

Minute

Policy and Resources Committee

Monday, 19 December 2022, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors James W Stockan, Alexander G Cowie, David Dawson, P Lindsay Hall, Steven B Heddle, Rachael A King, Kristopher D Leask, W Leslie Manson, James R Moar, 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.

Present via remote link (Microsoft Teams)

Councillors Graham A Bevan, Stephen G Clackson and Heather N Woodbridge.

Clerk

- Hazel Flett, Service Manager (Governance).

In Attendance

- John W Mundell, Interim Chief Executive.
- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- Erik Knight, Head of Finance.
- Gavin Mitchell, Head of Legal and Governance.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- William Moore, Service Manager (Revenue and Benefits) (for Items 1 to 6).
- Jordan Low, Economic Development Officer (for Items 2 to 5).

In Attendance via remote link (Microsoft Teams)

- Stephen Brown, Chief Officer, Orkney Health and Social Care Partnership.

Observing

- Sweyn Johnston, Head of Enterprise and Economic Growth (for Items 6 and 7).
- Alex Rodwell, Head of Improvement and Performance.
- Shonagh Merriman, Service Manager (Corporate Finance) (for Items 1 to 7).
- Pat Robinson, Service Manager (Accounting) (for Items 2 to 7).
- Craig Walker, Service Manager (HR Operations) (for Item 8).
- Anna Whelan, Service Manager (Strategy and Partnership) (for Items 1 to 7).

Observing via remote link (Microsoft Teams)

- Lorraine Stout, Press Officer.

Declaration of Interest

- Councillor Gillian Skuse – part of Item 6.

Chair

- Councillor James W Stockan.

1. Disclosure of Exempt Information

The Committee noted the proposal that the public be excluded from the meeting for consideration of Item 8, together with Appendix 3 of Item 2, as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Strategic Reserve Fund – Budget Review and Long Term Forecast

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

Noted:

2.1. That the Strategic Reserve Fund contributed £8,263,000 to the General Fund for financial year 2022/23, which was the final year of a 3-year contribution strategy totalling £22,083,000, with £6,350,000 and £7,470,000 paid in financial years 2020/21 and 2021/22 respectively.

2.2. That, on 21 December 2021, when reviewing the level of disbursements from the Strategic Reserve Fund used to support General Fund Services and other Council priorities for financial year 2022/23 onwards, the Policy and Resources Committee recommended:

- Approval of the Strategic Reserve Fund budget for financial year 2022/23, together with indicative budgets for 2023/24 and 2024/25, with the indicative baseline financial contribution from the Strategic Reserve Fund to the General Fund reverting to £6,350,000 for financial years 2023/24 and 2024/25.

2.3. That the Strategic Reserve Fund Managed Funds investments were forecast to underperform against the approved budget for financial year 2022/23, as indicated in the probable outturn column of Appendix 1 to the report by the Head of Finance.

2.4. That, after allowing for distributions of £8,806,000 during financial year 2022/23, the value of the Strategic Reserve Fund was estimated to decrease by £20,909,000 to £223,890,000 as at 31 March 2023.

2.5. That the proposed existing distribution commitments of £10,263,000 for financial years 2023/24, 2024/25 and 2025/26, and £19,050,000 allocated to support General Fund Services over the same period were reflected in the 3-year budget and the 10-year forecast, attached as Appendices 1 and 2 respectively to the report by the Head of Finance.

2.6. That the 10-year forecast, attached as Appendix 2 to the report by the Head of Finance, indicated that the impact of economic conditions in Quarter 4 2021/22 to date had had a significant impact on the sustainability of the Strategic Reserve Fund, with the forecast showing a continuous period where the value of the Strategic Reserve Fund was below the real terms value of the “floor”.

2.7. That, in order to balance the investment returns and the associated risks, while much uncertainty remained within the global economy and therefore considerable volatility could be anticipated from investment returns over the short to medium term, the strategies for local investments and externally managed fund investments were reviewed regularly.

2.8. That a very prudent approach was recommended when considering requests for additional disbursements from the Strategic Reserve Fund.

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

2.9. That a financial contribution of £6,350,000 from the Strategic Reserve Fund to the General Fund be used as a planning assumption as part of the Council’s budget setting process for financial year 2023/24.

2.10. That the Strategic Reserve Fund budget for financial year 2023/24, together with indicative budgets for 2024/25 and 2025/26, attached as Appendix 1 to this Minute, be approved.

2.11. That the long-term 10-year budget forecast for the Strategic Reserve Fund, attached as Appendix 2 to this Minute, be endorsed as a financial planning document.

2.12. That the segregation of balances in respect of the Renewable Energy Investment Fund be removed and the balance included with Strategic Reserve Fund balances.

Councillors Raymond S Peace and Mellissa-Louise Thomson joined the meeting during discussion of this item.

3. Strategic Reserve Fund – Contribution to General Fund Services

Proposed Notional Allocations

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

Noted:

3.1. That, for many years, the Strategic Reserve Fund allocation to the General Fund was used as one of the funding sources for all General Fund services rather than making a direct financial contribution towards specific service functions or items of expenditure.

3.2. That the Strategic Reserve Fund contribution was attached to specific areas of General Fund expenditure in order that the Orkney public could see more readily the benefit of the Strategic Reserve Fund and the additionality of service provision that it allowed the Council to deliver.

3.3. That, although accounting for the contribution from the Strategic Reserve Fund as a direct contribution to specific services would have negative future consequences on expenditure-based budget distributions, notional allocations would avoid those negative consequences.

3.4. The current performance of the Strategic Reserve Fund investment portfolio, as detailed in section 9 of the report by the Head of Finance.

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

3.5. That the Strategic Reserve Fund allocation to General Fund services for financial year 2023/24, amounting to £6,350,000, be notionally allocated as a direct funding contribution towards the service functions set out in Appendix 3 to this Minute.

3.6. That, should a higher contribution than £6,350,000 be required from the Strategic Reserve Fund to balance the General Fund budget for financial year 2023/24, this be treated as a source of funding for General Fund services and notionally allocated to Loan Charges.

4. General Fund Reserves Strategy

The Committee noted that this item had been withdrawn.

5. Community Development Fund

After consideration of a report by the Corporate Director for Enterprise and Sustainable Regeneration, together with an Equality Impact Assessment, copies of which had been circulated, and after hearing a report from the Economic Development Officer, the Committee:

Noted:

5.1. That, in July 2016, the Council committed £1M, from the Strategic Reserve Fund, to a new tranche of the Community Development Fund (CDF) to support community-led capital projects which would have widespread and long-lasting community benefits.

5.2. That the CDF funds, referred to at paragraph 5.1 above, were almost fully allocated, with less than 10% of the tranche now available for applicants.

5.3. That, despite match funding opportunities continuing to evolve and various external funds available for community groups to potentially match fund, there was an expected need for match funding to be available locally through the CDF.

5.4. That, on 21 December 2021, when reviewing the level of disbursements from the Strategic Reserve Fund used to support General Fund Services and other Council priorities for financial year 2022/23 onwards, the Policy and Resources Committee recommended that the minimum balance or “Floor”, below which the value of the Strategic Reserve Fund should not fall, be set at £225,049,000 as at 1 April 2022.

5.5. That, with the value of the Strategic Reserve Fund as at 31 March 2022 being £233,035,000, further devaluations during the year meant that there was currently no headroom within the Strategic Reserve Fund for further allocations without further devaluing its balance in real terms.

Councillor Mellissa-Louise Thomson, seconded by Councillor Kristopher D Leask, moved that:

- The CDF should be renewed with an allocation of £1M being made from the Strategic Reserve Fund, to include an allocation of £100,000 for Community Councils, namely an individual allocation of £5,000 to each of the 20 Community Councils.
- The allocation be added to the Strategic Reserve Fund contribution made available as a funding source for the General Fund revenue budget.
- The CDF be included in the revenue budget under the Development area at £0.333M per annum for the period 2023-26.
- The criteria for operation of the new tranche of CDF, be amended to include the following aspects:
 - Removal of the 5% minimum applicant contribution towards project delivery.
 - Removal of “work in kind” as an eligible project cost.
 - The maximum grant available for feasibility studies being increased, from £5,000 to £10,000, with powers delegated to the Corporate Director for Enterprise and Sustainable Regeneration to determine applications.
 - Determination of grant requests towards smaller-scale projects, up to a maximum sum of £10,000, being delegated to the Corporate Director for Enterprise and Sustainable Regeneration.

Councillor Gillian Skuse, seconded by Councillor P Lindsay Hall, moved an amendment that:

- The CDF should be renewed with an allocation of £1M being made from the Strategic Reserve Fund, to include an allocation of £100,000 for Community Councils, namely an individual allocation of £5,000 to each of the 20 Community Councils.
- The allocation be added to the Strategic Reserve Fund contribution made available as a funding source for the General Fund revenue budget.
- The CDF be included in the revenue budget under the Development area at £0.333M per annum for the period 2023-26.
- The criteria for operation of the new tranche of CDF, be amended to include the following aspects:
 - The maximum grant available for feasibility studies being increased, from £5,000 to £10,000, with powers delegated to the Corporate Director for Enterprise and Sustainable Regeneration to determine applications.
 - Determination of grant requests towards smaller-scale projects, up to a maximum sum of £10,000, being delegated to the Corporate Director for Enterprise and Sustainable Regeneration.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Stephen G Clackson, P Lindsay Hall, Steven B Heddle, John A R Scott, Gillian Skuse and Owen Tierney (6).

For the Motion:

Councillors Graham A Bevan, Alexander G Cowie, David Dawson, Rachael A King, Kristopher D Leask, W Leslie Manson, James R Moar, Raymond S Peace, Gwenda M Shearer, Jean E Stevenson, James W Stockan, Ivan A Taylor, Mellissa-Louise Thomson, Duncan A Tullock and Heather N Woodbridge (15).

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

5.6. That the CDF should be renewed with an allocation of £1M being made from the Strategic Reserve Fund, to include an allocation of £100,000 for Community Councils, namely an individual allocation of £5,000 to each of the 20 Community Councils.

5.7. That the allocation, referred to at paragraph 5.6 above, be added to the Strategic Reserve Fund contribution made available as a funding source for the General Fund revenue budget.

5.8. That the CDF be included in the revenue budget under the Development area at £0.333M per annum for the period 2023-26.

5.9. That the criteria for operation of the new tranche of CDF, be amended to include the following aspects:

- Removal of the 5% minimum applicant contribution towards project delivery.
- Removal of “work in kind” as an eligible project cost.
- The maximum grant available for feasibility studies being increased, from £5,000 to £10,000, with powers delegated to the Corporate Director for Enterprise and Sustainable Regeneration to determine applications.
- Determination of grant requests towards smaller-scale projects, up to a maximum sum of £10,000, being delegated to the Corporate Director for Enterprise and Sustainable Regeneration.

6. Cost of Living Support Options

After consideration of a joint report by the Chief Officer, Orkney Health and Social Care Partnership, the Corporate Director for Strategy, Performance and Business Solutions and the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, the Committee:

Noted:

6.1. That the Council recognised that some households were facing challenging financial circumstances and was keen to provide some financial support during the cost-of-living crisis as people faced a winter with higher energy costs.

6.2. That, following discussions with elected members at a seminar on 19 October 2022, a Cost-of-Living short-term officer working group was convened to look at options on how assistance could be provided to reach those who would need it most.

6.3. That three potential schemes were developed, as detailed in section 4 of the joint report by the Chief Officer, Orkney Health and Social Care Partnership, the Corporate Director for Strategy, Performance and Business Solutions and the Corporate Director for Enterprise and Sustainable Regeneration, with the preferred option being Options 1 and 2, a Basic Low-Income Scheme and a Self-Declaration Scheme respectively, run in parallel.

Councillor John A R Scott, seconded by Councillor Duncan A Tullock, moved that:

- The undernoted Cost-of-Living Crisis Support Schemes be approved:
 - Basic Low-Income Scheme.
 - Self-Declaration Scheme.
- Powers be delegated to the Head of Finance to finalise and implement the Cost-of-Living Crisis Support Schemes, based on the distribution of £100 per eligible household.

Councillor W Leslie Manson, seconded by Councillor Alexander G Cowie, moved an amendment that:

- The undernoted Cost-of-Living Crisis Support Schemes be approved:
 - Basic Low-Income Scheme.
 - Self-Declaration Scheme.
- Powers be delegated to the Head of Finance to finalise and implement the Cost-of-Living Crisis Support Schemes, based on the distribution of £200 per eligible household.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Graham A Bevan, Alexander G Cowie, P Lindsay Hall, Kristopher D Leask, W Leslie Manson, James R Moar, Raymond S Peace, Gwenda M Shearer, Gillian Skuse, Jean E Stevenson, James W Stockan and Mellissa-Louise Thomson (12).

For the Motion:

Councillors Stephen G Clackson, David Dawson, Steven B Heddle, Rachael A King, John A R Scott, Owen Tierney, Duncan A Tullock and Heather N Woodbridge (8).

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

6.4. That the undernoted Cost-of-Living Crisis Support Schemes be approved:

- Basic Low-Income Scheme.
- Self-Declaration Scheme.

6.5. That powers be delegated to the Head of Finance to finalise and implement the Cost-of-Living Crisis Support Schemes, referred to at paragraph 6.4 above, based on the distribution of £200 per eligible household.

Councillor Ivan A Taylor left the meeting during discussion of this part of this item.

Councillor Gillian Skuse declared a financial interest in the remainder of this item, in that she was the Chief Executive Officer of an organisation who could potentially apply for funding from the proposed Islands Cost Crisis Emergency Fund, and was not present during discussion thereof.

After hearing a report from the Corporate Director for Strategy, Performance and Business Solutions regarding proposals to support Third Sector organisations experiencing exceptional demands on their financial resources due to the cost-of-living crisis and especially recent and pending increases in their energy costs, the Committee:

Noted:

6.6. That consideration had also been given to the provision of support to Third Sector organisations who were experiencing substantially higher electricity charges, as detailed in section 5 of the joint report by the Chief Officer, Orkney Health and Social Care Partnership, the Corporate Director for Strategy, Performance and Business Solutions and the Corporate Director for Enterprise and Sustainable Regeneration.

6.7. That consideration of support to the local business community was also being developed, with options to be presented to the next meeting of the Policy and Resources Committee.

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

6.8. That, in principle, the Islands Cost Crisis Emergency Fund, utilising emergency grant funding amounting to £305,000 received from the Scottish Government, be used as a source of funding for the purpose of support to Third Sector organisations to alleviate the impact of the higher electricity costs.

6.9. That powers be delegated to the Chief Executive, in consultation with the Head of Legal and Governance, to establish an Agreement with Voluntary Action Orkney to administer the Islands Cost Crisis Emergency Fund, and to develop criteria for disbursement of funding, including a cap of £15,000 on the amount allocated in response to any single application.

7. Exclusion of Public

On the motion of Councillor James W Stockan, seconded by Councillor Heather N Woodbridge, the Committee resolved that the public be excluded for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

8. Scottish Local Government Living Wage Consolidation

Pay and Grading Structure

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 1 and 11 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, together with an independent equality review, copies of which had been circulated, and after hearing a report from the Head of Human Resources and Organisational Development, the Committee:

Resolved to **recommend to the Council** what action should be taken with regard to consolidation of the Scottish Local Government Living Wage, together with the impact on the pay and grading structure, including Appendix 4 to this Minute.

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.

Please refer to the Minute of the Special General Meeting of the Council held on 21 December 2022.

9. Conclusion of Meeting

At 12:13 the Chair declared the meeting concluded.

Signed: James W Stockan.