

MINUTE

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Special Development Committee
Council Chamber, Town Hall, Lerwick
Thursday 18 March 2010 at 9.15am

Present:

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

Apologies

A J Cluness R S Henderson

In Attendance (Officers):

N Grant, Head of Economic Development
C Albutt, Senior Assistant Accountant
L Adamson, Committee Officer

Chairperson:

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

Circular:

The circular calling the meeting was held as read.

Declarations of Interests

Mrs C Miller advised of an interest in agenda item 4 "Non-Public Activity Report", advising that due to her husband's business dealings with SDT she would continue to abstain from taking part in the SDT exempt business until that had been settled fully.

Dr J Wills advised of an interest in agenda item 1 "Economic Development Budgets 2010/11", as a tourism operator, however he would take part in the discussion but would abstain from any vote. In relation to item 4, he advised that as he had a business loan with SDT and would take no part in the discussion.

Mr A Duncan advised of a pecuniary interest in Item 4.

Mr R Nickerson advised of an interest in Item 2, "Shetland Amenity Trust – Architectural Heritage Programme", as a Trustee of Shetland Amenity Trust, and would take part in the discussion but would abstain from any vote.

Mr F Robertson and Mrs F Grains declared an interest in agenda item 2, as Trustees of Shetland Amenity Trust.

Mr J Henry declared an interest in agenda Items 1 and 2.

20/10 **Economic Development Budgets 2010/11**

The Committee noted a report by the Head of Economic Development (Appendix 1).

In response to questions from Ms L Baisley, the Head of Economic Development explained that the budget for 2010/11 was a 25% reduction from the current year's budget however there was a carry forward of £1m over and above the budgets reported, which included the Sumburgh Head and Sandsayre Pier projects. He explained that as most of the budget was spent on projects managed by third parties who were dependant on funding from other parties resulting in project delays, a proposal discussed with Finance was the provision of 120% commitment on certain budgets which would assist to come in closer on the overall budget. He advised that the focus was on the areas that would make a difference, which included telecoms, renewable energy and related industries. He explained that the increase in the Marketing and Promotions budget was to promote sustainable practices and the quality and promotion of products and events including the Tall Ships Races and the Hamefarin. He concluded by advising that although this was a very tight budget for 2010/11 he considered all areas had been included appropriately.

In response to a comment from Ms Baisley, Members noted that the budget relating to Childcare was included in the "People and Community" budget on page 4 of the report.

(Mr L Angus and Mr J Simpson declared an interest as Members on the Board of the Tall Ships Race 2011).

In response to questions from Mrs F Grains, the Head of Economic Development explained that the Marketing and Promotions budget had increased to incorporate Promote Shetland, which had previously been included in the budget for Tourism, and although the Tourism and Heritage budget appears to have decreased the budget does not include the larger projects which have been carried forward. Regarding the proposed budget for Agriculture, he explained that the reduction was based on the anticipated draw down of this year's budget.

In response to a question from Mr J Budge regarding the possible long-term implications from the reduction in budgets, the Head of Economic Development said that whilst this was a tight budget he considered it appropriate to what is needed in terms of budget requirements to deliver aspirations, unless any unforeseen projects emerge.

In response to questions from Mr R Nickerson, the Head of Economic Development explained that in terms of leverage for any additional projects there was £1.7m allocated for the provision of loans. He reported that in terms of the level of consultation with the various funded bodies, various levels of discussion take place ranging from initial detailed dialogue to discussions taking place with some organisations during the course of the year.

Dr J Wills commented that the Head of Economic Development and his staff had done well in setting the budgets to provide a good programme of economic development assistance, and said that the public had to accept the need for the reduction in spend which he hoped would be short-lived.

In response to a comment from Mr J Henry, the Chairperson said that the Business Gateway service would assist individuals coming forward with any proposals for new projects or ideas.

Mr A Cooper said that it had to be recognised that funding to Local Authorities would be tighter in the future, and there would be struggle to maintain services to the current levels. He said that with economic development being non-statutory area, there was an increasing need to push for a stronger economic development function and to be more pro-active. Mr Cooper said that in the event that all the budgets had been allocated he proposed that potential new developers with creative projects could be considered for funding from the Reserve Fund. Mrs I Hawkins advised of some concern with Mr Cooper's proposal, and said that the public should not think that support would always be available in the current financial climate.

In response to questions from Mr A Duncan, the Head of Economic Development explained that at this time several budget centres were significantly underspent, which related mainly to significant sized projects for the current year. He advised there were no overspends in any budget as when costs are exceeded money is vired from other areas.

During the discussion some Members outlined their concerns with the 31% increase in the Marketing and Promotion budget. The Head of Economic Development reported that Shetland had much to offer, with industries that were strong and sustainable, and he considered that schemes and budgets were in place to support the industries sufficient to promote and market Shetland.

In response to a question from Mr Duncan, the Head of Economic Development advised that the level of personal contribution to recipients of funding varies depending on the project and whether a scheme is already in place. Mr Duncan questioned whether consideration could be given to setting a standard contribution.

Mr F Robertson advised on opportunities for promotion and marketing in the aquaculture and shellfish industries, and moved that the Committee approve the recommendation, to note the report. Mrs B Fullerton seconded.

Shetland Amenity Trust
Architectural Heritage Programme

The Committee considered a report by the Head of Economic Development (Appendix 2).

In introducing the report, the Head of Economic Development highlighted that although £286,000 had been requested by SAT, funding of £250,000 was being recommended.

Mr L Angus moved that the Committee approve the recommendations in the report. He then referred to the Appendix and to the proposed architectural heritage project for stone repairs to Lystina House and reported that this project had been knocked back in the Capital Programme and therefore the project had neither authorisation from Council or budget.

Ms L Baisley referred to the table at Section 5.4 of the report, and said that although the figures were very precise there was a lack of detail in the budget headings, and that more information was required on the proposed costs for vehicle maintenance, construction overheads and salaries and wages before she could consider supporting the recommendation in the report. The General Manager, Shetland Amenity Trust (SAT) provided some information on the staffing levels at the both the North Isles and the mainland team, advised that the construction overheads involved the setting up of the workstations at project sites, and vehicles maintenance related to the number of vehicles deployed by the SAT. He added that a business plan had been provided to the EDU and he could also provide this to any Member if they so wished.

Mr A Wishart seconded.

In response to a question from Mrs B Fullerton, the General Manager reported that SAT's resources were focused very wisely following consultation with Community Councils, History Groups and other stakeholders to restore and maintain buildings for community use for the overall benefit of the community and Shetland.

In response to a comment from Mr J Budge, the Head of Economic Development clarified that Section 7.1 of the report should read, "....SAT have requested a budget of £285,600 for 2010. The reduced budget of £250,000 is recommended and has been included ...".

Mr Budge said that should the reduction in funding lead to any redundancies he would propose to move an amendment that SAT should receive the full amount requested. The General Manager explained that although he had not had an opportunity to consider the impact as he had only recently been made aware of the recommendation, the reduction in funding would equate to 2 full-time equivalents, however he added that redundancies may not be the outcome.

In response to questions from Mr A Duncan, the General Manager advised that SAT were providing advise to the Bruce Memorial Hall Committee, and in relation to the Sumburgh Lighthouse project he reported on the funding for the project, advising that he was fairly confident that external funding would be secured.

In response to a question from Mr A Cooper, the General Manager explained that SAT were very limited in the work that they tender for striving not to compete with the private sector, and with most projects being grant aided.

Mr C Smith noted from the discussion that there appeared to be more detail required on a number of the budget headings, a need for further consultation between SAT and the EDU, and there was also a question that the reduced funding could lead to a reduction in employment. Mr Smith moved as an amendment that the Committee defer a decision for one cycle to allow consideration of the reasons he had outlined. Ms L Baisley seconded.

Dr J Wills commented that deferral would seem sensible, until such time as more detail was provided on the budget headings and clarification on the authorisation of the Lystina House stone works project. Mrs Baisley said it was necessary to find out the implications with a reduction in funding as she would be concerned should there be any risk of redundancies.

Mr F Robertson referred to his earlier declaration of interest in this item as a Trustee of SAT, and provided some explanation on particular areas of SAT.

During the discussion, Mr W Manson questioned whether he could support the amendment deferring the decision so close to the new Financial Year and proposed that the decision should be made today but for discussions to take place with EDU officers on how to achieve economies with the reduced budget.

Mr A Hughson advised that he was aware that the Tingwall and Girsta Development Group would be keen to be involved with the SAT. The General Manager advised that he would welcome this association.

The General Manager commented that he would have appreciated dialogue and discussion with EDU officers earlier than had occurred.

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

Amendment (Mr C L Smith)	4
Motion (Mr L Angus)	12

Mr J Simpson moved and Mr C Smith seconded to exclude the public in terms of the relevant legislation during consideration of the appendix at Item 3 and in the report at Item 4.

Mr G Robinson moved as an amendment that Item 3 be held in public, and Mrs C Miller seconded. However after hearing the Head of Economic Development explain that there could be some discussion on third party funders regarding the cost of the project and a change to the requirement for bridging loan finance, Mr G Robinson withdrew his amendment. This received the consent of his seconder.

Mr Robinson asked that a public statement be made on the decision on Item 3.

[Representatives of the press and public left the meeting.]

22/10

North Isles Childcare

The Committee considered a report by the Head of Economic Development.

(Mr G Robinson declared an interest in this item, as Chairperson of the Childcare Partnership).

Mr L Angus said that the Council had to accept that childcare was very much part of the Shetland economy, and Members should support the proposals for the interest of the Council as an employee and for the benefit of the families in the North Isles. Mr L Angus moved that the Committee approve Recommendation 10.1 of the report. Mr C Smith seconded.

(Mr J Wills and Mr A Duncan left the meeting)

Shetland Islands Council as Trustee of Shetland Development Trust

Mrs C Miller provided Members with a further declaration of interest relating to the following item.

(Mrs C Miller left the meeting).

23/10

Non-Public Activity Report – January 2010

The Committee considered a report by the Head of Economic Development.

In response to a question from Members, updates were provided on Judane (Shetland) Ltd.

(Mr G Robinson declared a non-pecuniary interest, as his wife was an employee of T&N Joinery).

Mr L Angus moved that the Committee approve the recommendations, to note the report. Mr C Smith seconded.

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J G Simpson
CHAIRPERSON