

MINUTE

B

**Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Wednesday 19 May 2010 at 10 a.m.**

Present:

A J Cluness	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	R S Henderson
J H Henry	A J Hughson
W H Manson	C H J Miller
R C Nickerson	F A Robertson
G Robinson	J G Simpson
C L Smith	J W G Wills
A S Wishart	

Apologies:

L Angus

In Attendance:

H Sutherland, Depute Chief Executive
G Johnston, Head of Finance
R Sinclair, Head of Capital Programming
M Craigie, Head of Transport
I McDiarmid, Head of Planning
N Grant, Head of Economic Development
R Moore, Head of Ports and Harbours Operations
A Edwards, Quality Improvement Manager
M Moss, Quality Improvement Manager
J Riise, Head of Legal and Administration
K Alan, Land Surveyor
D Bell, Human Resources Manager
A Cogle, Service Manager, Administration
L Adamson, Committee Officer

Chairperson

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

Circular

The circular calling the meeting was held as read.

Declarations of Interest

In noting the reference to the Shetland Charitable Trust in Item 2, "A Report by the Controller of Audit to the Accounts Commission under Section 102(1) of the Local Government (Scotland) Act 1973", Mr W H Manson declared an interest as Chairman of SCT. Mr J H Henry advised of an interest as Vice-Chairman of SCT.

60/10 Minutes of the Special Shetland Islands Council – 16 and 18 March 2010, and Shetland Islands Council – 24 March 2010

Subject to the following, the Council confirmed the minutes of the aforementioned meetings on the motion of Mr A J Cluness.

52/10 – Shetland's Single Outcome Agreement (SOA) 2010/11

Mrs C H J Miller referred to the 5th paragraph, and advised that she had asked that a report be prepared on the possibility of the Council assisting similar initiatives in Shetland.

53/10 – Chief Executive Recruitment and Selection

Mrs C H J Miller clarified that she had declared an interest in this item, but did not leave the Chamber during the discussion.

(Mrs I J Hawkins attended the meeting).

61/10 Members Attendance at External Meetings – Update

J G Simpson	CoSLA Regeneration and Sustainable Development Meeting, Edinburgh – 14 May
-------------	--

CPMR – Fisheries Intercom Group, Brussels – 17 May

B L Fullerton	ADSW Annual Conference, Crieff – 12 May
---------------	---

Mr A G L Duncan reported that he would be meeting CoSLA representatives in Edinburgh on 1 June, and there had been an indication from the Housing Minister that a meeting would be arranged for 22 June.

62/10 Petitions

The Council had received a Petition, and the Convener advised as follows:

A petition with 236 names has been received opposing a Tunnel, which states that signatories "Do not want to see a tunnel built to Whalsay resulting in the destruction of our Island Community".

The Council has a policy to pursue the development of fixed links where they can be shown to be a viable alternative to ferries.

The issue of the transport link to Whalsay is being considered in quite a bit of detail. This petition and all the facts relative to the transport link will be considered carefully as the Council takes this matter ahead. The Petition has been passed to the Head of Transport.

63/10 **Tribute – Mr Tommy Watt**

The Convener expressed his sadness at the passing of Tommy Watt, who had been a long-time server of the Council and a very creative and excellent member of staff at the Museum Service.

The Convener proposed that a message would be sent to Tommy's family. The Council unanimously concurred.

64/10 **Audit and Scrutiny Committee – 26 April 2010**

Except as undernoted, the minute of the aforementioned meeting was confirmed on the motion of Mrs F B Grains.

17/10 - Governance

Ms L F Baisley clarified that she had not left the Chamber during this item, and had taken part in the vote.

14/10 – An Overview of Local Government in Scotland

Dr J W G Wills advised that the income received from the Government represented around 74% of the Council's income, and not 44% as had been recorded in the minute.

Dr Wills drew Members attention to comments made by Ms C Hislop in regards to the qualification of the Council's accounts, whereby Audit Scotland's concerns do not relate to the composition of the SCT, but that in some way the Trust is subsidising the Council. The Head of Finance reported that following the meeting he had written to Audit Scotland for further clarification, but as this did not answer all the issues he was intending to write to Audit Scotland with a supplementary list of questions following a meeting tomorrow with the Assistant Chief Executive. Some Members indicated that they would welcome further clarification on this matter.

65/10 **Development Committee – 29 April 2010**

The minute of the aforementioned meeting was confirmed on the motion of Mr J G Simpson.

66/10 **Infrastructure Committee – 4 May 2010**

The minute of the aforementioned meeting was confirmed on the motion of Mrs I J Hawkins.

67/10 **Services Committee – 6 May 2010**

Mrs B L Fullerton confirmed the minute of the aforementioned meeting for accuracy, with the exception of the following:

42/10 - Community Health and Care Partnership (CHCP) Agreement 2010-2013

Mrs Fullerton clarified that she had requested a report on housing voids to address supportive accommodation needs.

42/10 – Knitting Instruction in Schools

Mrs F B Grains moved that the Council should review the decision to cease knitting instruction in Shetland schools. In referring to the comment on Page 7 of the minute, that, “pupils have shown little interest”, Mrs Grains advised that she had received a letter from the Happyhansel School expressing their disappointment with the decision, as pupils had been keen to learn to knit Fair Isle, and she said that Fair Isle knitting was an important part of Shetland’s heritage. In seconding, Ms L F Baisley said that Fair Isle knitting was also part of the appearance of Shetland to the outside world. Ms Baisley advised that she had received a number of concerns regarding the decision at Services Committee, and she considered that the decision should be reconsidered to keep knitting instruction in schools possibly as an optional subject, and that volunteer input and sponsorship could be considered.

During the discussion, Mr W H Manson highlighted that knitting instruction was not a statutory part of the core curriculum, but an optional discretionary activity. Mr A G L Duncan said that saving had to be made across the board, and that head teachers had supported the proposal to cease knitting instruction in schools. Mr A T J Cooper reported on the need to adhere to the budget agreed by Council in February, and urged Mrs Grains to include in her motion a means of how she proposed funding knitting instruction in the current year. Mr R C Nickerson said that the report had included no references to the social and economic risks associated with stopping knitting instruction in schools, and commented that the impacts and effects would only be realised in future years.

Following some further discussion, Mrs B L Fullerton confirmed that she supported the decision at the meeting, as she had been reassured that for pupils wishing to continue with knitting instruction it could be included as part of craft and textiles subjects.

(Dr J W G Wills declared an interest, as his wife is an Education Officer).

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

Amendment (Mrs F B Grains)	3
Motion (Mrs B L Fullerton)	17

68/10 **Planning Board – 21 April 2010**

The minute of the aforementioned meeting was confirmed on the motion of Mr F A Robertson.

69/10 **Harbour Board – 28 April 2010**

The minute of the aforementioned meeting was confirmed on the motion of A T J Cooper:

19/10 – Port Project Monitoring Report

Fetlar Breakwater GCY7214

Ms L F Baisley expressed her concern that land acquisition had still not been finalised. In noting that the project had to go through the Planning process again, Mr J G Simpson advised that he shared Ms Baisley’s disappointment and stressed the need for the project to move forward as otherwise the European funding could be lost. The

Head of Capital Programming confirmed that meetings were underway to progress the land acquisition and he would report on developments.

70/10 **Licensing Sub-Committee – 30 April 2010**

Except as undernoted, the minute of the aforementioned meeting was confirmed on the motion of Mr C L Smith.

04/10 - The Civic Government (Scotland) Act 1982 Application for Grant/Renewal of Taxi Drivers Licences

Mrs F B Grains highlighted that the two references to 'G Robertson' should read 'G Robinson'.

71/10 **Notice of Motion re. Construction of a Tunnel to Whalsay**

The Council proceeded to consider a Notice of Motion (Appendix 1) in the following terms:

"That a member officer working group be formed to explore all methods and sources of possible funding of the cost of construction of a tunnel to Whalsay as this is of importance to Shetland's overall sustainability of resources and services and could be seen as a development opportunity.

1. The Group will explore all potential external funding streams and investment opportunities.
2. The Group will explore any innovative methods of procurement or investment which they feel may be worthwhile for the Council to explore further as well as traditional local authority methods.
3. The Group shall comprise six external members, the Head of Finance, Executive Director of Infrastructure and Head of Economic Development. Advice will be sought of others as and when required during the life of the Group.
4. The Group will report back on progress to the Council on 30 June with an interim report to the Infrastructure Committee and report thereafter as necessary".

Mr R S Henderson moved to suspend administrative regulations 9.1 in order to amend the motion as follows, "That a member officer working group be formed to explore all methods and sources of possible funding of the cost of construction of a fixed link to Whalsay". Members agreed unanimously.

Mr Henderson reported that at a meeting in Whalsay it had been reported that the infrastructure for Yell Sound had cost £19.5m and at that time a fixed link could have been built for £23m, being £3.5m difference in costs, and that the £3.5m would have been saved after one year of running costs of the ferry service, and he did not want to witness that situation again, before all the possibilities had been properly investigated. Mr Henderson said that a lot of work had been undertaken into a fixed link to Bressay, and he referred to figures that had previously been reported as being the estimated cost of running the inter island ferries in Shetland, and said that his motion would allow a group to be set up to look at alternative funding from other sources, and if not for a fixed link to Whalsay, then for ferry infrastructure. Mr A T Doull seconded.

Mr J G Simpson said that he did not have any problem with Mr Henderson's motion, however he had a huge fear that with the debate on the transport link to Whalsay going on for some 4-5 years, the longer the deliberations go on, the worse condition the

ferries will be in, and with the current situation in Whalsay, more people would be travelling outwith the island for work, and therefore the situation would only get worse. Mr Simpson said that it was imperative that the Council makes a decision on how to proceed within the next few months.

Mrs B L Fullerton said that Members had to realise that this was a Shetland wide issue, and not just an issue for Whalsay, and in discussing the Council's future spending makes fixed links so important to Shetland. She said that Shetland has services at a higher plane than anywhere else in the country and therefore cuts will be noticed, however the Council will have to spend to save and to find cheaper ways to provide services. Mrs Fullerton said that she would be happy for the fixed links to Bressay and Whalsay to be looked at together, to develop a project to seek funding from both outwith and in Shetland. Mrs Fullerton said that she would urge Members to support the motion, to allow the Group to investigate funding options but it was important that the work was done properly before condemning the islands to ferries for an immeasurable number of years.

Mr A S Wishart said that he was not against the motion, however he had some concerns that the timing had to be look at, with the Norwegian experts to provide further information to the Special Infrastructure Committee on 28 May, to be followed by a Special meeting of the Council where the Council should allude to a way forward. In referring to the report at Item 2 on the agenda, Mr Wishart highlighted a conclusion from the Controller of Audit that, "The Council has not demonstrated that it can set a clear strategic direction, backed by sound and consistent decision making", and he reported on the chronology of the decisions relating to the transport link to Whalsay, which included a STAG report, a policy decision and now the Council is seeking to abandon that stance and start again. Mr Wishart moved as an amendment that the Council defer making a decision until such time as the Norwegian experts have provided information to Special Infrastructure Committee in 9 days time, and to decide on the best way forward with all the information received. Mrs C H J Miller seconded.

Mrs I J Hawkins advised that she supported Mr Wishart's amendment, and intimated that it would be discourteous to make a decision prior to hearing from the Norwegian experts.

Mr A G L Duncan advised that he supported Mr Henderson's motion, and also the comments made by Mrs Fullerton. Mr Duncan reported on the findings from a recent Transport Service Performance Review, where the service was over budget by £500,000. In response to a question from Mr Duncan, the Head of Transport advised that research had been carried out into the current potential for external funding towards a fixed link to Whalsay, and that the detail would be included in his report to the Special Infrastructure Committee on 28 May.

Mr G Robinson said that the only certainty on the running costs for the ferry service was that fuel costs would increase. He said that there could be some expectation in Whalsay that the new service will remain the same or will improve, however the reality may be that the service could be much reduced, and said that there would be no similar problem with tunnels, as there would be no fuel costs. Mr Robinson said that the Council had to make a decisive decision, and he supported Mr Henderson's motion.

(Mr A G L Duncan left the meeting).

Ms L F Baisley referred to the reports that it could take up to 15 years before a tunnel could be complete, and said that she could not support Mr Henderson's motion due to

the timescale for a tunnel for Whalsay, but clarified that she was not against fixed links but considered that the Council should commence with the fixed link to Bressay. Mrs Baisley added that she regretted that the expectation of the people living on Whalsay had been raised.

Dr J W G Wills said that before making a decision it was necessary for Members to have all the facts and to know the accurate costs for a tunnel and for the ferry service, and whether any grants could be made available from Europe and the Scottish Government. Dr Wills provided figures on the carbon footprint of a tunnel to Whalsay compared to the ferry service, but said that further clarification was required, and also to hear the views of the Norwegian experts before making the final decision.

(Mr Duncan returned to the meeting).

Mr J Budge commented that the debate today appeared to be between a tunnel or a ferry service, and he reminded Members that the motion today was to explore funding options.

Mr F A Robertson said he supported the proposals to source money from outwith Shetland but that the decision could only be made following the Special Infrastructure Committee to hear the technical and expert advice on fees and costs. Mr A T J Cooper said that when the decision was taken last year to accept the STAG recommendation to build a new terminal at the North Voe the constraints on local government finance were not known, and that with being confronted with cuts in funding possibly in the range of 12-15% projects have to be looked at differently which includes considering a tunnel to Whalsay with the opportunity to spend capital to reduce revenue consequences. Mr Cooper said that what was required was a delegation at the highest level to argue Shetland's case in the UK and Europe for finance to balance capital spending.

During the discussion, Mr W H Manson advised of his concern with financial projections with running costs for ferries being the biggest issue and with predicated 60% funding from the Scottish Government at a time when Scottish Government funding is under pressure. Mr Manson said that the research already carried out into the ferry service for Whalsay should be considered together with costs for other alternatives and options for financing the project.

Mr R C Nickerson said that should the Council agree to the tunnel option they would be committed to the project, however the ferry infrastructure could be a phased programme of works. He added that the people of Whalsay need reassurance that the current level of service will at least be maintained.

Mr A J Hughson said that it was not fair to build up expectations, but that realistically external funding has to be found to provide a serviceable link to Whalsay. He questioned where this funding would come from with the reports of cuts in funding, and that there would also be risks with the proposal to spend to save. Mr Hughson said that he supported the proposal to defer a decision and to await the guidance to be provided at the Special meeting on 28 May.

Mrs Hawkins said that she would support the proposal to await the meeting on 28 May, when the Norwegian experts would give presentations, a representative from the meeting in Glasgow would be in attendance and the report would include advice on external funding. Mrs Hawkins said that a Special meeting of the Council would be held following the Special Infrastructure Committee, where the final decision could be made.

In response to a query, Mr Wishart clarified that his amendment included that the final decision would be made at the Special SIC, following the Special Infrastructure Committee, on 28 May.

(Mr J G Simpson gave notice of a further amendment).

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

Amendment (Mr A S Wishart)	9
Motion (Mr R S Henderson)	10

Mr J Simpson moved as an amendment that the Special Infrastructure Committee should take place on 28 May to meet with the Norwegian experts and to receive advice from officers, and to proceed now to form the Working Group to explore all funding streams. However instead of making a decision at the Special Council meeting on 28 May, that all the findings is provided at the Council meeting on 30 June where the final decision would be made. Ms L Baisley seconded.

In response to a question from Mrs C H J Miller, the Head of Transport clarified that the timescale was acceptable to report to Committee and Council.

In receiving the consent of his seconder, Mr Henderson agreed to accept Mr Simpson's amendment into his motion.

Mr A Doull moved that the Working Group representation should be the first four signatories on the Notice of Motion, being Mr R Henderson, Mrs B Fullerton, Mr J Budge and Mr A Cooper, along with the Convener and the Chairperson of Infrastructure Committee, and said that the work should commence immediately. Mr G Robinson seconded.

Mr A Wishart moved as an amendment that the Working Group should be made up of the existing group of Members and officers that had previously met with the Norwegian experts in Glasgow, but to expand the Group by appointing Members from Ward areas not already represented on the Group. Mrs C Miller seconded.

Voting took place by a show of hands, and the result was as follows:

Amendment (Mr A S Wishart)	9
Motion (Mr A T Doull)	11

(Mr A G L Duncan left the meeting).

72/10 **A Report by the Controller of Audit to the Accounts Commission Under Section 102(1) of the Local Government (Scotland) Act 1973.**

The Council considered a report by the Depute Chief Executive, attached as Appendix 2.

Mr A J Cluness moved that the Council approve the recommendation in the report at this time, on the basis that the Accounts Commission still have to make their recommendations following a Public Hearing. He added that following the findings

from the Account Commission, Members would meet to consider the Council's response. Mr A S Wishart seconded.

Mr W H Manson advised that during conversations with Ms C Hislop of Audit Scotland, which had exclusively related to SCT matters, she had indicated that a piece of work could be necessary that would require Council input. The Convener acknowledged that this could require input from officers of the Council.

73/10 Strategic Planning, Service Planning and Budget Savings: Progress Report

The Council noted a report by the Depute Chief Executive, attached as Appendix 3.

The Depute Chief Executive introduced the report, and Members noted that following further meetings of the Financial Resources Member/Officer Working Group a report would be presented to Council in June.

Mr R C Nickerson referred to the Wealthier outcomes reported on Page 7 of Appendix 1, and said there was a need for heritage aspects to be enhanced; at the Culture Recreation and Community Development section on Page 11, further expansion was required on targets relating to culture, leisure and recreation, and in Appendix 3, there was no mention of external funding or sponsorship.

74/10 2010/11 Budget Update: Progress Report

The Council noted a report by the Head of Finance, attached as Appendix 4.

The Head of Finance advised that the report provided a recap on the £9.9m savings programme agreed as part of the budget setting for the current year. He added that at the meeting on 10 May the Financial Resources Member Officer Working Group had agreed that this was the way forward.

Mr A T J Cooper drew Members' attention to paragraph 9.2 of the report, where it stated that, "something of the order of 3% per annum of real cuts has been forecast by the most knowledgeable commentators", and reported that at a recent meeting of the Police Board it has been reported that the cuts would be in the range of 4%-7%. Mr Cooper said that there appeared to be conflicting messages between organisations, and that a proper handle was needed on the extent of the cuts in funding. The Head of Finance explained that the figures he provided had been based on findings from a national seminar which he had attended, and that all the figures would be in the realms of speculation until such time as the UK Government delivers its budget, and the Scottish Government respond. He added that there was recognition that substantial real cuts were in prospect and that the current budget would respond to the formal announcements in future budgets.

75/10 **Capital Programme Prioritisation Process**

The Council considered a report by the Head of Capital Programming, attached as Appendix 5.

In introducing the report, the Head of Capital Programming clarified that in approving the prioritisation process the Council were not preventing further projects being brought forward at any time.

Mr F A Robertson said he welcomed this straightforward process to prioritise projects, and moved that the Council approve the recommendation in the report. Mr A T J Cooper seconded.

In response to a query from Ms L F Baisley, the Head of Capital Programming explained that the indicative timetable on service delivery requirements would be reported to Council in June and the rationalisation stage reported to Council in October.

76/10 **Staffing Numbers**

The Council considered a report by the Head of Organisational Development, attached as Appendix 6.

In response to a query from Ms L F Baisley, the Deputy Chief Executive explained that staff recruitment would be required for the essential services, however where possible management would look not to recruit to new posts. In response to a comment from Mrs B L Fullerton, the Deputy Chief Executive confirmed that further reports to Audit and Scrutiny Committee discussing employee numbers would also be presented to Council.

Mr W H Manson referred to the first sentence in paragraph 2.1 of the report, and commented that the Council has to make decisions on the level of services to be offered, and for officers to consider the most effective ways to provide the services.

In referring to Appendix A, Mr A J Hughson highlighted the reduction in staffing numbers in Infrastructure Services.

77/10 **Employee Cost Management**

The Council considered a report by the Head of Organisational Development, attached as Appendix 7.

The Deputy Chief Executive introduced the report.

In referring to the final sentence of paragraph 6.5, Mr A T J Cooper said that he had been flabbergasted to read the comment that, “we may need to consider ways to clarify managers understanding of the challenge they are being given”, and said that he would expect everybody to be aware that with the reduction in government funding there would be a difficult period ahead. He added that staff had to be involved in the process and that there should be flexibility to offer early retirements.

Mr W H Manson said that any fairly obvious measures that could be highlighted for savings should be realised sooner rather than later. The Depute Chief Executive advised that areas that would not affect levels of quality and service would be acted on now, and an analysis of all discretionary services would be provided to Council in June to give a steer on how the Council will continue to provide the services.

Mrs B L Fullerton said that it was important that managers understand the importance of the service reviews. Mrs Fullerton suggested that reference to “service quality” should be included in Recommendation 10.1.

Mrs C H J Miller moved that the Council approve the recommendations in the report, with an additional Recommendation 10.3 that, “All service level extensions and additional service applications must be reported with staffing and budget implications or efficiencies to pay for these new services.” The Depute Chief Executive advised that this was already in place, having been included in the earlier decision and would be reported to Council in June.

Mr A T J Cooper seconded.

78/10 Shared Opportunities: Public Sector Sustainability Project

The Council noted a report by the Head of Organisational Development, attached as Appendix 8.

79/10 Review of SIC Crofting Estates

The Council considered a report by Asset Services, attached as Appendix 9.

The Head of Legal and Administration introduced the report, and clarified that the proposal was now to report to Council in June following the review of the management of the Estates, rather than after the summer recess as had been indicated in the report.

Mrs B L Fullerton said that she considered that any land owned by the Council has future potential for development. Mrs Fullerton moved that the Council approve the recommendations in the report. Mr W H Manson seconded.

Mrs C H J Miller said that the Estates were a very valuable asset to the Council and should be retained, and if the management could be enhanced that would be to the greater good.

In response to a query from Ms L F Baisley, the Head of Legal and Administration advised that to date there had been no expressions of interest from communities to buy the Estates.

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

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

80/10 **Total: Grant of Licence to Occupy – Use of Emergency Powers.**

The Council noted a report by the Depute Chief Executive.

It was reported that a bus would depart the Town Hall tomorrow at 9.30am, for Members wishing to attend the Turf Cutting Ceremony.

81/10 **Minute of Special Employees Joint Consultative Committee – 17 May 2010**

The Council noted the minute of the aforementioned meeting.

The meeting concluded at 12.40 p.m.

.....
A J Cluness
Convener