

The Highland Council

Minutes of Meeting of the **Corporate Resources Committee** held **remotely** on Wednesday 24 November 2021 at 10.30 am.

Present:

Mr A Baxter	Mr A Henderson (substitute)
Mr B Boyd	Mr B Lobban
Mr R Bremner	Mr D Louden
Mrs H Carmichael	Mr G MacKenzie
Mr A Christie	Mr S Mackie
Dr I Cockburn	Mr D Macpherson
Mrs M Davidson	Mr M Reiss
Mr A Graham (substitute)	Mr D Rixson
Mr J Gray	Mr P Saggars

Non-Members also present:

Mr G Adam	Mr J Bruce
Mr R Balfour	Mr C Munro
Mrs J Barclay	Mrs T Robertson

Officials in Attendance:

Mrs D Manson, Chief Executive
Ms L Denovan, Executive Chief Officer Resources and Finance
Mrs K Lackie, Executive Chief Officer Performance and Governance
Mr A Gunn, Executive Chief Officer Transformation
Ms N Grant, Executive Chief Officer Education and Learning
Mr E Foster, Head of Finance and Commercialism, Resources and Finance
Mrs S McKandie, Head of Revenues and Customer Services, Resources and Finance
Mr J Shepherd, Interim Head of ICT & Digital Transformation, Resources and Finance
Ms E Barrie, Interim Head of HR, Resources and Finance
Mrs L Dunn, Principal Administrator, Performance and Governance
Ms A Macrae, Committee Administrator, Performance and Governance
Ms M Zavarella, Committee Officer, Performance and Governance

Also in attendance:

Mr C Innes, Head of Commercial and Procurement Shared Service, Aberdeenshire Council
Ms M Mackenzie, Strategic Procurement Manager, Aberdeen City Council

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

Mr J Gray in the Chair

BUSINESS

1. Apologies for Absence Leisgeulan

Apologies for absence were intimated on behalf of Mr R Gale and Mr A Mackinnon.

2. Declarations of Interest
Foillseachaidhean Com-pàirt

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

Item 4: Mr A Christie (Financial) and Mr D Rixson (Non-financial)

Item 5: Mr D Rixson (Non-financial)

Item 6: Mr A Christie (Non-financial)

Item 17.iii and 17.iv: Mr A Christie (Financial)

3. Appointments to Corporate Resources Budget Sub Committee
Cur an Dreuchd gu Fo-Chomataidh Buidseat nan Goireasan Corporra

The Committee **AGREED** that Mr Graham Mackenzie replace Mrs Glynis Campbell-Sinclair and Mr Bill Lobban replace Mr Tom Heggie on the Corporate Resources Budget Sub Committee.

4. Corporate Revenue Monitoring Report to 30 September 2021
Aithisg Sgrùdaidh Teachd-a-steach Corporra gu 30 an t-Sultainn 2021

Declarations of Interest

Mr A Christie (Financial) and Mr D Rixson (Non-Financial) declared interests in this item on the basis of being a Non-Executive Director of NHS Highland and a Council appointee on the Lochaber Housing Association respectively but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that their interests did not preclude them from taking part in the discussion.

There had been circulated Report No RES/**34**/21 dated 11 November 2021 by the Executive Chief Officer Resources and Finance.

During discussion, the following main issues were raised:

- the current level of reserves was strong but attention was drawn to the planned level of reserves to be used as well as funding the projected year end overspend of £1.5m. Thus, there would be a significant reduction in reserves and ongoing monitoring would be required;
- assurance was provided regarding the invoicing to NHS Highland for Children's Services and this income would be reflected in the Quarter 3 monitoring report;
- reference was made to a number of the significant overspends on individual budget lines at the mid-point of the financial year but overall it was felt that the monitoring position was good;
- concern was expressed that the overall quantum to offset the impact of removing instrumental music tuition fees would be not be sufficient and further information was sought on the reason for this;
- further information was sought on the impact on services due to the time lag in recruiting to new/vacant posts;
- progress of the Property Asset Management saving was disappointing and it was felt that there were a number of 'quick wins' which could be achieved;
- the report was presented in a negative manner with reference to financial pressures but funding had been allocated for these. The overall financial position was good and officers should be commended for this. The Council had

unprecedented levels of reserves, Members were reminded that only a few years ago the Council's reserves were below Audit Scotland's recommended minimum level, and a request was made for reports to be more positive in future. This point was acknowledged, however, it was highlighted that there were earmarked reserves of £53m and the planned investment of this had been phased. There were also further significant issues to be managed through reserves such as the staff pay award (which had yet to be agreed) and the increasing rate of inflation;

- there was a need to show details of the movement in reserves and the projected reserves levels at year-end. Confirmation was provided that this information would be captured and appended to future reports;
- further information was sought on the Corran Ferry Fares Income saving during which the reason for the amber status was queried, particularly as it had been a very busy summer. Concern was expressed as to whether this was due to the smart ticketing not being implemented; additional repair works required to the ferry; fares being increased and becoming cost prohibitive; or a carry forward from the previous financial year. Confirmation was provided that the report indicated that the budget saving was not currently being delivered but the Quarter 1 and 2 Monitoring reports that had been submitted to Economy and Infrastructure Committee advised that the overall position had improved due to an increase in visitor numbers. A request was made, and the Budget Leader provided confirmation, that he would attend a meeting with local Councillors and community councils to undertake a review of the Corran Ferry fare structure;
- although the Council was in a secure financial position, caution was urged as there was still uncertainty in respect of the Local Government Revenue Grant settlement and significant pressures on Social Care. In addition, there was also the need for a good capital settlement to enable a strong Capital Programme to be developed to invest and improve on a range of infrastructure, such as roads and Visitor Management, and boost local employment. Therefore, there were big challenges ahead and there was a need for planned use of reserves to ensure investments were maximised; and
- overall there was a need to achieve a balance and it was felt that the recommendations from officers achieved this. There were still substantial risks to the Council, reference was made to the report which indicated the risk of unforeseen events that could result in an additional cost burdens, risks to demand led services, and the impact of Covid during the ongoing pandemic. In addition, there was also the ongoing need to achieve £15m of annual savings on the revenue budget and the increasing loan charges. The Highland Council was the local authority with the highest proportion of their revenue budget being used to finance capital investments.

The Committee **NOTED**:

- i. the financial position of the General Fund and HRA revenue budgets as at 30 September 2021 and the estimated year end forecast;
- ii. the status of budgeted savings in the year;
- iii. that future reports would contain an additional appendix setting out details of the ear-marked reserves and year end projections; and
- iv. the Budget Leader provided confirmation that he would meet with local councillors and Lochaber community councils regarding exploring options for income generation and fee setting for Corran Ferry.

5. **Corporate Capital Monitoring Report to 30 September 2021**
Aithisg Sgrùdaidh Teachd-a-steach Corporra gu 30 an t-Sultainn 2021

Declarations of Interest

Mr D Rixson declared a non-financial interest in this item on the basis of being a Council appointee on the Lochaber Housing Association but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that his interest did not preclude him from taking part in the discussion.

There had been circulated Report No RES/35/21 dated 10 November 2021 by the Executive Chief Officer Resources and Finance.

During discussion, the following main issues were raised:

- concern was expressed at the format of the report, particularly in regard to the reprofiling of Appendix 1, the final column of which indicated that there had not been any over/under spends. Members had difficult decisions to make in regard to spending and it was therefore important that they had detailed information to enable them to make informed decisions. In addition, in order to ensure openness and transparency, this information must also be available to the public. Comments were made in terms of the type of information and the way it should be presented, e.g. project budget, actual spend and project variance were suggested to enable ongoing scrutiny and monitoring of projects. Detailed monitoring of projects would be undertaken at the relevant strategic committee and in view of this it was these reports that needed fuller details. It was further suggested that the Capital Programme should be indexed to take account of issues such as inflation and build costs. It was also highlighted that the report related to capital for the current financial year but the programme related to multiple years. The Budget Leader welcomed further discussions with Members regarding the format of future reports;
- in terms of the Capital Programme, reference was made to the different types of discussions that had been held at the recent meetings of the Corporate Resources Budget Sub Committee. In view of the this and the difficult decisions ahead in terms of affordability, the need for cross party dialogue to develop a collaborative budget for the people of the Highlands was emphasised. The continued commitment of a collaborative approach by the Budget Leader to budget setting was welcomed; and
- reference was made to the £11.403m variance in the HRA Capital Programme, and although the reason for the slippage was recognised, it was stressed that this funding needed to be spent and this was acknowledged. A plan to recover the HRA Capital reserves to an appropriate level was requested. It was also suggested that contractors should be utilised to hasten this process and help alleviate the need for housing.

The Committee **NOTED** the:

- i. financial position of the General Fund and HRA capital programme as at 30 September 2021 and the estimated year end forecast; and
- ii. format of the report would be further developed in collaboration with Members.

6. **Resources and Finance Service Revenue and Performance Monitoring – Quarterly Performance Report to 30 September 2021**
Sgrùdadh Teachd-a-steach agus Coileanadh Seirbheis nan Goireasan agus an Ionmhais gu 30 an t-Sultainn 2021

Declarations of Interest

Mr A Christie declared a non-financial interest in this item on the basis of being the General Manager of Inverness, Badenoch and Strathspey Citizens Advice Bureau but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that his interest did not preclude him from taking part in the discussion.

There had been circulated Report No RES/**36**/21 dated 29 October 2021 by the Executive Chief Officer Resources and Finance.

During discussion, the following main points were raised:

- the contributions in the report, particularly the work on the Defence Employers' Recognition Scheme, and comparisons with other local authorities was welcomed;
- data on fuel poverty and the Scottish Index of Multiple Deprivation (SIMD), particularly at a local level for Ward 11, was appreciated. Further work on rural deprivation and information on fuel consumption levels in exposed and rural areas would be helpful;
- attention was drawn to rural transport and the increase in connectivity issues that had arisen due to diminishing services. It was stressed that removal or reduction in services impacted most on the poorest members of society and a request was made for transport links for SIMD and peripheral areas to be reviewed;
- confirmation was provided that further information would be provided to Mr D Loudon on the reason for the overspend on the subscriptions budget;
- further information was sought on the trend, i.e. was it improving or getting worse, in regard to the Highland data on fuel poverty as referenced a paragraph 9.8.3 of the report. It was also queried what contribution the Council could make to mitigate against this and reduce these harsh statistics;
- the Council had to build houses with low heating requirements and to invest in the existing housing stock to ensure their heating standards were of a similar level to new builds; and
- the information contained the report in regard to fuel poverty was hugely concerning and there was a need to address and effect change. Costs in Highland were disproportionately high and it was suggested that a Just Transition could be utilised to make houses more energy efficient and ensure local areas were treated more fairly and equitably.

The Committee **NOTED** the:

- i. Revenue position for the Quarter 2 period to 30 September 2021;
- ii. statutory performance indicators, local key performance measures and where available, comparisons to Scottish averages;
- iii. effectiveness of the standard and level of services provided by the Resources & Finance Directorate and alignment with the Council's commitment to Best Value and continuous improvement;

- iv. analysis of the Scottish Index of Multiple Deprivation as set out in Appendix 7 to the report, the limitations of the Index and the advantages of combining data available from a range of sources, including the Scottish Index of Multiple Deprivation and the Social Economic Performance Index to measure deprivation;
- v. progress on the Procurement & Contract Management Transformation Project and the ongoing engagement with Directorates; and
- vi. issues raised regarding Fuel Poverty and that this was the subject of a report being submitted to Council on 9 December 2021.

**7. Performance and Governance Service Revenue Monitoring to 30 September 2021
Seirbheis a' Choileanaidh agus an Riaghlachais – Sgrùdadh Teachd-a-steach gu
30 an t-Sultainn 2021**

There had been circulated Report No RES/37/21 dated 12 November 2021 by the Executive Chief Officer Performance and Governance.

During discussion, the following main points were raised:

- further information was sought and provided in relation to subscription expenditure;
- appreciation was extended to the work of trainees that had contributed to committee reports and it was requested that this be conveyed to them; and
- the level of reporting in terms of measuring and analysis of performance was praised and it was suggested that this be referred to the Gaelic Committee which had previously indicated the need to strengthen this information.

The Committee **NOTED** the:

- i. revenue monitoring position for the period 31 March 2021 to 30 September 2021;
- ii. Directorate was on track to deliver all approved savings by the end of the financial year;
- iii. Directorate's performance information; and
- iv. actions for the Directorate on the Recovery Action Plan.

**8. Transformation Service – Revenue and Performance Monitoring to 30 September 2021
Seirbheis Cruth-atharrachaidh – Aithisg Sgrùdaidh Teachd-a-steach is
Coileanaidh 30 an t-Sultainn 2021**

There had been circulated Report No RES/38/21 dated 3 November 2021 by the Executive Chief Officer Transformation.

The Committee **NOTED** the:

- i. 2021/2022 revenue monitoring position for the period to 30 September 2021 and latest forecasted outturn;
- ii. progress update provided in relation to budget savings delivery; and
- iii. performance information.

9. Corporate Resources Capital Monitoring to 30 September 2021 – Resources and Finance, Transformation and Performance and Governance Services
Seirbheis Ghoireasan is Ionmhais, Seirbheis Coileanaidh is Riaghlachais agus Seirbheis Cruth-atharrachaidh – Sgrùdadh Calpa 30 an t-Sultainn 2021 - Seirbheisean Ghoireasan is Ionmhais, Cruth-atharrachaidh agus Coileanaidh is Riaghlachais

There had been circulated Report No RES/39/21 dated 3 November 2021 by the Executive Chief Officer Resources and Finance.

A request was made for future reports to contain more detail on the Capital Programme expenditure and reference was made to the comments made earlier in the meeting regarding reprofiling of budgets. It was suggested that Members should give consideration to the most appropriate level of information required.

The Committee **NOTED** the financial position as at 30 September 2021 and the estimated year end forecast.

10. Treasury Management
Rianachd Ionmhais

a. Summary of Transactions
Geàrr-chunntas Ghnothaichean

There had been circulated Report No RES/40/21 dated 10 November 2021 by the Executive Chief Officer Resources and Finance.

b. Mid-year Treasury Management Report 2021/22
Aithisg Stiùireadh Ionmhais Meadhan-bliadhna 2021/22

There had been circulated Report No RES/41/21 dated 10 November 2021 by the Executive Chief Officer Resources and Finance.

During discussion, the following issues were raised:-

- praise was provided to Officers for managing to reduce net external borrowing;
- information was sought, and provided, on whether it would be useful to rid long-term borrowing debt and replace it with a higher amount of new debt due to lower interest rates on new loans;
- reassurance was sought, and provided, on strategies to manage a rapid increase in interest rates on short-term loans and to ensure that there was the right level of debt in short-term loans;
- Member training on Treasury Management had proven valuable at the last opportunity and all Members were encouraged to become involved in any future training offered for the new Council as it gave reassurance that the Council's Treasury Management team was monitoring changes on an hourly and daily basis to ensure the Council was in the best financial position possible;
- the Treasury Management report was amongst one of the best Council reports and gave great confidence to Members;
- concern was expressed regarding the risks of inflation and interest rates rising, however, reassurance was provided that the Treasury Management team would be keeping a close watch on this and also sought advice from Treasury Advisors that were available to the team;

- in response to several comments, the distinction between the net external borrowing position and the capital financing position was explained and it was emphasised why this distinction was important; and
- confirmation was provided that following debt retiring in the current financial year, the interest burden would be further reduced for any new borrowing.

The Committee **NOTED** the:

- Treasury Management Summary of Transactions report for the period from 1 July to 30 September 2021; and
- Mid-year Treasury Management report for 2021/22.

11. **Highland Council – Annual Procurement Performance Report Comhairle na Gàidhealtachd – Aithisg Choileanaidh Bhladhnaidh an t-Solair**

There had been circulated Report No RES/42/21 dated 5 November 2021 by the Executive Chief Officer Resources and Finance.

During discussion, the following issues were raised:-

- it was requested that information on the identification of commercial opportunities, including income generation, be shared with Members;
- information was sought, and provided, on whether there were any opportunities to offset the cost of utilities and energy by generating power in-house due to rising costs and pressures. Further information would be provided to Members on the national utilities contract expiry date;
- in response to a question about the cost-benefit of the Commercial & Procurement Shared Service, it was explained that the Shared Service provided value for money, an ability to combine resources to maximise efficiencies and engagement with the local supply chains which had been exceptionally good and focussed on net zero priorities. There was intent to report to this Committee annually to increase transparency around the cost versus return analysis and it was confirmed that the overall cost of the team was just under one million pounds to the Council;
- regarding the Teaching Agency Framework contract, it was explained that it was a collaborative agreement with Aberdeen City and Aberdeenshire Councils for the provision of any agency teachers that were required;
- in response to a question, the Strategic Procurement Manager with Aberdeen City Council agreed to provide further information about the length of the Residual Waste contract to Mr A Graham;
- assurance was sought and provided that the procurement process ensured that as much butcher meat and fresh fruit and vegetables products as possible were sourced from the Highland area; and
- it was highlighted that this report would be taken to the Recovery, Improvement and Transformation Board on 29 November 2021 which would allow an opportunity to delve into the report in greater detail, on issues such as contract extensions, how procurement could help generate savings and/or income, and cost-benefit analysis.

The Committee:

- APPROVED** the content and publication of the Highland Council Annual Procurement Report 2020-2021 as presented at Appendix A to the report; and

- ii. **NOTED** that further information would be provided to Members on the national utilities contract expiry date

12. Minimum Income Guarantee Barantas Teachd-a-steach as Lughha

There had been circulated Report No RES/**43**/21 dated 27 October 2021 by the Executive Chief Officer Resources and Finance.

During discussion, the following issues were raised:

- appreciation was expressed to the Head of Revenues and Customer Services and the team for the effort put into the well written and well-balanced report;
- it was highlighted that the report was timely as the winter season approached with rapidly increasing energy prices, the disappearance of Universal Credit and National Insurance rates rising which made those in need less able to manage;
- the Minimum Income Guarantee (MIG) was a better model than Universal Basic Income and it was hoped that MIG became a reality to make the lives of the most underprivileged of society more manageable and for the improvements in physical and mental health that would follow as a result;
- MIG could help mitigate an exodus from remote and fragile communities and should be thought of in conjunction with housing because it was crucial to maintain these populations;
- regarding financial decision-making being a key life skill best nurtured from a young age, it would be important to liaise with the Education Service to ensure money management classes were available to children and youth, recognising the difficulty with competing pressures in schools; and
- the sentiment behind the report was important, though it was queried how it would be funded and highlighted that in some areas in Highland there were residents that were asset rich but cash poor which created an additional burden and might not protect some of the most vulnerable in society.

The Committee **NOTED**:

- i. the Scottish Government's commitment to initiating work in the current Parliament to provide a Minimum Income Guarantee for all; and
- ii. Officers' response to the Scottish Government's "Share Your Views, Open Dialogue Engagement".

13. The Impact of COVID-19 on Benefits Administration Buaidh COVID-19 air Rianachd Shochairean

There had been circulated Report No RES/**44**/21 dated 27 October 2021 by the Executive Chief Officer Resources and Finance.

During discussion, the following issues were raised:

- Members echoed gratitude for the incredible performance of the Revenues and Customers Services (RCS) team generally and through the course of the pandemic, led by the Head of RCS and it was highlighted that a significant amount of people relied on their support;

- concern was expressed for the staff workload on the RCS team due to the increasing pressures residents would be facing over the course of the winter and spring due to increasing energy prices and it was important to monitor the pressure on the team and reassurance was sought that they would be supported in this area; and
- the work of the Citizens Advice Bureau and their teamwork with the RCS team was commendable.

The Committee **NOTED** the:

- key messages and recommendations provided by the Accounts Commission; and
- continuing strong performance of the Council's benefit services and agility to sustain such high levels of performance remotely.

**14. Corporate Health, Safety and Wellbeing Annual Report 2020/21 and Plan 2021/22
Aithisg Bhliadhna 2020/21 agus Plana 2021/22 Slàinte, Sàbhailteachd is Sunnd
Corporra**

There had been circulated Report No RES/**45**/21 dated 20 October 2021 by the Executive Chief Officer Resources and Finance.

During discussion, and in response to a question, it was confirmed that there was a system in place to provide reminders about appointments. The system had been in place for a number of years, improvement was still required to reduce the number of missed appointments and this would be addressed as part of the Annual Plan.

The Committee **APPROVED** the Occupational Health, Safety and Wellbeing Annual Report and Plan 2021/22.

**15. Project Dòchas Progress Report
Pròiseact Dòchais – Aithisg Ùrachaidh**

There had been circulated Report No. RES/**46**/21 dated 3 November 2021 by the Executive Chief Officer Transformation.

During discussion, it was highlighted that the transition of Project Dochas and the fact that the process had proceeded smoothly without impact on Council services was credit to the Head of ICT and Digital Transformation and the team.

The Committee **NOTED**:

- the report and the Project status; and
- that reports would continue to be provided to this Committee to deliver governance.

**16. Transformation Programme: Digital Transformation Project
Prògram Cruth-atharrachaidh: Pròiseact Cruth-atharrachadh Didseatach**

There had been circulated Report No. RES/**47**/21 dated 4 November 2021 by the Executive Chief Officer Transformation.

During discussion, the following issues were raised:-

- the use of technology and digital solutions had enabled the Council to advance 10 years in the last 20 months from making use of new systems, to learning how to use the technology and thanks was given to the Digital Transformation team, Council staff and Members for their commitment to grasping the new technology. It was highlighted that everyone had moved forward to new ways of working and it was hoped that this would continue; and
- appreciation was expressed to the Executive Chief Officer of Transformation for all his efforts in respect of the Digital project and opportunities that had arisen from this.

The Committee **NOTED** the:

- i. overall progress to date including that the project status was being delivered on-time and within budget; and
- ii. project activities that were being undertaken that collectively supported the ongoing development and delivery of Digital Transformation.

17. Minutes of Meetings Geàrr-chunntasan Choinneamhan

Declarations of Interest

Mr A Christie declared a financial interest in items 17.iii and 17.iv on the basis of being a Non-Executive Director of NHS Highland but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that his interest did not preclude him from taking part in the discussion.

The Committee:

- i. **NOTED** the Minutes of the Head of Service Recruitment Panel held on 2 August 2021, 30 August 2021, 7 September 2021 and 8 September 2021;
- ii. **APPROVED** the Minutes of the Central Safety Committee held on 15 September 2021;
- iii. **APPROVED** the Minutes of the Staff Partnership Forum held on 5 November 2021; and
- iv. **APPROVED** the Minutes of the Corporate Resources Budget Sub-Committee held on 12 November and 19 November 2021.

The meeting was closed at 1.15pm.