

MINUTE

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Development Committee
Council Chamber, Town Hall, Lerwick
Thursday 13 November 2008 at 10am

Present:

J G Simpson	L Angus
L F Baisley	J Budge
A J Cluness	A T J Cooper
A T Doull	A G L Duncan
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
J W G Wills	

Apologies

B Fullerton J Budge (for lateness)

In Attendance (Officers):

N Grant, Interim Head of Economic Development
D Irvine, Head of Business Development
W Shannon, Assistant Chief Executive
M Smith, Development Officer
B Robb, Management Accountant
A Cogle, Service Manager - Administration

Also:

S Keith, Project Manager - SDT

Chairperson:

Mr J G Simpson, Chairperson of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interests

Mr J Henry, Mrs F B Grains, Mr F A Robertson and Mr R Nickerson each declared an interest in agenda item 5 – Scatness Broch – Request for funding .

Mrs C Miller declared an interest in agenda items 5 to 8, and advised that she would be vacating the Chamber at that point.

Dr J W Wills also declared an interest in agenda items 5 to 8.

Minutes

The minute of the meeting held on 2 October 2008, having been circulated, was confirmed.

Members' Attendance at External Meetings

Mr L Angus stated that he had attended a meeting of the CPMR General Assembly, and a report had been circulated to Members, but was also reported to Committee under agenda item 3 – Update on European Activities.

47/08 Broadband and Communications

The Committee considered a report by the Development Officer (Appendix 1).

Mr L Angus referred to a recent Community Planning seminar, within which the importance of broadband for the whole of Shetland was stressed, and to ensure that peripheral areas were not missed out. He said that the needs of island areas were the same as anywhere else. Mr R Nickerson agreed, adding that major parts of infrastructure were being done purely on a business case, and he suggested that the local MP and MSP be asked to bring pressure to bear at a national level on British Telecom [BT], to ensure that rural and peripheral areas were treated fairly.

Mr A Cooper concurred with the views expressed, and said that this report clearly showed that BT were not willing to go any further. However, he said if there was a willingness from all agencies to work with the Council on this, then as a community Shetland needed to look at becoming part of the 21st Century Network [21-CN]. He suggested that for an investment of around £10m, 70% of households in Shetland could be connected.

The Development Officer confirmed that for an estimated sum of around £20m every household in Shetland could be connected, but considering the spread of the population, £10m could reach 70%. He added that fibre optic technology was also future-proof.

Mr A Cooper went on to say that the Council should agree to investigate this further in consultation with the other agencies involved, and the Scottish Government. Accordingly, Mr A Cooper moved that the Convener and Chairperson of the Development Committee take forward the proposal to meet with the agencies involved and the Scottish Government with a view to taking the 21-CN project forward in Shetland. Mr L Angus seconded.

The Convener agreed with the motion, adding that the problem was dealing with a UK set up, but said it should be fairly straightforward to arrange a meeting with the Scottish Government, HIE and BT.

Mr W H Manson also agreed, but said that BT was a commercial company and were unlikely to undertake non-commercial activity where they cannot recover their outlay. He added that much of what they had done already had been funded by the Government. Mr Manson went on to say that he would press for the total cabling of Shetland rather than only 70% so that the total population would be enabled. He agreed that the remarks made regarding peripherality were particularly relevant, but it would come down to where the money came from.

(Mr J Budge attended the meeting.)

Dr Wills said that rather than promising money to BT for this project to develop in Shetland, he said that the Council should be trying to get the MP and MSP to lobby with it to get a PSO placed on BT. He said that the Government's job was to ensure a level playing field and Shetland should have its fair share.

Mrs L Baisley said she agreed with Mr Manson that everyone should benefit, but she was concerned that a lot of effort would be put into achieving 70%, perhaps to the detriment of the peripheral and island areas of Shetland. She said these were the areas that needed positive discrimination to keep the populations there, and to attract business. Mrs Baisley said she endorsed the motion to investigate matters further, but to make sure that the pressure was kept on.

The Development Officer said that beyond fibre optic cabling, at the moment there were two areas where wireless solutions were being looked at.

Mr Simpson said he agreed with the proposal to set up meetings with ministers and other agencies, but agreed that the Council should not be offering funding at this initial stage. Mr A Cooper said there could be the possibility of European funding, but it was important to find out what the likely costs were going to be.

Dr Wills asked if PSOs would be discussed as well at the meeting with Ministers. Mr Angus said that he could see no mileage in trying to get a PSO, which was a transport support mechanism, out of BT.

In response to a question from Mr W H Manson, the Development Officer confirmed that the broadband upgrade of exchanges is planned for no earlier than 2013/14

The Committee agreed to note the terms of the report, and to the motion by Mr Cooper.

48/08

Renewable Energy Update

The Committee noted a report by the Services and Technologies Officer (Appendix 2).

Mr F A Robertson said he welcomed having a Renewables Strategy for Shetland. Mr J Henry agreed and supported the proposed Strategy, but said that the report concerned a lot of environmental issues, and suggested that it should also be presented to the Environmental Action Team, and that someone from the Development Committee, or an officer should be a representative. The Head of Economic Development agreed to present a report on this to the next meeting. In reply to a question, he added that funding for the Strategy was coming from both the Council and through HIE, and from any other sources of funding that were available.

49/08

Update on European Activities

The Committee noted a report by the European Officer (Appendix 3).

Mr L Angus referred to paragraph 5.2 of the report, and said that during the General Assembly meeting of the North Sea Commission, there had been some questioning regarding State Aid. Mr Angus said that he had asked that in view of the massive financial assistance that member states were giving to the financial sector, were they going to look at the application of state aid rules as they applied to the struggling fishing fleet, as it seemed an unfair treatment. Mr Angus said the

response had been that the Government were not breaking State Aid rules by assisting the financial sector, but that they had been applied flexibly. Mr Angus said that there had to be a relaxation of the rules with clear rules for peripheral areas, and that pressure had to be kept on this issue as well as building upon the alliances that Shetland has. Mr J G Simpson said that a lot of work was being done by officers on the issue of State Aid.

Referring to paragraph 3.2, Mrs I J Hawkins asked what progress was being made with the report on child care in Shetland. The Interim Head of Economic Development confirmed that the report was being worked on with a view to it being presented to the Committee in March. It was noted that the report could not be presented sooner, as its content would very much depend on the Government's Early Years Strategy document which was due for publication by the end of this year.

Mr A Cooper referred to paragraph 4.2 and to the EU consultation on Territorial Cohesion. Mr Cooper said that this subject was of such importance that he felt a response from Shetland itself was important, not only to co-ordinate responses on behalf other North Sea Commission members. Mr A Cluness said that each of the member areas would be preparing their own cases, and it was felt that an approach for the whole area would also be of benefit.

50/08

European Partnership Working for Renewable Energy Projects

The Committee considered a report by the Services and Technologies Officer (Appendix 4). The Head of Business Development summarised the terms of the report, and provide some explanation as to the definitions and terminology being used.

In response to questions, the Head of Business Development confirmed that the Province of Fryslân was in the Netherlands, and that the £60k commitment was a cash contribution, and if decent projects were identified then the Council would be able to draw down on the £60k European match funding. He went on to say that the projects would have to go beyond the normal energy saving developments or projects such as provision of solar panels or generators, but would have to consider the full energy provision of a project, such as that demonstrated by the carbon free house in Unst.

The Committee approved the recommendation in the report on the motion of Mrs L Baisley, seconded by Mr A J Cluness.

Shetland Islands Council as Trustee of Shetland Development Trust

In order to avoid the disclosure of exempt information, Mr J G Simpson moved, and Mr C L Smith seconded, and the Committee agreed to exclude the public in terms of the relevant legislation during consideration of the appendix for agenda item 5, and during consideration of agenda items 6, 7 and 8.

(Mrs C Miller left the meeting.)

51/08

Scatness Broch – Request for Funding

The Committee considered a report by the Interim Head of Economic Development (Appendix 5).

Mr L Angus said that the Shetland Amenity Trust (SAT) were sitting on a £1m endowment, and asked if they were being encouraged to use that. The Interim Head of Economic Development said that their funds were already committed and tied up in other projects. He said that he was approached with this request and it was duly brought forward to the Committee for consideration.

Mr L Angus said that he was happy to move the recommendations in the report, but asked that the SAT firstly clarify that they have no funds that they could otherwise employ to this project. Mr C Smith seconded.

Mr R Nickerson said he had declared an interest in this item but, for information, the SAT's Development Fund develops annual interest and that is allocated towards grants to the community.

Mr A J Cluness said that is exactly what Trusts do, and they use their funds to gather interest for other grants. He went on to say that this was a huge project and a fantastic opportunity, and accordingly moved as an amendment that the Committee approve the recommendation in the report. Mrs L Baisley seconded.

Dr J W G Wills said his main concern was whether the Committee could afford it or not. He also asked why it was being considered for funding at this time. The Interim Head of Economic Development said that the purpose of the funding was to complete interpretation of the artefacts and to keep the project running for the next two years and to provide a detailed options appraisal for when the site is fully developed. He said that if funding was not provided the project would have to be shut down now.

Mr A Cooper said that he had originally been concerned that the SAT were seeking funding in an ad hoc way. He said he had advocated a three year business plan, and was very taken with the SAT's corporate plan which had been produced. He said that the project needed to be taken through to the point where it was fully developed as far as it could, and then serious decisions would have to be made as to its future.

Mr A J Cluness said that the Shetland Charitable Trust had set up a group to look at how Trusts are administered and how they spend their money and so on. He said that the points made by Mr Angus could be picked up by that group.

During discussion, Members agreed that there was a need to preserve the existing project, but were mindful of the decisions that would have to be made at a later date with regarding to its continued use. After summing up, voting took place by a show of hands, and the result was as follows:

Amendment (A J Cluness)	10
Motion (L Angus)	6

(Representatives of the press and public left the meeting.)

(Dr J W G Wills left the meeting.)

(Mr A Duncan attended the meeting.)

52/08

Derek Flaws – Application for Financial Assistance

The Committee considered a report by the Project Manager – SDT.

Mr J Budge moved that the recommendation in the report be approved, subject to a requirement for a whole farm review. Mr A Cooper seconded, and the Committee concurred.

Some discussion took place regarding interest rates and whether any drop in UK rates would have an effect on current loan rates. The Committee noted that once the interest rate has been set that rate would continue, although there could be a restructuring at some time during the term of the loan. It was also noted that the current interest rate was based on the European Reference Rate, which was compliant with State Aid requirements, and that this rate had remained steady at 5.66%

53/08

Activity Report – September-October 2008

The Committee considered and discussed various issues contained in a report, by the Interim Head of Economic Development, which provided the Committee with an update of existing investments, initiatives and other issues affecting the operation of the Trust.

54/08

Note of the Fisheries Panel – 8 October 2008

The Committee noted the minute of the above meeting.

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J G Simpson
CHAIRPERSON