

Item: 10

Policy and Resources Committee: 19 September 2023.

Alternative Models of Governance.

Joint Report by Chief Executive and Corporate Director for Strategy, Performance and Business Solutions.

1. Purpose of Report

To consider the scope of work, together with the resources required, to explore options for alternative models of governance that would provide greater fiscal security and economic opportunity for the islands of Orkney.

2. Recommendations

The Committee is invited to note:

2.1.

That, on 4 July 2023, when considering a Notice of Motion on alternative governance arrangements, the Council resolved to support the Notice of Motion and that the Chief Executive should submit a report, to the Policy and Resources Committee, detailing the scope of work, together with the resources required, to address the matters raised in the Notice of Motion.

2.2.

That a staged approach to the scope of works, to address the matters raised in the Notice of Motion, will be taken with the first stage focused on assessment of viable options and the production of an options appraisal of available alternative governance arrangements.

2.3.

That the Constitutional Reform Consultative Group, supported by regular members' seminars, will be convened to provide strategic oversight to the project.

2.4.

That the combined resources required for the first discovery stage is estimated at one full time equivalent post which will be met within existing resources.

It is recommended:

2.5.

That progression to the first stage, as set out in section 4.7 of this report, be approved.

2.6.

That the Chief Executive should submit a report, to the Policy and Resources Committee in early 2024, considering an options appraisal of available alternative governance arrangements.

3. Background

3.1.

On 4 July 2023, the Council considered the following Notice of Motion:

“Due to historical and contemporary challenges in relation to equitable capital and revenue funding, and policy support across our island communities, Orkney Islands Council should now explore options for alternative models of governance that provide greater fiscal security and economic opportunity for the islands of Orkney. Those investigations to include Nordic connections, crown dependencies and other options for greater subsidiarity and autonomy to be presented to the community for consideration.”

3.2.

The Council resolved:

- That the Notice of Motion be supported, in that options for alternative models of governance, that would provide greater fiscal security and economic opportunity for the islands of Orkney, be explored.
- That the Chief Executive should submit a report, to the Policy and Resources Committee, detailing the scope of work, together with the resources required, to address the matters raised in the Notice of Motion.
- That, in addition, the Constitutional Reform Consultative Group be reinvigorated, with officer support, to pursue, amongst other things, opportunities from the National Islands Plan, the Islands (Scotland) Act 2018 (such as the ability to request additional powers), and to develop the Single Islands Authority work, continuing to hold to account the national governments on the commitments they made to empower the islands and level up, as well as exploration of options for alternative models of governance as referred to in the Motion.

4. Scope of Works

4.1.

It is proposed that the scope of works be progressed as a project and delivered in a staged approach. The convening of the Constitutional Reform Consultative Group will provide strategic oversight and steer the work to be progressed by officers.

4.2.

The initial stage will also focus on ensuring all elected members are fully briefed on the previous work that was undertaken. Each stage will be further facilitated by regular members' seminars and decision making will be through reports to the Policy and Resources Committee.

4.3.

The Constitutional Reform Consultative Group comprises Councillors Stockan, Woodbridge, Bevan, Clackson, Hall, Heddle, King and Leask. The first meeting of this group was held on 5 September 2023 and all members were invited to attend and participate to provide a steer on the scope of work.

4.4.

An officer working group will be established to support this work. The officer working group will be led by the Corporate Director for Strategy, Performance and Business Solutions. The Corporate Leadership Team will provide oversight for the officer working group.

4.5.

This work to consider alternative forms of governance will build on previous work undertaken in 2017 and will additionally assist the Council to engage with the Scottish Government on its current work in exploring single island delivery models which in itself represents one option for alternative governance.

4.6.

The exact staging will become clear as work progresses and will be dependent on the options that Councillors agree to progress at each stage through reports to the Policy and Resources Committee. Options developed may include those that currently exist elsewhere, those that are completely new or a hybrid model. The main intention will be to identify an 'Orkney model(s)' that meet the needs of the Orkney community.

4.7.

The key stages are as follows:

- **Stage 1** - Agreeing the scope of work for the Constitutional Reform Consultative Group to include:
 - Providing full briefings to elected members on the previous work undertaken on alternative models of governance.
 - Reviewing the implementation of the Islands (Scotland) Act 2018 to ensure that all powers and duties contained within it are being utilised to maximum benefit to address island issues. For example: development and content of National Islands Plan, scheme for requests for devolution of functions, preparation of island communities impact assessments, ability to request

retrospective island communities impact assessments and ability for local authorities to request additional powers.

- Identifying and exploring opportunities using these existing mechanisms to address inequalities experienced by Orkney's communities such as the Council's funding settlement, roll out of Road Equivalent Tariff, and a ferry replacement programme.
- Engaging with the Scottish Government in their project to explore opportunities under a Single Island Authority model alongside the proposals for the National Care Service to provide the best health and care services for our Communities.
- Analysis and articulation of the benefits and contribution made by Orkney as a community to Scotland, UK and globally.
- Identifying and exploring opportunities with Scottish and UK Governments around obtaining flexibility in policies and regulations to benefit Orkney.
- Working jointly with other Islands Authorities to maximise the benefit to island communities and to feed into the Scottish and UK Governments and Nordic connections through participation in the Islands Strategic Group, Islands Forum and Nordic / Arctic events.
- Researching and learning from Alternative Models of Governance options, such as British Crown Dependencies, Overseas Territories and Nordic connections for consideration by Elected Members.
- Developing an evaluation framework for options at stage 2 to ensure the potential desired outcomes for Orkney under each model can be assessed.

During this first stage, Elected Members will consider the relevance, political and financial impact and opportunities presented by possible constitutional reform and select an option or options for progression to the next stage.

- **Stage 2** - Progression of selected options with further scoping of political, legal, and financial implications and consultation and engagement with the Orkney public. Various methods of public engagement will be explored including engagement events and potentially the formation of an 'islanders' assembly'. A limited number of options to be selected for further development.
- **Stage 3** - Development of the chosen option or options including addressing financial and legal implications and further consultation and engagement with the Orkney public. Final review and approval of an option for delivery.
- **Stage 4** - Delivery of the approved option.

4.8.

The output of the first stage will be the completion of a high-level options appraisal report. The report will include an overview of the available alternative governance arrangements for consideration by Councillors. This will include taking forward and overseeing the work being promoted by the Scottish Government in relation to the development of Single Island Authority models and proposals. It is anticipated that Councillors will agree a shortlist of options to be progressed to the next stage for further exploration and ultimately consultation and engagement with the public.

4.9.

It is anticipated that this report will be submitted to the Policy and Resources Committee in early 2024.

5. Resources Required

5.1.

The officer working group will be led by the Corporate Director for Strategy, Performance and Business Solutions. The working group will include the Heads of Service, Service Managers, or their representatives, from Legal and Governance and Improvement and Performance. The Corporate Leadership Team will provide oversight for the officer working group prior to strategic political oversight by the Constitutional Reform Consultative Group and subsequent decision making by the Policy and Resources Committee.

5.2.

It is estimated that the dedicated staff resources initially required will be 1 full time equivalent post for the first stage, and it is proposed to meet this from within existing resources. Additionally, investigation, reporting and subsequent public consultation will require further resource in terms of officer time during the first stage.

5.3.

Consideration will also be given to commissioning work from experts such as the Fraser of Allander Institute to undertake financial analysis both of the current funding position of the Council compared with others and the impact of alternative models of governance. Similarly the Council may wish to consider the appointment of specialist communications experts to support engagement with national agencies and governments as well as the media and public as the work progresses.

5.4.

It is clear that significant analysis will be required to assess all of the potential political, financial, and legal impacts of any alternative governance models. The Council has received several offers of support to progress this work from a variety of experts in the field and academics looking to undertake specific project work in this area. An important task within the first stage will be to assess these offers of support and explore the potential they offer to assist the Council in analysing the viable options available.

5.5.

In addition, substantial public consultation will be necessary - for example through in-person events, on-line events, surveys and potentially the formation of an islanders' assembly. These will have associated costs and consideration of any additional resource required will be undertaken and contained within further reports to the Policy and Resources Committee.

6. Links to Council Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority of Transforming our council.

7. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of Local Equality.

8. Financial Implications

8.1.

There are no direct financial implications arising from the report recommendations.

8.2.

Significant analysis would be required to assess the potential financial and legal impacts of any alternative governance models together with the associated costs of the public consultation process.

8.3.

It is unlikely that the Council would receive any external financial support to pursue a case for alternative governance models so the costs of any activity undertaken would be expected to be borne fully by the Council. In terms of Officer time, and the Council would need to be clear about the perceived benefits of any actions in this regard before committing any significant level of resource to pursuing alternative models of governance.

9. Legal Aspects

9.1.

There are no direct legal implications arising from the recommendations contained in this report.

9.2.

Significant analysis would however be required to assess the potential legal impacts of any alternative governance models that may be identified.

10. Contact Officers

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