

MINUTE

A & B

Special Shetland Island Council
Main Hall, Town Hall, Lerwick
Thursday 10 February 2011 at 10 a.m.

Present:

A J Cluness L Baisley
J Budge A Cooper
A Doull A Duncan
B Fullerton F Grains
I J Hawkins R Henderson
J Henry R Nickerson
F A Robertson G Robinson
J G Simpson C Smith
J Wills

Apologies:

L Angus A Hughson
W H Manson C Miller
A Wishart

In Attendance:

A Buchan, Chief Executive
G Greenhill, Executive Director – Infrastructure Services
H Sutherland, Executive Director – Education and Social Care
G Johnston, Head of Finance
C Ferguson, Head of Community Care
I McDiarmid, Head of Planning
N Grant, Head of Economic Development
B Hill, Acting Divisional Manager Legal Services
S Thompson, Project Manager – Executive Support
H Tait, Service Manager – Management Accountancy

Also:

K Yates
T Morton

Chairperson

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

Circular

The circular calling the meeting was held as read.

Declarations of Interest

Dr J Wills declared an interest as a customer and harbour user, in relation to agenda items 1 and 2 (Harbour Dues and Harbour Estimates 2011/12) and in relation to Item 4 (General Fund

Revenue Estimates) in that his wife was an Education Officer with the Council and he had a business loan from the Shetland Development Trust.

02/11 **Harbour Dues 2011/12**

The Council considered a report by the Service Manager – Management Accountancy (Appendix 1) which sought approval for the Table of Dues and Harbour Charges for 2011/12. The Head of Finance advised that the report had been debated at the Harbour Board on 9 February, and all recommendations had been agreed, in that all charges were recommended to increase by 5%, except for those listed in section 4.4 of the report.

Mr A Cooper moved that the Council approve the recommendations in the report, as agreed by the Harbour Board, and also that the £4m p.a. income target be reduced to £3m; that the Chief Executive investigate the use of an Equalisation Account; and that an early report be presented on the valuation of the Marine Fund to establish what additional funding may be required to meet its contingent liabilities. Mr J Henry seconded.

It was noted that the Harbour Board had considered a 7% increase in charges, but there was some concern that this could be regarded as anti-competitive, and until more facts and figures regarding the implications were known, the Board felt it was important that the increase remain at 5% for this year.

03/11 **Harbour Estimates 2011/12**

The Council then considered a report by the Service Manager – Management Accountancy (Appendix 2) which sought approval for the Ports and Harbours budget estimates for 2011/12, including consideration of an increase in the level of charges.

The Head of Finance said that the issue of the financial return was a very important question for the Council as a whole. He said it was quite critical to other spending plans and objectives, and agreed with the Harbour Board that there was now a need for medium and long term financial planning for the harbour that sets expectations on what can be achieved over the longer term period, and this would be addressed in the follow up report to the Council on 23 March. The Head of Finance said that it was important to strike a balance between achieving a return for Shetland, against making the harbour operation anti-competitive and reducing business and then ultimately the profit.

Mr A Cooper said that the Harbour Board would start in the Spring to consider the short, medium and long term financial plan, and along with consideration of the throughput figures would assist in setting the charges for the following year. He said it was important that the Council protected the end life of the port of Sullom Voe. Mr Cooper moved that the Council approve recommendation 8.1 of the report, namely to approve the estimates based on a 5% rise in charges. Mr C Smith seconded.

Dr J Wills moved as an amendment that the Council move recommendation 8.2 of the report, and to increase charges by 7%. Mr R Nickerson seconded. Dr Wills said that a 7% rise was a reasonable increase for the Council to impose. He said that the Council valued its good relationship with the oil industry, but that they had to take their share of the burden in terms of the current financial circumstances.

Mrs I J Hawkins said that the Harbour Board had discussed on many occasions the fact that the income target of £4m was unrealistic, and that putting up charges beyond the interest rate would also be an unrealistic target, and that additional increases should not be agreed now without greater knowledge of the impact.

Mr J G Simpson agreed that 5% was a realistic figure, and that 7% would be a step too far. He said that the figure of 5% had been discussed with and accepted by the harbour users. Mr Simpson added that any increase beyond 5% would require further consultation, and it was unlikely that this could be achieved before 1 April 2011.

Mr R Nickerson advised that he would withdraw his seconding of the amendment, explaining that it would not be feasible to introduce a 7% increase by 1 April.

Mr G Robinson seconded Dr Wills' amendment.

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

Amendment (J Wills)	2
Motion (A Cooper)	15

04/011

Housing Revenue Account (HRA) Estimates and Charge Setting 2011/12

The Council considered a report by the Head of Finance (Appendix 3) which sought approval for the revenue estimates and level of rent and charges relating to the Housing Service.

After hearing the Head of Finance introduce the report, Mr A Duncan said that the proposed increase in rent for this year at 4% was in line with the consumer price index, and was similar to other local authorities. He added that he was disappointed in the decrease of a quarter of the Housing Support Grant, but this was accepted as a reflection of the financial restraints throughout the UK. Mr A Duncan moved that the Council approve the recommendations in the report. Mr C Smith seconded.

In response to questions from Members, Mr A Duncan added that consultation had been carried out with the Shetland Tenants' Forum, and they had been fully updated on the proposals being presented today, which they accepted.

05/11

General Fund Revenue Estimates and Council Tax Setting 2011/12

The Council considered a joint report by the Head of Finance and the Chief Executive (Appendix 4) which provided information for Members to set the various charges, make resolutions and set the revenue budgets for 2011/12.

Mr A J Cluness said that the Council was trying to protect services whilst at the same time making savings, and the Financial Resources Member/Officer Working Group had done a very good job going through the figures, resulting in the recommendations today. The Chief Executive said the report stated that the Council has been under considerable scrutiny, and particularly in relation to its approach to budgeting. He said that the Council's response to this was reflected in its Improvement Plan and which was being implemented, but he went on to say that the Council had a lot of work still to do in terms of its financial corporate strategy, and decisions would be required in relation to the Capital Programme and an appropriate use of reserves into to the future.

After hearing the Head of Finance introduce the details of the report, and response to questions from Members, the Head of Finance confirmed that the issue of long term financial planning would be brought to the Council on 23 March.

The Council considered Appendix E of the report and, following considerable discussion during which Members disposed of a number of motions and amendments, the Council duly adopted the recommendations for savings listed in Appendix E, including those for debate, except as follows:

- 26 – Organisational Development: Graduate Placements (£12,000)
- 30 – Adult Learning: English for Speakers of Other Languages (£4,519)
- 36 – Children's Services: Mental Health (£25,000)
- 37 – Children's Services: External Consultants (£20,000)
- 40 – Children's Services: Family Mediation (£8,160)
- 114 – Environment: Bulky Uplifts (£1,000)
- 120 – Environment: Beach Clean Ups (£4,180)
- 159 – Transport: Fair Isle-Sumburgh Rotation (£18,000)

The Council adopted the remaining recommendations as stated in the report, on the motion of Mr A J Cluness, seconded by Mr J G Simpson.

The meeting concluded at 1.15 p.m.

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A J Cluness
Convener