

Minute

Policy and Resources Committee

Tuesday, 22 February 2022, 09:30.

Microsoft Teams.



Present

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

Clerk

- Hazel Flett, Senior Committees Officer.

In Attendance

- John W Mundell, Interim Chief Executive.
- Stephen Brown, Chief Officer/Corporate Director, Orkney Health and Care.
- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- James Wylie, Corporate Director for Education, Leisure and Housing.
- Colin Kemp, Interim Head of Finance.
- Andrew Groundwater, Head of HR and Performance.
- Roddy Mackay, Head of Planning, Development and Regulatory Services.
- Gavin Mitchell, Head of Legal Services.
- Kenneth MacPherson, Interim Head of IT and Facilities.
- Pat Robinson, Chief Finance Officer, Orkney Health and Care (for Items 1 to 3).
- Maureen Spence, Democratic Services Manager.

Observing

- Lorna Richardson, Interim Head of Roads, Fleet and Waste.
- Thomas Aldred, Interim ICT Service Manager.
- Sweyn Hunter, Digital Transformation Officer.
- Kirsty Groundwater, Communications Team Leader.

Declarations of Interest

- Councillor Stephen Sankey – Item 6.
- Councillor John A R Scott – Item 1.

Chair

- Councillor James W Stockan.

1. Budget and Council Tax Levels for 2022/23

Councillor John A R Scott declared a non-financial interest in this item, being Vice Chair of the Pickaquoy Centre Trust, but concluded that his interest did not preclude his involvement in the discussion.

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

Noted:

1.1. That the Scottish Government had issued grant settlement figures for local government and individual councils for financial year 2022/23, with the provisional revenue grant funding to the Council amounting to £83,908,000, which included a provisional specific grant allocation of £12,847,000 for provision of ferry services.

1.2. That the specific grant allocation for ferry services detailed within the provisional settlement was £452,000 less funding than was requested from the Scottish Government to provide ferry services for 2022/23.

1.3. That the Council's funding was partially reduced by an increase of £126,000 in the contribution to the Local Government financial settlement floor mechanism, which was designed to ensure a consistent minimum increase or maximum decrease in funding across all councils.

1.4. That Local Government Finance Circular 9/2021, which provided details of the provisional total Local Government revenue and capital funding for 2022/23, referred to a funding package worth over £12.5 billion and included measures that made up the settlement, including:

- £174.5 million for continued delivery of the real Living Wage within Health and Social Care.
- £15 million for uprating of free personal and nursing care payments.
- £20.4 million for implementation of the Carers Act 2016.
- Additional investment of £124 million to provide care at home.
- £20 million to support Interim Care.
- An additional £200 million to support investment in health and social care.
- £145 million for additional Teachers and Support Staff.
- Maintained funding for 100 day commitments, including removal of curriculum and music tuition charges and expanded School Clothing Grant.
- An additional £64 million of revenue funding that was not previously identified, as well as capital funding, amounting to £30 million, already identified to facilitate the expansion of Free School Meals.

1.5. That no specific sanctions had been indicated by the Scottish Government in respect of the settlement offer for financial year 2022/23.

1.6. That the settlement made no pronouncement on a Council Tax freeze for financial year 2022/23, with the Council being free to increase the level of Council Tax with no sanction for 2022/23.

1.7. That services had not been asked to identify any efficiency savings for financial year 2022/23, and no reduction in staffing was proposed for 2022/23.

1.8. The Equality Impact Assessment, attached as Annex 6 to the joint report by the Chief Executive and the Head of Finance, relating to the overall budget proposals.

1.9. The advice, outlined in section 16 of the joint report by the Chief Executive and the Head of Finance, regarding risks to the Council's ability to continue to meet, in a secure manner, all of its responsibilities and the expectations placed upon it.

1.10. That, as a consequence of paragraph 1.9 above, the Chief Executive may be required to submit reports to the Council in accordance with sections 4(2) and 4(3) of the Local Government and Housing Act 1989.

Councillors Barbara Foulkes and John T Richards joined the meeting during presentation of the report by the Interim Head of Finance. Councillor Barbara Foulkes left the meeting during debate.

Councillor Steven B Heddle, seconded by Councillor W Leslie Manson, moved that:

- The Band D Council Tax level for financial year 2022/23 be set at £1,244.73, being an increase of 3% on the level for 2021/22.
- The draw from the unearmarked General Fund balance for 2022/23 be set at up to £2,775,100.

Councillor Robin W Crichton, seconded by Councillor Duncan A Tullock, moved an amendment that:

- The Band D Council Tax level for financial year 2022/23 be set at £1,268.90, being an increase of 5% on the level for 2021/22.
- The draw from the unearmarked General Fund balance for 2022/23 be set at up to £2,578,100.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Robin W Crichton and Duncan A Tullock (2).

For the Motion:

Councillors Stephen G Clackson, Alexander G Cowie, Norman R Craigie, David Dawson, Andrew Drever, Steven B Heddle, J Harvey Johnston, Rachael A King, W Leslie Manson, John T Richards, Stephen Sankey, John A R Scott, Gwenda M Shearer, Graham L Sinclair, James W Stockan, Magnus O Thomson, Owen Tierney and Heather N Woodbridge (18).

The Motion was therefore carried.

Councillor Graham L Sinclair, seconded by Councillor Magnus O Thomson, moved a further amendment, notice of which had been given, that:

- The Band D Council Tax level for financial year 2022/23 be set at £1,256.82, being an increase of 4% on the level for 2021/22.
- The draw from the unearmarked General Fund balance for 2022/23 be set at up to £2,640,700.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Robin W Crichton, Andrew Drever, Graham L Sinclair, James W Stockan, Magnus O Thomson and Duncan A Tullock (6).

For the Motion:

Councillors Stephen G Clackson, Alexander G Cowie, Norman R Craigie, David Dawson, Steven B Heddle, J Harvey Johnston, Rachael A King, W Leslie Manson, John T Richards, Stephen Sankey, John A R Scott, Gwenda M Shearer, Owen Tierney and Heather N Woodbridge (14).

The Motion was therefore carried.

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

1.11. That, as the Scottish Government's finance settlement for local government contained details for a single year budget only, the Council should also set a one year budget and, accordingly, the General Fund revenue budget for financial year 2022/23 be set at £91,260,200.

1.12. That powers be delegated to the Head of Finance, in consultation with the Chief Executive, to revise the General Fund revenue budget for financial year 2022/23 in respect of any change to the estimated funding level referred to at paragraph 1.1 above.

1.13. That the Band D Council Tax level for financial year 2022/23 be set at £1,244.73, being an increase of 3% on the level set for financial year 2021/22.

1.14. That the Council's budget uprating assumptions, including a 10% uplift for the Third Sector, at an overall estimated cost across the General Fund of £142,200, as set out in Appendix 1 to this Minute, be approved.

1.15. That, whilst recognising the need to balance the budget and bring spending into line with available funding, the following baseline service pressures amounting to £3,103,100, comprising £2,783,100 of recurring pressures and £320,000 of non-recurring pressures, be approved for inclusion in the revenue budget:

- Recurring pressures:
 - School and Public Bus Services – £94,500.
 - Re-opening of Flotta School – £150,000.
 - Charges for Replacement Bins – £10,000.
 - Management Restructure – Phase 1 – £1,028,600.
 - Organisational Capacity Review – £1,500,000.
- Non-recurring pressures:
 - Nursery provision – £255,000.
 - Local Government Election – £50,000.
 - Community Council Elections – £15,000.

1.16. That an additional financial contribution of up to £200,000 be allocated from the General Fund contingency, established when setting the revenue budget for financial year 2021/22, to the Pickaquoy Centre Trust in recognition of the impact COVID-19 had on the Trust's operations during 2021/22.

1.17. That powers be delegated to the Head of Finance, in consultation with the Chief Executive, to allocate any General Fund underspend from 2021/22 to the following provisions:

- To establish an Integration Joint Board Resources Fund of up to £500,000.
- Outwith Orkney Placements – to top up the fund as provision for unplanned placements outwith Orkney for individuals at risk.
- To the repayment of capital debt.

1.18. That application of the funding set aside in the Integration Joint Board Resources Fund, referred to at paragraph 1.17 above, be delegated to the Chief Executive, in consultation with the Head of Finance.

1.19. That any additional Orkney Transport grant funding received from the Scottish Government be passported through to the Transportation Service, with the contribution from the unearmarked General Fund balance adjusted accordingly.

1.20. That any additional funding secured that was not specific to government initiatives that must be funded, be retained in the unearmarked General Fund balance.

1.21. That Corporate Directors should review and increase existing charges by a minimum of 5%, from 1 April 2022, if possible to do so, or as early as possible thereafter, with the following exceptions, where alternative arrangements were required or proposed:

- Building warrant and planning fees.
- Harbour charges.
- Ferry fares.
- Car park charges.
- Residential care and home care.
- Very sheltered housing.
- Supported accommodation.
- Licensing fees.
- Ship sanitation certification.
- Marriage / civil partnership.
- Roads inspection fees.
- Trade waste charges.
- Homelessness rents
- Selected quarry product sales.

1.22. That the draw from the Strategic Reserve Fund for 2022/23 be set at £8,262,900.

1.23. That the draw from the unearmarked General Fund balance for 2022/23 be set at up to £2,775,100.

1.24. That the policy of presumption against new commitments should continue to remain in force across General Fund services, with the following conditions:

- Exceptions might be considered for new commitments which were 100% funded by external bodies – proposals involving the Council in partnership funding shall require compensatory savings to be identified.
- The Council should consider undertaking new statutory duties or any case where it was considered that statutory duties were not being fulfilled, however, such duties having financial implications should first be reported to the relevant Committees for approval.
- The Council should consider new commitments where compensatory savings could be identified – any Committee considering such recommendations should, in the first instance, seek to identify savings from within its revenue budget.

1.25. That powers be delegated to the Head of Finance, in consultation with the Chief Executive, to prepare and distribute a detailed budget incorporating all of the budget adjustments agreed by the Council.

2. Review of Earmarked General Fund Balances

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

Noted:

2.1. That, on 21 December 2021, when considering a strategy for managing the Council's reserves in the context of setting the revenue budget for 2022/23, the Policy and Resources Committee recommended:

- That the Head of Finance should conduct a detailed review of the earmarked General Fund balances and thereafter submit a report, to the Policy and Resources Committee, assessing whether the original purpose for holding the earmarked balances remained valid, or if the level of balance could be reduced and funds reprovisioned.
- 2.2.** That the Council could re-allocate some of the earmarked balances where the original reason for earmarking had changed or was no longer required.
- 2.3.** That use of the capital reserves was restricted in that they could only be applied for purposes that were capital in nature.
- 2.4.** That the Council would be expected to contribute to shortfalls in funding on several Islands Deal projects and might wish to earmark funds for that purpose.
- 2.5.** The assessment the Council's earmarked reserves, as set out in Appendix 1 to the report by the Head of Finance.

On the motion of Councillor James W Stockan, seconded by Councillor John A R Scott, the Committee resolved to **recommend to the Council:**

- 2.6.** That the Capital Funds and Capital Receipts Reserve balances, amounting to £1,459,285, be applied against spend on the capital programme in 2021/22 onwards.
- 2.7.** That the undernoted revenue balances, amounting to £1,432,385, be reprovisioned in an Islands Deal Fund and utilised towards the match funding requirement on Islands Deal projects:
- Innovation Fund – £712,159.
 - Training Fund – £197,676.
 - Bellwin Scheme Fund – £182,352.
 - Energy Efficiency Fund – £91,282.
 - Renewables, Redevelopment and Regeneration Fund – £230,023.
 - Sustainable Communities Fund – £14,793.
 - Welfare Fund – £4,100.
- 2.8.** That approval of the Islands Deal Fund, referred to at paragraph 2.7 above, being used as a funding source for projects be referred to the Policy and Resources Committee with a recommendation to Council.

3. Revenue Expenditure Monitoring

3.1. Orkney Health and Care

After consideration of a joint report by the Chief Officer/Corporate Director, Orkney Health and Care and the Head of Finance, copies of which had been circulated, the Committee:

Noted:

3.1.1. The revenue financial summary statement in respect of service areas which were formerly the responsibility of the Orkney Health and Care Committee, for the period 1 April to 31 December 2021, attached as Annex 1 to the joint report by the Chief Officer/Corporate Director, Orkney Health and Care and the Head of Finance, indicating a budget overspend position of £326,500.

3.1.2. The revenue financial detail by service area statement in respect of service areas which were formerly the responsibility of the Orkney Health and Care Committee, for the period 1 April to 31 December 2021, attached as Annex 2 to the joint report by the Chief Officer/Corporate Director, Orkney Health and Care and the Head of Finance.

The Committee scrutinised:

3.1.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the joint report by the Chief Officer/Corporate Director, Orkney Health and Care and the Head of Finance, and obtained assurance that action was being taken with regard to significant budget variances.

3.2. Policy and Resources

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

Noted:

3.2.1. The revenue financial summary statement in respect of the undernoted services for the period 1 April to 31 December 2021, attached as Annex 1 to the report by the Head of Finance, indicating an underspend position of £404,500:

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

3.2.2. The revenue financial detail by service area statement for the period 1 April to 31 December 2021, attached as Annex 2 to the report by the Head of Finance.

The Committee scrutinised:

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

3.3. Summary

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

Noted:

3.3.1. The summary revenue expenditure statement for the period 1 April to 31 December 2021, attached as Annex 1 to the report by the Head of Finance, indicating the following:

- A total General Fund overspend of £310,000.
- A deficit in Sources of Funding of £150,100.
- A net Non-General Fund surplus of £6,067,500.

3.3.2. The financial detail across individual Sources of Funding for the period 1 April to 31 December 2021, including significant variances identified as Priority Actions, attached as Annex 2 to the report by the Head of Finance.

The Committee scrutinised:

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

4. Scheme for Orkney Community Councils

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, and after hearing a report from the Democratic Services Manager, the Committee:

Noted:

4.1. That the Scheme for Orkney Community Councils was last reviewed in 2017.

4.2. That consultation had been undertaken in respect of proposed revisions to the Scheme for Orkney Community Councils, to enable an updated Scheme to operate during and following the Community Council Elections scheduled for June 2022.

4.3. The outcome of the consultation in respect of a revised Scheme for Orkney Community Councils, as detailed in section 4 of the report by the Corporate Director for Strategy, Performance and Business Solutions.

4.4. The Scheme for Orkney Community Councils, attached as Appendix 1 to the report by the Corporate Director for Strategy, Performance and Business Solutions, which had been amended to reflect matters raised through the consultation process, together with other areas of best practice and current legislation.

Councillor James W Stockan, seconded by Councillor Robin W Crichton, moved that the Scheme for Orkney Community Councils, as amended, be approved, to take effect from the Community Council Elections to be held in June 2022.

Councillor Stephen G Clackson, seconded by Councillor Magnus O Thomson, moved an amendment that the Scheme for Orkney Community Councils, as amended, be approved, to take effect from the Community Council Elections to be held in June 2022, with the exception of section 4.5, which should be amended to read as follows:

“Where a Community Council consists of more than one island or parish and each of those islands or parishes has more than five electors entered on the current register of electors on the date of the Community Council election, one candidate from each island or parish should be elected in the first instance.”.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Stephen G Clackson, Steven B Heddle, Magnus O Thomson and Owen Tierney (4).

For the Motion:

Councillors Alexander G Cowie, Norman R Craigie, Robin W Crichton, David Dawson, Andrew Drever, J Harvey Johnston, Rachael A King, W Leslie Manson, John T Richards, Stephen Sankey, John A R Scott, Gwenda M Shearer, Graham L Sinclair, James W Stockan, Duncan A Tullock and Heather N Woodbridge (16).

The Motion was therefore carried.

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

4.5. That the Scheme for Orkney Community Councils, attached as Appendix 2 to this Minute, be approved, to take effect from the Community Council Elections to be held in June 2022.

5. Digital Strategy

After consideration of a joint report by the Corporate Director for Neighbourhood Services and Infrastructure and the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, and after hearing a report from the Interim Head of IT and Facilities, the Committee:

Noted:

5.1. That the Digital Strategy, recommended for approval by the Asset Management Sub-committee on 31 May 2018, had been reviewed to ensure that it continued to be appropriate in meeting the Council’s priorities and objectives.

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

5.2. That the updated Digital Strategy 2022 to 2026, attached as Appendix 3 to this Minute, be approved.

6. Economic Recovery Steering Group

ASPIRE Orkney – Progress Update

Councillor Stephen Sankey declared a financial interest in this item, in that his business was in receipt of a COVID-19 Business Hardship Support Grant. However, as the item related to a general update, rather than specific grant funding, he did not leave meeting.

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

Noted:

6.1. That, on 25 November 2020, the Council resolved that the detail of the ASPIRE Orkney programme be subject to further consideration, in the context of the Council's corporate plan, by the Policy and Resources Committee, with effect from January 2021, and thereafter as a standing item for the Policy and Resources Committee.

6.2. That progress updates in relation to the ASPIRE Orkney programme of activity had been presented to the Policy and Resources Committee on 23 February, 20 April, 22 June and 29 November 2021.

6.3. That ASPIRE Orkney Limited was incorporated as a private company limited by guarantee without share capital on 26 April 2021 to support the activities described by the ASPIRE Orkney vision and programme plan.

6.4. The main activities undertaken by ASPIRE Orkney Ltd between November 2021 and January 2022, as detailed in section 4 of the report by the Corporate Director for Enterprise and Sustainable Regeneration.

7. Police and Fire Sub-committee

After consideration of the draft Minute of the Meeting of the Police and Fire Sub-committee held on 16 November 2021, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Andrew Drever, seconded by Councillor David Dawson, to approve the Minute of the Meeting of the Police and Fire Sub-committee held on 16 November 2021, attached as Appendix 4 to this Minute, as a true record.

8. 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 24 November 2021, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor W Leslie Manson, seconded by Councillor Rachael A King, to approve the Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 24 November 2021, attached as Appendix 5 to this Minute, as a true record.

9. Investments Sub-committee

After consideration of the draft Minute of the Meeting of the Investments Sub-committee held on 24 November 2021, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor W Leslie Manson, seconded by Councillor James W Stockan, to approve the Minute of the Meeting of the Investments Sub-committee held on 24 November 2021, attached as Appendix 6 to this Minute, as a true record.

10. Conclusion of Meeting

At 13:00 the Chair declared the meeting concluded.

Signed: James W Stockan.