

**The Highland Council
Corporate Resources Committee**

Minutes of Meeting of the Corporate Resources Committee held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on Wednesday, 14 June 2017 at 10.30 am.

Present:

Mr A Mackinnon	Mr D Louden
Mr A Baxter	Mr R MacDonald
Mrs C Caddick	Mrs D Mackay
Mrs H Carmichael	Mr G MacKenzie
Dr I Cockburn	Mr S MacKie
Mrs M Davidson	Mr C MacLeod
Mr L Fraser	Ms L Munro
Mr R Gale	Mr M Reiss
Mr A Jarvie (substitute)	Ms M Smith
Mr R Laird	Mr B Thompson
Mr B Lobban	Mrs C Wilson

Non-Member also Present:

Mrs J Barclay	Mr J Gray
Mr A Christie	Mrs M Paterson
Mr K Gowans	Mr A Sinclair

Officials in attendance:

Ms M Morris, Depute Chief Executive/Director of Corporate Development
Mr D Yule, Director of Finance
Mr A Gunn, Head of Revenues and Business Support, Finance Service
Mr E Foster, Head of Corporate Finance, Finance Service
Mr J Gladman, Head of Digital Transformation, Corporate Development Service
Mr S Walsh, Head of People and Transformation, Corporate Development Service
Mr M MacDonald, HR Manager, Corporate Development Service
Mr M Bailey, Project Manager, Corporate Development Service
Mr J Shepherd, ICT Operations Manager, Corporate Development Service
Mr P Mascarenhas, Community and Democratic Engagement Manager, Chief Executive's Office
Mrs R Cleland, Corporate Communications Manager, Chief Executive's Office
Miss J MacLennan, Democratic Services Manager, Corporate Development Service
Ms A Macrae, Committee Administrator, Corporate Development Service
Miss J Green, Administrative Assistant, Corporate Development Service

An asterisk in the margin denotes a recommendation to the Council. All decisions with no marking in the margin are delegated to the Committee.

Mr A Mackinnon in the Chair

Prior to commencement of the formal business, the Chair welcomed new Members of the Council in particular to the meeting and thanked the previous Chairs during the last Council term for their support and commitment to the work of the Committee.

Business

1. **Apologies for Absence** **Leisgeulan**

Apologies for absence were intimated on behalf of Mr J Bruce, Ms E Knox, Mr K Rosie and Mr P Saggars.

2. **Declarations of Interest** **Foillseachaidhean Com-pàirt**

The Committee **NOTED** the following declarations of interest:-

Item 9 – Mrs M Davidson, Mr A Mackinnon and Mr M Reiss (all financial)

3. **Good News Stories** **Naidheachdan Matha**

The Committee **NOTED** the information circulated in relation to the Augsburg Apprentices visit to Inverness.

4. **Recess Powers** **Cumhachdan Fosaidh**

It was **NOTED** that the recess powers granted by the Council at its meeting on 9 March 2017 had not required to be exercised in relation to the business of this Committee.

5. **Appointments to Sub-Committees, Working Groups, etc** **Cur an Dreuchd gu Fo-Chomataidhean, Buidhnean-obrach is eile**

The Committee **APPROVED** the membership of the following Sub-Committees, Working Groups etc:-

(i) Appeals Committee – 9 Members

Chair and Vice Chair of the Corporate Resources Committee, Chair and Vice Chair of the relevant Service Committee, Mr B Lobban, Mr G MacKenzie, Mr C MacLeod, Dr I Cockburn and Mr C Smith.

(ii) Central Safety Committee – 5 Members

Employer's Representatives – Chair and Vice Chair of the Corporate Resources Committee, Mr R Laird, Mr G MacKenzie and Mr R Gale.

Staff Side Representatives – Trade Union representatives from Unison (1 place), GMB (1 place), UNITE (1 place), UCATT (1 place) and 1 representative from BDA, CSP or RCN to be confirmed on a rolling basis.

(iii) Disputes Committee – 5 Members

Leader and Depute Leader of the Council, Chair of the Corporate Resources Committee, Chair of the relevant Strategic Committee and the Leader of the Opposition.

(iv) Employment Release Sub-Committee – 7 Members

Chair and Vice Chair of the Corporate Resources Committee, Chair and Vice Chair of the relevant Strategic Committee, Mr D Louden, Ms M Smith and Mr R Laird.

(v) Head of Service Recruitment Panel – 7 Members

Chair and Vice Chair of the Corporate Resources Committee, Chair and Vice Chair of the relevant Strategic Committee (or the Leader and Depute Leader of the Council where the Chief Executive's Office, Finance Service or Corporate Development Service is involved), Ms M Smith, Dr I Cockburn and Mr G MacKenzie.

(vi) Highland Council Staff Partnership Forum – 7 Members

Elected Member Group – Leader and Depute Leader of the Council, Chairs of the Strategic Committees and the Leader of the Opposition (or their Deputies/Vice Chairs).

Staff Side Group – Trade Union representatives from Unison (2 places), GMB (2 places), UCATT (1 place), UNITE (1 place) and RCN/CSP/BDA (1 place)

(vii) Non Domestic Rates Appeals Committee – 5 Members

Chair and Vice Chair of the Corporate Resources Committee, Dr I Cockburn, Ms M Smith and Mr P Sagers.

**6. Appointment to Scotland Excel Joint Committee
Cur an Dreuchd gu Buidhnean on Taobh A-muigh**

The Committee **AGREED** to appoint the Chair, with the Vice Chair as substitute, to the Scotland Excel Joint Committee.

**FINANCIAL MONITORING
SGRÙDADH IONMHASAIL**

**7. Corporate Revenue Near Final Monitoring Report for 2016/17
Aithisg Sgrùdaidh Faisg air Deireannach a thaobh Teachd-a-steach
Corporra airson 2016/17**

There had been circulated Report No RES/18/17 dated 26 May 2017 by the Director of Finance.

During discussion, Members raised the following issues:-

- thanks were expressed to the Finance Service and also to all other Directors and Officers within the Council who had achieved an underspend in challenging financial circumstances which was extremely encouraging;
- concern was expressed regarding the achievability of the overall net savings predicted over the duration of the seven year ICT contract and with this in mind there was some reluctance to take money from the ICT savings at this point. Clarification was sought in relation to the overall net savings forecasted and it was confirmed that the report contained the latest cost assumptions;
- an update was sought in relation to progress being made to replenish the balances used to fund the cost of the Voluntary Redundancy Scheme and in response it was confirmed that a report would be presented to the next full Council meeting setting out the current financial position;
- in relation to the Devolved School Management balances, it was explained that the figure was the amount carried forward into the following financial year which would increase the balances currently held by schools;
- in terms of the year end actual Other Costs of £460m referred to in Table B on Appendix 1 which showed variance of about 3.4%, it was clarified that these were drawn from individual Service monitoring statements which were still being scrutinised for the final accounts;
- it was noted that a more detailed report on the Housing Revenue Account would be presented to the Places Committee; and
- further information was required on the estimate of the current debt figure due to Universal Credit policies.

The Committee:-

- i. **AGREED** the financial position of the General Fund and HRA revenue budgets as circulated;
- ii. **NOTED** the status of budgeted savings in the year; and
- iii. **APPROVED** the earmarking of £1.644m from the General Fund balance to address cost phasing issues associated with the new ICT contract.

8. Corporate Capital Near Final Monitoring Report for 2016/17
Aithisg Sgrùdaidh Faisg air Deireannach a thaobh Calpa Corporra airson 2016/17

There had been circulated Report No RES/19/17 dated 2 June 2017 by the Director of Finance.

During discussion, Members raised the following issues:-

- one of the major concerns during the previous Council term had been related to overspends on capital projects and since then reporting to Strategic Committees had improved which was important to continue, particularly for the new Capital Programme;
- one reason for overspends in capital projects related to the effect of inflation and assurances were sought and received that consideration

would be undertaken of the likelihood for additional inflationary costs over the lifetime of projects so that accurate figures could be provided and overspends limited;

- delays in capital projects also contributed to overspends it was requested that the Administration make a firm commitment to do their best to deliver projects on time and on budget. In response, the Chair confirmed that when reviewing the Capital Plan cost assumptions would also be reviewed and the concerns raised at the meeting would be addressed;
- the significant overspend forecasted for the Fort William office rationalisation project could not be due to inflation alone however and further in depth analysis was required;
- concern was expressed regarding the role that slippage now had in capital budgeting and managing of finances which it was felt was undermining the Capital Programme and information was sought on whether it was now intended to change this approach;
- the bespoke design used by the Council on various construction projects, particularly schools, made it difficult to predict costs in advance and it was therefore suggested that consideration should be given to using a proven design which had been built and tested elsewhere; and
- there was a need to closely monitor the potential impact on loan charges of any future rise in interest rates.

The Committee **AGREED** the financial position of the General Fund .and HRA Capital Programmes as circulated.

9. Finance Service Revenue Monitoring to 31 March 2017
Aithisg Sgrùdaidh Teachd-a-steach Seirbheis an Ionmhais gu 31 Màrt 2017

There had been circulated Report No RES/20/17 dated 14 June 2017 by the Director of Finance.

During discussion, Members raised the following issues:-

- in relation to the overspend in the school clothing grants budget which was widely welcomed, specific thanks were conveyed to Mr R Laird who had raised this issue in the last term of the Council and ensured an increase in the school clothing grant;
- confirmation was sought and received that discretionary housing payments would be fully funded by the Scottish Government;
- it had to be recognised that staff were the Council's most important resource and it was therefore important to consider a longer term approach to workforce planning, with a preference for a five year plan covering the duration of the current Council term which would provide certainty for staff;
- it was essential that workforce planning was central to the Programme for the Council and there was also a need for community planning partners to work collaboratively on this in order to build resilience in the Highland economy; and
- the measures to address the impact of the recent reduction in staffing in the Finance Service in response to budget pressures, which had involved

workforce planning, reviewing service requirements, reviewing the effect on performance and income and improving efficiency, were noted.

The Committee **AGREED** the Finance Budget near final outturn position for 2016/17 as circulated.

10. Corporate Development Service Near Final Revenue Monitoring Report for 2016/17
Aithisg Sgrùdaidh Faisg air Deireannach a thaobh Teachd-a-steach Seirbheis an Leasachaidh Chorpóra airson 2016/17

There had been circulated Report No RES/21/17 dated 5 June 2017 by the Depute Chief Executive/Director of Corporate Development.

During discussion, Members sought and received confirmation that the savings anticipated from moving polling places from community centres and village halls to primary schools for the Local Government Election had been achieved as planned.

The Committee:-

- i. **AGREED** the financial position of the Corporate Development budget as circulated; and
- ii. **NOTED** the status of budgeted savings in the current year.

11. Corporate Development Service Near Final Capital Monitoring Report for 2016/17
Sgrùdadh Calpa Faisg air Deireannach a thaobh Seirbheis an Leasachaidh Chorpóra airson 2016/17

There had been circulated Report No RES/22/17 dated 5 June 2017 by the Depute Chief Executive/Director of Corporate Development.

The Committee **AGREED** the near-final capital out turns for the Corporate Development budget as circulated.

12. Chief Executive's Office and Members' Near Final Revenue Monitoring Report for 2016/17
Sgrùdadh Caiteachas Teachd-a-steach Seirbheis an Àrd-Oifigeir agus nam Ball 2016/17

There had been circulated Report No RES/23/17 dated 5 June 2017 by the Chief Executive.

In this regard, it was noted that the Business Manager had been unable to attend the meeting for this (and the following) item but that Members could raise any issues with her directly if necessary.

The Committee:-

- i. **AGREED** the financial position of the Chief Executive's Office and Members' budget as circulated; and
- ii. **NOTED** the status of budgeted savings in the year.

**13. Chief Executive's Office Near Final Capital Monitoring Report for 2016/17
Sgrùdadh Buidseat Calpa Oifis an Àrd-Oifigeir airson 2016/17 (PP 46-48)**

There had been circulated Report No RES/24/17 dated 5 June 2017 by the Chief Executive.

The Committee **AGREED** the near-final out turn for the Chief Executive's Office capital budget as circulated.

**FINANCE SERVICE
SEIRBHEIS AN IONMHAIS**

**14. Treasury Management Summary of Transactions
Geàrr-chunntas Ghnothaichean Rianachd Ionmhais**

There had been circulated Report No RES/25/17 dated 2 June 2017 by the Director of Finance.

During discussion, reference was made to the projected increase in the gross external debt into the future and potential changes in the rates for short term and variable rate borrowing which could potentially have a significant impact on the revenue budget.

It was also suggested that modelling work should be undertaken in terms of the potential inflationary impact following Brexit.

In addition, it was suggested and agreed that potential risk implications associated with this item should be reflected in future reports.

The Committee **NOTED** the Treasury Management Summary of Transactions report

**15. Finance Service Quarterly Performance Report
Aithisg Dèanadais Ràitheil Seirbheis an Ionmhais**

There had been circulated Report No RES/26/17 dated 2 June 2017 by the Director of Finance.

During discussion, Members raised the following issues:-

- the Welfare Support Team should be congratulated on the level of additional income which had been generated for customers in the Highlands over the past three years;
- confirmation was sought and provided that the collection of the Business Improvement District levies would be cost neutral from 2017/18, reference being made to the fact that this was a statutory duty and there was no direct benefit to the Council;
- clarification was sought and provided on the specific period covered in the graph showing absence by average working days lost from 2013/14 to 2016/17, including the period at which absence rates had been at their lowest level;

- information was also sought and provided on the measures taken by the Service which had contributed to the reduction in absence rates and the need to continue to focus on attendance management to ensure absence rates did not increase in future;
- in regard to the above, it was important that good practice be shared across the Council where appropriate; in this regard the Head of People and Transformation provided an update on the actions being taken from a corporate perspective to support attendance management;
- it would be helpful if Members were provided with information on the costs associated with sickness absence for each Service; the Head of Revenues and Business Support confirmed that he would investigate the potential for this information to be provided in respect of the Finance Service;
- in regard to the above reference was made to the difficulties in quantifying in financial terms the savings generated through attendance management, noting that the figures provided in respect of previous budget proposals had been notional;
- clarification was sought and provided around the performance indicators for the percentage of invoices paid within ten days and the issues associated with meeting a target of 77% which had been set by the Service; it was also explained that the Service Plan would be submitted to the Committee later in the year at which time Members would have the opportunity to consider the Service priorities going forward, particularly in the context of reducing staff resources;
- reference was made to the opportunities to learn lessons which could be applied to the work of the Redesign Board; and
- the level of savings being achieved through the Travel Desk and the opportunities to deliver further savings by reducing travel within the Council were highlighted.

Thereafter, reference was made to a substantial piece of work which had been undertaken by the Scrutiny Working Group in the previous term of the Council in relation to absence management. In this regard, the Chair of the Audit & Scrutiny Committee agreed that the opportunity would be taken to consider progress with the implementation of the recommendations arising from that work and that he would liaise with the Chair of this Committee on a further report on this matter in due course.

The Committee **NOTED** the statutory and key performance indicators as circulated.

CORPORATE DEVELOPMENT SERVICE SEIRBHEIS AN LEASACHAIDH CHORPORRA

16. Transformational Savings Programme - Mid Programme Review Aithisg Inbhe a' Phrògraim Shàbhalaidhean Cruth-atharrach

There had been circulated Report No RES/27/17 dated 6 June 2017 by the Depute Chief Executive/Director of Corporate Development.

At this point, reference was made to the wider issues around community benefit and the importance of communities receiving a fair share of the substantial

profits generated by onshore and offshore renewable energy schemes in return for the use of local natural resources in the Highlands. In particular, it was noted that the level of community benefit arising from the Beatrice Offshore Wind Farm was extremely low in comparison to the profits that the development would generate.

Reference was also made to the level of concerns which existed within communities in relation to the impact of renewable developments on the local landscape, seascape, infrastructure and environment. In view of this, it was suggested there was a need to continue to lobby the Scottish Government for a radical review of the current system to be undertaken in the interest of fairness to communities and also for discussions with communities to be undertaken in regard to a partnership approach being taken within local areas to maximise the use of community benefit.

Thereafter, the Leader of the Council suggested that a Workshop should be arranged for all Members on this issue and confirmed that she would liaise with the Chair of this Committee and the Chair of the Places Committee to take this forward.

During further discussion, Members raised the following issues:-

- it was important that a 'snagging list' approach be taken to the projects in the Programme to ensure that where savings were being delivered for the Council, there was no negative financial impact on external users and particularly the most vulnerable, with specific reference being made to issues with transport contracts in some areas where the cost to customers had increased;
- it was requested that information on specific initiatives and projects being developed under the commercial and income generation element of the Programme by the Redesign Board should also be the subject of reports to this Committee. In this regard, the Chair advised that the Chief Executive would bring forward a report to the next Council meeting on 29 June in relation to commercial activity; and
- consideration should be given to the identification of capital monies to invest in community renewables as a means of generating income for the Council.

The Committee:-

- i. **NOTED** the £7.2m of savings delivered and £0.74m income generated to date;
- ii. **NOTED** the positive actions being taken to ensure that savings in exception are delivered;
- iii. **NOTED** the benefits of the TSP business improvement projects and the wide range of work being delivered by the Corporate Improvement Team ;
- iv. **APPROVED** the removal from TSP of the savings detailed at Appendix 1 to the report; and
- v. **AGREED** that a Workshop for Members be arranged to consider the issues around community benefit from renewables.

17. ICT Transition and Transformation Programmes
Prògraman Eadar-ghluasad agus Cruth-atharrachadh ICT

(a) ICT Transition and Transformation
Prògram Eadar-ghluasaid agus Cruth-atharrachaidh

There had been circulated Report No RES/28/17 dated 2 June 2017 by the Depute Chief Executive/Director of Corporate Development.

The Committee:-

- i. **NOTED** the successful Exit and Transition of ICT Services;
- ii. **NOTED** the funding pressure on the ICT Transition budget and the Capital Budget as a result of exchange rate changes that would impact over the refresh period and the increased scope of the Network Refresh; and
- iii. **NOTED** the update on the ICT Transformation Programme which was currently at Amber status.

(b) ICT Network Programme
Lìonraidhean ICT

There had been circulated Report No RES/29/17 dated 1 June 2017 by the Depute Chief Executive/Director of Corporate Development.

During discussion, Members raised the following issues:-

- concern was expressed at recent technical issues which had been experienced with the new video conferencing facilities during the recent meeting of the North Planning Applications Committee and the importance of these issues being resolved as soon as possible; the Depute Chief Executive/Director of Corporate Development confirmed that she would investigate this matter further and provide Members with an update at the earliest opportunity;
- confirmation was sought and received in regard to the timescale for the roll out of 'Skype for Business';
- it was noted that the transition to SWAN in respect of all Council sites would be completed by the end of July 2017;
- it was suggested that a contributory factor in the delay in the roll out of SWAN was that the geography and number of sites in Highland had been underestimated which had been a feature of large Scotland wide contracts in the past;
- issues around the use of SWAN in some small communities in Highland for backhaul in areas where there were problems with broadband and the need for this matter to continue to be taken forward by officers with the Scottish Government and other organisations and at a political level were highlighted; the Depute Chief Executive/Director of Corporate Development provided an update on progress on the use of the SWAN network for this purpose, during which she referred to the opportunity for a Briefing for Members to be arranged on this matter; and
- confirmation was sought and received that capital funding of £3.3m was in place for the first stage of the ICT Network Refresh Project and that it was anticipated that equivalent funding for the second stage of the

project would be required, details of which it was anticipated would be confirmed later in the year.

The Committee:-

- i. **NOTED** the current status of the transition to the Scottish Wide Area Network and that a financial claim for SWAN rollout delays to PfN Partner Councils was being progressed against Capita;
- ii. **NOTED** the award of contract to Wipro for the first phase of the ICT Network Refresh Project, covering Local Area Network and Wireless Local Area Network in Schools and Council offices;
- iii. **NOTED** the pressure on the Capital Budget arising from the increase in scope of the Network Refresh Project; and
- iv. **NOTED** the progress being made with the overall project including the transition of non-SWAN sites to new arrangements, the completion of the Network Redesign, assessment of bandwidth in schools and Unified Communications.

18. Corporate Development - Statutory Performance Indicators, Quarterly and Annual Performance Report
Leasachadh Corporra – Comharra Coileanaidh Reachdail airson Neo-làthaireachd Tinneis, Aithisg Coileanaidh Ràitheil

There had been circulated Report No RES/30/17 dated 31 May 2017 by the Depute Chief Executive/Director of Corporate Development.

In this regard, the HR Manager confirmed that, in relation to the discussion at item 15 above, consideration would be given as to how cost information in relation to sickness absence could be accommodated in future reports.

In discussion, it was suggested that as the redesign of the Council progressed, it would be important to monitor the measures for the personal development of staff against trends in sickness absence and retention of staff.

The Committee **NOTED** the progress in relation to the Statutory Performance Indicators.

19. Severance Policy for Scotland: Consultation on Severance Payments Across the Devolved Public Sector
Freagairt do Cho-chomhairle mu Chuibhreachadh air Pàighidhean Sgaraidh

Declarations of Interest – Mrs M Davidson, Mr A MacKinnon and Mr M Reiss declared financial interests in this item on the grounds of close family members' employment with Highland Council and left the meeting.

In the Chair's absence, Mr A Baxter took the Chair.

There had been circulated Report No RES/31/17 dated 5 June 2017 by the Depute Chief Executive/Director of Corporate Development.

During discussion, Members raised the following issues:-

- it was suggested that the response should be strengthened to reflect that the proposals set out in the consultation would undermine collective bargaining which was how the public sector generally agreed its pay and condition settlements and also involve significant work in changing the pension regulations; the response should also refer to severance payments in other public sector organisations, specific reference being made to concerns over large exit packages provided by other public bodies;
- clarification was required in regard to the Council's policy in relation to severance payments to ensure that there was fairness and transparency in the use of public monies, whilst also seeking to protect the interests of staff, and it was requested that a report be brought to the next meeting on this matter; and
- it was suggested that the Leader of the Council and the Leader of the Opposition should agree an amended final response, taking into account the comments of Members as detailed above.

The Committee:-

- i. **AGREED** the proposed response to the Consultation Paper, as attached at Appendix 1 to the report, subject to the inclusion of additional comments raised by Members, to be agreed by the Leader of the Council and the Leader of the Opposition; and
- ii. **AGREED** that a report be brought to the next meeting on the Council's policy in relation to severance payments.

MINUTES OF MEETINGS GEÀRR-CHUNNTAS CHOINNEAMHAN

20. Minutes of Meetings Geàrr-chunntasan Choinneamhan

The Committee **APPROVED** the following Minutes of Meetings:-

- i. Welfare Reform Working Group held on 8 March 2017;
- ii. Employment Release Sub-Committee held on 28 February and 13 April 2017; and
- iii. Appeals Committee held on 20 April 2017.

21. Exclusion of the Public Às-dùnadh a' Phobail

The Committee **RESOLVED** that, under Section 50A(4) of the Local Government (Scotland) Act 1973, the public should be excluded from the meeting during discussion of the following item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraphs 6 and 9 of Part 1 of Schedule 7A of the Act.

**CORPORATE DEVELOPMENT SERVICE
SEIRBHEIS AN LEASACHAIDH CHORPORRA**

**22. ICT Executive Board: Minutes of Meeting
Bòrd-gnìomha ICT: Geàrr-chunntas Coinneimh**

There had been circulated to Members only Minutes of Meeting of the ICT Executive Board (Members) held on 2 March 2017 – which were **APPROVED**.

The meeting ended at 2.00pm.