

**Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Thursday 7 February 2008 at 10.00am**

Present:

A J Cluness	L Angus
L F Baisley	J Budge
A T Doull	A G L Duncan
B L Fullerton	F B Grains
I J Hawkins	R S Henderson
J H Henry	A J Hughson
W H Manson	C H J Miller
R C Nickerson	F A Robertson
G Robinson	C L Smith
A S Wishart	

Apologies:

A T J Cooper	A J Hughson
J G Simpson	

Apologies for Lateness:

L F Baisley	R S Henderson
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In attendance (Officers):

M Goodlad, Chief Executive
W Shannon, Assistant Chief Executive
G Johnston, Head of Finance
H Tait, Management Accountant
J Dickson, General Manager – Ports & Harbours Operations
M Craigie, Head of Transport
S Cooper, Head of Environment and Building Services
I Halcrow, Head of Roads
I McDiarmid, Head of Planning
C Medley, Head of Capital Projects and Housing
H Sutherland, Executive Director, Education and Social Care
H Budge, Head of Schools
C Ferguson, Head of Community Care
N Watt, Sport & Leisure Services Manager
J R Smith, Head of Organisational Development
S Moncrieff, ICT Unit Manager
N Grant, Interim Head of Economic Development
D Irvine, Head of Business Development
A Cogle, Service Manager – Administration
L Geddes, Committee Officer

Chairperson

Mr A J Cluness, Convener of the Council, presided.

Circular

The circular calling the meeting was held as read.

All those present in the Chamber stood whilst the Convener paid the following tribute.

“We stand today to pay tribute to our friend and colleague, Cecil, who died on Christmas day.

Cecil replaced his brother Leslie on this Council in 1986, and was a Member for the south side of Lerwick ever since. I have a long list of the appointments and positions he held over the years, but I am sure that most of you are aware of his fine record in most aspects of Council work, always having as his main concern the more unfortunate people in our society, whatever their age or situation.

Of course, we listened to his advice as Cecil himself had been confined to a wheelchair for such a lengthy period, and yet bore his disability bravely, concentrating on the needs of others rather than himself. As we came to this meeting today, we will have seen at the door the wheelchair Billy used to deliver him to the Chamber, invariably with a joke and a twinkle in his eye.

I guess Cecil was a politician who saw things in black and white, or right and wrong, rather than most of us who usually have to stumble along in the greyer areas. As such, he had a great rapport with the general public who always re-elected him, and regarded him as very much a People’s Champion.

He will be sadly missed.

I move that we send an extract of this Minute to his family”.

The Council unanimously concurred.

Declarations of Interest

The following Members advised of an interest in Agenda Item 1 as Members of the Shetland Fisheries Training Centre Trust:

Mr L Angus	Mr A J Cluness
Mrs E L Fullerton	Mrs I J Hawkins
Mr J H Henry	

Mr L Angus also advised of an interest in Agenda Item 7 as a member of Shetland Arts, and Mrs E L Fullerton also advised of an interest in Agenda Item 13 as Chairperson of NHS Shetland.

03/08 Shetland Islands Council – 12 December 2007 & 16 January 2008

Except as undernoted, the Council approved the minutes of the aforementioned meetings, on the motion of Mr A J Cluness.

12 December 2007: 172/07 – Notice of Motion

Mr W H Manson pointed out that the figure referred to in the seventh paragraph was incorrect, and that it should state “...class one estimate plus or minus 50%...”

Mr R C Nickerson pointed out that the reason for his abstention in the second roll-call vote had not been stated, and clarified that he had abstained as he felt it was not possible to fully assess the cost implications.

(Mr R S Henderson attended the meeting)

16 January 2008: 01/08 – State Aid

Mr W H Manson clarified that even if the de minimis regulation was ruled to apply and cover wider grants, any consideration of the withdrawal would have to come back to the Council for consideration of the wider implications.

04/08 **Members Attendance at External Meetings**

Mr J H Henry	KIMO Meeting – 22/23 November, Edinburgh
Mr A S Wishart & Mr R S Henderson	Meeting with Minister for Transport, Infrastructure & Climate Change – 5 February, Edinburgh
Mr R C Nickerson	Celtic Connections Shetland Night – 19/20 January, Glasgow
Mr G Robinson	COSLA Human Resources meeting – 31 January, Edinburgh

(Mrs L F Baisley attended the meeting)

05/08 **Infrastructure Committee – 22 January 2008**

The Council confirmed the minute of the aforementioned meeting, on the motion of Mr A S Wishart.

06/08 **Services Committee – 24 January 2008**

The Council confirmed the minute of the aforementioned meeting, on the motion of Mr L Angus.

07/08 **Executive Committee – 31 January 2008**

The Council confirmed the minute of the aforementioned meeting, on the motion of Mr A J Cluness.

04/08 - Capital Programme – Capital Programme Review Team (CPRT) – November and December 2007

With regard to the separation of the Anderson High School project from the hostel project, Mr W H Manson advised that this decision had been taken on 19 May 2004 (Minute Reference: SIC68/04).

08/08 **Audit and Scrutiny Committee – 23 January 2008**

The Council confirmed the minute of the aforementioned meeting on the motion of Mrs F B Grains.

09/08 **Planning Board – 9 January 2008**

Except as undernoted, the Council confirmed the minute of the aforementioned meeting on the motion of Mr F A Robertson, seconded by Mr J Budge.

01/08 - 2007/071/PCO – To erect 3 dwellinghouses (in outline), adjacent to former School House, Trondra, by Mr C Sinclair (Hearing)

Mr G Robinson advised that he had received representations on this matter relating to the suitability of the land for zoned housing, the proximity of a well to the septic tank, and the potential for drainage into a nearby duck pond. He went on to move, as an amendment, that the decision taken at the meeting of the Planning Board - namely that the application be approved - should be overturned.

Mr R C Nickerson seconded.

Mr J Budge advised that he had moved that the application be approved following the site visit as it was apparent that the land was not good agricultural land and as there was no particular natural boundary between the zones. He noted that there had been no major objections from SEPA, and said that he was sure that the drains could be redirected if necessary.

Mrs L F Baisley advised that she had not supported the application because of the potential for water course contamination, and because there was no evidence that the houses would be affordable housing for young people. Mr R C Nickerson added that whilst it had been stated the objector was not present at the meeting, no reference had been made to the letter he had sent to the Planning Department stating why he could not be present, the issues he had raised regarding the percolation test taking place during the relatively dry month of July 2006, and the fact that the park was used for grazing.

Mrs E L Fullerton gave notice of further amendment.

After summing up, voting took place by show of hands and the result was as follows:

Amendment (Mr G Robinson) 3
Motion (Mr F A Robertson) 12

Mrs E L Fullerton withdrew her notice of further amendment.

10/08 **Harbour Board – 10 January and 31 January 2008**

The Council confirmed the minutes of the aforementioned meetings on the motion of Mrs I J Hawkins, with the exception of the following item to be raised during the consideration of the private agenda:

10 January: 06/08 - Scalloway Harbour – Manning Reorganisation

11/08 **Inter Island Ferries Board – 11 January 2008**

The Council confirmed the minute of the aforementioned meeting on the motion of Mr R S Henderson.

12/08 **General Fund Revenue Estimates & Council Tax Setting – 2008/09**

The Council considered a report by the Head of Finance (Appendix 1).

The Head of Finance summarised the main terms of the report, advising that the recommendations were in line with the Council's current financial policy. The budget proposed would allow Members to draw no more than £4million from reserves to support spending, however this was largely because the settlement from the Scottish Government was £5million more than had been anticipated. Table 3 in the report illustrated that spending was in excess of the ceiling in key service areas. This was indicative of the ongoing spending pressures in these service areas and would remain an issue for the Finance Review Panel. He referred Members to paragraph 4.2.5 regarding the proposed retention of a proportion of the Community Councils' grant in order that a review could be carried out in relation to funding for peat roads. He felt that it was appropriate to review this at this time as the level of work carried out in peat hills was much less than was the case when the level of funding had been agreed.

He went on to say that a pattern of underspend of approved budgets had emerged, and that this was partly an indication of tighter financial controls by Budget Responsible Officers. It was also recommended that the Council freeze Council Tax charges in line with the Concordat with the Scottish Government. The Council would receive £256,000 from the Scottish Government in compensation, which would more than compensate for a 3% increase on the Council Tax. With regard to the Reserve Fund, measures taken by the Economic Development Unit meant that their budget was £1.9 million below the ceiling set by Council policy. One of the difficulties facing the Reserve Fund budget was that profit levels at Sullom Voe were running below planned levels, and therefore there was a challenge to develop financial planning for Sullom Voe to boost profitability. The Table at 5.2 indicated projections for the three-year budget programme and, in order to achieve proposed reductions on the drawings from General Fund reserves, there would need to be savings made relative to the no-growth budget. This also suggested a challenge for the Finance Review Panel.

Mr L Angus moved that the recommendations in the report be approved, and Mr A J Cluness seconded.

Concern was expressed at the proposals relating to unadopted roads and it was felt that it would be more appropriate to have a broader look at finances. The Head of Finance explained that it was his intention to look at the total mileage of both unadopted and peat roads in each Community Council area, with a proposal to reduce the element of funding available for peat roads. He confirmed that it was intended to withhold one-fifth of Community Council budgets until the review had been completed. In response to a further query regarding Appendix B(ix), he advised that he did not have the information to hand regarding the charge for a certificate for lawful use, but would look into this matter.

Mr A S Wishart expressed his concern at the significant reduction in core funding from the Government which would severely limit the ability of ZetTrans to procure resources and commission work to implement the Transport Strategy. He requested that the Council consider asking the Heads of Finance and Transport to assess the budget requirements of ZetTrans and report back on funding sources.

With the consent of his seconder, Mr Angus agreed to incorporate the following into his motion "That the Heads of Finance and Transport assess the budget requirements for ZetTrans and report back on funding sources".

Mrs E L Fullerton referred to the cost of residential care places at the Walter and Joan Gray Home, as referred to in paragraph 4.4.4.1, and said that as part of the search for savings, moves should be made to explore how Crossreach could operate the service as they do, particularly as the same rules and regulations applied to its care homes as did to Council-run homes.

Some discussion took place regarding the proposed reduction in funding for the Rural Shop Improvement Scheme. The Interim Head of Economic Development explained that it had been difficult to find the savings requested, and that the Unit had made cuts across the board. He therefore felt that it would be unfair to adjust one individual aspect of the proposed cuts at this particular stage. In response to a further query, the Head of Business Development confirmed that if the ceiling was reached on the Rural Shop Improvement Scheme, a report would be brought forward to see whether it would be possible to vire funding from the 'Other General Assistance' budget.

(Mr G Robinson declared a non-pecuniary interest in rural shops).

Mr C L Smith referred to the potential serious effect of the new licensing regulations on rural shops as it was proposed that premises licenses would increase to £800, and there were also new training requirements. He felt that it was important that rural shops were assisted in securing the extra funding required to meet the new regulations.

Mr J Budge referred to the proposed budget for the Economic Development Unit set out in Table 4, and expressed concern that the reduction may affect the ability of the Council to match fund European grants. As economic development was extremely important for the future of Shetland, he felt that it was unfair that one department had to face such a substantial cut. He therefore moved that the recommendations in the report be approved, subject to the budget reductions proposed for the Economic Development Unit being reduced by 50%.

Mr A G L Duncan seconded.

The Chief Executive pointed out that the Economic Development Unit had a historic underspend on its budget, and the cut proposed for this year stemmed from this historical underspend. However the budget items were discretionary and Members could choose to alter them at a later stage.

Mrs C H J Miller gave notice of further amendment.

After summing up, voting took place by show of hands and the result was as follows:

Amendment (Mr J Budge)	4
Motion (Mr L Angus)	13

Mrs C H J Miller advised that the Inter Island Ferries Board was in the process of carrying out a review of ferry fares, and had recently agreed to freeze the fares on the Bluemull Sound route until 1 October. In order that all areas were treated equally, she moved that the recommendations in the report be approved, subject to the inter-island ferry fares being held at their current level until 1 October.

Mr R H Henderson seconded.

After summing up, voting took place by show of hands and the result was as follows:

Amendment (Mrs C H J Miller)	3
Motion (Mr L Angus)	15

(Mr L Angus left the meeting)

13/08 **Housing Revenue Account Revenue Estimates (HRA) & Charge Setting – 2008/09**

The Council considered a report by the Head of Finance (Appendix 2).

The Head of Finance summarised the main terms of the report, explaining that the rent increase had been constrained to 2%. He drew attention to Table 2 in the

report, and explained that £1.7million of the £2.5 million to be drawn from Reserves was for the approved programme for additions to Council housing stock. There was a need to start planning work to develop a medium to long-term financial plan for the Housing Revenue Account. In response to a query, he explained that it had been a Council decision to dedicate reserves to increasing housing stock, however it had not been possible to pursue this for a few decades. However the Reserves had not been required to support revenue spending until this financial year, and this was something that needed to be the focus of this planning exercise.

Mrs E L Fullerton moved that the Council approve the recommendations in the report, and Mr A J Cluness seconded.

(Mr L Angus returned to the meeting)

14/08

Harbour Estimates 2008/09

The Council considered a report by the Management Accountancy Service Manager (Appendix 3).

The Head of Finance summarised the main terms of the report. In referring Members to Table 3, he said that the crucial point to note was that the income estimated from harbour charges at Sullom Voe was £2.4 million below the ceiling. As a consequence, there would be £2.7 million less going into the Reserve Fund than had been assumed. It would be a key planning challenge to address how profitability could be restored, and/or how to reduce reliance on the Reserve Fund.

Mr R C Nickerson said that he felt it was shocking that goods charges were not applied at Sullom Voe, particularly as the Harbour Board were having to consider the best way of increasing income to the Harbour Account. He felt that a key issue of any review would be to consider this issue, as it would not be possible for the Harbour Board to continue to cut harbour expenses.

The Chief Executive explained that direct discussions with the oil industry were ongoing. There were a number of agreements in place with the oil industry, and Dundas & Wilson had been asked to look at all the agreements that were in place. The charges at Sullom Voe were high in comparison with other ports, but there were also high costs. Members would be provided with a comprehensive report detailing each agreement and its background.

Mrs I J Hawkins moved that the Council approve the recommendations in the report, and Mr G Robinson seconded.

15/08

Table of Dues 2008/09

The Council considered a report by the Management Accountancy Service Manager (Appendix 4) and approved the recommendations contained therein on the motion of Mrs I J Hawkins, seconded by Mr C L Smith.

16/08

Capital Programme – Capital Programme Review Team (CPRT) - November & December 2007

The Council considered a report by the Head of Capital Programme and Housing Service (Appendix 5) and approved the recommendations contained therein on the motion of Mr A J Cluness, seconded by Mr C L Smith.

Mr L Angus said that he felt it was very difficult for Members to engage in the Capital Programme process, and that some of the priorities now seemed quite

quaint and did not reflect the aspirations of Members. He suggested that a seminar be held to help Members better understand the Capital Programme process, and Members agreed.

17/08 **Progress Report – Capital Programme**

The Council noted a report by the Head of Capital Programme and Housing Service (Appendix 6).

18/08 **Programming of Prioritised Capital Projects**

The Council considered a report by the Head of Housing and Capital Programme Service (Appendix 7) and approved the recommendations contained therein on the motion of Mr A J Cluness, seconded by Mr C L Smith.

19/08 **Treasury Management Strategy Statement 2008/09**

The Council considered a report by the Head of Finance (Appendix 8) and approved the recommendations contained therein on the motion of Mr L Angus, seconded by Mr A J Cluness.

20/08 **Tall Ships Race – Organising Committee**

The Council considered a report by the Head of Business Development (Appendix 9) and approved the recommendations contained therein on the motion of Mrs E L Fullerton, seconded by Mr L Angus.

21/08 **Review of Training and Development Policy**

The Council considered a report by the Human Resources Manager (Appendix 10).

In moving the recommendations, Mr L Angus said that he felt that this was a useful starting point, however the Council still had some way to go to produce corporate training and professional development plans.

Mr A J Cluness seconded.

22/08 **Sustainable Development Within Shetland - Update**

The Council considered a report by the Head of Organisational Development (Appendix 11) and approved the recommendations contained therein on the motion of Mr A J Cluness, seconded by Mr C L Smith.

Members commented that they felt it would be useful for a loan or grant scheme to be in place to encourage households to use alternative energy sources, and that it would also be useful for the Council to provide allotments to encourage people to grow their own food and an active lifestyle.

Mr W H Manson referred to the development of communications, and asked that the Convener give political impetus to the preparation of a letter by the ICT Unit Manager and the Interim Head of Economic Development to urge Scottish Ministers to get British Telecom to provide good Broadband coverage throughout Shetland.

Members concurred and the Convener agreed. It was further suggested that the Council should also do something similar to see if mobile phone coverage could be improved.

In order to prevent the disclosure of exempt information, Mr A J Cluness moved, Mr C L Smith seconded, and the Council resolved, in terms of the relevant legislation, to exclude the public during consideration of the following item of business.

(Mr R C Nickerson left the meeting)

23/08 **Employees JCC – 8 January 2008**

The Council noted the minute of the aforementioned meeting (Appendix 12).

24/08 **Harbour Board – 10 January 2008: 06/08 - Scalloway Harbour – Manning Reorganisation**

Mrs I J Hawkins moved that the post of Pier Master at Scalloway should remain a full-time post, and Mr R S Henderson seconded.

(Mr R C Nickerson returned to the meeting)

After further discussion, Mr R C Nickerson moved, as an amendment, that the decision made by the Harbour Board should stand, subject to the Operations Manager – Ports being based in Scalloway.

Mr G Robinson seconded.

Mrs E L Fullerton gave notice of further amendment.

After summing up, voting took place by show of hands and the result was as follows:

Amendment (Mr R C Nickerson)	10
Motion (Mrs I J Hawkins)	5

Mrs E L Fullerton moved, as an amendment, that a decision be deferred until the General Manager – Ports & Harbours reviews all levels of staffing at both Sella Ness and Scalloway in order to achieve similar savings to enable the post of Pier Master at Scalloway to remain as a full-time position.

Mrs I J Hawkins seconded.

After summing up, voting took place by show of hands and the result was as follows:

Amendment (Mrs E J Fullerton)	6
Motion (Mr R C Nickerson)	9

Mr A J Cluness declared an interest in the following item.

Mrs E L Fullerton declared an interest in the following item as the Chairperson of NHS Shetland, and took no part in the discussion.

25/08 **Revised Framework Agreements with NHS Shetland for Temporary Care Home at Montfield**

The Council considered a report by the Executive Director of Education and Social Care and approved the recommendations contained therein on the motion of Mr L Angus, seconded by Mr A G L Duncan.

26/08 **Box Office System**

The Council considered a report by the ICT Unit Manager and approved the recommendations contained therein on the motion of Mr R C Nickerson, seconded by Mr L Angus.