

Minute

Policy and Resources Committee

Tuesday, 16 April 2024, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Heather N Woodbridge, Alexander G Cowie, Stephen G Clackson, David Dawson, P Lindsay Hall, Steven B Heddle, Rachael A King, Kristopher D Leask, W Leslie Manson, James R Moar, Janette A Park, Raymond S Peace, John A R Scott, Gwenda M Shearer, Gillian Skuse, Jean E Stevenson, Ivan A Taylor, Owen Tierney and Duncan A Tullock.

Present via remote link (Microsoft Teams)

Councillor Mellissa-Louise Thomson.

Clerk

- Hazel Flett, Service Manager (Governance).

In Attendance

- Oliver D Reid, Chief Executive.
- Stephen Brown, Chief Officer, Orkney Health and Social Care Partnership.
- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- James Wylie, Corporate Director for Education, Leisure and Housing.
- Gavin Mitchell, Head of Legal and Governance.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Sweyn Johnston, Head of Enterprise and Economic Growth (for Items 1 and 2).
- Alex Rodwell, Head of Improvement and Performance.
- Emma Chattington, Service Manager (Organisational Development) (for Item 1).

In Attendance via remote link (Microsoft Teams)

- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.

Observing

- Erik Knight, Head of Finance.
- Kirsty Groundwater, Communications Team Leader.

Apology

- Councillor Graham A Bevan.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Heather N Woodbridge.

1. Orkney's British Sign Language Plan

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

Resolved to **recommend to the Council** that the Orkney British Sign Language Plan 2024-2030, attached as Appendix 1 to this Minute, be approved in so far as it related to the remit of the Council.

2. UK Government Long-Term Plan for Towns Levelling Up Award

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

Noted:

2.1. The award of £20M of funding over 10 years, made by the UK Government under its Long-Term Plan for Towns, Levelling Up Fund in the 2024 Spring Budget statement.

Councillor Heather N Woodbridge, seconded by Councillor Alexander G Cowie, moved that:

- Authority be delegated to the Chief Executive, in consultation with all 21 elected members, to determine and implement the appropriate structure and appointments to the Orkney Towns Board, including selection and appointment of an independent Chair in line with UK Government guidelines.
- The Corporate Director for Enterprise and Sustainable Regeneration should establish a suitable staff resource within the Council to manage the Long-Term Plan for Towns funding and projects, funded from the resources available within the award, and undertake such procurement, as required and within the available funding awarded, to support the Orkney Towns Board in developing its Long-Term plan and investment plans.
- The opportunities and strategic principles to be used to guide the initial discussions and work of the Orkney Towns Board, as set out in sections 7.2 and 7.3 of the joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration, be approved.

- Relevant officers should submit further reports on progress, to the Policy and Resources Committee, with the Long-Term Plan, initial 3-year investment plan, and any subsequent plans or project proposals identified therein being recommended for approval by the Policy and Resources Committee prior to submission to UK Government.

Councillor Steven B Heddle, seconded by Councillor Duncan A Tullock, moved an amendment that:

- The Chief Executive should present an appropriate structure and appointments for the proposed Orkney Towns Board, including selection and appointment of an independent Chair in line with UK Government guidelines, to a meeting of the Policy and Resources Committee, or a Special General Meeting of the Council, in a timescale to meet the deadline of 1 June 2024 for establishment of the Orkney Towns Board.
- The Corporate Director for Enterprise and Sustainable Regeneration should establish a suitable staff resource within the Council to manage the Long-Term Plan for Towns funding and projects, funded from the resources available within the award, and undertake such procurement, as required and within the available funding awarded, to support the Orkney Towns Board in developing its Long-Term plan and investment plans.
- The opportunities and strategic principles to be used to guide the initial discussions and work of the Orkney Towns Board should include those set out in sections 7.2 and 7.3 of the joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration.
- Relevant officers should submit further reports on progress, to the Policy and Resources Committee, with the Long-Term Plan, initial 3-year investment plan, and any subsequent plans or project proposals identified therein being recommended for approval by the Policy and Resources Committee prior to submission to UK Government.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Stephen G Clackson, David Dawson, P Lindsay Hall, Steven B Heddle, Kristopher D Leask, Raymond S Peace, John A R Scott, Gwenda M Shearer, Gillian Skuse, Jean E Stevenson, Ivan A Taylor, Mellissa-Louise Thomson, Owen Tierney and Duncan A Tullock (14).

For the Motion:

Councillors Alexander G Cowie, Rachael A King, W Leslie Manson, James R Moar, Janette A Park and Heather N Woodbridge (6).

The Amendment was therefore carried and the Committee thereafter **resolved to recommend** to the Council:

2.2. That the Chief Executive should present an appropriate structure and appointments for the proposed Orkney Towns Board, including selection and appointment of an independent Chair in line with UK Government guidelines, to a meeting of the Policy and Resources Committee, or a Special General Meeting of the Council, in a timescale to meet the deadline of 1 June 2024 for establishment of the Orkney Towns Board.

2.3. That the Corporate Director for Enterprise and Sustainable Regeneration should establish a suitable staff resource within the Council to manage the Long-Term Plan for Towns funding and projects, funded from the resources available within the award, and undertake such procurement, as required and within the available funding awarded, to support the Orkney Towns Board in developing its Long-Term plan and investment plans.

2.4. That the opportunities and strategic principles to be used to guide the initial discussions and work of the Orkney Towns Board should include those set out in Appendix 2 to this Minute.

2.5. That relevant officers should submit further reports on progress, to the Policy and Resources Committee, with the Long-Term Plan, initial 3-year investment plan, and any subsequent plans or project proposals identified therein being recommended for approval by the Policy and Resources Committee prior to submission to UK Government.

Councillor James R Moar left the meeting at this point.

3. Police and Fire Sub-committee

After consideration of the draft Minute of the Meeting of the Police and Fire Sub-committee held on 27 February 2024, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor David Dawson, seconded by Councillor Duncan A Tullock, to approve the Minute of the Meeting of the Police and Fire Sub-committee held on 27 February 2024, attached as Appendix 3 to this Minute, as a true record.

4. 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 28 February 2024, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Alexander G Cowie, seconded by Councillor P Lindsay Hall, to approve the Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 28 February 2024, attached as Appendix 4 to this Minute, as a true record.

5. Investments Sub-committee

After consideration of the draft Minute of the Meeting of the Investments Sub-committee held on 29 February 2024, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Alexander G Cowie, seconded by Councillor P Lindsay Hall, to approve the Minute of the Meeting of the Investments Sub-committee held on 29 February 2024, attached as Appendix 5 to this Minute, as a true record.

6. Asset Management Sub-committee

After consideration of the draft Minute of the Meeting of the Asset Management Sub-committee held on 19 March 2024, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Alexander G Cowie, seconded by Councillor P Lindsay Hall to approve the Minute of the Meeting of the Asset Management Sub-committee held on 19 March 2024, attached as Appendix 6 to this Minute, as a true record.

7. Conclusion of Meeting

At 11:25 the Chair declared the meeting concluded.

Signed: (Leader's signature).



Orkney's British Sign Language (BSL) Plan

2024 - 2030

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1. Introduction

The British Sign Language (BSL) National Plan 2023 – 2029 was published on 6 November 2023. The National Plan was developed through extensive engagement with D/deaf and Deafblind BSL users and those who work with them. This is the draft BSL Plan for Orkney Islands Council which is framed around the long-term goals set out in the National Plan.

As required by the BSL (Scotland) Act 2015, our BSL Plan sets out actions which will improve the way BSL users find out about our services and have access to them. We have strong links with NHS Orkney and UHI Orkney and whilst we will publish separate plans, we will continue to take a partnership approach in the delivery of the outcomes of these plans.

Throughout the plan, we refer to BSL users. This covers all people whose first or preferred language is BSL, including those who receive the language in a tactile form due to sight loss. We also accept that the majority of BSL users are deaf and deafblind, as well as the fact that there are many deaf and deafblind people who do not use BSL. This plan will differentiate where appropriate whether an action is applicable to those who do not use BSL.

1.1. BSL in Orkney

Orkney comprises 70 or so islands and skerries, of which up to 19 may be inhabited depending on the time of year. The estimated total population of Orkney as of June 2017 was 22,000 an increase of 0.7% from 21,850 in 2016. Over the period 2016 to 2026, the age group that is projected to increase the most is the 75+ group. In terms of size, the 45 to 64 group is projected to remain the largest.¹

In comparisons of the 2001 and 2011 Census figures, Orkney was one of the councils to experience the largest increase in people reporting a limiting health problem or disability. The 2011 Census figures show that Orkney recorded the lowest number of BSL users with 25 indicating that they use BSL at home. These figures illustrate all users aged 3 and over and include those using BSL for a variety of reasons including Deafness or partial hearing loss, Blindness and Learning disability.² The 2011 Census was the first to include a question on the use of BSL at home.

A BSL Progress Group was established to draft the first BSL plan which included officers from different Council service areas and partner organisations. Core members of this group have been meeting on a regular basis to drive and monitor progress on the actions outlined in the plan. Progress on this first BSL plan is provided below.

The group agreed that the actions outlined in this second plan should be proportionate, practical and beneficial and as such will mainly reflect the long-term goals of the national plan and prioritise them to suit local need. The main actions of the local plan look to the future to create a more inclusive community, continuing to work predominantly through services for children and young people.

Our BSL Plan builds on the already established partnership working relationships operating in Orkney and outlines the actions and activities to be undertaken to provide improvements for BSL users. It also seeks to promote greater inclusion for those who face communication barriers.

¹ Source: National Records of Scotland Orkney Islands Council Area Profile

² Source: Scottish Government Overview of Equality Results from the 2011 Census Release 2

2.Orkney's BSL Plan 2018 - 2024

It has been six years since our first BSL Plan was published in 2018.

A BSL Progress Group was set up and met regularly to review actions and feedback and this has been predominantly focussed on the education side of the plan over the initial few years.

Some of the key actions delivered include:

- Highland BSL pendrive purchased as a training resource and provided to all schools, nurseries and the College.
- BSL and hearing support resources regularly provided to Nurseries.
- Delivery of short online BSL courses at Stromness Academy and Kirkwall Grammar School (KGS).
- Let's Sign established as the resource to be used in Orkney Schools and resources regularly updated and shared.
- Support Deaf Awareness Week to continue to raise awareness and set challenges on finger spelling.
- Class signing projects with signed stories and signed songs.
- S3 and S5 Wider Achievement BSL class delivered at Kirkwall Grammar School.
- 15 people signed up to six BSL sessions with a Deaf BSL Instructor from Glasgow College and some of the attendees went on to undertake a BSL Level 1 Course and assessment for certification.
- 40 adult learners signed up to the BSL online course with a Deaf tutor.
- 4 KGS S5 students undertaking the online course.
- A number of OIC employees undertaking the online course at <https://www.doncasterdeafsign.org.uk>.
- Two signing training sessions delivered to local Police.
- National Deaf Children's Society (NDCS) Listening Bus and online sessions have taken place. NDCS visit planned for March 2024.
- NDCS have delivered sessions via Video Conference in KGS.
- Signing sessions delivered to local Brownies and Boys Brigade groups.
- During the COVID-19 pandemic, reminder information was sent to Customer Services teams and the Community Support Hub on contactScotlandBSL services and Language Line which provides video interpreting services on demand.
- Promoted the Access to Elected Office Fund which can be used to meet the additional costs of BSL users wishing to stand for election.

The BSL Progress Group continues to look to bring in other areas of the organisation and wider partnership to support the continued progress of other actions relating to BSL and inclusive communication.

3. Actions for 2024 – 2030

This plan sets out the actions that Orkney Islands Council will take over the period 2024 – 2030 and includes some actions from the previous plan where appropriate.

3.1. BSL users in Orkney

As outlined in the introduction, Orkney has a very small number of BSL users based on the data from the 2011 census. National Records of Scotland is due to publish the latest results from Scotland's Census 2022 from Spring 2024 onwards and this updated information will be used to help inform the implementation of this plan.

In February 2024 a drop in session was hosted for local community members and interested parties to meet and look at the key challenges facing BSL users in Orkney.

Findings from this session included:

- Communication issues – both for BSL users and those with other specific communication requirements.
- Some D/deaf people choose alternative methods of communication than BSL.
- Fewer social and cultural opportunities.
- Lack of data and knowledge about BSL users.
- Lack of BSL awareness and knowledge across services and the wider community.
- Limited opportunities for local BSL users to get together with other BSL users in Orkney with Deaf Clubs in Inverness and Aberdeen expensive to travel to.

3.2. BSL data

We share the long-term goal set out in the National Plan which is:

To strengthen the evidence and data on the BSL community in Scotland to better inform decision making in public policy and service design.

By 2030 we will:

- Use data from local sources to build on good practice and identify where things can be improved.
- Monitor nationally available data such as Scotland's Census.
- Use the data we gather to inform the delivery of the plan.

3.3. Training and resources

Our goal is that there will be greater understanding of BSL and inclusive communication approaches in Orkney.

By 2030 we will:

- Continue to provide BSL awareness training opportunities for our employees.
- Provide inclusive communication awareness training opportunities for our employees.
- Promote these training opportunities to the wider community.

3.4. Awareness raising

Our goal is to raise awareness of BSL and inclusive communication in Orkney so that there is an improved understanding of how to engage and support BSL users and those with specific communication requirements.

By 2030 we will:

- Raise awareness of BSL within services.
- Raise awareness of inclusive communication within services.
- Continue to raise awareness of resources such as Video Remote Interpreting (VRI) and Video Relay Service (VRS) service.
- Promote BSL awareness across partnerships.
- Promote inclusive communication awareness across partnerships.

3.5. Accessibility and communication

We share the long term goal set out in the National Plan which is:

To remove accessibility as a barrier for BSL users in all aspects of life, recognising the importance of having accessible information in the right format at the right time, utilising technology and increasing people's awareness of communication tools.

By 2030 we will:

- Promote and support uptake of SignPort as an online portal for BSL/English interpreter bookings which will be launched for public use within the Scottish Government and public bodies.
- Continue to promote and support the use of Contact Scotland BSL – Scotland's Video Relay Service (VRS) for BSL online interpreting.
- Improve the accessibility of Orkney Islands Council website.

3.6. Celebrating BSL Culture

We share the long term goal set out in the National Plan which is:

BSL users will have full access to the cultural life of Scotland, and equal opportunities to enjoy and contribute to culture and the arts, and are encouraged to share BSL and deaf culture with the people of Scotland.

By 2030 we will:

- Where possible, promote opportunities for BSL users to get together and share their language and experience.
- Investigate opportunities to promote BSL culture such as awareness days.

3.7.Children, Young People and their families

We share the long term goal set out in the National Plan which is:

The Getting it Right for Every Child (GIRFEC) approach will be fully embedded, with a deaf or deafblind child and their family offered the right information and support at the right time to engage with BSL. We will strengthen partnerships between relevant organisations to overcome barriers for BSL users and deaf/deafblind children to ensure they have the support they need at all stages of their learning, so that they can reach their full potential.

By 2030 we will:

- Work with partner groups to promote the understanding of the importance of BSL provision on child and family wellbeing.
- Ensure that BSL is considered by relevant groups leading on GIRFEC in Orkney.

3.8. Access to employment

We share the long term goal set out in the National Plan which is:

BSL users will receive person centred support to develop their skills, consider what route to employment is right for them and enter into the workforce so that they can fulfil their potential, and improve Scotland's economic performance. They will be provided with support to enable them to progress in their chosen career.

By 2030 we will:

- Develop opportunities for deaf and deafblind young people to learn about transitioning into and navigating the workplace, helping them understand the support available to them and develop their skills. This will include how to work with BSL/English interpreters. Increase the awareness of BSL opportunities for local employers and the support available to sustain BSL users in employment, through the Orkney Local Employability Partnership.
- Increase the awareness of Access to Work for local employers through the Orkney Local Employability Partnership.
- Through No One Left Behind, deliver place-based employability services which support individuals to overcome structural barriers to entering and sustaining employment. We will tailor our person-centred approach to consider BSL users, ensuring they have access to support to achieve their employment goals.

3.9. Health and wellbeing

We share the long term goal set out in the National Plan which is:

BSL users will have access to the information and services they need to live active, healthy lives, and to make informed choices at every stage of their lives.

By 2030 we will:

- Raise BSL awareness with health and care colleagues to ensure services are person centred.
- Raise inclusive communication with health and care colleagues to ensure services are person centred.
- Signpost health and care colleagues to online learning resource toolkit to raise awareness of BSL and Deaf culture.

3.10. Transport

We share the long term goal set out in the National Plan which is:

BSL users will have safe, fair and inclusive access to public transport and the systems that support all transport use in Scotland.

By 2030 we will:

- Raise awareness with transport providers of resources that support improvements to transport services for BSL users.
- Raise awareness with transport providers of resources that support improvements to transport services for those with specific communication requirements.

3.11. Access to justice

We share the long-term goal set out in the National Plan, which is:

BSL users will have fair and equal access to the civil, criminal and juvenile justice systems in Scotland.

By 2030 we will:

- Raise awareness of BSL resources and opportunities with Community Justice partners.
- Raise awareness of inclusive communication resources and opportunities with Community Justice partners.

3.12. Democratic participation

We share the long term goal set out in the National Plan which is:

BSL users will be fully involved in democratic and public life in Scotland, as active and informed citizens, as voters, as elected politicians and as board members of our public bodies.

By 2030 we will:

- Promote resources that provide support for BSL users to enable participation in democratic life.
- Promote resources that provide support for inclusive communication methods to enable participation in democratic life.

4. Monitoring and review

Delivery of the actions in this plan are dependent on the use of existing resources and partnership working.

We will publish a progress report detailing the achievements against the outcomes within our existing Equality Mainstreaming reporting processes.

4.1. Have your say

We welcome your comments and feedback at all stages of the plan development.

If you would like to share your views then please contact us by:

- Emailing us at OD@Orkney.gov.uk
- Telephoning us on 01856 873535 [contactSCOTLAND-bsl](#)

The final plan will be published in May 2024.

5. Terminology

British Sign Language (BSL)

The main sign language of the UK. Sign language is a visual language which uses hand shapes, facial expressions, gestures and body language. BSL is an independent, complete language with a unique vocabulary. The grammatical structure of BSL is different from that of written and spoken English. Just like spoken languages, BSL has evolved over hundreds of years and developed regional and national dialects.

Deaf

When the word Deaf is written with a capital D, it refers to the cultural experience of deafness. When someone identifies as Deaf, they identify as a member of the Deaf community and share a sense of Deaf culture with other members of the Deaf community. Most people who identify as Deaf use sign language.

deaf

When the word deaf is written with a lowercase d, it usually refers to the audiological experience of deafness. This means someone who is not able to hear as well as someone with normal hearing.

Video Relay Service (VRS)

Enables communication between a deaf person and hearing person when they are in separate locations. The technology enables D/deaf people to make contact with an organisation through telephone by video calling an interpreter who relays the conversation via telephone to the that organisation.

Video Remote Interpreting (VRI)

Enables communication between a D/deaf person and a hearing person when they are in the same place by sharing a video call with an interpreter.

UK Government Long-Term Plan for Towns Levelling Up Award

The Orkney Towns Board

Opportunities and Strategic Principles

There are opportunities presented by the funding investment streams that could be used to restore the unique role of towns within an island community such as Orkney – the historic role of towns as routes to market for local produce; gateways to Orkney and as civic and cultural hubs that would have an impact on and relevance to all of the communities of Orkney – not just those located within towns. These opportunities will be explored and presented to the Orkney Towns Board to support initial deliberations and consideration of the development of the overall investment plan and strategy.

The new Orkney Towns Board will be tasked to develop the investment plan and programme and it is proposed that the following strategic principles are established as a starting point to guide the work and focus of the Board which should seek to:

- Build on existing approved place plans or development plans which have already been the subject of community consultation.
- Avoid placing any additional revenue burden on the Council or partners beyond what can be met by the allocated funding.
- Seek to spend as early as possible in the programme to maximise the impact and benefit of capital funding.
- Consider awarding capital grants to other bodies to deliver projects where this is the most cost-effective way of securing the best outcome for communities.
- Consider linkages with and lessons learned from Islands Growth Deal projects.
- Prioritise inclusion of relevant plans, projects and aspirations that have clear evidence of support from local communities and are currently being advanced.
- Prioritise projects that have the potential to reduce future revenue costs for partners to ensure a legacy of sustainable projects and investment.
- As far as practicable, enable a programme of towns infrastructure development which will have positive impact across Orkney.

Minute

Police and Fire Sub-committee

Tuesday, 27 February 2024, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors David Dawson, Duncan A Tullock, Graham A Bevan, Alexander G Cowie, Raymond S Peace, Jean E Stevenson and Mellissa-Louise Thomson.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure (for Item 1).
- Kenny MacPherson, Head of Property, Asset Management and Facilities.
- Donna-Claire Hunter, Service Manager (Safety and Resilience).
- Veer Bansal, Solicitor.

Scottish Fire and Rescue Service:

- Scott Gibson, Local Senior Officer.
- David McGroarty, Group Commander.

In Attendance via remote link (Microsoft Teams)

Police Scotland:

- Chief Inspector Scott Robertson.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor David Dawson.

1. Performance against Orkney Fire and Rescue Plan

After consideration of a report by Scott Gibson, Local Senior Officer, copies of which had been circulated, the Sub-committee:

Scrutinised the statistical performance of the Scottish Fire and Rescue Services, Orkney Islands area, for the period 1 October to 31 December 2023, detailed in the Quarterly Performance Report attached as Appendix 1 to the report by the Local Senior Officer, and obtained assurance that progress was being made against the objectives.

2. Performance Against Local Policing Plan

After consideration of a report by Chief Inspector Scott Robertson, Area Commander, copies of which had been circulated, the Sub-committee:

Scrutinised progress made against the objectives set within the Orkney Islands Local Policing Plan 2023 to 2026 Year 1, attached as Appendix 1 to the report by the Area Commander, for the period covering 1 April to 31 December 2023, and obtained assurance that progress was being made against the objectives.

3. Conclusion of Meeting

At 15:05 the Chair declared the meeting concluded.

Signed: David Dawson.

Minute

Pension Fund Sub-committee, together with Pension Board

Wednesday, 28 February 2024, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Pension Fund Sub-committee:

Councillors Alexander G Cowie, P Lindsay Hall, Steven B Heddle, Rachael A King, Kristopher D Leask, Mellissa-Louise Thomson and Heather N Woodbridge.

Pension Board:

Employer Representatives:

Councillors Graham A Bevan, James R Moar and Owen Tierney, Orkney Islands Council.
Karen Ritch, Orkney Ferries Limited.

Trade Union Representatives:

Karen Kent (Unison) and Eoin Miller (Unite).

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance),
- Katie Gibson, Team Manager (Corporate Finance).
- Michael Scott, Solicitor.

Hymans Robertson:

- David Walker, Partner.

In Attendance via remote link (Microsoft Teams)

Hymans Robertson:

- Tom Hoare, Consulting Actuary (for Items 6 to 10).

Apology

Pension Board:

Trade Union Representative:

- Eileen Swanney (Unison).

Not Present

Pension Board:

Trade Union Representative:

- Mark Vincent (GMB).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Alexander G Cowie.

1. Revenue Expenditure Monitoring

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

Noted:

1.1. The revenue financial summary statement, in respect of service areas for which the Pension Fund Sub-committee was responsible, for the period 1 April to 31 December 2023, attached as Annex 1 to the report by the Head of Finance, indicating a budget overspend position of £9,125,400.

1.2. The revenue financial detail by service area statement, in respect of service areas for which the Pension Fund Sub-committee was responsible, for the period 1 April to 31 December 2023, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

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, and obtained assurance that action was being taken with regard to significant budget variances.

2. Pension Fund – Draft Budget

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

Resolved that the draft revenue budget for the Orkney Islands Council Pension Fund for financial year 2024/25, attached as Annex 1 to the report by the Head of Finance, be submitted to the Policy and Resources Committee for consideration through the budget setting process.

Councillor Heather N Woodbridge joined the meeting at this point.

3. Pension Fund Training

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

Noted:

3.1. Progress made over the 12-month period to 31 December 2023 in relation to meeting the training needs of members of the Pension Fund Sub-committee and the Pension Board, against core areas of Public Sector Pensions Finance Knowledge and Skills Framework, attached as Appendix 1 to the report by the Head of Finance.

3.2. That, over the 12-month period to 31 December 2023, a total of 29.25 hours of training was offered to members of the Pension Fund Sub-committee and the Pension Board.

3.3. That all members of the Pension Fund Sub-committee, together with six of the eight members of the Pension Board, had, over the 12-month period to 31 December 2023, achieved the minimum requirement of participation in at least one training event, or equivalent to five hours training.

3.4. That the members of the Pension Board who had not achieved the minimum requirement for training were:

- A union representative, who had cited work pressure as making it difficult to attend training events.
- An employer representative who only joined the Board in quarter 3 of 2023.

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

3.5. That the Annual Training Plan for 2024 for members of the Pension Fund Sub-committee and the Pension Board, attached as Appendix 1 to this Minute, be approved.

4. Review of Pension Fund Risk Register

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

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

5. Exclusion of Public

On the motion of Councillor Alexander G Cowie, seconded by Councillor Heather N Woodbridge, the Sub-committee resolved that the public be excluded from the remainder of the meeting, as the business to be discussed 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.

6. Statement of Managed Pension Funds

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

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

Noted:

6.1. The investment monitoring report for the Pension Fund produced by Hymans Robertson, the Council's appointed investment advisor, attached as Appendix 1 to the report by the Head of Finance, relating to the performance of managed funds for the quarter to 31 December 2023.

6.2. That the Pension Fund investments returned a gain of £32,400,000, or 6.9%, over the quarter to 31 December 2023, which was 1.7% ahead of benchmark and therefore considered good in both absolute and relative terms.

6.3. That the value of the Pension Fund had increased by 9.3% over the 12-month period to 31 December 2023, which was good in terms of actual return, however, was behind the benchmark of 11.9% and therefore considered poor.

6.4. That an average return of 7.0% per annum for the Pension Fund remained positive but was 1.2% behind the benchmark over the five-year period and therefore behind target, which was to outperform the aggregate benchmark.

6.5. The Governance Summary extracted from Baillie Gifford's investment report for the quarter ending 31 December 2023, attached as Appendix 2 to the report by the Head of Finance.

6.6. The extract from IFM Global Infrastructure's quarterly investor report, showing the responsible investment update for the quarter ending 31 December 2023, attached as Appendix 3 to the report by the Head of Finance.

6.7. The Legal and General Environmental Social and Governance Impact Report for quarter 3 2023, attached as Appendix 4 to the report by the Head of Finance.

7. Orkney Islands Council Pension Fund – 2023 Valuation

Contribution Modelling Results

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

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

Noted:

7.1. That the initial results of the triennial valuation for 2023 reported a materially improved funding position for the Fund, namely an increase from 118% at the last valuation date of 31 March 2020, to 164% on 31 March 2023.

7.2. The results of the contribution modelling exercise carried out by Hymans Robertson, in respect of the Orkney Islands Council Pension Fund, following the 2023 Triennial Actuarial Valuation, attached as Appendix 1 to the report by the Head of Finance.

7.3. That, following discussion of the results of the contribution modelling exercise carried out by Hymans Robertson, the employer contributions would be set at 15% of pay for the next three financial years, which would be factored into the budget setting process for financial year 2024/25 onwards.

7.4. That the Head of Finance would notify all employers in the Fund of the revised contribution rate to take effect from 1 April 2024.

8. Draft Responsible Investment Policy

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

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 Service Manager (Corporate Finance), the Sub-committee:

Noted:

8.1. That the Orkney Islands Council Pension Fund's investment advisers, Hymans Robertson, had been working with the Fund's Officers to define beliefs for Responsible Investment and to integrate Environmental, Social and Governance considerations into investment management processes and practices.

8.2. That, on 22 November 2023, when considering beliefs on responsible investing to support implementation of policy, the Pension Fund Sub-committee resolved that the Head of Finance, in consultation with Hymans Robertson, should develop a Responsible Investment Policy for the Orkney Islands Council Pension Fund for consideration by the Pension Fund Sub-committee in due course.

8.3. That, as part of the work outlined at paragraph 8.1 above, a responsible investment questionnaire was issued to members of the Pension Fund Sub-committee and the Pension Board to gauge the different views and strength of feeling on various Environmental, Social and Governance and climate related issues.

8.4. That the responses to the questionnaire, as well as the discussions that took place at the meeting of the Pension Fund Sub-committee, together with the Pension Board, on 23 November 2023, had been taken into consideration in the preparation of a draft Responsible Investment Policy.

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

8.5. That the Responsible Investment Policy, attached as Appendix 3 to the report, be approved.

9. Review of Investment Strategy

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 Head of Finance, copies of which had been circulated, the Sub-committee:

Noted:

9.1. That, on 22 November 2023, when considering beliefs on responsible investing, the Pension Fund Sub-committee resolved that the Head of Finance, in consultation with Hymans Robertson, should review the investment strategy of the Pension Fund, following the triennial actuarial valuation results, to take account of the Fund's Responsible Investment Policy.

9.2. The main conclusions from the Investment Strategy Review, attached as Appendix 1 to the report by the Head of Finance.

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

9.3. That the investment strategy be revised.

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

10. Conclusion of Meeting

At 14:56 the Chair declared the meeting concluded.

Signed: Alexander G Cowie.



Pension Fund Training Plan

2024

1. Introduction

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

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

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

2. Knowledge and Skills Framework

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

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

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

3. Pension Board Specific Requirements

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

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

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

4. Committee and Pension Board Training

Training for the Pension Fund Sub-committee and the Pension Board during 2024 will continue to focus on the following areas:

Knowledge and Skills Framework

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

Training Events

Expressions of interest are sought from members to attend relevant industry events, including conferences and seminars throughout the year. In the event that there is more interest to attend an event than places available, a decision to determine who should get approval to attend will be made by the Head of Finance, in consultation with the Chair of the Pension Fund Sub-committee, will determine appropriate representation and approve attendance.

Informative Review Presentations

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

Electronic Resources

Members are invited to access training information available on the Pension Regulator's website setting out the governance requirements of the local government

pension scheme, including the respective roles of the Pension Fund Sub-committee and Pension Board at the following link:

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

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

5. Responsible Investment Training

In order to maintain compliance with the requirements of the Pension Fund Committee Responsible Investment Policy, Members will receive regular training on Responsible Investment in order for them to have sufficient understanding of the topic to support and inform decision making.

6. Other Training

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

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

7. Officer Training

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

Officers will attend relevant professional training events, conferences and seminars during the year to ensure that they remain up-to-date with the latest requirements. In addition, they will be expected to keep up-to-date through use of the internet, and conduct research on relevant issues where required

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

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

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

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

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

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

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

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

8. Reporting and Compliance

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

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

Orkney Islands Council Pensions Fund Risk Register



1. Objectives

The objectives of the Risk Register are to:-

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

2. Risk Assessment

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

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

3. Risk Evaluation

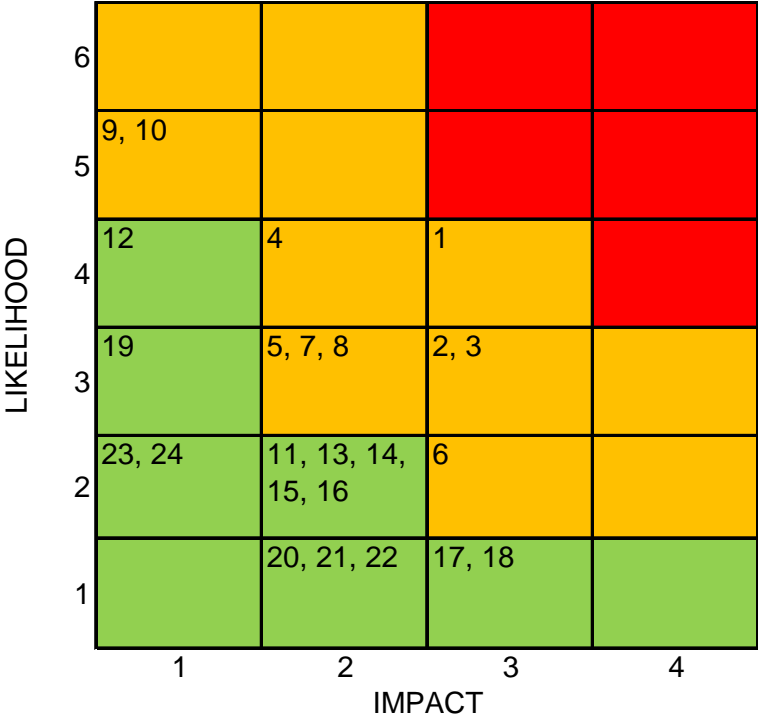
Risks are evaluated on a sliding scale of 1-10 with 10 the highest value i.e. highest likelihood / most severe impact / consequences. The risk evaluation tables overleaf have been used in order to assess specific risks and to introduce a measure of consistency into the risk assessment process. The overall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

Risk Evaluation Criteria

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

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

Risk Matrix



Summary and Prioritisation of Pension Fund Risks

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

Pension Fund - Risk Ranking									
Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
1	Active investment manager under-performance relative to benchmark at aggregate level and/or failure of investment market(s) from economic and political instability etc. Inefficiencies with the portfolio could result in unintended risks.	Illiquidity or loss of investments. Negative publicity and adverse reporting. Potential loss of interest from any excessive holding of funds. Underperformance on investments.	4	3	12	9	<ul style="list-style-type: none"> Regular review of Funding Strategy, at least 3 yearly. Regular review of Investment Strategy in line with the actuarial valuation. External investment consultants and actuary are appointed to advise the PFSC. Diversified long-term investment strategy focused on developed markets and managed by experienced Investment Managers. Market regulation. Robust governance and investment monitoring framework. Quarterly monitoring of investment managers performance by external independent advisers and PFSC. Diversified strategic asset allocation policy which is regularly reviewed by the PFSC. Investment Management Agreement that incentivises the Fund Manager to outperform the benchmark and drive out any inefficiencies. 	Head of Finance/ PFSC	Ongoing
2	Changes in legislation and other regulatory frameworks, such as pooling or merging of LGPS schemes in Scotland, or Single Island Authority may impact adversely on the Fund in terms of funding levels and governance structures	Loss of investments or control of investments.	3	3	9	9	<ul style="list-style-type: none"> Participation in active CIPFA and Scottish Pension network allow changes and impacts to be identified quickly. Involvement with COSLA discussions on Pensions. Participation in consultation on pooling/merger by the Scheme Advisory Board. Monitoring and highlighting actions and decisions from scheme advisory board. Consultation reform group. 	Head of Finance/ PFSC	Ongoing

Pension Fund - Risk Ranking									
Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
3	The outcome of the consultation into the creation of a National Care Service, may impact adversely on the Fund in terms of funding levels and governance structures.	Potential for additional large transfers out.	3	3	9	9	<ul style="list-style-type: none"> Active involvement in ongoing discussions with COSLA. 	Head of Finance/PFSC	Ongoing
4	Financial risks arising from UK and geopolitical uncertainty which could impact the Fund's Assets and Liabilities, such as <ul style="list-style-type: none"> Risk of rising inflation increasing the amount of future pensions paid. Actuarial basis risk of falling gilt yields, which could accelerate rate at which contributions are required to be paid following the next actuarial valuation. 	Loss of value to the Fund.	4	2	8	8	<ul style="list-style-type: none"> External investment consultants and actuary are appointed to advise the PFSC. Diversified long-term investment strategy focused on developed markets and managed by experienced Investment Managers. Robust governance and investment monitoring framework. Annual review of mandates. Periodic review of investment structure. Diversification of scheme assets, global approach, multiple fund managers. Investment strategy review following outcome of triennial valuation. Performance of the Pension Fund will continue to be monitored quarterly by Hymans Robertson and any recommendations they make on the assets will be considered by the Pension Board and Sub-Committee. 	Head of Finance/PFSC	Ongoing
5	Committee and Board members have inadequate knowledge and understanding.	Qualified audit report; potential bad publicity; excessive pressure on officers; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers.	3	2	6	4	<ul style="list-style-type: none"> Training policy statement in line with the Code of Practice on Public Sector Pensions Finance Knowledge and Skills. A training register maintains a record of all training provided and attended. A training plan is agreed annually. 	Head of Finance	Ongoing

Pension Fund - Risk Ranking									
Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
6	Breach of Data Protection Legislation, increased cyber security threats through changes in working practices - theft or loss of data.	Audit criticism, legal challenge, reputational damage, financial penalties.	2	3	6	6	<ul style="list-style-type: none"> • Data securely sent/received to/from the fund actuary using a secure internet portal. • Pension Fund adopted internal controls of Administering Authority. • New Pension Regulator provisions in place from November 2021 to strengthen the checks that take place prior to any transfers being made. • Management will continue to monitor closely the checks that have taken place prior to any transfers out being made. • Management will work closely with staff to ensure they are getting the correct level of support to deliver their role in the team. • Staff complete the online i-Learn module on Data Protection. • Staff will be made aware of any potential scams that could take place. This is being further enhanced by the development of a new online training course which will be mandatory for all Finance staff. • Confirmation from Fund Managers that they have data protection procedures in place. 	Pensions Manager /IT/Legal	Ongoing
7	Failure to produce compliant annual report and accounts within deadline including possible delays through failure of external auditors.	Audit criticism, reputational damage.	3	2	6	6	<ul style="list-style-type: none"> • Agree audit program timeously • Plan timetable annually • Use of qualified staff 	Accounting / Pensions	Ongoing

Pension Fund - Risk Ranking									
Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
8	Scale of Pension Team could create an over reliance on Key Pension Officers and staff absence being problematic. Recruitment and retention of key staff.	Failure to process payments on time or correctly leading to possible delays or overpayments. Loss or failure of service delivery	3	2	6	4	<ul style="list-style-type: none"> • Checklists. • Pensions Manager focused on mentoring and knowledge sharing. • Front line management course. • Staff have access to online training. • Staff complement in the Pensions section has been increased. • OIC's policy includes actively encouraging skilled and educated workers to remain in Orkney. • Existing staff are given the opportunity to gain an appropriate pension qualification. 	Head of Finance Pensions Manager/ HR	Ongoing
9	The outcome of the recent court judgements, including McCloud and Goodwin, will impact future liabilities of the Fund and increase pressure on contributions depending on the remedy decided by the UK Government to compensate individuals for the difference in treatment since public service pension reforms in 2015 on the grounds of age and gender discrimination.	Increase in employer contribution rates.	5	1	5	5	<ul style="list-style-type: none"> • Hymans Robertson provided an updated actuarial present valuation at the end of financial year 2018-2019 following the Court of Appeal judgement to estimate the impact of the McCloud judgement. A provision was made to recognise this in the Annual Accounts 2018-19. • Once the full implications of the ruling are established officers with assistance from Hymans Robertson will further quantify the impact on the Fund. • The cost cap introduced in 2015 will limit the impact. 	Head of Finance/ PFSC	Ongoing
10	The Cost Cap or Cost Management as it is also known as, is being introduced to the LGPS as a mechanism for sharing funding risk between the employers and members. It will not be fully implemented until the outcome of the McCloud judgement is known but could lead to scheme benefits changing and either employers or employees paying higher contributions.	Increase in employer contribution rates.	5	1	5	5	<ul style="list-style-type: none"> • Once the full implications of the cost cap are established officers, with assistance from Hymans Robertson, will further quantify the impact on the Fund. • Good investment returns protect the Fund in the short term and the impact will be further reviewed in the interim valuations each year and at the next triennial valuation in 2023. 	Head of Finance/ PFSC	Ongoing

Pension Fund - Risk Ranking									
Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
11	Business Continuity (Service delivery threats, insufficient daily backup etc)	Temporary loss of ability to provide service to stake holders. Staff downtime, loss of service delivery. Monthly pension payroll to pensioners delayed resulting in possible hardship.	2	2	4	6	<ul style="list-style-type: none"> • Business continuity and disaster recovery plans in place. • Procedures to back-up IT System are fully developed and stored securely. • Contingency arrangements are in place including staff ability to work from home. • Pensions Administration system is now fully operational with established procedures in place. 	IT / Pensions Manager	Ongoing
12	New pension access reforms, "Freedom and choice", and increase in awareness, may lead to Fund members electing to transfer all or part of their pension entitlement much earlier than projected resulting in the potential change in liability profile for the Fund.	Requirement to release large amounts of cash to members. Disinvest current assets in a much more unplanned manner with the potential to disadvantage the Funding position.	4	1	4	6	<ul style="list-style-type: none"> • Management will continue to monitor the amounts being transferred. • Management will notify Hymans Robertson, Actuaries to the Fund, if they feel the level of transfers could impact on the funding position. <p>Requirement of scheme is for any transfers over £30K to provide evidence that they have sought financial advice from an adviser registered with the FCA.</p>	Pensions Manager	Ongoing
13	Funding Strategy is only updated following the tri-ennial actuarial valuation and does not reflect any subsequent regulatory changes, longevity, early retirement patterns, or any pay and price inflation.	Movement in employers contribution rates. Movement in liabilities leading to change in employer contribution rates. Pressure on cash flow and funding equation.	2	2	4	4	<ul style="list-style-type: none"> • The focus of the actuarial valuation process on real returns, net of prices and pay increases. Valuation monitoring by annual Navigator reports are intended to act as an early warning system. • Expert Actuaries appointed to monitor and forecast accordingly. • Stabilisation of contributions through a mechanism that ensures the setting of contributions is not affected by short term funding issues. 	PFSC	Ongoing

Pension Fund - Risk Ranking									
Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
14	Lack of communication and budgetary controls between Administering Authority and members of the Pension Fund Sub Committee.	Unexpected variances over budget headings; loss of income to the fund; loss of stakeholder confidence in the ability of the administering authority; potential increase in costs to fund employers.	2	2	4	4	<ul style="list-style-type: none"> Annual service budget agreed in advance of financial year. Monthly budget monitoring reports (BMR). Quarterly budget reports to the PFSC. 	Pensions Manager PFSC Head Of Finance	Ongoing
15	Credit risk in relation to internally managed funds where there is a risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation.	Financial loss borne by the Pension Fund	2	2	4	4	<ul style="list-style-type: none"> The Council's Annual Treasury Management Strategy sets out the Fund's approach to credit risk for internally managed funds. Deposits are only made with banks and financial institutions if they are independently rated and meet the OIC's credit criteria. The strategy also sets limits as to the maximum percentage of deposit with any one class of financial assets. Additional controls and protections are provided through the Financial Services Compensation Scheme (FSCS) up to set limits. For larger cash balances Sterling Liquidity Funds will be considered managed by regulated managers. 	Head of Finance	Ongoing
16	Incomplete member records and failure to carry out statutory functions including submission of member data and contributions to the Pension Fund in a timely manner.	Adverse impact on cash flow position; delays in closure of year end accounts; employers forced to leave the scheme. Possible adverse audit opinions, possible unacceptable delays in settlements or overpayments. Missing, incomplete records on pensions administration system undermines service delivery and causes difficulties in establishing correct benefits at individual level and liabilities at whole Fund level.	2	2	4	4	<ul style="list-style-type: none"> Monitor membership on triennial actuarial valuation. Admitted bodies to notify of significant structural changes. Vetting on any new or prospective employers before entering into an admission agreement. Senior Officers liaise closely with employers Contribution monitoring procedures Monthly monitoring of receipts and escalation procedures in place. Annual contribution return certificates. 	Pensions Manager/ Internal Audit	Ongoing

Pension Fund - Risk Ranking									
Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
17	Fraud/Theft of Fund assets by internal staff members.	Overpayment, unauthorised payment, system corruption, audit criticism, reputational damage	1	3	3	4	<ul style="list-style-type: none"> Established systems of internal controls and security are in place Segregation of duties Supervisory checking of all calculations Internal audit and monitoring arrangements Fraud ilearn course compulsory for all Finance staff 	Head of Finance Pensions Manager/ Internal Audit	Ongoing
18	Negligence, default, fraud by investment manager.	Loss of value to the Fund; reputational damage.	1	3	3	3	<ul style="list-style-type: none"> Indemnities in Investment Management Agreements and Financial Conduct Authority (FCA) Regulations. Separation of assets from management via global custody arrangement. Document review process on internal control reports from Fund custodians takes place. Process in place for reporting any significant issues to members of the Pension Board and Sub-Committee. 	PFSC	Ongoing
19	As long-term investors, the Fund believes climate risk has the potential to significantly alter the value of the Fund's investments.	Loss of value to the Fund. Increased workload and fees surrounding scope 3 administration when it becomes a statutory requirement.	3	1	3	3	<ul style="list-style-type: none"> The Statement of Investment Principles are regularly reviewed. Investment managers are required to take account of both financial and non-financial factors in their investment decisions. Managers are required to be signatories of the UNPRI. Managers are challenged on their engagement activities in connection with environmental, social and governance (ESG) issues including climate risk. Managers are required to report regularly on their compliance with our ESG policy. Responsible Investment Policy is in place which confirms the actions to be taken by the Fund in relation to climate change. 	Head of Finance/ PFSC	Ongoing

Pension Fund - Risk Ranking									
Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
20	Decisions influenced by possible conflicts of interest or not in the best interests of stakeholders.	Limited discretion for interested parties or stakeholders to influence decisions. The pension fund is regulated by the statutory provisions of the LGPS.	1	2	2	4	<ul style="list-style-type: none"> • Training provided. • Potential conflicts of interest are declared at the beginning of each committee meeting. • Register of Interests for members to the PFSC and PB is in place and reviewed annually. 	Head of Finance	Ongoing
21	Failure to adhere to relevant statutory regulations including updates from LGPS. Failure to process accurate pension benefit payments, including lump sum payments, in a timely manner.	Incorrect calculations of pensions, possible unacceptable delays in making full payments to pensioners. Audit criticism, legal challenge, reputational damage and cost.	1	2	2	3	<ul style="list-style-type: none"> • Regular systems checks take place to ensure compliance with current LGPS (Scotland) Regulations. • Continual review of discretionary pension policies. • Participation in the Scottish Pension Investments Governance Group. • Provision of staff training. • Updates confirmed via Scottish Public Pensions Agency (SPPA). • System provider updates pension administration system. • Segregation of duties. • Regular checks by Internal Audit. • Subscription to tracing service for deceased pensioners. 	PFSC/PB Head of Finance Pensions Manager Internal Audit	Ongoing
22	Failure of Global Custodian.	Loss of investments or control of investments.	1	2	2	3	<ul style="list-style-type: none"> • Regular review and periodic re-tendering. • Banking and FCA regulation. Fund's assets not on custodian's balance sheet. • The Global Custodian's hold certificates of investments only, with the Fund Managers holding the actual money relating to those investments. 	PFSC	Ongoing
23	The administration performance measures and targets may no longer be the most appropriate for the fund.	Poor performance of the administration of the Pension Fund.	2	1	2	2	<ul style="list-style-type: none"> • Performance is measured and reported to the Pension Board twice yearly. • Increased staffing within the Pensions Section has resulted in more targets being met. • Regular reviews of performance measures will take place. 	Pensions Manager	Ongoing

Pension Fund - Risk Ranking									
Ranking	Risk	Impact	L	I	Current Risk Rating	Previous Risk Rating	Risk Control Measures	Assigned to	Target Date (priority items)
24	Closure of facilities due to a pandemic.	Loss of income for employer resulting in inability to pay contributions. Adverse impact on cashflow.	2	1	2	2	<ul style="list-style-type: none"> • Low number of admitted and scheduled bodies and any new admitted bodies are carefully considered before admission. • The Pensions Section are in regular contact with the admitted bodies and would be aware very quickly of any potential non-payment of contributions. • The main employer in the scheme is OIC and funding of the Council is not at risk. 	Head of Finance and Pensions Manager	Ongoing

Draft Responsible Investment Policy

The Pension Fund Committee of the Orkney Islands Council Pension Fund ('the Committee') is committed to being a responsible investor. Responsible Investment (RI) ensures the management of environmental, social and governance (ESG) factors, including those of climate change, and the requirement for asset owners and investment managers to consider stewardship are incorporated into an investment strategy.

1 Introduction

The purpose of the Responsible Investment ("RI") policy is to set out:

- The underlying objectives of the RI policy, beliefs of the Committee on behalf of the Fund and what the Committee expects to achieve from having this policy in place;
- The actions that the Committee will take to achieve these objectives; and
- The means by which the actions will be assessed in order to judge whether the expected outcomes have or have not been achieved.

Defined below are a series of key words or phrases used throughout this policy:

- **Climate risk** is the potential impact on future financial returns that may arise from climate change. Climate risk is typically split between transition risk, i.e. the impacts that may arise from policy change and technological advancement, and physical risk, i.e. from changing weather patterns or the greater frequency/severity of extreme events.
- **Environmental, Social and Governance (ESG) factors.** Companies and assets may be exposed to different risk factors arising from ESG issues which could materially impact the returns derived from such assets. The effective identification and management of ESG factors is expected to reduce risk and improve financial outcomes.
 - **Environmental factors** include resource scarcity, waste management, pollution, carbon emissions and energy efficiency;
 - **Social factors** include health & safety, workforce diversity, working conditions and data protection;
 - **Governance factors** include board structure, business ethics, shareholder rights and executive compensation.
- **Responsible Investment (or stewardship)** is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the environment and society.
- **Engagement** is the purposeful dialogue by investors with their investee companies with a specific objective in mind, typically in relation to the improvement of companies' business practices, often in relation to the management of ESG factors.
- **Net Zero** is a state of carbon neutrality where carbon (and other greenhouse gases 'GHG') emissions are balanced with their removal from the atmosphere, or by simply eliminating greenhouse gas emissions altogether.

2 Governance

2.1 Stakeholders

The following stakeholders are responsible for the development, implementation and oversight of this policy and the actions it requires.

- **Pension Fund Sub Committee and Pension Board ('Committee')**: As set out in the Fund's annual reports, 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. Their overriding duty is to ensure the best possible outcomes for the Fund, its participating employers and scheme members. The Committee are responsible for developing the RI policy, associated implementation process and a monitoring framework for assessing progress against stated RI goals.
- **Fund advisers**: Hymans Robertson is appointed to act as Actuarial and Investment Advisers 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.

Further information on the governance structure of the Fund and how it relates to ESG/climate-related issues is set out in the appendix.

2.2 Policy review and progress assessment

The RI policy will be reviewed on a periodic basis, and at least triennially. The RI objectives set by the Committee are reviewed on a regular basis, as appropriate.

2.3 Education

The Committee has and will continue to receive regular RI training in order for them to have sufficient understanding of the topic to support and inform decision making. The training agenda is set by the Committee, with input from Officers and the Committee's advisers.

The Committee is tasked with developing deeper knowledge and understanding of RI issues. The Committee also discusses RI issues at all relevant meetings and on at least an annual basis, which includes updates and developments within an RI context.

3 Objectives and beliefs

3.1 Objectives

The Committee aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary increases. In pursuit of this goal, the Committee will incorporate financially material ESG issues into investment analysis and decision-making processes, actively seek to manage the long-term environmental, social and governance risks of the portfolio and capture any investment opportunities that may arise.

RI issues will be considered at both the strategic level and at the point of implementation.

The Committee recognises climate change as a key risk and opportunity to the Fund and as such focuses its investment portfolio monitoring and ongoing engagement with the asset managers on this particular theme with the expectation that the Committee's investments contribute to or support progress on this issue. The Committee will develop an appropriate monitoring regime which is consistent with this priority.

Wider ESG factors are also recognised as having the potential to impact the Fund and these factors will still feature as part of the Committee's ongoing monitoring and assessment.

3.2 Committee beliefs

The Committee undertook a Responsible Investment beliefs workshop in November 2023, where they discussed and agreed their initial beliefs with respect to ESG and climate-related issues. The Committee's full Responsible Investment beliefs are set out in Appendix 2.

These beliefs will be reviewed by the Committee on at least a triennial basis.

4 Considerations for Investment Strategy

Investment strategy refers to the broader strategic framework within which the portfolio is managed (growth, income generating and protection portfolios).

The Committee formally reviews investment strategy at least every three years, alongside an actuarial valuation, although aspects of the investment strategy are considered at most quarterly meetings of the Committee. This is primarily undertaken via analysis and monitoring in the quarterly reporting as well as meeting with the Fund's managers.

Climate scenario modelling will be conducted as appropriate to inform future investment strategy reviews, and the Committee will consider funding and investment decisions that arise from this. Climate change will also be considered within the Committee's risk management processes. The Committee will consider whether any other ESG risk has the potential to materially impact its framing of strategy.

As part of setting future investment strategy, the Committee will consider whether there are any investments that should be explicitly excluded as a consequence of them presenting high levels of environmental or climate risk. There are currently no exclusions being applied although this is kept under regular review.

4.1 Climate Risk and Net Zero

The Committee considers that climate change represents a material financial risk with the potential to disrupt economic, financial and social systems. Climate is therefore considered within the Fund's risk management framework.

As well as climate change presenting a significant risk to the Fund's investment strategy, the Committee believes that long-term asset owners such as the Fund can play a significant role in supporting the transition to Net Zero. The Fund therefore has intended to work towards setting an ambition to reach Net Zero emissions by no later than 2050. To help support this ambition, the Committee are and will continue to consider appropriately compliant funds; as of the date of this policy the Committee are in the process of considering a significant investment in a Net Zero fund.

The Committee also recognises that the potential impact of climate change on the Fund and its investments is unknown given policy uncertainty and the unknown physical feedback from environmental systems, particularly over the medium to long term.

5 Approach to Stewardship

5.1 Voting

The execution of voting rights is delegated to the asset managers, where rights exist. The Committee expects as a minimum that:

- All votes should be exercised where feasible;
- Votes are cast by underlying asset managers selected by the Committee. The Committee oversees voting policies and voting activity of underlying asset managers to ensure good practice on a periodic basis.
- In particular, votes on resolutions related to climate and other environmental actions should be considered carefully based on the specific request being made and the context of the company in question. The Committee expects a high level of support for votes requiring greater disclosure or setting a business transition strategy consistent with the Paris Agreement.

5.2 Engagement

The Committee expects the Investment Adviser to promote active dialogue by investment managers with underlying investee entities, regardless of asset class. In particular, the Committee expects engagement on climate and other environmental issues to be emphasised. The Committee believes that monitoring investment managers and engaging with them is crucial to ensure that managers are accountable for their voting decisions. Therefore, manager monitoring forms a crucial part of the Committee's stewardship approach. The Committee requests the attendance of investment managers at committee meetings throughout the year in order to maintain sufficient scrutiny of investment manager activity.

The Committee expects its Investment Adviser to encourage underlying investment managers to promote underlying investee entities' climate disclosures to be aligned with best practice, e.g. Task Force on Climate-Related Financial Disclosures ("TCFD"), as the Committee believes this will drive improved standards and transparency.

The Committee meets with its managers on a regular basis to discuss many aspects of their mandates. Engagement activity, with relation to ESG factors, is often a topic discussed at these meetings.

Examples of engagement activity are considered on an annual basis and this includes a summary of the engagement outcomes that have been achieved. Climate-related examples are prioritised.

5.3 Advocacy

The Committee aims to have a broader influence beyond engagement with investee companies and hopes to achieve this through its asset managers.

6 Monitoring

The Committee is expected to agree with the Investment Adviser a series of metrics that are monitored to ensure the level of ESG and climate-related risks and exposures are within the Committee's expectations.

As with broader investment exposures, where any exposure, and its associated risk, is deemed to be too high, corrective action will be taken. ESG and climate metrics may, once agreed, be included as part of regular monitoring by the Investment Adviser.

Whilst the agreed metrics are expected to form the focus of the Committee's monitoring, the Committee expects the asset managers to oversee and manage all financially material ESG and climate risks, not just those covered specifically by the agreed metrics.

As part of monitoring, reporting and communication, on which further information is below, the Committee will work towards the production of a climate risk report and additional reporting that will be made available to the Fund's members where appropriate. This will both help the Committee document in more detail their approach to climate-related risks and opportunities, monitor the metrics they use to assess climate-related and broader ESG exposures, and publish relevant information on the related activities being undertaken.

7 Communication

The Committee maintains a Statement of Investment Principles, which is available to view [here](#). The Committee also conduct carbon footprint exercises to monitor the carbon footprint of the investments. Once required by legislation, the Committee will publish a report on its approach to the management of climate risk, in line with TCFD-requirements. The Committee will also seek to highlight its actions and achievements to members through its regular communication channels.

The Committee will periodically seek feedback from members on the RI policy and seek to incorporate views, as deemed appropriate by the Committee, as part of ongoing maintenance of the policy.

Appendix 1: Governance Structure

Fund management – Key parties

Pension Fund Sub Committee

The Committee incorporates RI considerations into its management of the Fund's assets, identifying and managing ESG related risks and opportunities in all areas including asset allocation decisions, manager appointments and its monitoring of the Fund's current investment managers. The Committee relies on information provided by the Fund's investment and actuarial advisers and investment managers in making these assessments.

The Investment Adviser reports to the Committee on its activities at regular Committee meetings which will include actions taken in regard to RI.

The key aims with respect to RI are to identify and carry out all key tasks required to enable the Committee to:

- Act in line with the beliefs and principles set out in the Committee's agreed RI policy.
- Continue to progress towards becoming more active in all areas of RI.
- Meet the requirements of the new climate related regulations once they come into force.

Investment Advisers

The Fund's Investment Advisers, Hymans Robertson, are responsible for assisting the Committee to ensure climate related risks and opportunities are embedded into all investment decisions. They provide advice and training to the Committee regarding regulatory requirements and are expected to incorporate RI considerations into any advice regarding any strategy changes or manager appointment.

The Committee has set objectives for its Investment Adviser which include objectives relating to the adviser's support in all RI considerations. The Investment Adviser is assessed against these objectives annually and the objectives themselves are assessed regularly to ensure they remain appropriate. The current Investment Adviser objectives are available as separate document and are updated on a regular basis.

Actuarial Advisers

The Fund's Actuarial Advisers, Hymans Robertson, are responsible for identifying any RI considerations which should be incorporated into the Fund's funding strategy (both short and long term) and in the Fund's integrated risk management processes. This will include the setting of individual financial and demographic assumptions.

Investment Managers

The Fund's investment managers are expected to integrate ESG considerations, to the extent possible, into their management of each of the Fund's mandates.

On the appointment of any new manager, the Committee assesses each manager's RI capabilities, with assistance from their Investment Adviser, to determine if that manager's approach is aligned with the Committee's RI Policy. Once appointed, the Committee monitors all managers regularly, assessing each manager's RI processes and policy at the manager meetings and challenges managers on any issues identified. The Committee also liaises with the investment managers in relation to RI matters, as required.

Any issues identified and the outcome of the Fund's monitoring is discussed at regular meetings.

Appendix 2: Committee Responsible Investment beliefs

The Committee has considered their main values, principles and priorities as part of setting a number of investment beliefs. These beliefs underpin the Fund's approach to Responsible Investment and are set out below:

Fund Governance and reporting

Belief 1 – Training and reporting

Regular training and reporting on ESG factors is important in order to inform the Committee's approach to RI and ESG issues, as well as decisions made.

Belief 2 – RI Policy

The Committee believes it is important to have an RI policy with statements on climate risk.

Belief 3 – Stakeholders

Reporting on the Fund's ESG activities to stakeholders is important, where the information is relevant.

Objectives and Constraints

Belief 4 – Decision making

The Fund to embed ESG factors in investment decision making as long as it does not counteract other important financial factors.

Strategic considerations and selecting investment managers

Belief 5 – Manager selection

The Fund's investment managers should be embedding ESG considerations factors embedded into their investment process and decision making, including stock specific ESG issues.

Belief 6 – Fund target

The Fund should set an ambition for the investment strategy to reach net zero. This should be no later than 2050.

Belief 7 – Investment opportunities

To take advantage of climate-related opportunities, the Fund should be invested across a balanced range of climate-related solutions with a bias towards generating a positive, measurable environmental and social impact alongside a financial return.

Stewardship

Belief 8 – Monitoring managers

Monitoring and engaging with investment managers, and holding managers accountable for their decisions, will form an important part of our stewardship approach.

Belief 9 – Engagement

Change will be pursued through engagement rather than divestment, but the latter is an option to consider if meaningful improvements in responsible investment processes are not seen over time. Restrictions on ESG issues will also be considered within discussions with managers.

Responsible ownership

Belief 10 – Manager reporting

Reporting from the Funds' investment managers on ESG related issues is important in order to ensure ESG issues are being taken into consideration within the Fund's investments. This includes information on voting and engagement, in addition to details on how they are assessing and managing ESG-related risks in their respective mandates. We will monitor and challenge the Fund's managers as appropriate.

Minute

Investments Sub-committee

Thursday, 29 February 2024, 11:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Alexander G Cowie, P Lindsay Hall, Steven B Heddle, Rachael A King, Kristopher D Leask and Heather N Woodbridge.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Gavin Barr, Economic Development Manager (for Items 3 to 6).
- Katie Gibson, Team Manager (Corporate Finance).
- Michael Scott, Solicitor.
- Carol Coleman, Economic Development Officer (for Items 3 to 6).

Apology

- Councillor Mellissa-Louise Thomson.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Alexander G Cowie.

1. Revenue Expenditure Monitoring

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

Noted:

1.1. The revenue financial summary statement, in respect of service areas for which the Investments Sub-committee was responsible, for the period 1 April to 31 December 2023, attached as Annex 1 to the report by the Head of Finance, indicating a budget overspend position of £4,292,000.

1.2. The revenue financial detail by service area statement, in respect of service areas for which the Investments Sub-committee was responsible, for the period 1 April to 31 December 2023, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

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, and obtained assurance that action was being taken with regard to significant budget variances.

2. Exclusion of Public

On the motion of Councillor Alexander G Cowie, seconded by Councillor Rachael A King, the Sub-committee resolved that the public be excluded from the remainder of the meeting, as the business to be discussed 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.

3. Treasury Management – Monitoring

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

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

Scrutinised:

3.1. The quarterly report, attached as Appendix 1 to the report by the Head of Finance, prepared by Link Treasury Services, the Council's Treasury Adviser, which covered the following elements of treasury management, and obtained assurance that the Treasury Management Practices were operating effectively:

- An economic update for the quarter ended 31 December 2023.
- Interest rate forecasts.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- A review of prudential and treasury indicators for 2023/24, as at 31 December 2023.

3.2. The status of the temporary loans portfolio as at 31 December 2023, as detailed in section 4 of the report by the Head of Finance, and obtained assurance that the Treasury Management Practices were operating effectively and the portfolio was producing an acceptable rate of return.

4. Statement of Managed Funds

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

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

Noted:

4.1. The investment monitoring report for the Strategic Reserve Fund produced by Hymans Robertson, the Council's appointed investment advisor, attached as Appendix 1 to the report by the Head of Finance, relating to the performance of managed funds for the quarter to 31 December 2023.

4.2. That the Strategic Reserve Fund investments returned a gain of £4,200,000, or 4.3% over the quarter ending 31 December 2023, which was 0.5% ahead of benchmark and therefore considered good.

4.3. That the investment returns on the Strategic Reserve Fund had been positive over the 12-month period to 31 December 2023 with the value of the Fund increasing by 7.6%, which was 2.1% behind benchmark and, therefore, considered poor.

4.4. The Barings Global High Yield Credit Strategies Fund ESG report for the quarter ending 31 December 2023, attached as Appendix 2 to the report by the Head of Finance.

4.5. The Schroders Sustainable Investment report for the quarter ending 31 December 2023, attached as Appendix 3 to the report by the Head of Finance.

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. Review of Local Investment

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 Head of Finance, together with an Equality Impact Assessment and an Island Communities Impact Assessment, copies of which had been circulated, the Sub-committee:

Resolved, in terms of delegated powers, what action should be taken with regard to a local investment.

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.

6. Conclusion of Meeting

At 12:48 the Chair declared the meeting concluded.

Signed: Alexander G Cowie.

Minute

Asset Management Sub-committee

Tuesday, 19 March 2024, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Alexander G Cowie, P Lindsay Hall and Ivan A Taylor.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Kenny MacPherson, Head of Property, Asset Management and Facilities.
- Thomas Aldred, Service Manager (ICT).
- Graeme Christie, Service Manager (Estates).
- Shonagh Merriman, Service Manager (Corporate Finance).
- Glen Thomson, Service Manager (Property and Capital Projects).
- Michael Scott, Solicitor.

Apologies

- Councillor Steven B Heddle.
- Councillor Jean E Stevenson.
- Councillor Mellissa-Louise Thomson.
- Councillor Heather N Woodbridge.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Alexander G Cowie.

1. Information Technology Capital Replacement Programme

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

Resolved, in terms of delegated powers:

1.1. That the Information Technology Capital Replacement Programme for 2024/25, together with the indicative programme for 2025/26, attached as Appendices 1 and 2 respectively to this Minute, to be funded from the allocation of £420,000 per annum within the Council's current approved capital programme, be approved.

1.2. That powers be delegated to the Corporate Director for Neighbourhood Services and Infrastructure, in consultation with the Head of Finance, to adjust the two-year programme, referred to at paragraph 1.1 above, as variations arose in order to maximise use of the annual capital allocation.

2. Exclusion of Public

On the motion of Councillor P Lindsay Hall, seconded by Councillor Alexander G Cowie, 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. Corporate Asset Maintenance and Improvement Programmes

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

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

Noted:

3.1. The three-year projections for the Revenue Repairs and Maintenance and Capital Improvement Programmes for the period 2024/25 to 2026/27, attached as Appendices 1 to 4 of the report by the Corporate Director for Neighbourhood Services and Infrastructure.

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

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

3.3. That the undernoted programmes for 2024/25, together with provisional programmes for 2025/26 and 2026/27, attached as Appendices 3 to 6 of this Minute, be approved:

- Revenue Repairs and Maintenance Programme, to be funded from the allocation of £1,822,000 per annum set annually as part of the budget setting process.
- Strategic Reserve Fund Revenue Repairs and Maintenance Programme, to be funded from the allocation of £131,700 per annum set annually as part of the budget setting process.
- Capital Improvement Programme, to be funded from the allocation of £1,351,400 per annum set annually within the approved capital programme.

- Strategic Reserve Fund Capital Improvement Programme, to be funded from the allocation of £118,600 per annum and within the approved capital programme.

3.4. That powers be delegated to the Corporate Director for Neighbourhood Services and Infrastructure, in consultation with the Head of Finance, to adjust the three-year programmes, referred to at paragraph 3.3 above, as variations arose in order to maximise use of the annual budget allocations.

4. Conclusion of Meeting

At 09:55 the Chair declared the meeting concluded.

Signed: Alexander G Cowie.

Information Technology Replacement Programme 2024/25.

Asset Group.	Project.	Reason.	Sub Total.	Total.
Datacentre Replacement.	Server Room Replacement.	Replacement of Server and Network Room Equipment including UPS (backup power), Remote Management, Monitoring and Access Controls.	£25,000.	£25,000.
Server Replacements.	Replacement of servers that are end-of-life.	Replacement of the servers that are at end of operational lifetime and reaching or beyond vendor support.	£25,000.	£35,000.
	Replacement of Storage and Backup Infrastructure.	Replacement of storage that is approaching capacity and enhance the resilience of data backups.	£10,000.	
Local Area Network Replacement.	Wi-Fi Modernisation.	Renew and improve Wi-Fi systems to maintain capacity and currency of support, replacing end of life equipment including the introduction of 6 th generation Wi-Fi 6 services.	£30,000.	£65,000.
	Replacement of Network Switches.	Replacement of Network Switches that are end of support. Ensuring devices are in current support is an essential objective in maintaining Public Sector Network Accreditation in line with the Public Sector Action Plan.	£35,000.	
Telephony.	Analogue to Digital switchover.	Replacement of voice infrastructure requiring replacement as part of the analogue switch off in 2025 in Council sites, extending the Council's core switchboard via updated equipment.	£100,000.	£100,000.
Security Gateways.	Proxy/Firewall Replacements.	For firewall replacement due to new technologies	£20,000.	£20,000.
Wide Area Network Replacement.	Replacement of End of Life and Poor Performing Radio Wireless and Microwave Mast Equipment.	To replace core WAN WIFI equipment to ensure connectivity between our main mast sites and care homes.	£45,000.	£45,000.

Asset Group.	Project.	Reason.	Sub Total.	Total.
Device Replacement.	Replacement of end User Devices (Corporate).	To replace end of life end-user devices in Council offices. This will fund approximately 60 devices from an asset base of circa 1200 devices.	£40,000.	£100,000.
	Replacement of end User Devices (Schools).	To replace end of life end-user devices in schools. This will fund approximately 120 devices across 22 schools from an asset base of circa 3000 devices.	£60,000.	
Other.	Failures and Emergency Replacements of Capital Equipment.	Allocation to replace failures not covered by repairs, and any systems that fail security audit requirements. Particularly WAN wireless.	£30,000.	£30,000.
			Total.	£420,000.

Information Technology Indicative Programme 2025/26.

Asset Group	Project	Reason.	Sub Total.	Total.
Datacentre Replacement	Server Room Replacement	Replacement of Server and Network Room Equipment including UPS (backup power), Remote Management, Monitoring and Access Controls.	£35,000	£35,000
Server Replacements	Replacement of servers that are end-of-life.	Replacement of the servers that are at end of operational lifetime and reaching or beyond vendor support.	£25,000	£35,000
	Replacement of Storage and Backup Infrastructure	Replacement of storage that is approaching capacity and enhance the resilience of data backups.	£10,000	
Local Area Network Replacement	Wi-Fi Modernisation	Renew and improve Wi-Fi systems to maintain capacity and currency of support, replacing end of life equipment including the introduction of 6 th generation WiFi 6 services.	£20,000	£55,000
	Replacement of Network Switches	Replacement of Network Switches that are end of support. Ensuring devices are in current support is an essential objective in maintaining Public Sector Network Accreditation in line with the Public Sector Action Plan.	£35,000	
Security Gateways	Proxy/Firewall Replacements	There are none forecast as requiring replacement in this year.	£0	£0
Wide Area Network Replacement	Replacement of End of Life and Poor Performing Radio Wireless and Microwave Mast Equipment	To replace core WAN WIFI equipment to ensure connectivity between our main mast sites and care homes.	£45,000	£45,000
Device Replacement	Replacement of end User Devices (Corporate)	To replace end of life end-user devices in Council Offices. This will fund approx. 100 devices from an asset base of ca 1200 devices.	£60,000	£220,000
	Replacement of end User Devices (Schools)	To replace end of life end-user devices in Schools. This will fund approx. 275 devices across 22 schools from an asset base of ca 3000 devices.	£160,000	
Other	Failures and Emergency Replacements of Capital Equipment	Allocation to replace failures not covered by repairs, and any systems that fail security audit requirements. Particularly WAN wireless.	£30,000	£30,000
			Total	£420,000.

Corporate Asset Maintenance and Improvement Programmes

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

Programmes for 2024/25, together with Provisional Programmes for 2025/26 and 2026/27 in respect of the following:

- Appendix 3 – Pages 2317 to 2320 – General Fund – Revenue Repairs and Maintenance Programme.
- Appendix 4 – Pages 2321 to 2323 – Strategic Reserve Fund – Revenue Repairs and Maintenance Programme.
- Appendix 5 – Pages 2324 to 2331 – General Fund – Capital Improvement Programme.
- Appendix 6 – Page 2332 – Strategic Reserve Fund – Capital Improvement Programme.

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

Local Government (Scotland) Act 1973 – Schedule 7A

Access to Information: Descriptions of Exempt Information

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