

Minute

Policy and Resources Committee

Tuesday, 18 February 2020, 10:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors James W Stockan, W Leslie Manson, Stephen G Clackson, Alexander G Cowie, 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 Kevin F Woodbridge.

Clerk

- John W Mundell, Interim Chief Executive.

In Attendance

- Gavin Barr, Executive Director of Development and Infrastructure.
- Gillian Morrison, Executive Director of Corporate Services.
- Sally Shaw, Chief Officer/Executive Director, Orkney Health and Care.
- James Wylie, Executive Director of Education, Leisure and Housing.
- Gareth Waterson, Head of Finance.
- Brian Archibald, Head of Marine Services, Engineering and Transportation (for Items 1 to 3).
- Gavin Mitchell, Head of Legal Services.
- Alex Rodwell, Senior Project Officer, Change Team.
- Hazel Flett, Senior Committees Officer.

Observing

- Hayley Green, Head of IT and Facilities.
- Andrew Groundwater, Head of HR and Performance.
- Darren Richardson, Head of Infrastructure and Strategic Projects (for Items 1 to 5).
- Ian Rushbrook, Capital Programme Manager (for Items 1 to 3).

Apology

- Councillor Norman R Craigie.

Declaration of Interest

- Councillor Graham L Sinclair – Item 7.

Chair

- Councillor James W Stockan.

1. Disclosure of Exempt Information

The Committee noted the proposal that the public be excluded from the meeting for consideration of Items 14 to 16, as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Revenue Expenditure Monitoring

2.1. Policy and Resources

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

Noted:

2.1.1. The revenue financial summary statement in respect of the undernoted services for the period 1 April to 31 December 2019, attached as Annex 1 to the joint report by the Chief Executive, the Executive Director of Corporate Services, the Executive Director of Development and Infrastructure and the Head of Finance, indicating an underspend position of £991,100:

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

2.1.2. The revenue financial detail by Service Area statement for the period 1 April to 31 December 2019, attached as Annex 2 to the joint report by the Chief Executive, the Executive Director of Corporate Services, the Executive Director of Development and Infrastructure and the Head of Finance.

2.1.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the joint report by the Chief Executive, the Executive Director of Corporate Services, the Executive Director of Development and Infrastructure and the Head of Finance.

2.2. Summary

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

Noted:

2.2.1. The summary revenue expenditure statement for the period 1 April to 31 December 2019, attached as Annex 1 to the report by the Head of Finance, indicating the following:

- A total General Fund underspend of £1,259,900.
- A surplus in Sources of Funding of £105,100.
- A net Non-General Fund surplus of £8,349,700.

2.2.2. The financial detail across individual Sources of Funding for the period 1 April to 31 December 2019, including significant variances identified as Priority Actions, attached as Annex 2 to the report by the Head of Finance.

2.2.3. 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.

3. Capital Expenditure Monitoring

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

Noted:

3.1. The summary financial position, as at 31 December 2019, in respect of the approved General Fund and Non-General Fund capital programmes, as detailed in section 3.1 of the report by the Head of Finance, indicating the following:

- Actual expenditure incurred as at 31 December 2019 of £12,473,000.
- Revised budget of £26,300,000, as a result of reprofiling the capital programmes in order to reflect slippage and current timescales for completion of individual projects.
- Probable outturn as at 31 March 2020 of £23,601,000.

The Committee scrutinised:

3.2. The detailed analysis of capital expenditure, together with project updates in respect of the General Fund and the Non-General Fund capital programmes, for the period 1 April to 31 December 2019, attached as Appendix 1 to the report by the Head of Finance, and obtained assurance on progress being made with delivery of the approval capital programmes.

4. Treasury Management Strategy Statement and Annual Investment Strategy

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

Resolved to **recommend to the Council** that the Treasury Management Strategy Statement and Annual Investment Strategy, attached as Appendix 1 to this Minute, be approved for financial year 2020 to 2021, including the following specific approvals sought within the Treasury Management Strategy Statement and Annual Investment Strategy:

- The capital expenditure forecasts set out in section 2.1 to be effective as at 1 April 2020.
- The Capital Financing Requirement projections set out in section 2.2.
- The policy on repayment of loans fund advances for 2020 to 2021 being to apply the Asset Method, with all loans fund advances being repaid in equal instalments of principal with reference to the life of the asset.
- The authorised limit for external debt set out in section 3.2(b).
- The treasury indicator and limit set out in section 4.3.
- The ratio of financing costs to net revenue streams to assess the affordability of the capital investment plans for the General Fund, Scapa Flow Oil Port, Miscellaneous Piers and the Housing Revenue Account set out in section 5.1.2.
- The upper limit of 35% for the cost of capital relative to net revenue on the Housing Revenue Account, for the term of the current 5-year capital programme.
- The treasury indicators and limits to the maturity structure of borrowing set out in section 5.1.3.
- The forms of investment instrument for use as permitted investments as set out in Tables 1 and 2 in section 5.4.
- The explanations of the objectives for the types of investment instrument which the authority approved as being 'permitted' as set out in section 5.4.
- The countries in which investments may be made, which had sovereign ratings of AA- or higher, as set out in section 5.4.

5. National Audit Report

Local Government in Scotland – Financial Overview 2018/19

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

Noted:

5.1. The national audit report, Local Government in Scotland – Financial Overview 2018/19, published in December 2019 by Audit Scotland, attached as Appendix 1 to the report by the Head of Finance.

5.2. The key messages in the national audit report, a summary of which was detailed in section 4 of the report by the Head of Finance.

5.3. That references to Orkney in the national audit report generally presented the Council as being in a favourable financial position, with low levels of debt and generous levels of reserves, despite receiving a lower per head level of income than the other island authorities.

5.4. The negative comment on the Council's performance in relation to capital programme slippage at paragraph 38 of the national audit report.

6. Corporate Risk Register

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

Resolved to **recommend to the Council** that the updated Corporate Risk Register as at January 2020, attached as Appendix 2 to this Minute, be approved.

Councillor Stephen G Clackson left the meeting during discussion of this item.

7. Vacancies on Committees and Sub-committees

Councillor Graham L Sinclair declared a non-financial interest in this item, in that the vacancies had arisen as a result of him wishing to reduce his commitments, and was not present during discussion thereof.

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

Noted:

7.1. That Councillor Graham L Sinclair had intimated a wish to reduce his commitments, including demitting his position on the following Committees and Sub-committees:

- Planning Committee and Local Review Body.
- Asset Management Sub-committee.
- Human Resources Sub-committee and Staff Appeals Sub-committee.
- Investments Sub-committee and Pension Fund Sub-committee.

7.2. That, in terms of the constitutional arrangements of the Planning Committee, Councillor Stephen G Clackson, being the third member of the North Isles electoral ward, should fill the vacancy created by Councillor Sinclair's resignation.

7.3. The options available for filling the vacancy, summarised as follows, should Councillor Clackson decline the appointment to the Planning Committee:

- Option 1 – amend the constitutional arrangements to “at least one member” from each electoral ward and make an appointment, noting the implications for the three 3 member wards.
- Option 2 – make no appointment, thereby reducing membership of the Planning Committee to 11 members for the period up to May 2022.

7.4. That, as membership of the Local Review Body was the same as the Planning Committee, whoever was appointed to the vacancy on the Planning Committee would also serve on the Local Review Body.

7.5. That, should no appointment be made to the Planning Committee, the Local Review Body would also be reduced to 11 members for the period up to May 2022.

7.6. That appointments made to fill the vacancies on the various Sub-committees would last for the remainder of the term of this Council, namely until May 2022.

On the motion of Councillor Barbara Foulkes, seconded by Councillor John A R Scott, the Committee resolved to **recommend to the Council**:

7.7. That, as Councillor Stephen G Clackson, being the third member of the North Isles electoral ward, had intimated his wish to decline the appointment, no appointment be made to the vacant positions on the Planning Committee and the Local Review Body, thereby reducing membership of both Committees to 11 members for the period up to May 2022.

The Committee resolved, in terms of delegated powers:

7.8. That the following appointments be made to the vacancies on the undernoted sub-committees:

- Asset Management Sub-committee – Councillor Andrew Drever.
- Human Resources Sub-committee and Staff Appeals Sub-committee – Councillor Alexander G Cowie.
- Investments Sub-committee and Pension Fund Sub-committee – Councillor Barbara Foulkes.

8. Climate Change

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

Noted:

8.1. That the Climate Change (Emissions Reduction Targets)(Scotland) Act 2019 was enacted in October 2019 committing Scotland to a target of net-zero emissions of all greenhouse gases by 2045.

8.2. The current project activity, outlined in section 5 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure, which was underway and would contribute to a carbon neutral Orkney.

8.3. The current actions in the Council Delivery Plan, outlined in section 6 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure, which would also contribute positively to mitigating or adapting the impacts of climate change and the opportunity, through the impending mid-term review of the Council Plan, to embed climate change as a new Council priority with associated actions.

8.4. The scale of the tasks associated with development, implementation and monitoring of effective and target orientated climate change actions, as detailed in section 7 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure.

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

8.5. That the Chief Executive should give further consideration to the governance required to deliver the Council's response to climate change legislation and thereafter submit a report to the Committee by June 2020.

Councillor James W Stockan, seconded by Councillor W Leslie Manson, moved that:

- Notwithstanding Council policy of a moratorium on staff establishment increases, a post of Climate Change Project Officer, G10, be established, initially for a period of up to two years, to co-ordinate all climate change related policy and project work across the full range of Council services.
- All costs associated with the post of Climate Change Project Officer, estimated at £70,000 per annum, be met from the Crown Estate net revenue allocation, in the event that no other specific Government funding was received by the Council in respect of climate change duties.

Councillor Duncan A Tullock, seconded by Councillor David Dawson, moved an amendment that the Council should not establish a post of Climate Change Project Officer.

The result of a recorded vote was as follows:

For the Amendment:

Councillors David Dawson, Andrew Drever, Barbara Foulkes, John A R Scott, Magnus O Thomson, Owen Tierney and Duncan A Tullock (7).

For the Motion:

Councillors Alexander G Cowie, Robin W Crichton, Steven B Heddle, J Harvey Johnston, Rachael A King, W Leslie Manson, John T Richards, Stephen Sankey, Gwenda M Shearer, Graham L Sinclair, James W Stockan and Kevin F Woodbridge (12).

The motion was therefore carried.

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

8.6. That, notwithstanding Council policy of a moratorium on staff establishment increases, a post of Climate Change Project Officer, G10, be established, initially for a period of up to two years, to co-ordinate all climate change related policy and project work across the full range of Council services.

8.7. That all costs associated with the post of Climate Change Project Officer, estimated at £70,000 per annum, be met from the Crown Estate net revenue allocation, in the event that no other specific Government funding was received by the Council in respect of climate change duties.

**Please refer to the Minute of the General Meeting of the Council held on
3 March 2020.**

9. House Build Programme

The Committee noted that this item had been withdrawn.

10. Police and Fire Sub-committee

After consideration of the draft Minute of the Meeting of the Police and Fire Sub-committee held on 19 November 2019, 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 19 November 2019, attached as Appendix 3 to this Minute, as a true record.

11. 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 27 November 2019, 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 Pension Fund Sub-committee, together with the Pension Board, held on 27 November 2019, attached as Appendix 4 to this Minute, as a true record.

12. Investments Sub-committee

After consideration of the draft Minute of the Meeting of the Investments Sub-committee held on 27 November 2019, 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 27 November 2019, attached as Appendix 5 to this Minute, as a true record.

13. Exclusion of Public

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

Councillors David Dawson and Owen Tierney left the meeting at this point.

14. Asset Management Sub-committee

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 2, 6 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of the draft Minute of the Meeting of the Asset Management Sub-committee held on 28 January 2020, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor W Leslie Manson, seconded by Councillor James W Stockan, to approve the Minute of the Meeting of the Asset Management Sub-committee held on 28 January 2020, attached as Appendix 6 to this Minute, as a true record.

Councillors David Dawson and Owen Tierney rejoined the meeting at this point.

15. Change Programme

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

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

Noted:

15.1. That, on 26 November 2013, the Policy and Resources Committee recommended establishment of a Change Management Programme to support the Council in identifying options for change and thereafter supporting implementation of agreed changes, including staff development.

15.2. That a review of the Change Programme and the Change Team had been undertaken, with the conclusion and recommendations for future direction detailed in Appendix 1 to the report by the Chief Executive.

15.3. The proposal that the Change Team be retitled the Improvement Support Team, with the following posts established on a permanent basis:

- 1 full-time equivalent post of Programme Manager.
- 1.5 full-time equivalent posts of Project Officer.
- 1 full-time equivalent post of Systems Developer and Business Intelligence Analyst.

15.4. That, as the budget associated with the Change Team had now been baselined, the costs associated with the permanent posts, proposed at paragraph 15.3 above, could be met from within existing resources.

15.5. That, should the staffing structure, proposed at paragraph 15.3 above, be approved, it was further proposed that powers be delegated to the Chief Executive, in consultation with the Head of HR and Performance, to approve individual job descriptions, which would confirm job titles and pay grades, following completion of the job evaluation process.

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

15.6. That the undernoted Change Programme projects be delivered by services:

- Staff and Workforce Planning (CR03).
- Leisure and Cultural Trusts (CR05a).
- Single Authority Model (CR05b).
- Partnership Arrangements (CR05d).
- Orkney's Learning Landscape (CR07).

15.7. That the undernoted Change Programme projects be formally closed, as they were either now 'business as usual' activities or no further action was required:

- Property Asset Management (CR01).
- Fees and Charges (CR04).
- Social Care Delivery Model (CR05c).
- Harbour Authority activities (CR05e).
- Outwith Orkney Travel (P0001).

15.8. That, as each Change Programme project had its own governance, including reporting through the relevant service Committee, the Change Forum be disestablished.

15.9. That the undernoted projects be approved as priorities for the Change Team:

- Purchasing and Procurement (CR02).
- Modernising IT (CR06) (including system development projects):
 - Customer Service Platform (P0023).
 - HR System Development (P0027).
 - Integra System Development (P0176).
- Ground Maintenance (support and co-ordination of stage 1) (P0311).
- Electronic Document and Records Management System (EDRMS) (P0314).
- Strategic Data Warehouse (stage 1 related to Customer Service Platform project) (P0305).
- Internal communications review (P0310).
- Controls for Household Waste Recycling Centres (P0309).
- Roads, Waste and Environmental Services efficiencies (P0317):
 - Discovery (review of current New Horizon system).
 - Implementation (New Horizon replacement, dependant on review findings).

15.10. That the Change Team be renamed the Improvement Support Team, with the purpose to support services in the delivery of projects, improvements and initiatives; be they incremental or transformational in nature.

15.11. That the Improvement Support Team be established on a permanent basis, initially comprising the following posts:

- 1 full-time equivalent post of Programme Manager.
- 1.5 full-time equivalent posts of Project Officer.
- 1 full-time equivalent post of Systems Developer and Business Intelligence Analyst.

15.12. That powers be delegated to the Chief Executive, in consultation with the Head of HR and Performance, to approve individual job descriptions, which would confirm job titles and pay grades, following completion of the job evaluation process.

16. Staff Appeals Sub-committee

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

After consideration of the draft Minute of the Meeting of the Staff Appeals Sub-committee held on 22 November 2019, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor W Leslie Manson, seconded by Councillor James W Stockan, to approve the Minute of the Meeting of the Staff Appeals Sub-committee held on 22 November 2019, attached as Appendix 7 to this Minute, as a true record.

17. Conclusion of Meeting

At 13:10 the Chair declared the meeting concluded.

Signed: James W Stockan.