnership or pregnancy or maternity status. An Equality Impact Assessment has been undertaken to ensure that no groups are adversely affected in implementing this policy.

2. Legislation

The Health and Safety at Work etc. Act 1974 requires employers to ensure the health, safety and welfare of employees and others so far as is reasonably practicable. Although not stated in the Act, the process of risk assessment is implied in relation to determining what “reasonably practicable” action is required to control identified hazards.

An absolute requirement for employers to assess all work risks was established in 1993 with the introduction of the Management of Health and Safety at Work Regulations 1992, which have since been revoked and replaced by the Management of Health and Safety at Work Regulations 1999 (“the Management Regulations”).

Regulation 3 of the Management Regulations requires every employer to make a suitable and sufficient assessment of:

- A. The risks to the health and safety of employees to which they are exposed whilst they are at work.
- B. The risks to the health and safety of persons not in their employment arising out of or in connection with the conduct by them of their undertaking.

For the purpose of identifying measures the employer needs to take to comply with the requirements and prohibitions imposed upon the employer by or under the relevant statutory provisions.

This policy does not relate to the statutory requirement under the Fire (Scotland) Act 2005 and Fire Safety (Scotland) Regulations 2006 to assess fire risks. The separate Council Fire Safety Policy deals with this requirement.

3. Application

The Council's health and safety risk assessment process will be carried out in accordance with relevant guidance produced by the Health and Safety Executive. In particular, the process should:

- Identify hazards.
- Determine who might be harmed and how; for example, employees, clients, service users, pupils, members of the public, contractors etc.
- Determine the likelihood of harm occurring.
- Identify appropriate measures necessary to control or eliminate the risk.
- Record significant findings.

Risk assessments must only be carried out by persons appropriately trained and authorised to do so.

Risk assessments must, in particular, include work undertaken by new or expectant mothers and young persons (less than 18 years old).

General guidance on risk assessment is available on the Council Portal or from the Safety and Contingencies section.

4. Recording

Risk assessments must be recorded in an appropriate format which represents an effective statement of hazards and risks which then leads management to take the relevant actions to protect health and safety.

The record should be retrievable for use by management in reviews and for safety representatives or other employee representatives and visiting inspectors. The record may be in writing or recorded by other means (e.g. electronically) as long as it is retrievable.

The significant findings should include a record of the preventative and protective measures in place to control risks; what further action, if any, needs to be taken to reduce the risk sufficiently; and proof that a suitable and sufficient assessment has been made.

Risk assessments must be reviewed, and if necessary, modified as the nature of the work changes, and / or at regular intervals.

Risk assessments may be recorded on the Council's corporate risk assessment format as in Appendix 1 and available via the Council Portal or from the Safety and Contingencies section.

Other formats may be used so long as they comply with legislative requirements and follow the guidance contained in this policy. The Safety and Contingencies section can advise on the suitability of alternative formats.

The significant findings of the risk assessment must be brought to the attention of all relevant employees and other persons who may be affected by the council's work activity.

5. Roles and Responsibilities

In accordance with the Council's Health and Safety Policy, the following roles and responsibilities have been identified in relation to statutory health and safety risk assessment:

5.1. Orkney Islands Council

The Council shall take all reasonably practicable steps to ensure the health, safety and welfare at work of all its employees and others who may be affected by the its work activities.

Elected members are deemed to share a collective responsibility for ensuring the health and safety of Council employees and others who may be affected by the Council's undertakings.

One Elected Member, appointed by the Council, must hold a specific responsibility for health and safety, and must be suitably trained in relevant aspects of health and safety at work.

5.2. Chief Executive

The Chief Executive shall ensure the establishment and maintenance of health and safety management systems within Services, which will initiate the assessment of risks and the effective planning, organisation, control, monitoring and review of the preventative and protective measures necessary to control the risks.

5.3. Executive Directors

Executive Directors shall implement health and safety management systems within their Service, which will ensure the assessment of risk and the effective planning, organisation, control, monitoring and review of the preventative and protective measures necessary to eliminate or control risks.

Executive Directors may delegate risk assessment duties to Heads of Service, Managers and others including Unit Managers, Team Leaders, School Business Managers, Headteachers, Supervisors etc. However, Executive Directors retain overall responsibility for the risk assessment process and for any remedial action identified as required to eliminate or reduce risks within their Service.

5.4. Employees

Employees hold statutory duties under Section 7 of the Health and Safety at Work etc Act 1974 and Regulation 14 of the Management of Health and Safety at Work Regulations 1999.

Employees must co-operate, so far as is necessary, to enable the Council to perform any duty or to comply with any requirements, as a result of any health and safety legislation which may be in force, including requirements to eliminate or control risks.

Employees must inform the Council without delay of any work situation which might represent a serious or imminent danger, and of any shortcomings in health and safety arrangements, even when no immediate danger exists, so that the Council can take remedial action if needed.

5.5. Safety and Contingencies Section

The Council is advised on health and safety matters, including statutory risk assessment, by the Safety and Contingencies Manager and Safety and Contingencies Officer, who are the “competent persons” providing assistance within the meaning of Regulation 7 of the Management of Health and Safety at Work Regulations 1999.

The Safety and Contingencies section will provide advice on all matters of risk assessment, including training, documentation, risk evaluation, risk reduction, statutory compliance to relevant persons within the Council’s Services.

6. Training

To ensure that all work activities and premises are suitably risk assessed, Executive Directors and Heads of Service must be suitably trained and must arrange for sufficient numbers of their staff to be trained to carry out the process of health and safety risk assessment.

Persons selected for risk assessment training should be familiar with their work premises and the work activities there in and be aware of the types of hazard likely to be present.

The following training specification is deemed as a minimum requirement for risk assessment duty holders:

Executive Directors and Heads of Service.

- IOSH Safety for Senior Executives.

Unit Managers, Team Leaders, School Business Managers, Headteachers and Managers / Supervisors of predominately medium to high risk operations.

- IOSH Managing Safely.

Managers / Supervisors of predominately low risk operations.

- IOSH Working Safely.
- Orkney Islands Council Risk Assessment Training.

The Safety and Contingencies section provides in-house health and safety risk assessment training as part of the Learning and Development training programme. Ad hoc and tailored courses can also be run for specific council services.

7. Monitoring

Executive Directors are responsible for monitoring the extent to which risk assessments have been carried out within their service.

The Council's Safety Committee, and service Safety / Works Representatives Committees may monitor specific health and safety risk assessment requirements.

The Safety and Contingencies section will monitor the extent to which risk assessments have been carried out and recorded during inspection and audits of premises and work activities.

8. Review

Guidance from the Health and Safety Executive suggests "risk assessments should be reviewed and modified when necessary." As a rule of thumb, generic risk assessments of premises (Schools, Care Homes etc), should be reviewed annually or after any significant change to the layout of the premises or work activity therein. Job / task specific risk assessments should be reviewed after any significant change and following any change in statutory requirement.

This policy will be reviewed every two years in conjunction with the review of the Council's Health and Safety Policy.



Fire Safety Policy

Contents

1. Policy Statement.....	4
2. Organisation	4
2.1. Managers and Duty Holders	5
2.2. Council Staff	5
2.3. Visitors.....	6
2.4. Safety and Contingencies Section.....	6
2.5. Fire Officer.....	6
2.6. Fire Stewards.....	7
2.7. Technical / Property.....	7
3. Arrangements	8
3.1. Emergency Plans / Fire Procedures / Premises Fire Policy.....	8
3.2 Personal Emergency Evacuation Plans (PEEP).....	8
3.3. Fire Safety Risk Assessments	8
3.4. Fire Prevention	9
3.5. Fire Fighting Access	10
3.6. Fire Protection and Support Services.	10
3.7. Buildings Undergoing Refurbishment	10
3.8. Active Fire Protection.....	10
3.9. Fire-Fighting Equipment	11
3.10. Fire Safety Signage	11
3.11. Means of Escape Doors	11
3.12. Training.....	11
3.13. Fire Drills and Exercises	11
3.14. Contractors	12
3.15. Business Continuity	12
4. Monitoring and Review	12
4.1. Audit and Review.....	12
4.2. Records	12
4.3. Reporting of Incidents.....	13

Document Control Sheet.

Review / approval history.

Date.	Name.	Position.	Version Approved.
	General Meeting of the Council.	n/a.	Version 1.0.

Change Record Table.

Date.	Author.	Version.	Status.	Reason.
October 2018.	Malcolm Russell.	1.0.	Final.	Reviewed and updated earlier version.

1. Policy Statement

Orkney Islands Council has a clearly defined corporate fire safety policy for the protection of all persons using premises owned and managed by the Council. The policy sets out the arrangements for the organisation, control, monitoring and review of fire safety measures.

Orkney Islands Council's Fire Safety Policy requires to ensure, in so far as is reasonably practicable, the health, safety and welfare of Council staff, service users, visiting members of the public and contractors working within Council premises, with regard to the risk posed from fire. Orkney Islands Council is fully committed to, as a minimum, meeting its responsibilities under the Fire (Scotland) Act 2005 (as amended), Fire Safety (Scotland) Regulations 2006 along with other relevant legislation. The Council is committed to providing and maintaining buildings that are safe from fire, through the effective management of their occupation. The Council's Fire Safety Policy is achieved through:

- The appointment of designated members of staff to be responsible for fire safety within the Council, who shall keep workplace fire safety procedures under constant review, liaise as necessary with the fire and rescue service and partner agencies, and to report to Orkney Islands Council in respect of current and new legislation, statutory guidance, directives and regulations to ensure fire safety on Council premises.
- The appointment and / or training of persons with the necessary specialist knowledge and experience to provide competent fire safety advice and instruction.
- Encouraging staff representation through the appointment of individuals with responsibility for fire safety within the premises and by ensuring that adequate time and resources are available for them to receive necessary training and carry out their duties effectively.
- Fire safety training for all new Council staff, followed by regular refresher training sessions; such training to include staffs' responsibilities to report all incidents related to fire safety, no matter how minor, and any weaknesses they believe to be present in the Fire Safety Policy, fire procedures or fire instructions.
- The utilisation of the Council's Health and Safety Committee as the vehicle for discussion and consultation on fire safety matters within Orkney Islands Council.

The Fire Safety Policy shall be reviewed, and if necessary revised, biennially or following structural, equipment, staffing or work pattern changes within an area, or an incident investigation.

This policy applies equally to all Council employees regardless of their age, disability, gender, gender reassignment status, race or ethnicity, religion or belief, sexual orientation, marriage or civil partnership or pregnancy or maternity status. An Equality Impact Assessment has been undertaken to ensure that no groups are adversely affected in implementing this policy.

2. Organisation

The Council's corporate Health and Safety Policy sets out the organisational responsibilities of Elected Members, the Chief Executive, Executive Directors and staff in relation to all health and safety matters, including fire safety. Additional specific fire safety responsibilities are outlined below.

This Fire Safety Policy Statement is supported by premises fire safety policies and procedures, which detail the organisation and arrangements in force to ensure that the aims of this policy are met.

2.1. Managers and Duty Holders

Service Managers are responsible for the day-to-day management of fire safety matters within their respective areas of control.

Where Managers authorise the planning or execution of any work or activity, they must be aware of the possibility that the work or activity may affect fire safety through interruption of automatic fire detection/fire alarm systems or building fabric elements essential for fire safety. This includes work or activities by staff employed in the Service, premises or by a contractor authorised by the manager.

It is the responsibility of the Manager to properly and fully consult as appropriate with the Safety and Contingencies section / Property section / others in advance of action being taken.

The Duty Holder is the person with overall responsibility for premises (such as a Unit Manager, Head Teacher, Officer in Charge etc). The role of the Duty Holder within premises is to:

- Promote a positive attitude towards Fire Safety to secure the effective implementation of the policy.
- Prepare and record a fire policy and fire procedures for the premises under their control.
- Maintain a plan of area detailing location of extinguishers, call points, fire doors and escape routes.
- Arrange for the delivery of appropriate Fire Safety training.
- Appoint and train sufficient Fire Officers and Stewards.
- Organise undertake and record Fire and Emergency drills.
- Ensure the maintenance of records as required by relevant legislation.
- Co-ordinate staff in the event of a fire.
- Investigate, in association with Safety and Contingencies section, all fire incidents and report to the relevant bodies, as necessary, serious fire incidents.

2.2. Council Staff

Council staff have a general responsibility to take all reasonable steps to ensure the health and safety of themselves and others who may be affected by their work activities, and to co-operate with each other and with the Council to ensure a healthy and safe work environment.

With regard to fire safety, all Council staff should:

- Familiarise themselves with and comply with the Council's Fire Safety Policy and with the fire precautions, policy and procedures for their particular workplace.
- Never knowingly create any fire hazard by their work activities or behaviour.

- Inform their manager or supervisor of any work situation which might present any risk of fire, no matter how remote.
- Take part in fire safety training to enable them to fully understand their roles and responsibilities and to effectively carry out their duties under the Fire Safety Policy.
- Co-operate with each other and with the Council in ensuring fire safety.
- Use all equipment, machinery, tools, substances and safety devices, including personal protective equipment etc, in accordance with relevant procedures, manuals and training.
- Report immediately all outbreaks of fire, including “near misses”, to their manager or supervisor.
- Never interfere with or misuse any fire safety equipment.

2.3. Visitors

All visitors, service users, students, contractors etc must be made aware of and comply with the Council's / premises Fire Precautions and Procedures.

2.4. Safety and Contingencies Section

The Council's Safety and Contingencies section provides fire safety advice, information and guidance to all Services. Duties further include:

- Monitoring Orkney Islands Council fire precautions and procedures.
- Formulation and delivery of fire safety training.
- Assist the Duty Holders in the formulation of policies, procedures and instructions.
- Conduct Fire Safety Risk Assessments and the prioritisation and implementation of recommendations.
- The promotion of a positive fire safety culture to secure the effective implementation of the policy.
- To assist in investigations and reports following fire incidents.

2.5. Fire Officer

The Council's Safety and Contingencies Manager is responsible for implementing fire procedures within the School Place premises. In all Council-staffed premises, a responsible person should be nominated to ensure that appropriate fire procedures are implemented.

Where Fire Officers and Deputy Fire Officers are nominated for each building, the Fire Officer has overall control of the evacuation. On activation of the fire alarm they will proceed to the main entrance of the building. They will liaise with Fire Stewards, where nominated, and gather information on the location of the fire; persons still in the building; unaccounted persons; and disabled persons who may be in the building. They will ensure that all persons are ushered to the recognised fire assembly points and will liaise with the emergency services on their arrival. Only the Fire Officer on the authorisation of the emergency services can allow re-entry to the building. The Fire Officer should have nominated deputies. Deputies should also proceed to the main entrance and the first person there should assume the role of Fire Officer.

2.6. Fire Stewards

Fire Stewards, where deemed necessary, shall be nominated from all areas and shall undergo appropriate training to allow them to carry out their duties as required. Where deployed, the role of the Fire Steward is to:

- Become familiar with escape routes, compartmentation and fire-fighting equipment within work area.
- Participate in all relevant training as required.
- Liaise with the Safety and Contingencies section regarding fire safety issues.
- Ensure by inspection that the area for which they are responsible is evacuated and take a roll call.
- Organise assistance for disabled employees and visitors, so that they may quickly and safely exit the building to a fire assembly point.
- Report to the Fire Officer that all areas are clear, and all personnel accounted for.
- Participate in any debriefing after a fire or incident.

2.7. Technical / Property

Technical requirements, where specified by fire safety legislation, in relation to operational property from which the Council delivers its services will be managed by Development and Infrastructure - Facilities Management. Such requirements will include the statutory testing and inspecting of plant, equipment and electrical equipment and installations. The role of Facilities Management and Works and Inspection Services within the Development and Infrastructure Service is to:

- Develop suitable maintenance routines for fire-fighting equipment, automatic fire detection systems, emergency lighting and electrical installations, equipment and appliances.
- Ensure all maintenance routines are regularly carried out and records maintained.
- Develop procedures for the control of contractors within Orkney Islands Council premises.
- Ensure Orkney Islands Council attains legal compliance in all matters under their direct control relating to premise fire precautions through the integration of structural and fabric fire protection, and the inclusion of active systems for detection and control.
- Ensure fire precautions and safety systems are incorporated within new design works.
- Assess, prioritise and seek funding for improvements to fire precautions in conjunction with the Safety and Contingencies Service.
- Inform building occupiers of any changes to alarm systems.
- Ensure that testing and maintaining regimes, in respect of operational property from which the Council delivers its services are implemented, performed and recorded within the individual premises Fire Log Book.

3. Arrangements

3.1. Emergency Plans / Fire Procedures / Premises Fire Policy

Emergency Plans, Policy and Procedures should be in place for each individual premise. These documents should be reviewed periodically or following significant structural change to the building, change in working pattern, change in staff or service users' levels or change of use of the building, or parts of the building or following any incident involving the activation of the fire alarm.

It is the responsibility of each service manager or duty holder to ensure staff are familiar with the escape/evacuation routes within their own departments or buildings and to prepare appropriate evacuation plans. These documents must be specific to the premises and will relate to the knowledge and experiences of the duty holder, management and staff.

The documents should cover the safe evacuation of all persons. Where appropriate, consideration should be given to the sequence of evacuation to prevent obstruction of escape routes, e.g. ambulant first, partially ambulant next and finally bed bound. As a last resort specialist equipment may have to be used during an evacuation. Appropriate training shall be provided for staff expected to use such equipment.

The Safety and Contingencies section can give advice and guidance on the preparation and review of the documentation

3.2 Personal Emergency Evacuation Plans (PEEP)

Heads of Service must, where necessary with the assistance of the Safety and Contingencies section, make the best practicable arrangements for ascertaining what use is made of the building or area by disabled people, and must, in consultation with them, make adequate arrangements for their evacuation in the event of fire.

In drawing up Personal Emergency Evacuation Plans advice, where necessary, should be obtained from the Safety and Contingencies section. Regular building users who are disabled should receive a copy of any Personal Emergency Evacuation Plan.

If the building is one with many visitors then it will be the responsibility of the Duty Holder to ensure that simple relevant fire evacuation instructions are, so far as possible, available for disabled visitors, i.e. at reception.

3.3. Fire Safety Risk Assessments

The Safety and Contingencies section, in conjunction with the Development and Infrastructure Service and Duty Holders, are responsible for monitoring and maintaining the level of fire safety of the premise(s). The Safety and Contingencies section shall undertake premises fire safety risk assessments on behalf of Duty Holders.

The Duty Holder shall ensure that fire safety risk assessment controls are implemented and shall co-operate with all fire safety procedures to ensure the Council fulfils its obligations.

Fire Safety Risk Assessments should be periodically reviewed by the Duty Holder and the Safety and Contingencies section. Any significant structural change to the building, change in working pattern, change in staff or service user levels should initiate a review. The FSRA's should also be reviewed following any incident involving fire. The review shall consider changes in legislative requirements and ensure that standards in the area have been maintained since the last assessment. All assessments shall be recorded, and records maintained by the Safety and Contingencies section.

Ownership of the FSRA lies with the Duty Holder for the premises. A copy of the assessment is sent to the Duty Holder, Service Management and Development and Infrastructure – Works and Inspection Services. Any recommendations for improvements are included in each assessment. The recommendations must be prioritised, and each recommendation included on an action plan with a person identified as responsible for its completion. The Duty Holder shall monitor the action list to ensure all actions are completed.

Fire Safety Risk Assessments are carried out on all Orkney Islands Council premises.

3.4. Fire Prevention

Pro-active control measures should be implemented to reduce the source of ignition and risk from fire, including:

- Reducing potential fuel sources.
- Controlling occupancy use and numbers.
- Ensuring awareness of fire detection/alarm system.
- Reducing the threat of arson.

To ensure a level of fire prevention the following activities are prohibited:

- Storage of materials against buildings.
- Placing of open refuse skips within eight metres of the building.
- Placing of temporary buildings within eight metres of the building.
- Unsecured gas cylinder storage on site.
- Burning of rubbish onsite unless within a designated incinerator or area.
- Naked flame portable heaters (unless by agreement with Safety and Contingencies section).
- Portable heaters shall be left unattended whilst in use.
- Candles or other naked flames in residential accommodation.
- Smoking except in designated external smoking shelters.

Development and Infrastructure – Facilities Management, with the co-operation of premises managers, is responsible for ensuring Portable Appliance Testing (PAT) of Council-owned equipment and Fixed Appliance Testing (FAT) is carried out on a regular basis.

3.5. Fire Fighting Access

Access to buildings must be maintained, control measures should be extended to the building curtilage, surrounding land use and vehicle access together with arrangements in the event of the Fire and Rescue Service attendance.

3.6. Fire Protection and Support Services.

The Development and Infrastructure Service is responsible for establishing the standards and best practice in fire precautions and in the design and maintenance for fire protection. No works to the building fabric or services is to take place without prior approval from the Service.

3.7. Buildings Undergoing Refurbishment

Where the proposed alterations or refurbishment result in change to the internal design with consequences for fire safety, the project manager shall ensure consideration is given towards the premise's current compliance with standards and shall produce a detailed fire safety risk assessment for consideration in the scheme development. Appropriate liaison with the Safety and Contingencies section and representatives of the users most likely to be affected should take place in advance of work proceeding. The new fire safety risk assessment shall be produced in liaison with the Safety and Contingencies section and the occupiers and communicated to the relevant Service. A copy of the fire safety risk assessment shall be held on site.

Where reasonable and practicable, fire precaution improvement to current standards shall be included in all future works. When works are not fully progressed, notice with details shall be provided to the Property Manager for inclusion in the long-term maintenance programme.

3.8. Active Fire Protection

The Development and Infrastructure Service will provide and maintain to current standards, where provided, the active systems necessary to identify and respond to an incident and to enable quick escape including:

- Automatic Fire Detection.
- Emergency Lighting.
- First Aid Fire Fighting Equipment.
- Fire Suppression Systems.

The responsibility for the daily, weekly, monthly testing and logging of results will rest with the premises manager / Duty Holder to enable more effective control of the premise and ensure system maintenance.

- Daily escape routes, fire control panel, etc.
- Weekly testing of fire alarm systems and any linked systems, fire doors, self-closing devices, locking mechanisms.
- Monthly testing of emergency lighting systems, fire doors, etc.

3.9. Fire-Fighting Equipment

Development and Infrastructure – Facilities Management will ensure that contracts exist for provision and maintenance of fire-fighting equipment for use by the building occupants.

3.10. Fire Safety Signage

Development and Infrastructure – Works and Inspection will provide and maintain fire signage to ensure legal conformity. The fire safety risk assessment will review the signage within the premises, and where necessary will raise any issues where signage is inadequate or non-conforming. The premises manager will inform the Development and Infrastructure Service of any issues relating to emergency signage.

3.11. Means of Escape Doors

Emergency exit doors, including those along escape routes, must not be locked or fastened that they cannot be easily and immediately opened by any person who may require using them in an emergency.

3.12. Training

All new employees shall undergo fire safety induction training to comply with the requirements of the Fire Safety (Scotland) Regulations 2006. The person responsible for them shall give specific training when they first attend their place of work. This will include information relating to fire alarms, assembly areas, emergency exit routes, emergency equipment and actions on raising the fire alarm and hearing the fire alarm.

All employees shall undergo initial Fire Safety Awareness Training, appropriate to their duties and place of work, on employment and at regular intervals throughout their employment. The duration of the training shall be commensurate with the duties expected from members of staff. A record of such training should be made and kept.

3.13. Fire Drills and Exercises

Fire drills should be arranged by the Duty Holder and carried out regularly in all Orkney Islands Council premises. Each staff member should be involved in at least one fire drill over a twelve-month period.

The purpose of the drills is to assess the effectiveness of Fire Procedures in place in the premises. The Duty Holder shall oversee each drill and hold a debriefing, with personnel involved, to ensure that the plans and procedures worked effectively and to record all relevant information. They shall also be responsible for any changes required in the documentation. All drills and fire alarm actuations shall be recorded in the premises Fire Log Book. All participants involved in the fire drill should be recorded in the Fire Log Book.

As far as is reasonably practicable, fire drills should include the complete evacuation of the premises. However, due to the high dependency of some Care Home etc service users, special consideration should be given to staged or partial evacuation, or indeed simulated evacuation involving staff or others deputising for service users. The premises Fire Safety Risk Assessment should determine the degree and nature of fire drill evacuation.

It may be appropriate to allow a false alarm to be recorded as a fire drill depending on the individual circumstances of the incident. In making this decision the Duty Holder must take into account the extent of the actions taken by staff and consider whether it genuinely constitutes a fire drill.

3.14. Contractors

It is a requirement under the Fire Safety (Scotland) Regulations 2006 that Orkney Islands Council informs persons who are not in their employment of the Fire Safety Procedures within premises. When any contractor attends Orkney Islands Council premises, the person responsible for them while on site must ensure that they are familiar with the requirements of Orkney Islands Council policy and procedures relating to Fire Safety. All contractors attending Orkney Islands Council premises must be made aware of the Fire Safety Policy, for major contracts this should be included in the tendering process.

Contractors should be made aware of any hazard in the area they are working, the means of raising the alarm, actions on hearing the alarm and their nearest assembly point. The contractor should also bring to the attention of the person responsible for the area of work, what the work will entail, and any fire risks associated with their activities. In both instances, the flow of information should be recorded.

3.15. Business Continuity

In the unlikely event of a workplace being unsuitable for immediate return to work because of fire damage, staff should refer to and comply with their Service Business Continuity Plan.

4. Monitoring and Review

4.1. Audit and Review

The Safety and Contingencies section shall establish a regular audit of the premises fire precautions. The fire safety risk assessment shall be undertaken at a frequency demanded by the prevailing risk. If made aware and requested, the Safety and Contingencies section will revise the fire safety risk assessments shall be undertaken prior to special events with large assembly and public entertainment events.

4.2. Records

Premises managers shall maintain, readily accessible a 'Fire Log Book', which shall record all the fire related visits, training and servicing of equipment. This can take the form of the traditional red fire log book or a folder containing all the relevant records. The initial provision of this record book shall be provided by the Development and Infrastructure Service. It is then the responsibility of the manager to maintain and make available for recording purposes and inspection by the fire authority. The contents of the 'Fire Log Book' shall at the very least contain records of:

- Fire and Rescue Service Visits.
- Fire Safety Plans, Policy and Procedures.
- Emergency Lighting Tests (monthly).

- Manual Fire Alarm Tests (weekly).
- Fire Alarm Actuations (False alarm / fires).
- 6 month / Annual Maintenance Inspection (Contractor) (found on Concerto).
- Fire Fighting Equipment Test and Use / Misuse (monthly).
- Fire Safety Risk Assessments.
- Staff Fire Training.
- Fire Drills / Evacuations.

The Development and Infrastructure Service will maintain a central register of all inspection records on the Concerto web-portal.

4.3. Reporting of Incidents

Any fire resulting in smoke or flames whether damage is evident or not, and any near miss resulting in damage by charring or overheating such as radiated heat from a heater or light source, or the overheating of electrical wiring necessitating wiring repairs, shall be reported to Development and Infrastructure through the helpdesk facility / Concerto. The incident should also be recorded in the 'Fire Log Book' and reported immediately to the Safety and Contingencies section on extension 2255 and to the Council's Insurance Administrator on extension 2140.

Minute

Pension Fund Sub-committee, together with Pension Board

Wednesday, 19 September 2018, 10:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Pension Fund Sub-committee:

Councillors W Leslie Manson, Rachael A King, Stephen Sankey, John A R Scott, Graham L Sinclair and James W Stockan.

Pension Board:

Employer Representatives:

Councillors J Harvey Johnston, Owen Tierney and Duncan A Tullock, Orkney Islands Council.

Trade Union Representatives:

Karen Kent (Unison), Eoin Miller (Unite) and Eileen Swanney (Unison).

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Alistair Buchan, Chief Executive (for Items 1 to 6).
- Gareth Waterson, Head of Finance.
- Shonagh Merriman, Accounting Manager (Corporate Finance).
- Michael Scott, Solicitor.

Audit Scotland:

- Gillian Woolman, Audit Director (for Items 5 to 9).
- Colin Morrison, Senior Auditor.

Apologies

Pension Fund Sub-committee:

- Councillor Steven B Heddle.

Pension Board:

- Andrew Blake, Orkney Ferries Limited.

Not Present

- Mark Vincent, Trade Union Representative.

Declarations of Interest

- No declarations of interest were intimated.

Chair

Councillor W Leslie Manson.

1. Disclosure of Exempt Information

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Item 8, as the business to be discussed involved the potential disclosure of exempt information of the class described in the relevant paragraph of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Revenue Expenditure Outturn

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

Noted:

2.1. The revenue expenditure outturn statement in respect of Pension Fund services for financial year 2017 to 2018, attached as Annex 1 to the report by the Head of Finance, indicating a budget surplus position of £7,641,100.

2.2. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 to the report by the Head of Finance.

3. 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 Accounting Manager (Corporate Finance), the Sub-committee:

Noted:

3.1. The revenue financial summary statement in respect of Pension Fund services for the period 1 April to 30 June 2018, attached as Annex 1 to the report by the Head of Finance, indicating a surplus position of £10,775,400.

3.2. The revenue financial detail by Service Area statement for the period 1 April to 30 June 2018, attached as Annex 2 to the report by the Head of Finance.

3.3. 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.

4. Scottish Local Government Pension Scheme Advisory Board

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

Noted the second Scottish Local Government Pension Scheme Advisory Board Annual Report, attached as Appendix 1 to the report by the Head of Finance, published on 26 March 2018, which gave an overview of the work of the Board as well as a useful collation of information relevant to participants in the Local Government Pension Scheme.

5. Pension Administration – Performance

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

Noted:

5.1. That the Orkney Islands Council Pension Fund invested and administered pensions on behalf of seven current and former employers, including Scheduled Bodies brought into the Fund by legislation and Admitted Bodies who were permitted to join the Fund.

5.2. Pension Fund administration performance for the period 1 April 2017 to 31 March 2018, as detailed in sections 4 to 14 of the report by the Head of Finance.

Councillor J Harvey Johnston left the meeting during discussion of this item and Councillor James W Stockan left the meeting at this point.

6. Orkney Islands Council Pension Fund

External Report to Those Charged with Governance

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Audit Director, Audit Scotland, the Sub-committee:

Noted:

6.1. That Audit Scotland, as the Council's external auditors, had concluded their audit of the Orkney Islands Council Pension Fund's Annual Report and Accounts for the year ended 31 March 2018.

6.2. That Audit Scotland had provided an unqualified certificate on the Pension Fund's Annual Report and Accounts for the year ended 31 March 2018.

6.3. That the draft audit certificate stated that the accounts had been properly prepared in accordance with applicable law, accounting standards and other reporting requirements.

6.4. That a number of presentational, consistency and disclosure errors were identified within the financial statements during the course of the audit and had been adjusted in the final accounts.

6.5. That no material weaknesses in the accounting and internal control systems relating to the Pension Fund were identified during the audit.

6.6. Audit Scotland's covering letter in respect of the Orkney Islands Council Pension Fund Annual Audit Report, attached as Appendix 1 to the report by the Head of Finance.

6.7. Orkney Island's Council's Letter of Representation to Audit Scotland in connection with their audit of the financial statements of Orkney Islands Council Pension Fund for the year ended 31 March 2018, attached as Appendix 2 to the report by the Head of Finance.

6.8. The Annual Audit Report to Members and the Controller of Audit of the Orkney Islands Council Pension Fund, attached as Appendix 3 to the report by the Head of Finance.

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

7. Pension Fund – Annual Accounts

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

Noted:

7.1. The requirement, in terms of the Local Authority Accounts (Scotland) Regulations 2014, for a local authority, or a committee of the authority, whose remit included audit or governance functions, to consider and approve the audited Annual Accounts for signature no later than 30 September immediately following the financial year to which the accounts related.

7.2. The Management Commentary, contained in pages 1 to 12 of the Annual Report and Accounts of the Orkney Islands Council Pension Fund, attached as Appendix 1 to the report by the Head of Finance, which provided an overview of the most significant matters reported in the Annual Accounts for financial year ended 31 March 2018, with the key facts and figures summarised at section 6.3 of the report by the Head of Finance.

On the motion of Councillor Graham L Sinclair, seconded by Councillor Rachael A King, the Sub-committee resolved, in terms of delegated powers:

7.3. That the Annual Report and Accounts of the Orkney Islands Council Pension Fund for financial year 2017 to 2018, attached as Appendix 1 to this Minute, be approved.

8. Statement of Managed Pension Funds

On the motion of Councillor W Leslie Manson, seconded by Councillor Graham L Sinclair, 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 Accounting Manager (Corporate Finance), the Sub-committee:

Noted:

8.1. The review of the investment manager's performance for the quarter to 30 June 2018, attached as Appendix 1 to the report by the Head of Finance, prepared by Hymans Robertson, the Council's appointed investment advisors.

8.2. That, although Pension Fund investments returned a gain of 4.4% over the quarter to 30 June 2018, this was 0.1% below the benchmark and was therefore considered poor.

8.3. That performance of the Pension Fund had remained strong over the 12-month period to 30 June 2018, with the value of the Fund increasing by 10.6%, being 3.5% ahead of the benchmark which was considered excellent.

8.4. That an average return of 13.4% per annum for the Pension Fund remained well ahead of the mandate over the three-year period.

8.5. The performance review commentary provided by the Fund Manager, attached as Appendix 2 to the report by the Head of Finance.

8.6. The Governance Summary extracted from the Fund Manager's performance report for the quarter ending 30 June 2018, attached as Appendix 3 to the report by the Head of Finance.

9. Conclusion of Meeting

At 12:35 the Chair declared the meeting concluded.

Signed: L Manson.



ORKNEY
ISLANDS COUNCIL

**Annual Report and Accounts of the
Orkney Islands Council Pension
Fund 2017/2018**

Contents

Management Commentary	1
Statement of Responsibilities for the Annual Accounts.....	13
Remuneration Report	14
Annual Governance Statement.....	15
Governance Compliance Statement.....	23
Annual Accounts 2017-2018.....	29
Pension Fund Account.....	29
Net Assets Statement as at 31 March 2018	30
Notes to the Annual Accounts	31
Independent Auditor's Report	50
Annex 1 - Scheduled and Admitted Bodies	54
Annex 2 – Actuarial Statement for 2017-2018	55
Annex 3 - Glossary of Terms	58
Additional Information	60

Management Commentary

Introduction

Welcome to the Annual Report and Accounts for the Orkney Islands Council Pension Fund for the year ended 31 March 2018.

The Local Government Pension Scheme (Scotland) Regulations 2014 require the Council, as administering authority for the Fund, to produce a separate statement of accounts for the Pension Fund and incorporate it into an Annual Report.

This Annual Report has been produced to provide Elected Members, Employers, scheme members and other interested parties with information concerning the administration and performance of the fund in financial year 2017-18 and we hope you find its content useful.

To assist in the understanding of the Annual Report and Accounts we would encourage you to make reference to the Management Commentary in the first instance.

We realise that pensions are a highly complicated subject. It is, however, important that members take time to try and understand the scale of benefits that they will receive when they retire - whether this is from the Local Government Pension Scheme itself or through other pension arrangements, such as the State Pension.

Overview of Fund Business

Under the statutory provisions of the Local Government Pension Scheme, Orkney Islands Council is designated as an “Administering Authority” and is required to operate and maintain a pension fund – the Orkney Islands Council Pension Fund (“the Fund”).

The Fund is used to pay pensions, lump sum benefits and other entitlements to scheme members and their dependants. Contributions to the Fund are made by employee members and by participating employers. The Fund also receives income from its investments, which include equities, bonds and pooled investment vehicles.

The Fund operates under the terms of the Local Government Pension Scheme, which is a public-sector pension arrangement. Scheme membership is made up of active, deferred and pensioner members. To be able to join the scheme, a person must be employed by a relevant employer and not eligible to join another public-sector pension scheme. Teachers are not included as they have a separate national pension scheme.

Review of the Year

Key Facts and Figures:

Value of the Fund at 31 March 2018 was £366.4 million (£335.3m at 31 March 2017).

An Operational and Investment Income Surplus of £31.1 million was generated on the activities of the fund (compared to £69.3m for the year ended 31 March 2017).

The Increase in the Value of the Fund has been achieved mainly through a surplus of contributions receivable (£10.5m) less benefits payable (£7.9m) and management expenses (£1.5m), investment net income (£6.1m) along with an increase in the market value of investments (£24.0m). This represents a year on year increase of 9.3%.

Performance of the Fund on a three year rolling average basis has been 10.6% p.a., giving a relative return above benchmark of 3.5%.

Fund membership increased by 164 to 3,827.

Employers contributed £7.6 million to the Fund (£7.6m to 31 March 2017).

Employees contributed £2.4 million (£2.3m to 31 March 2017).

Pension and other benefits paid out were £6.8 million (£6.1m to 31 March 2017).

Transfer values paid into the Fund because staff changed employers was £0.5 million (£1.05m to 31 March 2017).

Transfer values out of the Fund because staff changed employers was £1.1m (£0.8m to 31 March 2017).

Over the 12 months to 31 March 2018, the Pension Fund's investments returned a gain of 9.0% which was 6.7% ahead of the fund specific benchmark. Returns from the Fund have also performed ahead of its benchmark over each of the previous 3, 5 and 10-year periods. The target is for the fund manager to outperform the aggregate benchmark over a rolling 5-year period.

The Fund's investments continue to be actively managed by investment managers Baillie Gifford.

The benchmark return of 2.3% generally reflects variable market conditions for investors during the year. The 6.7% excess over benchmark is fully attributed to stock selection out performance.

The excess over benchmark figure of 6.7% is calculated on an arithmetic basis however the Fund's investment advisers, Hymans Robertson, use the geometric method of calculation to allow direct comparison of the longer term relative performance with shorter term. Using the geometric method as a basis to calculate, excess over benchmark would decrease the relative return by 0.1% to 6.6%.

The positive stock selection has enabled the Fund to maximise the total return on investments while limiting risk and maintaining an appropriate degree of diversification. The table shown within the Investment strategy section, page 9, details the allocation of the fund within asset class or pooled investment vehicle.

The value of the fund has increased by £31.1m in the financial year and totalled £366.4m at 31 March 2018.

The change in value of the fund over any given period is a combination of the net money flows into or out of the Fund and any gain or loss on the capital value of its investments. During the year income into the fund from dividends and interest was £6.1m (2017: £5.9m). The fund was further enhanced by a surplus of member contributions receivable over pension payments and management expenses of £1.0m (2017: £2.9m surplus) as well as a net capital gain increase of £24.1m (2017: £60.7m). Irrecoverable withholding tax reduced the value of the fund by £0.1m (2017: £0.1m).

The Accounts are based on the market value of investments at 31 March 2018. This means that they include the profit or loss that has been made, due to the change in the value of investments, over the period from the date of their purchase to 31 March 2018 even though no actual sale has taken place. This notional value is defined as "unrealised" profit or loss. By contrast "realised" profits and losses are those that have arisen from actual sales throughout the year. Of the net capital gain of £24.1m in the year, £7.9m (2017: £35.2m) was an unrealised gain and £16.2m (2017: £25.5m) realised profit.

Over the financial year the funding level has increased to 117.0% at 31 March 2018 from its value of 112.7% last financial year end, calculated on an ongoing funding basis. The primary cause of this increase is an excess return on assets, which has been partially offset by a decline in contributions less benefits accruing.

We are pleased to report that the Fund maintains a position above its 100% funding target, being in surplus by £53m at the financial year end (2017: £38m) according to the actuary's most recent funding update.

Investment Trends and Influences

For the year to 31 March 2018 the value of the Fund increased by 9.0%, performing well ahead of its benchmark which increased 2.3%. The Fund moved away from being measured against a peer group benchmark, in favour of a bespoke or fund specific benchmark with effect from 1 April 2017.

The following commentary was provided by the Fund's investment managers, Baillie Gifford:

"In the year to 31 March 2018 the global economy continued to gain momentum, supported by notable pick-ups in investment, trade, and industrial production. We also witnessed a change in direction for monetary policy, with the Bank of England raising interest rates for the first time in a decade and the European Central Bank announcing its intention to begin reducing its monetary stimulus programme this year.

Against that backdrop, the majority of the major asset classes finished the year in positive territory, albeit that the benchmark returns for UK investors were generally significantly lower than had been achieved in the preceding 12 months, partly because sterling strength reduced the positive local currency returns achieved from most overseas regions. The North American market performed well, delivering

double-digit returns over the period in local currency terms, as equities reached record highs on several occasions in the early part of 2018 before suffering a bout of uncertainty as the likelihood of interest rate rises increased. After months of delay, the US administration followed through on its promise of trade protectionism. This entailed an imposition of tariffs on \$60 billion of imports from China. Although unlikely to have a material macroeconomic impact, it raised concerns over a possible escalation of trade restrictions.

Elsewhere, in emerging markets a number of commodity exporting countries have been through sharp corrections from which they continued to recover. The likes of Brazil, Russia and Indonesia saw inflation decline, allowing aggressive interest rate cuts which should kick off a new credit cycle as non-performing loans and bank provisions subside and loan growth returns. Japan continued to enjoy its longest period of economic expansion since the 1980s, extending its run of Gross Domestic Product (GDP) growth to eight quarters. Strengthening corporate capital expenditure and a continuing fall in unemployment were among the main features. Inflation continued to rise and corporate profits grew strongly, boosting equity returns.

Returns on the UK stock market were lacklustre. This was particularly the case when looking at the UK's largest listed companies (as measured by the FTSE 100 Index), possibly reflecting the fact that a hefty proportion of their revenues and profits originate overseas and the aforementioned translation effect of a stronger sterling exchange rate therefore acted as a drag. Another possible reason is the lingering uncertainty of Brexit.

In fixed income markets, UK government bond yields rose slightly over the period. The emergency interest rate cut made by the Bank of England following the EU membership referendum was reversed in November, taking the bank base rate to 0.5%. UK economic growth was lacklustre, but the predicted post-Brexit vote recession did not occur. Inflation moderated over the period but remained slightly above the Bank's target. Corporate bond yield spreads – the additional yield over government bonds to compensate for credit risk – fell very slightly.

The fund itself performed significantly better than its benchmark over the year, delivering a return of 9.0% which compares with a benchmark return of 2.7%. Relative returns will be variable over the short term, but more importantly the fund has also outperformed significantly over the past three and five years and indeed over longer periods. Over the past year global equity performance was particularly strong, with continued operational strength at the underlying companies in which the fund is invested driving returns. UK equities, now a smaller part of the portfolio following last year's benchmark changes, also performed well, as indeed did the diversifying multi asset investments which now make up more than a quarter of the fund's assets.

Investment Strategy

The Investment Strategy of the Fund is to invest monies in a prudent and diversified manner, in accordance with the Scheme regulations and in recognition of the inherent risks that accompany investment in various asset classes. The strategy is set out in the Statement of Investment Principles which can be viewed on request.

The revised asset allocation and range guidelines that were applied with effect from February 2017 are shown in the Asset Allocation table below together with the actual asset allocation at 31 March 2018.

Asset Class	Asset Allocation at 31/03/2018	Range Guideline	Fund Specific Benchmark
	%	%	%
UK Equities	10.2	48-68	9.0
Overseas Equities	49.6		49.0
Government Bonds	11.0	5-25	15.0
Alternative Investments	0.0	0.0	0.0
Property	0.0	0.0	0.0
Cash	1.5	0-10	0.0
Global Pooled - Diversified/Multi-Asset Growth	27.7	17-37	27.0
Total	100.0		100.0

The Fund has acted to reduce its holdings in growth-seeking assets in recent years in favour of those considered to be more defensive. Nevertheless, holdings in equities still account for 59.8%, with indirect holdings in Diversified Growth and Multi-Asset Growth pooled funds accounting for a further 27.7% of the Fund's portfolio as at 31 March 2018. The remaining 12.5% is held in Bonds and Cash at 11.0% and 1.5% respectively.

As a result of the revised investment strategy, approved by Council in October 2016, Pension Fund investments were restructured in February 2017, resulting in a new allocation being made to the Baillie Gifford Multi Asset Growth Fund. The Statement of Investment Principles was also revised in November 2017 to reflect these changes, along with a review of Environmental, Social and Governance factors including the requirement for the Fund Managers to adopt the United Nation Principles of Responsible Investment.

As a result of its exposure to equities, the relative performance of the Fund against its benchmark can be volatile over the short term. However, the fund continues to have a strong funding position together with a net contribution from its dealing with members which allows it to take a long-term view across successive investment cycles.

The top 10 direct equity holdings within the fund at 31 March 2018 were:

Company	Market Value of Holding
	£ m
Baillie Gifford Multi Asset Growth Fund C Acc*	56.0
Baillie Gifford Diversified Growth Fund C Acc*	43.9
Baillie Gifford Act Index-Linked Gilt Plus C Acc*	20.2
Amazon.com	8.8
Naspers	7.5
Prudential	7.4
TSMC ADR	5.6
Alibaba	4.5
Moody's	4.3
Anthem Inc	4.3

* Capital Accumulated.

Investment Performance

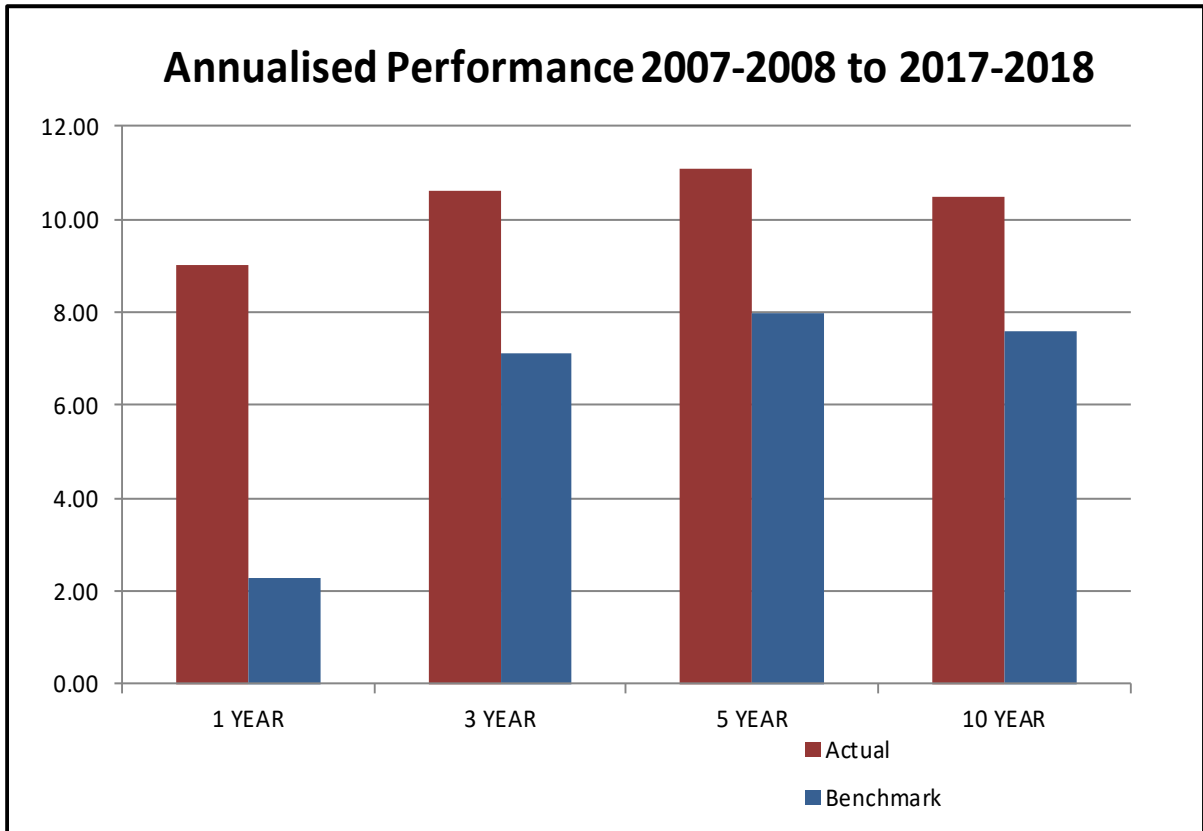
The performance of the Pension Fund managed investment funds was previously measured against a peer group benchmark, the WM Local Authority Universe (excluding property) with assistance of the WM Company who were the Fund's appointed performance measurement advisors.

The WM Company ceased to provide the service with effect from 31 March 2016. With a fund specific benchmark being proposed as part of a revised investment strategy going forward, a change in approach was imminent. While this transition took place the services of Pensions and Investments Research Consultants Ltd (PIRC) were engaged as a direct replacement to the WM Company, to ensure continuity of the peer group benchmark for performance monitoring purposes in the interim.

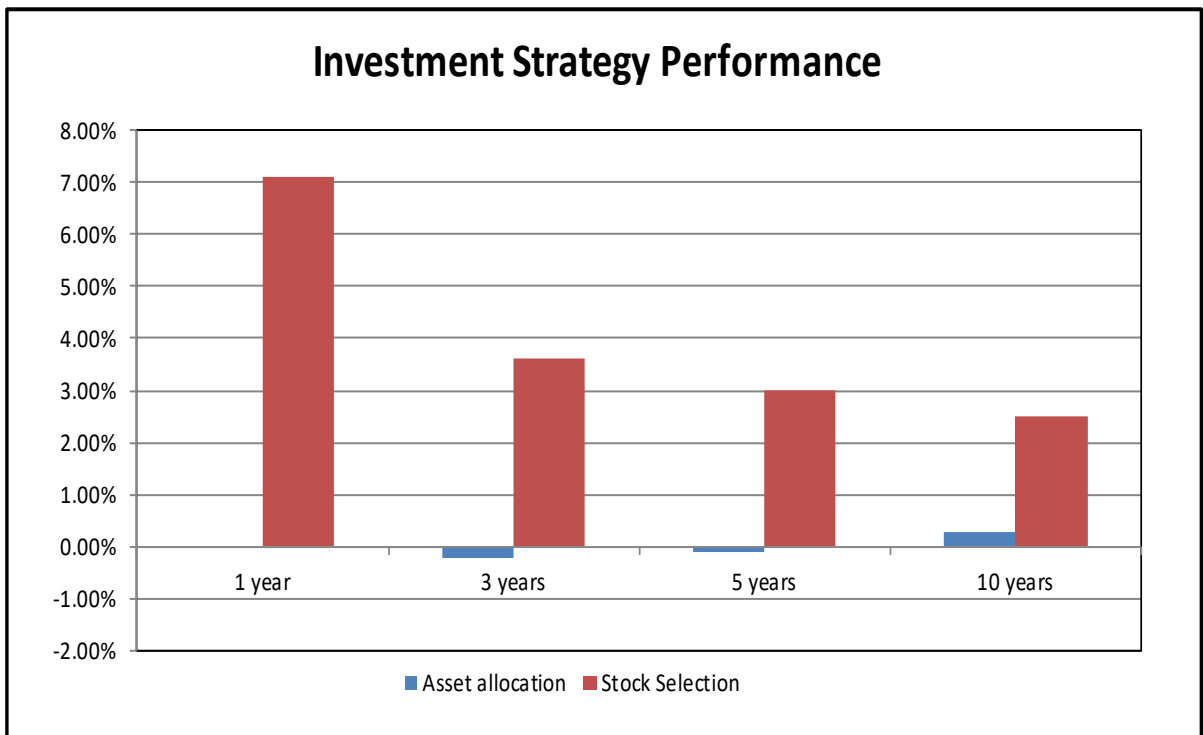
With effect from 1 April 2017, the performance monitoring of the Pension Fund is measured against a range of indices reflecting the weighting or concentration of individual asset classes within the approved investment strategy and provided by Hymans Robertson. The current investment strategy was implemented in February 2017, and included principally an increased allocation to diversified/multi asset growth funded by a reduction in the Fund's exposure to equities. This change has seen the Fund move away from being measured against a peer group benchmark, in favour of a bespoke or fund specific benchmark.

Baillie Gifford's revised performance target for this accounting period is to therefore outperform the fund specific benchmark over rolling 5-year periods. The average performance over the last 5 years of 11.1% remains well ahead of the benchmark of 8.0%.

The following graph summarises investment performance on an annualised basis over 1, 3, 5 and 10-year periods.



The following graph demonstrates the performance of the Fund’s investment manager in respect of asset allocation and stock selection against the Local Authority benchmark.



Structure of Administration

Staffing

Membership and Benefits Administration of the Scheme is carried out in-house and undertaken by the Pensions team within Orkney Islands Council's Chief Executive's Service. The Pensions team is responsible for the maintenance of members' records using data supplied by all employers in the Fund.

In addition to maintaining members' records, the Pensions team also provide frontline services to Fund members. The Pension team deliver induction courses as well as answer calls, e-mails and host meetings at the request of employees. Pre-retirement surgeries are arranged for members by Human Resources and the Performance team within Corporate Services.

The Pensions team consists of one full time Pensions Manager, two Senior Assistants and an Administrative Assistant. During 2017-2018, the size of the Pensions team was increased from 3.0 to 4.0 full time equivalents, in recognition of the additional workload associated with the changes to the Scheme's regulations including auto enrolment and Career Average Revalued Earnings Scheme (CARE), and increased customer demand.

The above resources are supplemented by shared resources within the Chief Executive's Service which provides additional governance, payments, investment and accounting expertise.

Systems

Electronic records are kept on Heywood's Pensions Administration system, known as Altair, for everyone who has a pension entitlement from the Fund, recording retirements, deaths, transfers and refunds in the Local Government Pension Scheme.

The Council's Payroll system, NorthgateArinso is used to pay pensioner benefits. The Pensions team have restricted viewing access to only the payroll system, with any amendments made via a formal requests process to the Payroll team. Both the Pensions and Payroll teams are within Chief Executive's Service.

Administration Performance

Orkney Islands Council as administering authority is committed to providing a high-quality pension service to both members and employers and to ensure members receive their correct pension benefit entitlement.

Performance during financial year 2017-18 against the key service standards of the Pension Fund as set by the Council was as follows:

Category	Performance Standard – No of Working Days	Number of records processed within standard	Number of records processed Outwith standard	Percentage of records processed within standard	Prior Year Performance
Pension estimates	10	80	43	65.0%	30.0%
Retirement	5	84	0	100.0%	93.0%
Transfers In	10	43	2	95.6%	88.7%
Transfers Out	10	18	1	94.7%	82.4%
Refunds	5	29	2	93.6%	100.0%

Fund Update

Membership details are shown below along with a short description for each membership status:

Member Status	2016-2017	2017-2018
Contributing members	1,942	1,966
Pensioners	829	888
Deferred members	892	973
Total	3,663	3,827

Contributing Member	Someone who is currently employed by a scheduled or admitted body and is making contributions from pay to the Pension Scheme. Such a person is referred to as an “active” member.
Deferred Member	Someone who was once a contributing member and who has chosen to leave his or her accumulated contributions in the Fund to benefit from a pension in due course.
Pensioner/Dependent Member	Someone who is receiving benefits from the Fund either as a former contributor or as a dependant of a former contributor who has deceased.

Employer Bodies

The Fund invested and administered pensions on behalf of 7 current and former employers during 2017-18. These include scheduled bodies, brought into the Fund by legislation, and admitted bodies, which chose to join the Fund. The detailed listing of employers and their membership numbers is contained in Note 23 of the Annual Report and Accounts for the Fund.

Pension Increases

Pensions which are in payment and deferment are increased each April in accordance with the Pension (Increase) Act 1971. Since April 2011, this increase has been linked to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI).

Actuarial Valuation

Annex 2 contains the formal Actuarial Statement for 2017-18 which is prepared in line with the International Accounting Standard (IAS) 26 and supports the preparation of the Financial Statements for the Pension Fund.

The last triennial valuation, as at the 31 March 2017, revealed that the Fund's assets were valued at £335m, and were sufficient to meet 112.7% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. This compared with 114.4% at the previous March 2014 valuation. The resulting surplus at the 2017 valuation was £38m.

The funding level of the Pension Fund has been maintained broadly in-line with the previous valuation after allowing for a reduction in the future expected investment returns, resulting from a fall in the real gilt yield, and the adoption of a lower Asset Outperformance Assumption than the previous valuation. An increase in liabilities has largely been offset by positive membership experience and better than anticipated investment returns.

Following the Fund's actuary (Hymans Robertson) recommendation, as a result of the valuation process, the contribution rate for 2017-2018 of 19.2% will be reduced to 18.2% during 2018-2019, with further reductions to 17.6% and 17.0% in 2019-20 and 2020-21 respectively.

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement.

The most recent funding update produced at 31 March 2018 showed that the funding surplus has increased since the last full valuation. Strong asset returns, partially offset against contributions less benefits accruing has improved last year's funding level of 112.7%, to 117.0% at 31 March 2018.

Main Risks and Uncertainties facing the Fund

Awareness of risk and risk mitigation is a key facet of the Fund's strategic and operational activities. Whilst it is not possible to eliminate risk entirely, the Fund has taken steps to evaluate risk and put strategies and controls in place to minimise its adverse effects.

The Fund has its own risk register, which details some 36 risks faced by the fund and can be viewed at <http://www.orkney.gov.uk/>. The risk register is reviewed annually by the Pension Fund Sub-Committee and Pension Board.

Principal risks, and the way in which they are managed, are as follows:

Financial Mismatch, the risk that the Fund's assets fail to grow in line with the cost of meeting its liabilities. The Sub-committee measures and manages financial mismatch in several ways. It has set a strategic asset allocation benchmark for the Fund and assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns. It also assesses risk relative to liabilities by monitoring benchmark returns relative to liabilities. The Sub-committee keeps under review demographic assumptions which could impact on the cost of benefits. These assumptions are considered formally in the triennial valuation and reviewed annually within funding update reports (Navigator) produced by the Fund's actuary, Hymans Robertson.

Systemic Risk, the risk of an interlinked and simultaneous failure of several asset classes and/or investment managers. The Pensions Sub-committee seeks to manage systemic risk by the appointment of investment managers. The Pensions Sub-committee regularly reviews total asset values within asset class.

Liquidity Risk, the risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. This is controlled by the regular estimation of cash flow to ensure that sufficient cash balances are available. By holding the majority of its assets in liquid assets such as equities and bond, unexpected cash flow requirements can be met by the realisation of assets. Liquidity risk is also moderated by the Fund continuing to have a surplus of contributions receivable over pensions payable.

Custody Risk, the risk of losing rights to Fund assets when they are held in custody or being traded. The Pensions Sub-committee manages custody risk by the monitoring of custodian activities. The Fund has appointed Bank of New York Mellon's London branch as its Custodian.

Transition Risk, the risk of incurring unexpected costs or losses when assets are transferred between asset classes. When carrying out significant transitions the Pensions Sub-committee will take professional advice and consider the appointment of specialist transition managers.

Development of the Pension Fund Sub-committee and Pensions Board

On 17 February 2015, the Council as Administering Authority agreed that a Pension Fund Sub-committee be established to fulfil the role of the Scheme Manager for the purposes of the Public Services Pensions Act 2013.

The establishment of a Pensions Board was also agreed at this time to assist the Scheme Manager in compliance with the Scheme Regulations. In accordance with the respective terms of reference, which were also agreed at the first meeting of the Pension Fund Sub-committee and Pension Board, the group have since met concurrently on four occasions during 2017-18.

Training activity for the members of the Pension Fund Sub-Committee and Pension Board was undertaken during the financial year 2017-18 to enable Councillors charged with the governance of the Fund to execute their role as quasi-trustees effectively.

Acknowledgement

We would like to take this opportunity to thank our colleagues in Chief Executive's Services and the members of: the Pension Fund Sub-Committee and the Pensions Board for their help and co-operation in managing the financial affairs of the Pension Fund.

Gareth Waterson, BAcc, CA
Head of Finance
19 September 2018

Councillor James Stockan
Leader
19 September 2018

Alistair Buchan
Chief Executive
19 September 2018

Statement of Responsibilities for the Annual Accounts

Responsibilities of the Orkney Islands Council as Administering Authority

The Council is required to:

- Make arrangements for the proper administration of the financial affairs of the Orkney Islands Council Pension Fund (the Fund) and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance.
- Manage the affairs of the Fund to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (Section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Pension Fund Sub-committee at its meeting on 19 September 2018.

Signed on behalf of Orkney Islands Council

Councillor James Stockan
Leader

The Head of Finance's responsibilities

The Head of Finance is responsible for the preparation of the Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code on Local Authority Accounting in the United Kingdom (the Code).

In preparing these Annual Accounts, the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation.
- Complied with the Code (in so far as it is compatible with legislation).

The Head of Finance has also:

- Kept adequate accounting records which were up to date.

- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the annual accounts give a true and fair view of the financial position of the Orkney Islands Council Pension Fund as at 31 March 2018, and of its transactions for the year ended 31 March 2018.

Gareth Waterson, BAcc, CA

Head of Finance

19 September 2018

Remuneration Report

The Pension Fund does not directly employ any staff. We have therefore not included a remuneration report within the Annual Report.

All staff are employed by Orkney Islands Council, and their costs reimbursed by the Pension Fund.

The Councillors, who are members of the Pension Fund Sub-Committee and Pension Board are also remunerated by Orkney Islands Council.

Details of Councillor and Senior Employee remuneration can be found in the accounts of Orkney Islands Council on the Council's website

http://www.orkney.gov.uk/Council/Statement_of_Accounts/Statement-of-Accounts.htm.

Annual Governance Statement

Scope of Responsibility

The Orkney Islands Council acts as Administering Authority for the Orkney Islands Council Pension Fund. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. This includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'. The Code is available on the Council's website. The authority's financial and management arrangements conform to the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in local government.

The Local Code of Corporate Governance evidences the Council's commitment to achieving good governance and demonstrates how it complies with the governance standards recommended by CIPFA. The document is regularly reviewed and updated.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled, and the activities used to engage with and lead the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level, and provide reasonable, but not absolute, assurance that the policies, aims and objectives can be delivered. The system of internal control is based on an ongoing process designed to identify and prioritise the risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place for the year ended 31 March 2018 and up to the date of approval of the Annual Accounts.

Purpose of the Governance Framework

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.

The Pension Fund is governed by the Local Government Pension Scheme (Scotland) Regulations. These include requirements for the preparation and production of a number of key policy documents including a Triennial Valuation Report, a Funding Strategy Statement and Statement of Investment Principles. These documents set out the Fund's objectives together with the main risks facing the Fund and the key controls to mitigate those risks.

Review of Effectiveness

Orkney Islands Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. This includes ensuring appropriate advice is given to the Pension Fund on all governance matters, providing training to all members of the Pension Fund Sub-Committee and Pension Board, keeping proper administrative and financial records and accounts and maintaining an effective system of arrangements for governance control.

The system of internal financial controls operates within a financial strategy and is based on a framework of delegation and accountability for officers and elected members embodied in procedural standing orders, financial regulations, scheme of delegation, scheme of administration, committees and sub-committees, supported by a framework of administrative procedures including the segregation of duties, and regular financial management information. In particular this includes:

- Comprehensive accounting systems that records income and expenditure for both member and investment activities.
- Regular reviews of investment reports that measure investment returns against agreed benchmarks.
- Regular reviews of investment manager reports that measure performance against agreed targets, and
- Independent performance reviews of the Fund by the Fund's investment consultant and performance monitoring services provider.

The Pension Fund responds to findings and recommendations of external audit, scrutiny and inspection bodies and its own independent internal audit section. The Pension Fund Sub-Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.

Administering Authority

Orkney Islands Council is the Administering Authority for the Local Government Pension Scheme (LGPS) set up for the Orkney Islands geographic area.

The Council has delegated the management of the investments of the Pension Fund to the Pension Sub-Committee and has established a Pension Board which is the body responsible for assisting the Scheme Manager in relation to compliance with scheme regulations, and the requirements of the Pension Regulator.

Regulatory Framework

The Pensions Regulator is the UK regulator of work-based pension schemes. It works with trustees, employers, pension specialists and business advisers, giving guidance on what is expected of them.

The Scottish Public Pensions Agency (SPPA) is responsible for regulating the LGPS in Scotland and the Council administers the pension scheme in accordance with guidance and regulations issued by the SPPA.

The Orkney Islands Council scheme is open to all employees of scheduled bodies except those whose employment entitles them to belong to another statutory pension scheme (e.g. Teachers). Employees of admitted bodies can join the scheme subject to those bodies meeting the statutory requirements and on such terms and conditions as the Council (as Administering Authority) may require. A list of scheduled and admitted bodies is attached as Annex 1.

The Pension Fund Sub-Committee (the Sub-committee) is a formal sub-committee of Orkney Islands Council's Policy and Resources Committee. The Scheme of Administration for the Council refers to the Pension Fund Sub-Committee all matters relating to the management of investments of the Council's Pension Fund.

Financial affairs are conducted in compliance with the Council's Financial Regulations which are reviewed and updated on a regular basis.

Funds are invested in compliance with the Fund's Statement of Investment Principles.

Pension Fund Sub-Committee and Pension Board

The members of the Pensions Sub-Committee together with the Pensions Board act as quasi-trustees and oversee the management of the Orkney Islands Council Pension Fund (the Fund).

Their overriding duty is to ensure the best possible outcomes for the Fund, its participating employers and scheme members.

The members' knowledge is supplemented by professional advice from officers of the Council, professional advisers and other external providers.

The Sub-committee is comprised of seven members of the Council:

- Leader (Chair of Policy and Resources Committee).
- Deputy Leader (Vice Chair of Policy and Resources Committee), and
- Five other elected members of the Council appointed by Policy and Resources Committee.

The Scheme Actuary, the Independent Investment Consultant, Head of Finance, Pensions Manager and the Solicitor for the Council or their nominated representative also attend the Sub-committee meetings as advisers.

The Sub-committee meets at least quarterly. Additional meetings are called as appropriate and papers and minutes are publicly available on the Council's website, unless they have been considered as private business in terms of Schedule 7A to the Local Government (Scotland) Act 1973. Minutes of the Sub-committee are also presented to the Policy and Resources Committee of the Council.

Membership of the Pensions Board consists of equal numbers of trade union representatives and employer representatives, drawn from Orkney Islands Council and scheduled or admitted bodies in membership of the Pension Fund. Pension Board representatives may not participate in or act as members of the Pension Fund sub-committee or the Monitoring and Audit Committee. Local Authority employer representatives will normally be Elected Members of the Council.

The Pension Board meets at least quarterly. A majority of either side, trade union or employer representatives, may requisition a special meeting of the Pension Board in exceptional circumstances.

While the statutory roles and function of the Pension Fund Sub-committee and Pension Board are separate, the normal practice is that both bodies meet at the same time to consider the same agenda, with the Chair of the Pension Fund Sub-Committee chairing the concurrent meeting. The Council's Standing Orders apply at concurrent meetings. The aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.

If the Pension Fund Sub-committee and Pension Board cannot reach joint agreement on any matter the process for resolving any differences between the two bodies is as follows:

- In the first instance, if at least half of the members of the Pension Board agree, then the Pension Board can defer a decision of the Pension Fund Sub-committee for further consideration if any of the defined grounds are met. Whilst this process is undertaken the decision of the Pension Fund Sub-committee is still competent.
- If there is no agreement after the matter has been referred back to the Pension Fund Sub-committee, the decision of the Pension Fund Sub-committee stand and the difference in view between the Pension Board and the Pension Fund Sub-committee will be published in the form of a joint secretarial report on the Pension

Fund website, included in the Pension Fund annual report and notified to the Scottish LGPS Advisory Board, and

- The Scottish LGPS Scheme Advisory Board may also consider and take a view on the matter and, if considered appropriate, provide advice to the Scheme Manager or the Pension Board in relation to the matter.

Administration and Financial Management of the Fund

The Council's Head of Finance is the Officer with responsibility to ensure proper administration of the Council's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973.

The Head of Finance is responsible for:

- The financial accounting of the Fund.
- The preparation of the Pension Fund Annual Report.
- Being the principal advisor on management of investments to the Council in its capacity as Trustee to the Fund and as the Fund's Administering Authority.

The day-to-day management of the investment activities of the Fund is administered by the Corporate Finance Team within the Chief Executive's Service.

The pension benefits policy oversight and day-to-day administration for the Fund is administered by the Pensions Team within the Chief Executive's Service.

The annual financial statement of the Fund is subject to external audit. The auditors are appointed by Audit Scotland, as part of the process to ensure that public funds are properly safeguarded and accounted for.

Professional Advisers and External Service Providers

Hymans Robertson is appointed to act as Actuary and Investment Consultants to the Fund. The services provided include advice on investment strategy, funding level and actuarial valuations. Hymans Robertson also provides independent performance measurement services for the Fund and has responsibility for measuring and reporting on the performance of the Fund during the year.

The Fund has appointed Baillie Gifford as investment manager who has responsibility for the selection, retention and disposal of individual investments. Where appropriate, they also implement the Sub-Committee's policy in relation to socially responsible investment and corporate governance.

The Bank of New York Mellon is the Fund's appointed global custodian and is responsible for the safekeeping of the assets including the processing of transactions and submission of tax claims.

Internal and External Control and Review

The system of internal financial control operates within a financial strategy and is based on a framework of delegation and accountability for officers and elected members embodied in procedural standing orders, financial regulations, scheme of delegation, scheme of administration, committees and sub-committees. It is

supported by a framework of administrative procedures including the segregation of duties, and regular financial management information. In particular this includes:

- Comprehensive accounting systems that record income and expenditure for both member and investment activities.
- Regular reviews of investment reports that measure investment returns against agreed benchmarks.
- Regular reviews of investment manager reports that measure performance against agreed targets.
- Independent performance reviews of the Fund by the Fund's investment consultant and performance monitoring services provider.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The Pension Fund responds to findings and recommendations of external audit, scrutiny and inspection bodies and the Orkney Islands Council's independent internal audit section. The Monitoring and Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.

The Pensions Administrations Team consists of 4 full time equivalents.

The Head of Finance (Section 95 officer) for the Council as Administering Authority is responsible for ensuring the proper administration of the financial affairs of the Pension Fund. This includes ensuring appropriate advice is given to the Pension Fund on all financial matters, keeping proper financial records and accounts, and maintaining an effective system of internal financial control.

The Chief Internal Auditor (CIA) reports to the Monitoring and Audit Committee and functionally to the Executive Director of Corporate Services. She is in regular contact with the Head of Finance and Monitoring Officer. The CIA provides an independent and objective internal audit annual report and assurance statement on the effectiveness of internal control, risk management and governance based on the delivery of an approved plan of systematic and continuous internal audit review of the Council's arrangements.

During the financial year 2017 to 2018 an internal audit of pensions administration was carried out. The audit concluded that there were robust systems and procedures in place for the administration of the Council's pension scheme.

Included in the audit plan for 2018 to 2019 is an audit of the pension system migration (the transfer of manual records to Heywood's Pension Administration system, Altair). This audit was practically complete mid-August and results at that time provided reasonable assurance to the Head of Finance over the migration process, including the completeness and accuracy of the data transferred from manual records to the Altair system.

Given the structural size of the Council, there are common controls over council systems and pension systems. Internal audit's work on council systems also contributes to providing management assurance that pension fund operations and transactions are appropriately controlled.

Risk Management

The Fund's Risk Register was last reviewed and updated at the concurrent meetings of the Pension Fund Sub-committee together with the Pensions Board on 22 November 2017.

Risk awareness is embedded into the investment performance management process.

Some of the main risks identified in the last review of the risk register were as follow:

- The Council needs to ensure compliance with the Local Government Pension Scheme (Scotland) Regulations, including Pension Regulator's Code of Practice. A review of discretionary pension policies remains ongoing, including the need to develop a formal policy on reporting significant failures of pension fund administration/and/or any breaches of the law. The specific risk has been partially addressed through formation of a Pension Fund Sub-committee and Pension Board.
- Failure to comply with best practice as defined by the Chartered Institute of Public Finance and Accountancy for managing risk within the Scottish Local Government Pension Scheme. The specific risk has been addressed by the establishment of a risk register together with an annual review as a minimum requirement.
- Failure of members charged with governance of the Pension Fund to retain knowledge and understanding to support their role. A programme of induction training was provided to members in 2017, although it is noted that not all members were able to participate. The specific risk has been addressed through adoption of the training policy statement and development of a training register.

The full risk register is available via the following link to the Council's website:

<http://www.orkney.gov.uk/Service-Directory/S/pension-fund-sub-committeepension-board.htm>

Significant Governance Issues

- It was noted in the Audit Report that a review of the pension system migration (the transfer of manual records to Heywood's Pensions Administration system, Altair) by the Council's Internal Audit service had not been possible due to delays with data migration. The data migration has now been completed and the Internal Audit review of the migration is taking place during 2018 to 2019 as detailed earlier in this statement.
- It was noted in the Audit Report that a training policy and register of training for committee and board members should be maintained by the Fund detailing a range of training opportunities and time spent training. The Council adopted a Training Policy Statement in April 2015 for the Pension Fund and a report was submitted to the Pension Fund Sub-committee meeting held on 22 November 2017 to review the training plan for members of the Pension Fund Sub-committee

and the Pension Board. A register of training is being maintained by the Corporate Finance Team.

- It was noted in the Audit Report that the Fund's risk register was last reviewed by the pension fund sub-committee in March 2016. A review of the risk register was considered by the Pension Fund Sub-committee meeting held on 22 November 2017.

Access to Information

Sub-committee papers, minutes and the Funds Annual Report and Accounts are available via the Council's website <http://www.orkney.gov.uk/>.

Opinion

Our review of the effectiveness of the system of internal financial control is informed by:

- The work of Internal Audit and the professional accountancy staff within the Council.
- The External Auditor's reports.
- The Head of Finance (Section 95 Officer), whose duties include putting in place the arrangements for the proper administration of financial affairs of the Pension Fund.

The internal financial control environment was enhanced through the adoption of a Risk Register, Procedural Standing Orders and the establishment of a scheme of delegation by the Pensions Board.

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal financial control systems during the year ended 31 March 2018.

Gareth Waterson, BAcc, CA
Head of Finance
19 September 2018

Councillor James Stockan
Leader
19 September 2018

Alistair Buchan
Chief Executive
19 September 2018

Governance Compliance Statement

The Regulations that govern the management of LGPS funds in Scotland require that a Governance Compliance Statement is published. The following compliance statement sets out the extent to which the Orkney Islands Council Pension Fund governance arrangements comply with best practice.

Principle		Full Compliance	Comments
Structure	The management of the Administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.	Yes	On 17 February 2015, the Policy and Resources Committee (PRC) established a Pension Fund Sub Committee (PSC) and delegated to it the power to discharge all functions and responsibilities relating to the Council's role as administering authority for Orkney Islands Council Pension Fund (the Pension fund). The PSC is the main committee in terms of the Local Government (Scotland) Act 1994, the Superannuation Act 1972 and the Public Services Act 2013. The PRC further agreed to establish a Pensions Board (PB) as a secondary committee to underpin the work of the main committee.
	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Yes	There are no admitted bodies or deferred members represented on the PRC or PSC. Orkney Ferries Limited an admitted body currently has a representative on the PB. The existing membership of the PSC includes both active and pensioner members of the Orkney Island Council Pension Fund.

Principle		Full Compliance	Comments
	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Yes	The agreed terms of reference for operation of the PSC include the requirement to produce a formal minute of all Forum meetings. The PSC sit at the same time as the PB allowing them to communicate with each other on the day they sit.
	That where a secondary committee or panel has been established; at least one seat of the main committee is allocated for a member from the secondary committee or panel.	Yes	The PSC and PB sit at the same place and time to assist the formation of a consensus. The aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.
Representation	<p>a) That all key stakeholders are afforded the opportunity to be represented within the Pensions Board. These include:</p> <ul style="list-style-type: none"> • Employing authorities including non-scheme employers, e.g. admitted bodies; • Scheme members including deferred and pensioner scheme members • Where appropriate, independent professional observers, and • Expert advisors (on an ad-hoc basis). 	Yes	<p>In accordance with the terms of reference for the operation of the PB, membership comprises 8 members; four trade union representatives and four employer representatives.</p> <p>Input from Hymans Robertson as expert advisors to the Pension Fund is routinely sought on policy matters.</p>
	b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute	Yes	In accordance with the terms of reference, all members of the PB and PSC are treated equally. The two bodies sit at the same time to facilitate equal opportunity.

Principle		Full Compliance	Comments
	to the decision-making process, with or without voting rights.		
Selection and Role of Lay Members	a) That committee or panel members are made fully aware of the status, role and function that they are required to perform on either a main or secondary committee.	Yes	At the inaugural meeting of the Pensions Sub Committee and Pensions Board, held concurrently on 24 April 2015, respective Terms of Reference were duly approved for each body in addition an induction programme has been provided to members. Induction training has been provided to new members following the local elections in May 2017.
	b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Yes	The declaration of Member's interests is a standard item on the agenda of the PSC and PB.
Voting	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Yes	Full voting rights are given to all members of the PSC.
Training/ Facility Time/ Expenses	a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Yes	The CIPFA Code of Practice for Public Sector Pensions Finance Knowledge and Skills, together with a Knowledge and Skills Framework to support the Code has been adopted as the basis for training and development of members and officers involved in

Principle	Full Compliance	Comments
		<p>Pension Fund financial matters. CIPFA Framework Members' training is funded from the Council's Pension Fund.</p> <p>The training policy was approved in 2015/16, and is aligned to CIPFA's Knowledge and Skills Framework.</p>
	b) That where such a policy exists it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Yes All members are treated equally under the training policy.
	c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training.	Yes The Administering Authority of the newly formed Pension Fund Sub-committee and Pension Board has to date considered the training requirements of committee members collectively and provided training on that basis. A log has been established of all training provided to members and this is monitored and reported as appropriate. The annual training plan for 2018-19 was approved by the PSC at its meeting of 21 February 2018.
Meeting Frequency	a) That an administering authority's main committee or committees meet at least quarterly	Yes The PSC and PB are scheduled to meet at least four times a year.
	b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committees sits.	Yes The PSC and PB are scheduled to meet at least four times a year.

Principle		Full Compliance	Comments
	c) That an administering authority that does not include lay members in their formal governance arrangements must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	N/A	On 17 February 2015, the PSC agreed to establish a Pensions Board (PB), with representatives from Trade Unions and admitted bodies.
Access	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Yes	All members are treated equally.
Scope	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Yes	The PSC deal with all matters relating to both the administration and investment of the Pension Fund. The PSC is formed from members of the Policy and Resources Committee of the council.
Publicity	That administering authorities have published details of their governance arrangements in such a way that stakeholders, can express an interest in wanting to be part of those arrangements.	Yes	The Orkney Islands Council Pension Fund governance documents are available upon request. The Council as administering authority communicates regularly with employers and scheme members.

Gareth Waterson, BAcc, CA

Head of Finance

19 September 2018

Councillor James Stockan

Leader

19 September 2018

Alistair Buchan

Chief Executive

19 September 2018

Annual Accounts 2017-2018

Pension Fund Account

The Pension Fund Account sets out all income and expenditure of the Pension Fund.

2016-2017 £'000		2017-2018 £'000	Notes
	Dealings with members, employers and others directly involved in the scheme		
9,872	Contributions Receivable	9,956	5
1048	Transfers In	532	6
10,920		10,488	
(6,049)	Benefits Payable	(6,808)	5
(771)	Payments to and on account of leavers	(1,117)	7
(6,820)		(7,925)	
4,100	Net additions from dealings with members	2,563	
(1,221)	Management Costs	(1,520)	15
2,879	Net additions including management expenses	1,043	
	Return on Investments		
5,871	Investment Income	6,089	8
60,730	Profits/(losses) on disposal of investments and changes in the market value of investments	24,071	9,12
(139)	Taxes on Income	(101)	
66,462	Net Return/(Loss) on Investments	30,059	
69,341	Net increase in the net assets available for benefits during the year	31,102	
265,949	Opening Net Assets of the Scheme	335,290	
335,290	Closing Net Assets of the Scheme	366,392	

Net Assets Statement as at 31 March 2018

The Net Assets Statement sets out the value, as at the statement date, of all assets and current liabilities of the Fund. The net assets of the Fund (assets less current liabilities) represent the funds available to provide for pension benefits as at 31 March 2018.

31 March 2017 £'000		31 March 2018 £'000	Notes
	Managed Funds		
196,310	Equities	219,885	
39,476	Fixed Income	40,436	
89,423	Pooled Investment Vehicles	99,999	
9,400	Cash Equivalents	5,466	
334,609		365,786	10
	Current Assets		
66	Cash Balances	60	
62	Contributions due from Employers	86	
968	Current Debtors	1,089	
1,096		1,235	13
	Current Liabilities		
(415)	Current Creditors	(629)	14
681	Net Current Assets/(Liabilities)	606	
335,290	Net Assets of the Scheme available to fund benefits at the year end	366,392	

The Fund Account and Net Assets Statement do not show any liability to pay pensions or other benefits in the future. The liability to pay pensions is detailed in Note 4 Actuarial Present Value of Promised Retirement Benefits.

The audited accounts were issued on 19 September 2018.

Gareth Waterson, BAcc, CA

Head of Finance

19 September 2018

Notes to the Annual Accounts

1. The Local Government Pension Scheme

The Local Government Pension Scheme is a funded defined benefit scheme, established under the Superannuation Act 1972, with pensioners receiving index-linked pensions. It is administered by Orkney Islands Council in accordance with The Local Government Pension Scheme (Scotland) Regulations 2014 (as amended) and was contracted out of the State Second Pension until the 6 April 2016 when the new State Pension was introduced. The Pension Fund is subject to a triennial valuation by an independent, qualified Actuary, whose report indicates the required future employer's contributions.

2. Basis of Preparation of the Financial Statements

Local authorities have a duty under section 12 of the Local Government in Scotland Act 2003 to observe proper accounting practices.

The accounts for the Fund have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

3. Statement of Accounting Policies

A summary of the more important accounting policies has been set out below:

3.1. Basis of Preparation

The accounts have been prepared on an accruals basis and do not take account of liabilities to pay pensions and other benefits after the year end. However, the actuarial position does account for such obligations. This is disclosed in Note 4 of the accounts and should be read in conjunction with the Actuarial Statement (Annex 2). The going concern concept assumes that the Pension Fund will continue in existence for the foreseeable future.

3.2. Transfers to and from other schemes

Transfer values represent the amounts receivable and payable during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the LGPS Regulations.

Individual transfers in/out are accounted for when receivable/payable, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receivables basis and are included in Transfers in.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

3.3. Financial Instruments

Investments

Investments are included at market values, which are assessed as follows:

3.3.1. UK quoted securities are valued at bid market prices at close of business on the last working day of the financial year.

3.3.2. Overseas securities are valued at bid market prices from the relevant overseas stock exchanges converted at closing rates of exchange on the last day of the financial year.

3.3.3. Pooled investments, which comprise the fund manager's unit trusts and open-ended investment companies, are valued at bid market prices on the last working day of the financial year as supplied by the fund manager.

Since Investments are all held for trading, disclosure in the accounts is at fair value through profit and loss. Fair values are derived from unadjusted quoted prices in active markets.

3.4. Recognition of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

3.4.1. Expenses in relation to services received (including services provided by Orkney Islands Council) are recorded as expenditure when the services are received rather than when payments are made.

3.4.2. Dividend income is recognised when the right to receive payment is established.

3.4.3. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Net Assets Statement.

3.5. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in less than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.6. Administrative Overheads

The Pensions Section of Orkney Islands Council is responsible for administering the pension fund. The section receives an allocation of the overheads of the council which is based on its direct cost and the amount of central services consumed.

3.7. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

3.8. Events after the Balance Sheet

Events after the net assets statement date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- 3.8.1. those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- 3.8.2. those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

The draft annual accounts were signed by the Head of Finance on 29 June 2018. Events taking place after this date have not been reflected in the financial statements. Material events between the balance sheet date and the date of signing have been considered and where necessary reflected in the financial statements.

3.9. Investment Income

Income from fixed interest, index linked securities and other interest receivable is taken into account on an accruals basis. Income from all other marketable securities is taken into account on the date when stocks are quoted ex-dividend.

3.10. Foreign Currency

Income and expenditure arising from transactions denominated in a foreign currency are translated into £ sterling at the exchange rate in operation on the date on which the transaction occurred. Where the transaction is to be settled at a contracted rate, that rate is used.

3.11. Investment Management Expenses

Investment management expenses consist of direct charges in line with management agreements, management charges levied on pooled funds and administrative charges.

3.12. Acquisition Cost

Any acquisition costs of investments are included in the book cost of the investment.

3.13. Critical Judgements in Applying Accounting Policies

Pension Fund Liability

The Pension Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with International Accounting Standard IAS 19. The judgements which have the greatest impact on pension fund liabilities are those around the discount rate, the inflation rate and the life expectancy of members.

3.14. Assumptions made about the future and other major sources of estimation and uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Pension Fund about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because such factors cannot be

determined with certainty, actual results could be materially different from the assumptions and estimate. The items in the financial statements at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at year ended 31 March 2018	Approximate % increase to Employer Liability	Approximate monetary amount £m
0.5% decrease in Real Discount Rate	10%	33
0.5% increase in the Salary Increase Rate	2%	6
0.5% increase in the Pension Increase Rate	8%	26

3.15. Accounting Standards that were issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. Four standards have been issued but not yet adopted:

- IFRS 9 (Financial Instruments).
- IFRS 15 (Revenue from Contracts with Customers) (Amendment) (Clarification).
- IAS 12 (Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses) (Amendment).
- IAS 7 (Statement of Cash Flows; Disclosure Initiative) (Amendment).

We do not expect any of these to impact on the Pension Fund.

4. Actuarial Present Value of Promised Retirement Benefits

The Fund's actuary undertakes a valuation of the Fund's liabilities to pay future retirement benefits. This is calculated in line with the IAS 19 every year using the same base data as the triennial funding valuation, rolled forward to the current financial year and taking into account changes in membership numbers and updated assumptions.

In order to assess the value of liabilities on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Annex 2).

The actuarial present value of promised retirement benefits at 31 March 2018 was £341m (2017: £377m).

This figure is used for statutory accounting purposes by Orkney Islands Council Pension Fund and complies with the requirements of IAS 26 Accounting and Reporting by Retirement Benefit Plans. The IAS 26 valuation is not used for calculations undertaken for funding purposes and setting contributions payable to the Fund and has no validity in other circumstances.

Financial Assumptions

Year ended	31 March 2017 % p.a.	31 March 2018 % p.a.
Inflation/Pensions Increase Rate	2.4%	2.4%
Salary Increase Rate	4.4%	2.8%
Discount Rate	2.6%	2.7%

Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 26.

Longevity Assumptions

	Males	Females
Current Pensioners	21.7 years	23.8 years
Future Pensioners*	23.3 years	26.2 years

*Future pensioners are assumed to be currently aged 45.

Commutation assumption

An allowance is included for future retirees to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

5. Analysis of Contributions Receivable and Benefits Payable

Contributions Receivable

	2016-2017			2017-2018		
	Orkney Islands Council £000	Admitted Bodies £000		Orkney Islands Council £000	Admitted Bodies £000	
Employee Contributions	2,058	273	2,331	2,120	281	2,401
Employer Contributions	6,688	827	7,515	6,702	828	7,530
Strain Costs	26	0	26	25	0	25
Total	8,772	1,100	9,872	8,847	1,109	9,956

Benefits Payable

	2016-2017			2017-2018		
	Orkney Islands Council £000	Admitted Bodies £000		Orkney Islands Council £000	Admitted Bodies £000	
Pensions Paid	4,062	384	4,446	4,444	383	4,827
Dependants Pensions	350	28	378	368	13	381
Lump Sums Paid	925	142	1,067	1,343	108	1,451
Death Grants Paid	158	0	158	149	0	149
Total	5,495	554	6,049	6,304	504	6,808

Orkney Islands Council, the administering authority, is at present the only scheduled body.

6. Transfers In

Transfers in to the scheme during 2017-18 were £0.5m (2016-17: £1.1m). This represents the total of transfer values in respect of individual members joining the scheme.

7. Payments to and on Account of Leavers

2016-2017 £'000		2017-2018 £'000
(13)	Contributions Returned	(24)
(755)	Individual Transfers to other Schemes	(1,090)
(3)	State Scheme Premiums	(3)
(771)		(1,117)

8. Investment income

	2016-2017 £'000	2017-2018 £'000
<u>Equities</u>		
Equities UK	1,809	1,248
Equities Global	<u>1,913</u>	<u>1,980</u>
Total Equities	3,722	3,228
<u>Fixed Income</u>		
UK Bonds	696	513
Overseas Bonds	514	0
Index Linked	<u>81</u>	<u>275</u>
Total Fixed Income	1,291	788
Pooled Investment Vehicle - Diversified Growth	836	1,075
Pooled Investment Vehicle - Multi-Asset Growth	0	988
Cash and Deposits	<u>22</u>	<u>10</u>
Totals	5,871	6,089

9. Change in the Market Value of Investments

2016-2017 £'000		2017-2018 £'000
25,487	Realised	16,205
35,243	Unrealised	7,866
60,730	Total	24,071

10. Analysis of Investments

As at 31 March 2018 the market value of the assets under management is as follows:

	31 March 2017 £'000	31 March 2018 £'000
Baillie Gifford		
<u>Equities</u>		
Equities UK	35,939	37,175
Equities Global	159,041	181,327
Equities Small Companies	1,330	1,383
Total Equities	196,310	219,885
<u>Fixed Income</u>		
UK Bonds	19,607	20,272
UK Government Gilts	19,869	20,164
Total Fixed Income	39,476	40,436
Pooled Investment Vehicle - Multi-Asset Growth	49,493	56,025
Pooled Investment Vehicle - Diversified Growth	39,930	43,974
Cash and Deposits	<u>9,400</u>	<u>5,466</u>
Totals	334,609	365,786

All investments are publicly traded on recognised stock exchanges.

11. Reconciliation of Movements in Investments

Investments increased in value to £365.8m as at 31 March 2018 (31 March 2017: £334.6m) a movement of £31.2m.

During 2017-18, sales of investments totalled £37m and purchases totalled £48m. Transaction costs are included in the cost of purchases and sales proceeds.

The following individual investments exceed 5% of the total value of the net assets of the Pension Fund at 31 March 2018.

	2017 £'000	2018 £'000
Baillie Gifford & Company – (Multi Asset Growth)	49,493	56,025
Baillie Gifford & Company – (Diversified Growth Fund)	39,930	43,974
Baillie Gifford & Company – (Act Index-Linked Gilts)	19,869	20,164

12. Investment Transactions

2017-2018	Opening Market Value	Purchases	Sales	Change in Market Value	Closing Market Value
	£'000	£'000	£'000	£'000	£'000
Investment Assets	0	0	0	0	0
Managed Fund Investments					
Equities	194,980	35,573	(33,320)	21,269	218,502
UK Bonds	19,607	4,399	(3,322)	(412)	20,272
Pooled Investment – British Small Companies	1,330	18	0	34	1,382
Pooled Investment – Fixed Interest	19,869	276	0	20	20,165
Pooled Investment – Multi-Asset Growth	49,493	4,442	0	2,090	56,025
Pooled Investment – Diversified Growth	39,930	2,975	0	1,069	43,974
Total Transactions	325,209	47,683	(36,642)	24,070	360,320
Cash Deposits	9,400				5,466
Internal Net Current Assets / (Liabilities)	681				606
Total	335,290				366,392

2016-2017	Opening Market Value	Purchases	Sales	Change in Market Value	Closing Market Value
	£'000	£'000	£'000	£'000	£'000
Investment Assets	0	0	0	0	0
Managed Funds					
Equities	182,370	26,636	(66,435)	52,409	194,980
UK Bonds	0	19,795	(654)	466	19,607
Pooled Investment – British Small Companies	2,380	39	(1,508)	419	1,330
Pooled Investment – Fixed Interest	38,954	9,589	(32,610)	3,936	19,869
Pooled Investment – Multi-Asset Growth		48,700	0	793	49,493
Pooled Investment – Diversified Growth	31,186	6,037	0	2,707	39,930
Total Transactions	254,890	110,796	(101,207)	60,730	325,209
Cash Deposits	10,040				9,400
Internal Net Current Assets / (Liabilities)	1,019				681
Total	265,949				335,290

13. Current Assets

	31 March 2017 £000's	31 March 2018 £000's
Income Due	540	514
Recoverable Tax	290	295
Cash Balances	66	60
Transfer values receivable	139	4
Contributions due from Employers	61	85
Orkney Islands Council	0	274
Sundry Debtors	0	3
Total Current Assets	1,096	1,235

14. Current Liabilities

	31 March 2017 £000's	31 March 2018 £000's
Orkney Islands Council	49	0
Sundry Creditors	244	340
Transfer values payable	122	289
Total Current Liabilities	415	629

15. Management Costs

	2016-2017 £'000	2017-2018 £'000
Investment Management Expenses		
Investment managers fees	852	1,055
Custodian fees	32	43
Other Investment management expenses	4	7
Stamp Duty	50	13
Other Transaction Taxes and Levies	0	20
Broker Commission	0	31
Total Investment Management Expenses	938	1,169
Administration Costs		
Staff time and Support allocations	<u>238</u>	<u>256</u>
Total Administration Costs	238	256
Governance		
Audit costs	20	20
Professional fees	<u>25</u>	<u>75</u>
Total Governance Costs	45	95
Total	1,221	1,520

16. Code of Transparency

The Code of Transparency enables a greater understanding of the investment process and better cost management through the fund managers disclosure of transaction costs.

Total transaction costs for each asset class are detailed below:

2017-2018	Transaction Taxes £	Broker Commission £	Implicit Costs £	Indirect Transaction Costs £	Total Transaction Costs £
Equities	32,638	31,360	71,223	0	135,221
Bonds	0	0	(4,232)	0	(4,232)
Pooled Funds	0	0	75	6,187	6,262
Foreign Exchange	0	0	2,638	0	2,638
Total	32,638	31,360	69,704	6,187	139,889

The nature of the transaction costs groups are as follows:

- Transaction Taxes – Includes stamp duty and any other financial transaction taxes.
- Broker Commissions – Payments for execution services, including exchange fees, settlement fees and clearing fees.
- Implicit Costs – Indirect costs associated with buying and selling securities, being an estimate of market impact.
- Indirect Transaction Costs – transaction costs incurred within pooled funds when they buy and sell their underlying investments.

In addition to the transaction costs, the portfolio has incurred indirect fees of £284,570 paid from the Net Asset Value of the pooled funds.

17. Audit Fees

In 2017-18 the agreed audit fee for the year was £20,000 (2016-17 £20,000).

18. Agency Arrangements

The Orkney Islands Council Pension Fund pays discretionary awards to former employees of Orkney Islands Council. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the council. The total amount of these payments was £267k in 2017/18 and £279k in 2016/17.

Existing contracts entered into by members of the Orkney Islands Council Pension Fund who elected before 1 April 2008 to purchase added years of membership continue in force (unless the member elects to cease the contract). Administration of added years' contracts is carried out by the Orkney Islands Council Pension Fund on behalf of Orkney Islands Council. Costs borne by the fund relating to added years are incorporated into the overall administration cost and are immaterial in value.

19. Statement of Investment Principles and Funding Strategy Statement

The Council as Administering Authority approved its current Statement of Investment Principles in 2017. The Statement defines the Fund's operational framework insofar as investments are concerned. It is reviewed periodically to ensure that it continues to reflect the needs of the Fund and the views of its stakeholders.

The Funding Strategy Statement defines how the Fund intends to meet its financial obligations and was effective from 30 March 2015.

Both these documents are published on the Council's web site and are available on request from the Council's Head of Finance.

20. Investment Management Arrangements

The Orkney Islands Council Pension Fund investments are managed on an active basis by external fund manager Baillie Gifford.

From the 1 April 2017 the benchmark is a fund specific benchmark which means managed investment funds are measured against a range of indices reflecting the weighting or concentration of individual asset classes within the approved investment strategy. The target is to outperform the bespoke benchmark over rolling five-year periods.

21. Stock Lending

In accordance with the Statement of Investment Principles 2013, stock lending is not permitted within any of its segregated investment mandates. As at 31 March 2018 no stock had been released to a third party under a stock lending arrangement.

22. Related Party Transactions

Orkney Islands Council Pension Fund is administered by Orkney Islands Council. The Council incurred costs of £0.256m (2016-17: £0.238m) in relation to administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £6.73m to the fund in 2017-2018 (2016-17: £6.72m). With the exception of the year end debtor balance shown at Note 13 all monies owing to and from the Fund were paid in the year.

The Fund had a balance due from the Orkney Islands Council of £0.274m as at 31 March 2018 (The fund had a balance due to Orkney Islands Council of £0.049m as at 31 March 2017).

All the members of the Pensions Sub-Committee and the members of the Pensions Board are active members of the pension scheme. Each Councillor is required to declare any financial or pecuniary interest related to specific matters on the agenda at each meeting

In addition, two members of the Pension Sub-Committee are directors of Orkney Towage Company Ltd which is admitted body of Orkney Islands Council Pension Fund. During the year 2017-2018 this was a net cost to the Pension Fund of £0.082m (2016-17: £0.133m gain).

The employees who hold key positions in the financial management of the Pension Fund; and their financial relationship with the fund (expressed as cash-equivalent transfer values) are set out below:

	Accrued pension 2016-2017		Accrued pension 2017-2018	
	Pension £	Lump Sum £	Pension £	Lump Sum £
Chief Executive	41,740	80,171	44,453	81,211
Head of Finance / Section 95 Officer	28,749	50,008	31,931	51,930

23. Membership Details

Under the Local Government Pension Scheme (LGPS), member contributions are paid on a tiered basis, the contribution rate being determined by the amount of salary falling into each earnings tier.

Eligibility to join the scheme

Orkney Islands Council employees with a contract for 3 months duration or more are automatically entered into the LGPS. Employees with a contract of less than 3 months duration will be automatically enrolled onto the LGPS if they satisfy the automatic enrolment criteria, however they can opt in if they do not meet the automatic enrolment criteria.

A person employed by a community admitted body or a person employed by a transferee admitted body may only be a member if the person, or class of employees to which the person belongs, is designated in the admission agreement by the body as being eligible for membership of the Scheme.

If they satisfy the above statement they should be automatically entered into the LGPS if they have a contract for 3 months or more otherwise they can opt in if they have a contract for less than 3 months.

These employees are not necessarily auto-enrolled at present, depending on the staging date of each employer.

The following table gives details of the various bodies' membership.

Membership Details at 31/03/2018	Active	Deferred	Pensioner	Dependant
Orkney Islands Council	1,796	877	722	104
Orkney Islands Property Development	2	4	4	0
Orkney Towage Company Limited	18	14	18	0
Pickaquoy Centre Trust	55	23	6	0
Orkney Enterprise	4	5	2	0
Orkney Tourist Board (Visit Scotland)	0	5	3	1
Orkney Ferries Limited	91	45	25	3
Summary of Members				
OIC	1,796	877	722	104
Admitted Bodies	170	96	58	4
Totals	1,966	973	780	108

24. Scheme Arrangements

Career Average Revalued Earnings Scheme (CARE) – LGPS 2015

A number of important changes have been made to the LGPS from 1 April 2015. The changes, which have been agreed between the Trade Unions, COSLA and the Scottish Government, ensure that the Scheme complies with the terms of the Public Pensions Act 2013.

From 1 April 2015 the pension Scheme moved away from a final salary to a career average revalued earnings scheme (CARE).

The main changes of this scheme were:

- A move towards benefits being worked out using career average revalued earnings (CARE) rather than final salary.
- Pensions being built up at a rate of 1/49th of annual pensionable pay.
- Member's normal retirement age being linked to their own State Pension Age. Members may still be able to retire from age 60 but a reduction for early payment may apply.
- Protection of benefits for members aged 55 and over at 1 April 2012 who will be guaranteed that their benefits will not be less than they would have been if the 2015 scheme had never been introduced, and
- Benefits built up before April 2015 will continue to be calculated using actual final pensionable pay at date of leaving.

25. Financial Instruments

Categories of Financial Instruments.

The following categories of financial instrument are carried in the Net Assets Statement:

Financial Instruments Balances	31 March 2017 £'000	31 March 2018 £'000
Investments		
Financial Assets at fair value through profit/loss	325,209	360,320
Loans and receivables - cash and cash equivalents	9,400	5,466
Total investments	334,609	365,786
Current assets and liabilities		
Debtors	1,096	1,235
Financial liabilities at amortised cost	(415)	(629)
Total current assets and liabilities	681	606

Income, Expenses, Gains and Losses

Financial Instruments Gains/Losses	31 March 2016	31 March 2017
	Financial Assets	
	£'000	£'000
Net gains/(losses) on financial assets at fair value through profit and loss	60,730	24,071
Investment Income	5,872	6,089
Investment management expenses including taxation	(1,360)	(1,622)
Total investment gains and losses	65,242	28,538

Fair Values of Assets and Liabilities

Financial assets represented by investments are carried in the Net Assets Statement at their current market value (bid price), as determined by the investment manager and the global custodian, based upon publicly quoted prices. This provides a close approximation to fair value.

26. Risk and Risk Management

The past year has proved to be another volatile year for investors in general, with global financial markets benefitting from positive economic data and renewed investor optimism, offset by geo-political uncertainty.

Despite strong investment performance over the past year, much uncertainty still surrounds the UK economy as plans for Brexit have yet to be finalised.

The Fund's primary long-term risk is that the Fund's assets fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. Responsibility for managing the Fund's risk rests with the Pension Fund Sub-committee.

26.1. Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Funding Strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its Investment Advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Sensitivity analysis

In consultation with the Fund's independent provider of performance and analytical data (Hymans Robertson), the Council has determined that the following movements in market price risk are reasonably possible for the reporting period.

Asset Type	Potential Market Movement +/- (%p.a.)
UK Equities	16.8
Global Equities	17.9
UK Index-Linked Gilts (short term)	4.1
UK Index-Linked Gilts (medium term)	7.2
UK Index-Linked Gilts (long term)	9.2
UK Fixed Interest Gilts (short term)	3.2
UK Fixed Interest Gilts (medium term)	9.5
UK Fixed Interest Gilts (long term)	12.7
Diversified Growth	12.6
Cash	0.5
Total Fund volatility	12.5

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

			Potential change in year in the net assets available to pay benefits	
Asset Type	Value	% Change	Favourable Market Movement	Unfavourable Market Movement
	£'000		£'000	£'000
UK Equities	38,558	16.8%	45,036	32,080
Global Equities	181,327	17.9%	213,785	148,869
UK Index-Linked Gilts (short term)	0	4.1%	0	0
UK Index-Linked Gilts (medium term)	4,400	7.2%	4,717	4,083
UK Index-Linked Gilts (long term)	15,764	9.2%	17,214	14,314
UK Fixed Interest Gilts (short term)	6,155	3.2%	6,352	5,958
UK Fixed Interest Gilts (medium term)	5,431	9.5%	5,947	4,915
UK Fixed Interest Gilts (long term)	8,686	12.7%	9,789	7,583
Diversified Growth and Multi-Asset Growth	99,999	12.6%	112,599	87,399
Cash	5,466	0.5%	5,493	5,439
Total Fund volatility	365,786	12.5%	411,509	320,063

The total Fund volatility takes into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory.

26.2 Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its Investment Advisers, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2018 and 31 March 2017 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2017 £'000	31 March 2018 £'000
Cash and cash equivalents	9,400	5,466

Sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a 1% change in interest rates:

Asset Type	Carrying amount as at 31 March 2018 £'000	Potential change in year in the net assets available to pay benefits	
		1% Interest Movement £'000	-1% Interest Movement £'000
Cash and Cash Equivalents	5,466	54.7	(54.66)
Total change in assets available	5,466	54.7	(54.66)

26.3 Currency Exposure Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund is invested in equities overseas that are denominated in currencies other than £UK. The Fund also holds a low level of bonds denominated in overseas currencies.

The following table summarises the Fund's currency exposure at 31 March 2018:

Currency exposure - asset type	Asset value 31 March 2017 £'000	Asset value 31 March 2018 £'000
Overseas Quoted Equities	155,623	178,397
Pooled Funds - Global Basket	3,418	2,930
Total	159,041	181,327

Sensitivity analysis

Following analysis of historical data in consultation with Hymans Robertson, the council considers the likely volatility associated with foreign exchange movements to be 10%.

A 10% fluctuation is considered reasonable based on Hymans analysis of long-term historical movements. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Assets exposed to currency risk	Asset values as at 31 March 2018	Potential % movement	Value on Increase	Value on Decrease
	£		£	£
Overseas Quoted Equities	178,397	10.0%	196,237	160,557
Total change in assets available to pay benefits	178,397	10.0%	196,237	160,557

26.4 Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The Council's Annual Treasury Management Strategy Statement sets out the Fund's approach to credit risk for internally managed funds. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Strategy has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The Fund believes it has managed its exposure to credit risk, and the Fund has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2018, including current account cash, was £60k. (31 March 2016: £66k). The Fund also held cash under its investment management arrangement. This was held with the following institutions:

	Rating (Fitch)	Balance 31 March 2018
Bank current accounts		
Royal Bank of Scotland	BBB+	60
Cash held in Portfolio		
Handelsbanken	AA	250
Bank of New York Mellon (BNY)	AA	1,884
BNP Paribas Deposit	A+	100

26.5 Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments.

The Council has immediate access to its Pension Fund cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2018, the Fund had no illiquid assets.

27. Funding and Valuation Note

In line with the Local Government Pension Scheme (Scotland) Regulations 2014, the Fund's actuary undertakes a funding valuation every three years. The actuarial valuation assesses the health of the fund and provides a check that the funding strategy and assumptions used are appropriate. It also sets the future rates of contributions payable by employers. The most recent full actuarial valuation by the Fund's actuaries Hymans Robertson was to 31 March 2017. The next valuation will take place as at 31 March 2020.

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contribution rates are as stable as possible.
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return.
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so.
- To use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to maintain 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and contributions are sufficient to meet expected future pension benefits payable.

At the 2017 actuarial valuation, the Fund was assessed as 112.7% funded (114.4% at the March 2014 valuation). This corresponded to a surplus of £38m (2014 valuation: surplus of £29m) at that time.

The assessed Primary contribution rate for 1 April 2018 – 31 March 2021 (i.e. the rate which employers in the Fund pay) at March 2017 was 20.7%, with applied Secondary contribution rates giving the required minimum contribution rates as follows:

2018/19: 18.2%

2019/20: 17.6%

2020/21: 17.0%

In accordance with the Funding Strategy Statement the administering authority has adopted employer contributions of 19.2% for 2017-2018. The valuation of the Fund has been undertaken using a 'risk based' approach considers how each employer's assets and liabilities may evolve over the future. The principal assumptions were:

Financial Assumptions

Financial Assumptions	31-Mar-14	31 March 2017	
	Funding basis (% p.a.)	Funding basis (% p.a.)	Gilts basis (% p.a.)
Discount rate	5.10%	3.10%	1.40%
Price inflation	3.50%	2.40%	2.40%
Pay increases	4.50%	2.80%	2.80%
Pension increases:			
in excess of GMP	2.70%	2.40%	2.40%
post-88 GMP	2.70%	2.40%	2.40%
pre-88 GMP	0.00%	0.00%	0.00%
Revaluation of deferred pension	2.70%	2.40%	2.40%
Revaluation of accrued CARE pension	2.70%	2.40%	2.40%
Expenses	1.00%	0.70%	0.70%

* GMP = guaranteed minimum pension

Mortality assumptions

The mortality assumptions used and applied to all members are based on the Self-Administered Pension Schemes year of birth tables with no further improvements in lifespans estimated from 2017.

28. Additional Voluntary Contributions

Under Inland Revenue rules, scheme members are permitted to make contributions towards retirement and death in service benefits in addition to those which they are required to make as members of the Local Government Pension Scheme. These contributions are known as Additional Voluntary Contributions and are treated separately from the scheme's assets under arrangement with Prudential Assurance Company Limited.

During the year, member contributions amounted to £0.404m (2016-17: £0.442m).

Members contributions are invested in a "with profits" Fund or a "deposit" Fund. During the year the value of AVC investments increased by £0.72m to £2.890m as at 31 March 2018 (2017: £2.818m) excluding the final bonus.

29. Contingent Liabilities and Contractual Commitments

Following the Freedom and Choice provisions announced in the 2014 Budget, the Pension Fund has had an increase of enquiries from members about transferring benefits out of the LGPS. Illustrations provided to members indicate that at the year-end there are potential liabilities of £1.276m in respect of members who may exercise the option to take benefits out of the scheme.

Independent Auditor's Report

Independent auditor's report to the members of Orkney Islands Council as administering authority for Orkney Islands Council Pension Fund and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual report of Orkney Islands Council Pension Fund for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Pension Fund Account, the Net Assets Statement and Notes to the Annual Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the financial transactions of the fund during the year ended 31 March 2018 and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Head of Finance and The Orkney Islands Council Pension Fund Sub Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Head of Finance is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Head of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Orkney Islands Council Pension Fund Sub Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual report

The Head of Finance is responsible for the other information in the annual report. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016); and
- the information given in the Governance Compliance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Local Government Pension Scheme (Scotland) Regulations 2014.

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA CPFA
Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

19 September 2018

Annex 1 - Scheduled and Admitted Bodies

Orkney Islands Council Pension Fund

Scheduled Bodies

- Orkney Islands Council

Admitted Bodies

Active Admitted Bodies

- Orkney Tourist Board (Visit Scotland)
- Orkney Towage Company Limited
- Orkney Ferries Limited
- Orkney Enterprise
- Pickaquoy Centre Trust
- Orkney Islands Property Development Limited

Annex 2 – Actuarial Statement for 2017-2018

Orkney Islands Council Pension Fund (the Fund)

This statement has been prepared in accordance with Regulation 55(1)(d) of the Local Government Pension Scheme (Scotland) Regulations 2014. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2015. In summary, the key funding principles are as follows:

- To ensure the long-term solvency of the Fund, using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/ dependants' benefits as they fall due for payment.
- To ensure that employer contribution rates are reasonably stable where appropriate.
- To minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers).
- To reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years.
- To use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to return their portion of the Fund to full funding over 20 years if the valuation assumptions are borne out. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 66% chance that the Fund will return to full funding over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2014 was as at 31 March 2017. This valuation revealed that the Fund's assets, which at 31 March 2017 were valued at £335 million, were sufficient to meet 112.7% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2017 valuation was £38 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2018 to 31 March 2021 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2017 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth and inflation to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2017 valuation were as follows:

Financial assumptions	31-Mar-17
Discount rate	3.1%
Pay increases	2.8%
Price inflation/Pension increases	2.4%

The key demographic assumption was the allowance made for longevity. The life expectancy assumption was based on the Fund's Vita Curves alongside future improvements based on the CMI 2016 model with an allowance for smoothing of recent mortality experience and a long-term rate of improvement of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.7 years	23.8 years
Future Pensioners*	23.3 years	26.2 years

*Currently aged 45.

Copies of the 2017 valuation report and Funding Strategy Statement are available on request from Orkney Islands Council, Administering Authority to the Fund.

Experience over the period since 31 March 2017

Asset returns over the period have been slightly higher than the valuation discount rate and real bond yields at 31 March 2018 are at a similar level to 31 March 2017. Combining the impact of these leads to a broadly similar overall funding position at 31 March 2018 compared to the last formal valuation.

The next actuarial valuation will be carried out as at 31 March 2020. The Funding Strategy Statement will also be reviewed at that time.

Barry McKay FFA

For and on behalf of Hymans Robertson LLP

3 May 2018

Hymans Robertson LLP

20 Waterloo Street, Glasgow G2 6DB

Annex 3 - Glossary of Terms

Active Management

An investment management style that seeks to outperform by way of self-selected decisions on stock choice, timing of market incursions, or asset allocation. Compare this with Passive Management.

Asset Allocation

The division of the Fund's assets between different classes of assets, for example, UK Equities, Japanese Equities, UK Bonds. In the long run the asset allocation choices should support the Fund's strategic financial objectives. In the short term tactical changes might be made to achieve short-term advantage.

Balanced Management

An arrangement under which investments are spread over a range of asset classes at the manager's discretion. The manager controls investments over as many classes as are available under the Fund's overall strategy. Compare this with specialist management.

Growth Manager

An investment manager who fundamentally believes in picking stocks that he believes will achieve an above-average growth in profits. This is sometimes caricatured as buying stock irrespective of price because the price will rise. Compare this with value manager.

Mandate

An agreement between an investment manager and his client as to how investments are to be managed, specifying whatever targets and investment limitations are to apply.

Passive Management

A style of investment management that seeks performance equal to market returns or to some appropriate index. Such investment entails a more mechanical approach to asset allocation and stock selection because such decisions are largely dictated by general market shifts rather than individual manager discretion. Compare this with active management.

Pooled Fund

A fund in which a number of investors hold units rather than owning the underlying assets. This is a useful way for smaller funds to diversify investments without exposing them to undue risks. Unit Trusts are pooled funds as are Open-ended Investment Companies. Compare this with segregated fund.

Return

The value of capital enhancement and income received by a fund in a year, expressed as a percentage of the opening value of the fund. If values fall "Return" would be negative.

Risk

The danger or chance that returns will vary against benchmarks or targets. If risks are high the expected return should be higher still (the risk premium).

Segregated Fund

The management of a particular fund's assets independently of those of other funds managed by the same investment house. Compare this with a pooled fund.

Specialist Management

The use of a number of managers, each specialising in a particular asset class. Such managers have no say in asset allocation, being only concerned with stock selection.

Value Manager

A manager who selects stocks that he believes to have potential that is not reflected in the price. This is sometimes caricatured as buying stock because it is cheap. Compare this with growth manager.

Vested/Non- Vested Obligations

Vested obligations refer to employee benefits that are not conditional on future employment. Non- vested obligations refer to employee benefits that are conditional on future employment.

Pension Fund Strain

The cost to employers of the early release of pension benefits.

Operating Surplus/Deficit

The surplus/deficit arising from dealing with members, employers and others directly involved in the scheme.

Additional Information

Key Documents Online

You can find further information on our website

<http://www.orkney.gov.uk/Council/P/pension-fund-annual-reports.htm>, including the following documents:

- Annual Report and Accounts

Auditors: Audit Scotland

Fund Advisers

Actuaries: Hymans Robertson

Bankers: Royal Bank of Scotland

Investment Advisors: Hymans Robertson

Investment Custodians: Bank of New York Mellon

Investment Managers: Baillie Gifford & Co

Performance Measurement: Hymans Robertson

Additional Voluntary Contributions (AVC) Managers: Prudential

Contact Details

For further information and advice on administration, benefits and scheme membership please contact:

Bryan Hay Telephone: 01856 873535 Ext. 2108

Pensions Manager email: bryan.hay@orkney.gov.uk

Scheme members should have a copy of the "Employees' Guide to the Local Government Pension Scheme Administered by the Orkney Islands Council", and can obtain their own copy of an Annual Report on request or visit Orkney Islands Council Pension Fund website at: <http://www.orkney.gov.uk/>.

For further information on the Fund's Investments, please contact:

Gareth Waterson Telephone: 01856 873535 Ext. 2103

Head of Finance email: gareth.waterson@orkney.gov.uk

Colin Kemp Telephone: 01856 873535 Ext. 2106

Corporate Finance Senior Manager email: colin.kemp@orkney.gov.uk

Minute

Asset Management Sub-committee

Thursday, 8 November 2018, 11:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors W Leslie Manson, Norman R Craigie, Robin W Crichton, Steven B Heddle, John A R Scott, Graham L Sinclair and James W Stockan.

Clerk

- Hazel Flett, Senior Committees Officer.

In Attendance

- Gillian Morrison, Executive Director of Corporate Services.
- Hayley Green, Head of IT and Facilities.
- Colin Kemp, Corporate Finance Senior Manager.
- Ian Rushbrook, Capital Programme Manager.
- Graeme Christie, Estates Manager.
- Michael Scott, Solicitor.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor W Leslie Manson.

1. 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 Finance Senior Manager, the Sub-committee:

Noted:

1.1. The revenue financial summary statement, in respect of service areas for which the Asset Management Sub-committee was responsible, for the period 1 April to 30 September 2018, attached as Annex 1 to the report by the Head of Finance, indicating a budget deficit position of £7,200.

1.2. The revenue financial detail by Service Area statement, in respect of service areas for which the Asset Management Sub-committee was responsible, for the period 1 April to 30 September 2018, attached as Annex 2 to the report by the Head of Finance.

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 report by the Head of Finance.

2. Corporate Property Asset Maintenance Programmes

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 Finance Senior Manager, the Sub-committee:

Noted:

2.1. The summary position of expenditure incurred, as at 30 September 2018, against the approved corporate property asset maintenance programmes, as detailed in section 4.1 of the report by the Head of Finance.

2.2. The summary of larger works undertaken as reactive repairs, attached as Appendix 1 to the report by the Head of Finance.

3. Corporate Property Asset Improvement Programmes

Capital 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 Finance Senior Manager, the Sub-committee:

Noted:

3.1. The summary position of expenditure incurred as at 30 September 2018 against the approved corporate property asset improvement and replacement programmes, as detailed in section 4.1 of the report by the Head of Finance.

3.2. The detailed analysis of expenditure figures and project updates, attached as Appendix 1 to the report by the Head of Finance.

4. Conclusion of Meeting

At 11:40 the Chair declared the meeting concluded.

Signed: L Manson.

Stage 2 Capital Project Appraisal

Capital Programme:	General Fund
Client Service:	Education, Leisure and Housing
Project Name:	Expansion of Early Learning and Childcare

1. Background

Early Learning and Childcare (ELC) will expand from the 600 hours offered in 2017-18 to 1140 hours in 2020. This means that there will be a requirement to double the number of available spaces. In larger settings, which are currently at or near capacity, additional physical space will be required.

On 16 November 2016, the Education, Leisure and Housing Committee considered the implications for buildings and infrastructure to support the expansion of early learning and childcare from 600 hours to 1140 hours, and agreed that a Stage 1 Capital Project Appraisal should be progressed.

This was superseded by the requirement to produce a Delivery Plan that outlined the infrastructure requirements of the expansion. This was presented to the Education, Leisure and Housing Committee in September 2017 prior to submission to the Scottish Government.

The Scottish Government asked for a revised estimate of revenue and capital spend, and issued further guidance to support Local Authorities. This included making better use of existing infrastructure. Following resubmission, the Scottish Government committed to fully funding the capital requirements subject to a number of conditions, including:

- Costs will be eligible for capital funding where reasonable measures have been taken to demonstrate that the additional capacity is required having applied the expansion planning principles of:
 - Make best use of existing assets.
 - Buy what you can.
 - Build what you need.
- Costs will be eligible for capital funding only where an increase in physical capacity is being provided or refurbishment costs are required to accommodate a change in an operating model.
- Capital funding will be capped at a maximum of the area and cost reference rates as set out in the Scottish Government Planning Assumptions.

The capital funding provide by the Scottish Government specifically cannot be used to support:

- Spend relating to improving the suitability or physical condition of the existing estate with no increase in capacity or operating hours.

- Spend on furniture, fixtures and fittings indoor or outdoor with no increase in capacity or operating hours.
- Replacement of existing facilities.
- Land purchase.
- Offsite works, utility enhancements and diversions out with the site boundary.
- Population growth beyond the expansion planning period.
- Provision of other accommodation to support non-ELC expansion services.

2. Projects and associated work

2.1. Papdale Primary School

Papdale Nursery is currently registered for 60 to 64 children.

The nursery will need to expand to accommodate a registered number of at least 80 for children aged three to five years.

This will include:

- Increasing the number of toilets and adding changing spaces to meet the Care Inspectorate requirements of one toilet for every ten children.
- Creating a parent area for family engagement.
- Extending the playroom space.
- Extending the available outside space to accommodate more children.
- Creating a kitchen area so that more children can be involved in snack and meals preparation.

Solutions for Papdale:

Papdale Primary School was built and subsequently extended and enhanced to provide a three-form entry school (21 classes), with ancillary rooms and spaces.

Currently the school has a need for just 18 classes and (taking into account the planned developments and zoned areas for housing development with the school catchment area) is unlikely to exceed the need for 21 classes at any time in the future. This would be the equivalent to the roll exceeding 606 (excluding early learning and childcare) and roll predictions indicate a maximum of 498.

Although all the available space is currently well used this means that some of the activity spaces could be returned to being classrooms and some space could be repurposed for early learning and childcare.

It is proposed that the existing nursery is extended by building a covered area between the nursery and infant building. Two infant classrooms and a learning bay will be refurbished to create additional playroom space, toilets and changing areas, and a parent space. Outside space will be fenced to create additional play space.

2.2. Dounby Primary School

Dounby Nursery is currently registered for 30 children.

The nursery will need to expand to accommodate a registered number of 45 children aged two to five years.

This will include:

- Additional toilet facilities to meet Care Inspectorate requirements of one toilet for every ten children.
- Creating a secure boundary between the school and nursery space. Currently parents or visitors can gain access to the building via this area.
- Creating a manager's office.
- Extending the playroom space.
- Extending the outside area to accommodate additional children and create spaces suitable for a wider age range.

Solutions for Dounby:

Dounby School has no under-usage of classroom space.

This means that any additionality will need to be outwith the existing footprint. However, it is also a building that has a number of limitations in terms of remaining fit for purpose. Consequently, modifications, additions and changes should be made taking account of a likely need to replace the school within a 5-10-year period.

It is proposed that the playroom is extended by

- Building a porch extension between the nursery and infant classrooms.
- Siting a temporary classroom adjacent and connected to the current playroom.

This will also enable the existing entry point to be modified to create a safe and secure access. A new changing area will be created within the nursery, and the toilet in the accessible cubicle will be replaced. The kitchen area will be remodelled to create increased capacity.

It is proposed that a wall is built to develop a secure entry between the parent space and P1 area. The outside space will be extended by fencing the car park at the front of the nursery, and the space developed to create increased play opportunities.

2.3. Glaitness School

Glaitness Nursery is registered for 45 children aged 2 to 5.

Glaitness has experienced an increase in numbers in the nursery, due to new build housing in the catchment area. The setting may also need to accommodate children from outwith Kirkwall who need to access provision in the town. This means that the setting will be registered for 80 two to five-year olds.

Work will include:

- Additional toilet facilities to meet Care Inspectorate requirements of one toilet for every ten children.
- Creating a secure boundary between the school and nursery space.
- Creating a manager's office.
- Extending the playroom space.
- Creating a parent area for family engagement.
- Extending the outside area to accommodate additional children.

Solutions for Glaitness

The nursery is experiencing a rise in numbers, with at least 37 three-year olds enrolling in 2018-19. This is significantly greater than in an average year.

The rise in numbers is putting pressure on the school, which mean that there are no available classrooms to repurpose for nursery use.

It is proposed that Glaitness School utilises the nearby available buildings (Keelylang and the former short-breaks bungalow) to develop a wider campus that will meet the needs of the school population.

This would 'free up' some internal space giving wider flexibility within the existing footprint for any additional primary classes that may need to be created to accommodate changes in the school role.

Some additional internal space, along with an appropriately designed extension, can then be configured to extend the current nursery provision to accommodate the requirement of an 80-place nursery.

2.4. Other Settings

Further works will be required at other nursery settings within the Education estate and include minor alterations such as adding additional sink accommodation, providing additional toilet facilities or providing extended play areas.

Westray and Papa Westray schools required to have the nursery accommodation improved with additional toilet accommodation and both these projects have been completed, utilising some of the grant funding received. Burray Primary School has had an additional toilet incorporated and works to increase the available external play space for nursery use and this was completed over the summer break. A new kitchen and toilet alterations have also been installed over the summer break at Papdale Primary School nursery.

Similar small scale works are yet to take place at Shapinsay, Eday and Stromness Primary Schools and are included within the proposed Expansion of Early Learning and Child Care.

3. Land Purchase Requirement

All sites are currently within Council ownership and are existing Council assets.

4. Project Appraisal

	Criteria	Response
1.	Protects Existing Statutory Provision	The expansion of ELC is a statutory requirement.
2.	Meets Corporate Priority / Community Planning Goal	Caring Communities. Thriving Communities. Enterprising Communities. Quality of life.
3.	Protects Existing Assets	The capital works make good use of existing assets.
4.	Minimises Capital Cost	All projects have been carefully planned to make best use of current assets. The Scottish Government has committed £2.24m to enable the works to be completed.
5.	Maximises Investment from External Sources	The works are fully funded.
6.	Beneficial Impact on Revenue Expenditure	The works within schools largely maintain the existing footprint, thereby reducing ongoing revenue costs. In addition, careful refurbishment, for example, insulation, will reduce future revenue costs. The Scottish Government has allocated additional revenue to cover running costs.
7.	Linked to Other Council Provision	
(a)	Enhances Statutory Provision	Yes, the provisions will offer extended hours and a more flexible service.
(b)	Protects or Enhances Discretionary Provision	Not Applicable.
8.	Re-use of Derelict Land or Building	Usage of buildings will be maximised so that they are better utilised.
9.	Promote or Enhance Orkney's Environment	Outside areas will be developed to create more naturalistic spaces.
10.	Promote or Enhance Orkney's Heritage	Not Applicable.

	Criteria	Response
11.	Economic Prosperity or Sustainable Communities	The expansion of ELC will not only create additional jobs within the childcare sector, but will also provide childcare for workers in Orkney.
12.	Enhances Council operations or Improves Health and Safety	Increasing the size of existing settings will ensure that they operate at optimal adult:child ratios and will therefore be more efficient. An expanded ELC service will provide childcare as well as family support. The expanded provision will enhance the hours to parents, including before and after the school day.

5. Financial Implications

The financial implications of the proposals are detailed in the Financial Assessment of Capital Expenditure attached as Annex 1.

The planned government income does not match the proposed cash flow for the project, however the Scottish Government has confirmed that the capital funding package is a multi-year offer of funding. While the totality of the capital funding allocation is to be protected to support the ELC expansion to 1140 hours, local authorities have discretion over how they profile their allocation of funding over the expansion period (up to and including the 2021-22 financial year). The detail of the income is shown on the attached Financial Assessment of Capital Expenditure attached as Annex 1.

6. Risk Assessment

Risks: if project does not proceed:

- Breach of Government Legislation to provide 1140 hours of ELC to eligible children by 2020.

Council to provide additional accommodation to enable the service to comply with Government policy and Care Inspectorate requirements. Council to be made aware of the critical timeline in delivering increased capacity in time for 2020.

Risks if project progressed:

- Budgeted project cost exceeded.
- Project creep jeopardises progress and affordability of project.
- Actual revenue costs exceeding anticipated costs, affordability issues.
- Limited market interest affects project value for money.
- Statutory approvals for the developed design are not approved.
- Disruptions to learning and teaching during construction.

Work to be phased so impact is minimised.

- Capital works are funded by the Scottish Government. Failure to spend the money appropriately and in a timely fashion could result in funding being re-claimed.

Council to be made aware of the impact of delay in making or implementing decisions.

7. Conclusion

Papdale, Dounby and Glaitness have insufficient playroom space and associated facilities to be able to accommodate an increase in Early Learning and Childcare. Extension and refurbishment work is needed, and this Stage 2 Capital Project Appraisal provides the context and specification for this.

8. Recommendations

It is recommended that this Stage 2 Capital Project Appraisal be approved.

9. Accountable Officers

Wilfred Weir, Executive Director of Education, Leisure and Housing, extension 2436, Email wilf.weir@orkney.gov.uk.

Peter Diamond, Head of Education (Leisure, Culture and Inclusion), extension 2401, Email peter.diamond@orkney.gov.uk.

Catherine Diamond, Principal Teacher Early Years, extension 3220, Email catherine.diamond@glow.orkneyschools.org.uk.

10. Annexes

Annex 1: Financial Assessment of Capital Expenditure.

Annex 2: Financial Assessment of Revenue Expenditure.

STAGE 2 - CAPITAL PROJECT APPRAISAL
FINANCIAL ASSESSMENT OF ASSOCIATED CAPITAL EXPENDITURE IMPLICATIONS

Capital Programme: **General Fund**

Client Service: **Education Leisure and Housing**

Project Name: **Expansion of Early Learning and Child Care**

		1	2	3	4	5		
CAPITAL COSTS	Total £ 000	2017/18 £ 000	2018/19 £ 000	2019/20 £ 000	2020/21 £ 000	2021/22 £ 000	Onwards £ 000	Notes
1. Initial Costs (at inflated prices)								
Land or Property Purchase	-	-	-	-	-	-	-	
Other Site Costs (including Fees)	-	-	-	-	-	-	-	
Construction or Improvements	-	-	-	-	-	-	-	
Westray Junior High	34.9	21.3	13.6	-	-	-	-	1
Papa Westray Primary School	24.2	15.7	8.5	-	-	-	-	2
Glaitness Primary School	1,457.9	-	20.0	900.0	515.0	22.9	-	
Papdale Primary School	227.3	-	24.3	156.0	47.0	-	-	3
Dounby Primary School	191.0	-	-	186.0	5.0	-	-	
Burray Primary School	16.0	-	16.0	-	-	-	-	4
Eday Primary School	5.0	-	-	5.0	-	-	-	
Stromness Primary School	14.0	-	-	14.0	-	-	-	
Information Technology Costs	-	-	-	-	-	-	-	
Plant, Vehicles & Equipment	-	-	-	-	-	-	-	
Professional Fees - Consultant	-	-	-	-	-	-	-	
- In-house	269.7	28.7	30.0	136.0	70.0	5.0	-	
Gross Capital Expenditure	2,240.0	65.7	112.4	1,397.0	637.0	27.9	-	
2. Initial Funding (at inflated prices)								
Government Grants	2,240.0	140.0	700.0	800.0	600.0	-	-	5
Other Grants	-	-	-	-	-	-	-	
Other Financial Assistance	-	-	-	-	-	-	-	
Total Grants Recievable, etc.	2,240.0	140.0	700.0	800.0	600.0	-	-	
Net Capital Cost of Project	0.0	- 74.3	- 587.6	597.0	37.0	27.9	-	
Net Council Capital Expenditure	0.0	- 74.3	- 587.6	597.0	37.0	27.9	-	
Net Present Value	- 37.5	- 74.3	- 559.6	541.5	32.0	23.0	-	
Cost of Capital		5%	5%	5%	5%	5%	5%	
Year		0	1	2	3	4	5	

Notes

1. Westray Junior High nursery alteration works was completed on 12 March 2018
2. Papa Westray Primary School nursery alteration works was completed on 12 March 2018
3. Some initial works were carried at Papdale Primary School out during the school summer break (July/August 2018)
4. Toilet alterations and external playspace alterations at Burray Primary School were carried out over the summer break (July/August 2018)
5. Government income does not meet the spend profile - see Stage 2 Capital Project Appraisal for more details

STAGE 2 - CAPITAL PROJECT APPRAISAL
FINANCIAL ASSESSMENT OF ASSOCIATED REVENUE BUDGET IMPLICATIONS

Capital Programme:

General Fund

Client Service:

Education Leisure and Housing

Project Name:

Expansion of Early Learning and Child Care

		1	2	3	4	5		
REVENUE COSTS / (SAVINGS)	Total £ 000	2018/19 £ 000	2019/20 £ 000	2020/21 £ 000	2021/22 £ 000	2022/23 £ 000	Onwards £ 000	Notes
1. Full Year Operating Costs (at inflated prices)								
Staff Costs	-	-	-	-	-	-	-	
Other Staff Costs (incl. recruitment, etc.)	-	-	-	-	-	-	-	
Property Costs	108	-	12	24	24	24	24	1
Supplies and Services	-	-	-	-	-	-	-	
Transport, Vessel and Plant Costs	-	-	-	-	-	-	-	
Administration Costs	-	-	-	-	-	-	-	
Apportioned Costs	-	-	-	-	-	-	-	
Third Party Payments	-	-	-	-	-	-	-	
Finance and Loan Charges	-	-	-	-	-	-	-	
Miscellaneous Expenditure	-	-	-	-	-	-	-	
Gross Revenue Expenditure / (Saving)	108	-	12	24	24	24	24	
2. Operating Income (at inflated prices)								
Government Grants	108	-	12	24	24	24	24	2
Other Grants	-	-	-	-	-	-	-	
Rents and Lettings	-	-	-	-	-	-	-	
Sales	-	-	-	-	-	-	-	
Fees and Charges	-	-	-	-	-	-	-	
Miscellaneous Income (RHI)	-	-	-	-	-	-	-	
Gross Revenue Income	108	-	12	24	24	24	24	
Net Revenue Expenditure / (Saving) of Project	-	-	-	-	-	-	-	
Increase / (Reduction) in Revenue Costs	-	-	-	-	-	-	-	
Net Present Value	-	-	-	-	-	-	-	
Cost of Revenue		3%	3%	3%	3%	3%	3%	
Year		0	1	2	3	4	5	

Notes - Additional narrative on main assumptions and support working papers

1 Property Costs at the majority of the settings will not increase as existing floor area is utilised, however the increase in costs noted above is for the settings where there is an increase in floor area.

2 Government funding has been provided for the increase in property costs.

Stage 2 Capital Project Appraisal

Capital Programme:	Non-General Fund
Client Service:	Marine Services
Project Name:	Hatston Pier Road – Proposed Upgrading

1. Background

Hatston Pier Road is the access for all traffic using Hatston Pier, the harbour and economic areas surrounding the pier. The road, including pavements and street lighting, from its junction with Grainshore Road, is within the Harbour Area and therefore is the responsibility of the Harbour Authority to maintain. It was constructed as part of the Hatston pier development during the period 2000 to 2002.

The first part of the road surface at Hatston Pier Road, from the junction with Grainshore Road up to the car check in facility and lorry marshalling for Serco NorthLink, was upgraded as part of other works in 2015 and 2017. The street lights are the original installed between 2000 and 2002.

This proposed project is to reconstruct and upgrade parts of Hatston Pier Road from the lorry marshalling area through to the change in surface from tarmacadam to concrete (where the actual suspended deck pier starts) and to upgrade the street light columns and lighting on the section of this road from its junction with Grainshore Road through to and including the car and lorry marshalling areas.

The specification for the road reconstruction and upgrade has been generated in conjunction with the Council's engineering team. The standard will be the same as the previous (first part) of Hatston Pier Road reconstruction carried out in 2015, as indicated above. This will allow continued use by all existing vehicles and increased use of vehicles in the future in particular heavy goods vehicles (HGVs).

The street lighting upgrade will provide new light columns throughout the area concerned, use LED Street/flood lights thus reducing electricity costs and light pollution and in general improve working conditions during the hours of darkness in the marshalling areas.

2. Options Available

The following options are available:

2.1. Option 1 – do nothing.

2.1.1. With the condition of the existing road surface this is not a realistic option. It has been assessed that large parts of Hatston Pier Road are beyond economic repair further adding to the case that the do-nothing option is not a viable or realistic option. Doing nothing would put income, amounting to £3,280,000, from Hatston Pier at severe risk, due to the inability of harbour users to gain access. The worst case is total closure of the road due to any health and safety concerns.

2.1.2. Some might consider an alternative route to be Galt View – this is not a realistic, workable option for Serco NorthLink traffic in particular at this time. In respect of street lighting, there has already been one incident with a problem and a street light column.

2.1.3. Due to the likelihood of a large loss in earnings and serious health and safety concerns this option is not considered plausible.

2.1.4. The cost of maintaining the Miscellaneous Piers and Harbours estate and infrastructure is rising, both in capital and revenue terms. Medium and longer term plans are being developed that will indicate the entirety of the expected works and associated costs.

2.2. Option 2 – upgrade the road and street lighting.

2.2.1. This option would provide a reconstructed and upgraded road surface and upgraded street lights, therefore overcoming the present concerns regarding the serviceability of these two items for anything but the short term. In upgrading both of these their expected life will be extended and in particular to the road surface, the upgrade will mean an improved ability to cater for large HGVs well into the future.

2.2.2. The proposal is to reconstruct Hatston Pier Road, from the lorry marshalling area through to the change in surface from tarmac to concrete a length of approximately 250m (where the actual suspended deck pier starts), and to upgrade the street light columns and lighting on the section of this road from its junction with Grainshore Road through to and including the car and lorry marshalling areas.

2.2.3. This option is the preferred option in that it would provide a reconstructed and upgraded road surface and upgraded street lighting for a further 10 to 15 years. This will provide best value for the Harbour Authority in operational, future business and financial terms – in that the existing road surface is beyond simple patch type repairs (a revenue cost) and a capital reconstruction and upgrade will provide the best value in the medium to long term. The same is applicable to the existing street lighting.

3. Land Purchase Requirement

There are no land purchase requirements associated with this project.

4. Project Appraisal

	Criteria	Response
1.	Protects Existing Statutory Provision	The Council is the Statutory Harbour Authority by virtue of the Orkney County Council Act 1974, and therefore has a statutory responsibility to keep this road and services (eg street lighting) in good and usable condition for use by Harbour users.
2.	Meets Corporate Priority / Community Planning Goal	Not a corporate priority but works deemed necessary to keep roads and services in a good and usable condition for use by Harbour users.

	Criteria	Response
3.	Protects Existing Assets	The existing parts of Hatston Pier Road referred to in section 1 above are in poor condition and beyond simple repair. The existing street lights in the area are showing signs of failure. The proposed reconstruction and upgrade works will protect these vital assets.
4.	Minimises Capital Cost	By using the reconstruction specification drawn up by Council Engineers and tendering for the same works using Contract Standing Orders, plus by using lighting designers to produce a Ports and Harbour compliant upgrade to the existing street lighting – will combined result in minimum capital cost and best end user results.
5.	Maximises Investment from External Sources	By using the reconstruction specification drawn up by Council Engineers and tendering for the same works using Contract Standing Orders, plus by using lighting designers to produce a Ports and Harbour compliant upgrade to the existing street lighting – will combined result in minimum capital cost and best end user results.
6.	Beneficial Impact on Revenue Expenditure	There will be some minimal electricity savings by changing to LED street lighting. There will be a positive impact to the environment due to reduced night glare with the change to LED street lighting.
7.	Linked to Other Council Provision	
(a)	Enhances Statutory Provision	Will protect the existing income generated by the Statutory Harbour Authority at Hatston Pier and area.
(b)	Protects or Enhances Discretionary Provision	The proposed reconstruction and upgrade is not discretionary as the Statutory Harbour Authority must maintain safe access, egress and working areas within its remit.
8.	Re-use of Derelict Land or Building	The proposed reconstruction and upgrade does not involve the re-use of derelict land and buildings.
9.	Promote or Enhance Orkney's Environment	With the proposed change of street lighting to LED the night light pollution will be reduced.
10.	Promote or Enhance Orkney's Heritage	The proposed reconstruction and upgrade does not promote or enhance Orkney's Heritage.
11.	Economic Prosperity or Sustainable Communities	The proposed reconstruction and upgrade will protect existing employment and local economy. It will also ensure that this is maintained for many

	Criteria	Response
		years with the continued operation and possible growth of business through Hatston Pier and area.
12.	Enhances Council operations or Improves Health and Safety	The proposed reconstruction and upgrade will maintain existing operations and ensure that any growth in traffic / use at Hatston Pier and area can be catered for in the future. The upgrade of street lighting will improve general lighting levels and therefore the health and safety of employees and all Harbour users.

5. Financial Implications

The total cost of the planned works at £360,000, includes £173,000 of road reconstruction works and £187,000 to upgrade to the street lighting.

6. Risk Assessment

The ability to move all types of vehicles to and from Hatston Pier is vital to the operation of the same. Hatston Pier Road was constructed in the early 2000's and is now showing severe signs of wear and tear from regular car and commercial traffic using it. Without the proposed work being undertaken, there is a high and unacceptable risk that this road would be shut (either single or both lanes) for long periods with little or no notice.

The street light columns used on the road, car and lorry marshalling areas are showing signs of failure and therefore need to be replaced in the short term. This will mean that there is an opportunity to upgrade the lighting to LED type – leading to a small revenue saving – and for the lighting system in the car and lorry marshalling areas to be upgraded to 20 metre columns which are preferred for lighting such areas, again with LED light fittings. This should result in reduced light pollution and street lighting fit for purpose for many years.

7. Conclusion

From the details contained within this Stage 2 Capital Project Appraisal, it can be seen that the section of Hatston Pier Road from the lorry marshalling area to the change in surfacing from tarmacadam to concrete is beyond simple revenue repair. This leads to the only realistic option which is to reconstruct this section of road to a modern stand as agreed with Council engineers. This in turn will ensure that the economic viability of Hatston Pier and area is maintained well into the future.

The existing street lighting from the junction of Hatston Pier Road and Grainshore Road through to and including the car and lorry marshalling area is showing signs of failure. Therefore there is a need to replace this, with the opportunity to upgrade the lighting system to LED being proposed. This will provide a modern up to date and low light pollution lighting system.

Do nothing may result in the partial or partial closure of the pier access road, thus effectively putting a throttle on the business and use of this pier and area. The signs that the existing street lighting is failing is not acceptable.

8. Recommendations

After due consideration, it is recommended that the only option is for Hatston Pier Road to be reconstructed and the street lighting upgraded thus protecting existing and future business on Hatston Pier and area and improve the street lighting at the same time as reduce night light pollution. This is at a cost of £360,000 over the period 2018 – 2020.

9. Accountable Officers

Gavin Barr, Executive Director of Development and Infrastructure, extension 2301, Email gavin.barr@orkney.gov.uk.

Brian Archibald, Harbour Master and Head of Marine Services, Engineering and Transportation, extension 3600/2703, Email brian.archibald@orkney.gov.uk.

David Sawkins, Deputy Harbour Master: Strategy and Support, extension 3602, Email david.sawkins@orkney.gov.uk.

10. Annexes

Annex 1: Financial Assessment of Capital Expenditure.

Annex 2: Financial Assessment of Revenue Expenditure.

STAGE 2 - CAPITAL PROJECT APPRAISAL
FINANCIAL ASSESSMENT OF ASSOCIATED CAPITAL EXPENDITURE IMPLICATIONS

Capital Programme: **Development & Infrastructure - Harbour Authority**

Client Service: **Harbour Authority**

Project Name: **Hatston Pier Road - Upgrading**

		1	2	3	4	5		
CAPITAL COSTS	Total £ 000	2018/19 £ 000	2019/20 £ 000	2020/21 £ 000	2021/22 £ 000	2022/23 £ 000	Onwards £ 000	Notes
1. Initial Costs (at inflated prices)								
Land or Property Purchase	-	-	-	-	-	-	-	
Other Site Costs (including Fees)	-	-	-	-	-	-	-	
Construction or Improvements	255.0	75.0	180.0	-	-	-	-	1
Information Technology Costs	-	-	-	-	-	-	-	
Plant, Vehicles & Equipment	91.0	91.0	-	-	-	-	-	2
Professional Fees - Consultancy - In-house	14.0	7.0	7.0	-	-	-	-	3
Gross Capital Expenditure	360.0	173.0	187.0	-	-	-	-	
2. Initial Funding (at inflated prices)								
Government Grants	-	-	-	-	-	-	-	
Other Grants	-	-	-	-	-	-	-	
Other Financial Assistance	-	-	-	-	-	-	-	
Total Grants Recievable, etc.	-	-	-	-	-	-	-	
Net Capital Cost of Project	173.0	173.0	187.0	-	-	-	-	
Net Council Capital Expenditure	360.0	173.0	187.0	-	-	-	-	2,3
Net Present Value	351.1	173.0	178.1	-	-	-	-	
Cost of Capital		5%	5%	5%	5%	5%	5%	
Year		0	1	2	3	4	5	

Notes - Additional narrative on main assumptions and support working papers

- 2018/19 cost is an estimate from internal Engineering Section for the refurbishment of Hatston Pier Road.
2019/20 cost is an estimate from internal Engineering Section for Civil Engineering work for new light columns, including overheads and 10% contingency.
- 2018/19 cost is the purchase of new light columns, LED floodlight fittings, erection and installation of same from standard industry costs for this equipment and installation
- 2018/19 and 2019/20 in house fees supplied as an estimate from internal Engineering Section.

STAGE 2 - CAPITAL PROJECT APPRAISAL
FINANCIAL ASSESSMENT OF ASSOCIATED REVENUE BUDGET IMPLICATIONS

Capital Programme: **Development & Infrastructure - Harbour Authority**

Client Service: **Harbour Authority**

Project Name: **Hatston Pier Road - Upgrading**

		1.00	2.00	3.00	4.00	5.00		
REVENUE COSTS / (SAVINGS)	Total £ 000	2018/19 £ 000	2019/20 £ 000	2020/21 £ 000	2021/22 £ 000	2022/23 £ 000	Onwards £ 000	Notes
1. Operating Costs (at inflated prices)								
Staff Costs	-	-	-	-	-	-	-	
Other Staff Costs (incl. recruitment, etc.)	-	-	-	-	-	-	-	
Property Costs	- 3.00	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	1
Supplies and Services	-	-	-	-	-	-	-	
Transport, Vessel and Plant Costs	-	-	-	-	-	-	-	
Administration Costs	-	-	-	-	-	-	-	
Apportioned Costs	-	-	-	-	-	-	-	
Third Party Payments	-	-	-	-	-	-	-	
Finance and Loan Charges	444.00	44.00	49.00	49.00	48.00	46.00	208.00	2
Miscellaneous Expenditure	-	-	-	-	-	-	-	
Gross Revenue Expenditure/(Saving)	441.00	43.50	48.50	48.50	47.50	45.50	207.50	
2. Operating Income (at inflated prices)								
Government Grants	-	-	-	-	-	-	-	
Other Grants	-	-	-	-	-	-	-	
Rents and Lettings	-	-	-	-	-	-	-	
Sales	-	-	-	-	-	-	-	
Fees and Charges	-	-	-	-	-	-	-	
Miscellaneous Income	-	-	-	-	-	-	-	
Gross Revenue Income	-	-	-	-	-	-	-	
Net Expenditure/(Saving) of Project	441.00	43.50	48.50	48.50	47.50	45.50	207.50	
Increase/(Reduction) in Revenue Costs	441.00	43.50	48.50	48.50	47.50	45.50	207.50	3
Net Present Value	399.19	43.50	47.09	45.72	43.47	40.43	178.99	
Cost of Revenue		0.03	0.03	0.03	0.03	0.03	0.03	
Year		-	1.00	2.00	3.00	4.00	5.00	

Notes - Additional narrative on main assumptions and support working papers

1. Saving in utilities as a result of low energy street lighting lanterns
2. Loan charges associated with capital investment repayable over 10 years
3. Additional revenue costs to be funded from current revenue income streams

Minute

Staff Appeals Sub-committee

Tuesday, 9 October 2018, 14:15.

Committee Room 1, Council Offices, School Place, Kirkwall.



Present

Councillors W Leslie Manson, Steven B Heddle, John T Richards, Gwenda M Shearer and James W Stockan.

Clerk

- Gavin Mitchell, Head of Legal Services.

In Attendance

- Andrew Groundwater, Head of HR and Performance.
- Hazel Flett, Senior Committees Officer.
- Hayley Green, Head of IT and Facilities, for the Council (for Item 4).
- Appellant (for Item 4).

Apologies

- Councillor Robin W Crichton.
- Councillor Graham L Sinclair.
- Councillor Duncan A Tullock.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor W Leslie Manson.

1. Disclosure of Exempt Information

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

2. Exclusion of Public

On the motion of Councillor W Leslie Manson, 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 class described in the relevant paragraph of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

3. Briefing from Clerk on Procedure

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 hearing a briefing from the Clerk regarding procedure, the Sub-committee:

Noted that this meeting had been convened to reconsider an appeal against dismissal.

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.

4. Appeal Against Dismissal

As the meeting was convened for one item only, Councillor Robin W Crichton had tendered his apology as he had not been involved in previous discussions at the Sub-committee regarding this appeal and, accordingly, in terms of Standing Order 31, he could not take part in the discussion thereof.

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.

Following conclusion of its deliberations, the Sub-committee:

Resolved, in terms of delegated powers, what action should be taken with regard to an appeal against dismissal.

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.

5. Conclusion of Meeting

At 15:05 the Chair declared the meeting concluded.

Signed: L Manson.

Minute

Staff Appeals Sub-committee

Monday, 29 October 2018, 14:15.

Committee Room 1, Council Offices, School Place, Kirkwall.



Present

Councillors W Leslie Manson, Robin W Crichton, Steven B Heddle, John T Richards, Graham L Sinclair and Duncan A Tullock.

Clerk

- Gavin Mitchell, Head of Legal Services.

In Attendance

- Andrew Groundwater, Head of HR and Performance.
- Hazel Flett, Senior Committees Officer.

Apologies

- Councillor Gwenda M Shearer.
- Councillor James W Stockan.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor W Leslie Manson.

1. Disclosure of Exempt Information

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

2. Exclusion of Public

On the motion of Councillor W Leslie Manson, seconded by Councillor Robin W Crichton, 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 class described in the relevant paragraph of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

3. Briefing from Clerk on Procedure

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 hearing a briefing from the Clerk regarding procedure, the Sub-committee:

Noted that the meeting had been convened to consider an appeal against dismissal.

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.

4. Conclusion of Meeting

At 15:00 the Chair declared the meeting concluded.

Signed: L Manson.