

MINUTES

A & B

**Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Thursday 9 February 2012 at 10 a.m.**

Present:

A J Cluness	L Angus
L F Baisley	J Budge
A T J Cooper	A G L Duncan
E L Fullerton	F B Grains
R S Henderson	A J Hughson
J H Henry	C H J Miller
R C Nickerson	F A Robertson
G Robinson	D Sandison
J G Simpson	C L Smith
J W G Wills	A S Wishart

Apologies:

A T Doull

In attendance (Officers):

A Buchan, Chief Executive
H Budge, Director – Children’s Services
P Crossland, Director - Infrastructure Services
C Ferguson, Director – Community Care Services
N Grant, Director - Development Services
B Lawrie, Interim Director - Corporate Services
H Sutherland, Head of Finance
J Riise, Executive Manager - Governance and Law
L Geddes, Committee Officer
A Cogle, Service Manager - Administration

Also in attendance:

S Laurenson, Consultant - Executive Services

Chair

Mr A Cluness, Convener of the Council, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

Mr G Robinson declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] as a Director of SHEAP.

Dr J Wills declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] as a family member is an employee of the Council in the Social Work Department; and in receipt of a business loan from the Shetland Development Trust which he is paying back.

Mr L Angus declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] with regard to any references to Olnafirth School.

Mr G Robinson declared non-pecuniary interests in agenda item 4 [General Fund Revenue Estimates 2012/13] as a Director of SHEAP and Trustee of Shetland Charitable Trust; and a pecuniary interest in terms of the Shetland Recreational Trust. He said that he intended to take part in discussion on agenda item 4, but for any particular discussion of the Shetland Recreational Trust he would withdraw.

Mr A Duncan declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] as a Director of SHEAP.

Mr W Manson declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] as Chairman of the Shetland Charitable Trust, and he would consider withdrawing depending on the discussion.

Mr J Henry declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] as Vice-Chairman of the Shetland Charitable Trust.

Mr R Henderson declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] as a Director of SHEAP.

Mrs C Miller declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] as a Trustee of Shetland Charitable Trust.

Mrs B Fullerton declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] as a Trustee of Shetland Charitable Trust.

Mr C Smith declared an interest in agenda item 4 [General Fund Revenue Estimates 2012/13] as a Trustee of Shetland Charitable Trust.

11/12 **Harbour Dues 2012/13**

The Council considered a joint report by the Head of Finance and the Executive Manager – Harbour Master and Port Operations (Report No: F-008-F), which presented the Harbour Dues for 2012/13 for approval.

The Council noted that the Harbour Board had agreed the terms of the report, but recommended that paragraph 3.7e be removed, on the basis that the Council wished to encourage waste oil to be brought ashore. the Board had also recommended the addition of a sentence to address the issue of insurance on paid and compounded dues.

Mr Henderson moved that the Council approve the recommendations from the Harbour Board. Mr Robertson seconded. The Council also noted that the Harbour Board had agreed to call for a report on pilotage and landing charges to come to a future meeting.

Decision:

The Council **RESOLVED** to approve and implement the Table of Dues with effect from 1 April 2012, with the removal of 3.7e “a charge for the removal of waste oil” within Appendix A, and the addition of a sentence that addresses the issue of insurance on paid dues as well as compounded dues.

12/12 **Harbour Account Revenue Estimates 2012/13**

The Council considered a joint report by the Head of Finance and the Executive Manager – Harbour Master and Port Operations (Report No: F-009-F), which sought approval of the revenue budget for 2012/13 for the Harbour Account, the funding mechanism for the outstanding liability of £7.6m to the Pension Fund in respect of Shetland Towage. In addition the Council was asked to note the Marine Superintendent Fund actuarial valuation as at January 2012. The report also sought agreement of the formal process for costing all the potential future liabilities of the closure of Sullom Voe Harbour operation, including when and how to hold any future liability in the accounts.

The Council noted that its financial policy was to secure an annual surplus of £3m on the Harbour Account.

Dr Wills moved that the Council approve the recommendations, but in relation to recommendation (a) that the Council fund the outstanding liability with £1m from the Harbour Account surpluses, subject to annual review. Mr Manson seconded.

Mr Cooper moved that the Council approve the recommendations in the report. Mr A Wishart seconded.

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

Amendment (Mr Cooper)	13
Motion (Dr Wills)	6

Decision:

The Council **RESOLVED** to:-

- a. fund the outstanding liability of £7.6m to Shetland Islands Council Pension Fund in respect of the Shetland Towage deficit by four near equal instalments of £2m from the Harbour Account surpluses between 2012/13 and 2015/16, subject to review each year in line with income projections;
- b. note the Marine Superannuation actuarial valuation indicates an estimated additional requirement of £7.8m at January 2012;
- c. undertake a formal project to calculate all the potential liabilities from the closure of the port of Sullom Voe which will include a recommendation as to how and when to hold any provision for future liabilities in the accounts and the impact that might have on the current policy of a target of £3m per annum;
- d. agree the overall Harbour Account estimates set out at Appendix 1; and
- e. note the availability of £2.2m to contribute to the reserves, to pay for General Fund projects and programmes, leaving £1.2m as a general contribution to the Reserve Fund to help replenish the reserves in the longer term, to £250m over a 10 year period.

13/12

Housing Revenue Account Revenues Estimates and Charge Setting 2012/13

The Council considered a joint report by the Head of Finance and the Executive Manager – Housing (Report No: F-010-F), which sought approval of the revenue budget for 2012/13 for the Housing Revenue Account and the rent levels for 2012/13.

The Council noted that discussions with Ministers regarding the Council's housing debt were ongoing and Members would be advised as matters progressed.

Mr Angus moved that the Council approve the recommendations in the report. Mr Smith seconded.

The Council **RESOLVED** to:-

- a) agree the increase to average rent of 5.3% and approve the 2012/13 rent levels, as shown in Appendix 1;
- b) agree to draw £1.43M from the Housing Repairs and Renewals Fund, towards funding the Housing Revenue Account Asset Investment Plan;
- c) agree the charges as detailed in Table 1;
- d) agree the decant compensation payments, at Table 3; and
- e) approve the overall Housing Revenue Account estimates set out at Table 5.

14/12

General Fund Revenue Estimates

The Council considered a report by the Head of Finance, which sought approval of the revenue budget for 2012/13 for the General Fund, the efficiencies and savings proposals put forward by the Chief Executive and Directors and the funding proposals, taking into account the Council's financial policy objectives.

The Council considered the proposals set out in Appendices 2 and 3 of the report. The Council agreed to seek agreement by consensus on proposals at stage 1, and to defer items to stage 2 for later debate.

Decisions

Stage 1

Education and Families Committee functions – On the motion of Mrs Fullerton, seconded by Mrs Miller, the Council agreed by consensus to: (A) approve the proposals numbered 10 – 49, 113, 114, 124 and 125 in Appendix 2 with the exception at this stage of nos. 30, 31, 36, 37 and 38; (B) approve the proposals numbered 33 – 54, 73 and 74 in Appendix 3 with the exception at this stage of nos. 33, 39, 46, 47, and 52; and (3) agreed on the motion of Mrs Fullerton, seconded by Mrs Miller, with regard to item 40, to retain 1.4 FTE post and to ask the Director of Children’s Services to find alternative savings worth £61,031 from other discretionary services within the Department for 2012/13 and carry out a review to determine future arrangements from 2013/2014 onwards; and with regard to items 44 and 45, to undertake a refresh of the Education Blueprint using existing information, taking account of the outcome of the Commission for Rural Schools deliberations and guidance when available, considering the Implementation of Curriculum for Excellence, the Senior Phase, the National Qualifications range and links with further education/other learning settings and based on the underpinning principles of the Education Blueprint project of equality, quality and value for money, and taking account of all new learning methods and IT links and facilities.

[Mr Nickerson left the meeting.]

Social Services Committee functions - On the motion of Mr Smith, seconded by Mrs Miller, the Council agreed by consensus to: (A) approve the proposals numbered 50 to 70, 115 and 122 in Appendix 2; (B) approve the proposals numbered 55 to 66 and 75 to 77 in Appendix 3 with the exception at this stage of nos. 62, 63 and 77; and (C) to refer no. 57 to the Social Services Committee to determine.

Development Committee functions - On the motion of Mr Cooper, seconded by Mr Smith, the Council agreed by consensus to: (A) approve the proposals numbered 104 – 112 and 123 in Appendix 2 with the exception at this stage of no. 105; and (B) to approve the proposals numbered 71, 72 and 78 in Appendix 3, and that nos. 71 and 72 be changed from “Assess” to “Review”.

Environment and Transport Committee functions - On the motion of Mr Wishart, seconded by Mrs Miller, the Council agreed by consensus to: (A) approve the proposals numbered 126 – 152 in Appendix 2; and (B) to approve the proposals numbered 1 – 32 in Appendix 3 with the exception at this stage of no. 4, and that nos. 16 and 31 be changed from “Implement” to “Assess” and that nos. 22, 23, 24 and 26 be changed from “Assess” to “Review”.

Executive Committee functions - On the motion of Mr Simpson, seconded by Mr Cooper, the Council agreed by consensus to: (A) approve the proposals numbered 1 – 9, 71 – 103 and 153 – 158 in Appendix 2, with the exception at this stage of no. 82; and (B) to approve the proposals numbered 67 – 70, 79 and 80 in Appendix 3.

[Mrs Baisley, Mr Hughson and Mr Robertson left the meeting.]

The meeting adjourned at 4.15 p.m.

Decisions:

Stage 2

The Council considered the deferred items from **Appendix 3**, and proceeded to make decisions, as follows:

No. 4 – Neighbourhood Support Workers/Community Warden Service

Mr A Wishart moved that this item remain, but that its status be changed from “Assess” to “Review”. Mrs C Miller seconded.

Dr Wills moved as an amendment that this item be removed. Mr Cluness seconded.

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

Amendment (Dr Wills) 5
Motion (Mr Wishart) 11

No. 33 – Childcare Partnership Review

Mr Robinson moved that the Council do not make the proposed savings, but that the Council make a bid for funding from the Childcare Change Fund. Mr Angus seconded.

Mrs Fullerton moved as an amendment that a bid for funding from the Childcare Change Fund can be made, but the proposed saving should still be approved, and that the implementation procedure be changed from “Implement” to “Assess”. Mr Wishart seconded.

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

Amendment (Mrs Fullerton) 9
Motion (Mr Robinson) 8

No. 39 – Children and Families Vacancy

Dr Wills moved that the Council do not make the proposed saving. Mr Cluness seconded.

Mrs Fullerton moved as an amendment that the proposed saving should be approved. Mrs Miller seconded. However, on hearing that the savings could be found from Economic Development, Mrs Fullerton, with the consent of her seconder, agreed to withdraw her motion.

Mr A Cooper moved as an amendment that the proposed saving should be approved. Mr Wishart seconded.

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

Amendment (Mr Cooper) 7
Motion (Dr Wills) 11

Nos. 46 and 47 – Music Instruction and Tuition Fees

Mrs Grains moved that these proposed savings be removed. Mr Henderson seconded.

Mr Wishart moved as an amendment that the proposed savings be approved. Mrs Miller seconded.

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

Amendment (Mr Wishart)	15
Motion (Mrs Grains)	4

No. 52 – Janet Courtney Hostel Fees

Mrs Miller moved that the proposed savings be approved. Mr Wishart seconded.

Mr Duncan moved as an amendment that the proposed savings do not proceed. Mr Henderson seconded.

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

Amendment (Mr Duncan)	6
Motion (Mrs Miller)	9

No. 62 - Freefield Centre

Dr J Wills moved that the proposed savings do not proceed. Mr A Duncan seconded.

Mr Wishart moved as an amendment that the proposed savings be approved. Mr Cluness seconded.

However, after discussion, Members agreed that further consideration should be given to exploring how services provided through the Centre could be delivered by others outwith the Council and that this should be reported back to Members for discussion. In this regard, Dr Wills and Mr Wishart, with the consent of their seconders, withdrew the motion and amendment.

Mr Smith moved that the implementation status of the proposal be changed from “Assess” to “Review”. Mr Angus seconded, and the Council concurred.

No. 63 - Dedicated Day Care

Mr Cluness moved that the implementation status of the proposal be changed from “Assess” to “Review”, and that the proposed saving be reduced from £2m to £1m. Mr Smith seconded, and the Council concurred.

No. 77 - Housing Support Grants

[Mr Angus declared an interest in this item.]

Agreed by consensus not to approve these savings.

[Mr D Sandison left the meeting.]

The Council considered the deferred items from **Appendix 2**, and proceeded to make decisions, as follows:

Nos. 30 and 31 – Psychology and Sensory Service posts

Dr Wills moved that the proposed savings do not proceed. Mr Duncan seconded.

Mrs Fullerton moved as an amendment that the proposed savings be approved. Mrs Miller seconded.

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

Amendment (Mrs Fullerton)	12
Motion (Dr Wills)	3

Nos. 36 and 37 – Maximum Class Sizes and Supply Teacher Terms and Conditions

Mr Manson moved, seconded by Mr Robinson, that the Council agree to these items being added to the agreed refresh of the Education Blueprint review.

Mrs Fullerton moved as an amendment that the proposed savings be approved. Mrs Miller seconded.

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

Amendment (Mrs Fullerton)	13
Motion (Mr Manson)	4

No. 38 – Music Tuition Fees

Agreed by consensus that these savings be approved, but that the implementation status be changed from “Implement” to “Review”.

No. 82 – CAB Service Level Agreement

On the motion of Mr Duncan, seconded by Dr Wills, the Council agreed by consensus not to approve the proposed savings.

[Mr Henderson left the meeting.]

No. 105 – Shetland Development Trust return of capital

Dr Wills moved that proposed savings from this area be used to fund core services. In addition, he moved five new proposals be considered for review in relation to Sports and Leisure functions (£100,000), marketing and Promote Shetland (£100,000), Chief Executive and Corporate Services (£100,000), Legal Services (£50,000) and Fund Managers (£150,000) and that these be funded from savings in Economic Development and that a report on all these areas come back to the Council. Mr Robinson seconded.

Mr Wishart moved as an amendment that the new proposals in relation to Sports and Leisure functions (£100,000), marketing and Promote Shetland (£100,000) and Fund Managers (£150,000) be approved as second priority for “Review”. Mr Cooper seconded.

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

Amendment (Mr Wishart)	9
Motion (Dr Wills)	5

On the motion of Mr Simpson, seconded by Mr Cluness, the Council agreed to approve the remaining recommendations contained in the report, as follows, and

that the balance of funding required to meet the 2012/2013 budget be taken from reserves.

Accordingly, the Council **RESOLVED** to:-

- a) approve the revenue budgets for 2012/13, with regard to core service provision, managerial efficiencies, service change savings proposals, inevitable growth and further review work for the:
 - i. Chief Executive's Department
 - ii. Children's Services Department
 - iii. Community Care Services Department
 - iv. Corporate Services Department
 - v. Development Services Department
 - vi. Infrastructure Services Department
- b) approve the charges for services, at Appendix 5;
- c) approve the Asset Maintenance Plan, at Appendix 6;
- d) agree to fund the outstanding liability to the Shetland Islands Council Pension Fund in respect of the Shetland Towage Pension Fund shortfall of £7.6M through four equal instalments from the surpluses on the Harbour Account from 2012/13 to 2015/16;
- e) agree to freeze the Council Tax at current levels, in line with the Concordat between the Council and the Scottish Government;
- f) note the Non Domestic Rates levels set by the Scottish Government;
- g) agree the transfer between funds as follows:

From	To	Value £m	Reason
Capital Fund	General Fund Revenue Balances	7.2	Revenue Source: to Fund Revenue Budget Deficit
Provision for Contingent Liabilities	General Fund Revenue Balances	2.4	Revaluation of Outstanding Contingent Liabilities: to fund Revenue Budget Deficit
Total		9.6	

- h) consider and approve the funding deficit, as follows:

2012/13	£m
Total Net Expenditure	119
Funded By:	
Government Grants	-90.7
Council Tax	-8.0
Trading Activity: DLOs	-0.9
Trading Activity: Shetland Development Trust	-1.0
Trading Activity: Harbour Account	-2.2
Reserve Fund: Sustainable Draw	-3.3
Repairs and Renewals Fund: Sustainable Draw	-3.3
General Fund Revenue Balances	-9.6
Total Income	-119.0

- i) set the direction of travel for the Strategic Budget Plan for 2013/14 to secure a balanced budget with no draw from reserves, as follows:
 - increase the ongoing recurring savings target for 2013/14 of £26M by £7.1M to £33.1M.
- j) adopt the Assurance Statement and note the financial ratios at Appendix 8;
- k) adopt the Formal Resolutions set out in Appendix 9;
- l) approve a local investment plan limit for the Economic Development Services at £3M for 2012/13, held on the Balance Sheet;
- m) note that approval of this Report will give authority to enable the Chief Executive and Directors to:
 - a. deliver services in line with policy and approved budgets in accordance with the Scheme of Delegations;
 - b. implement the operational managerial efficiencies which have no legal or policy implications, with effect from 1 April 2012;
 - c. implement the managerial efficiencies which have legal, human resources, contractual or other implications only after due legal and policy processes have been followed, with effect from the earliest possible date; and
 - d. for the areas of significant review where there is a requirement for policy, service standards or methods of delivery proposals to be further developed in detail, to report back to the Council for formal decisions, prior to implementing the budget proposal agreed in principle with this report; and
 - e. to note, for completeness, that Appendices 2 and 3 include the category under which each of the proposals will be implemented, as follows:
 - Implement – immediate implementation from 1 April 2012;
 - Assess – assess for legal, human resources, contractual and other impacts with the relevant advisers within the Council, including all the necessary consultations, and implement at the earliest possible date only after due process has been followed; and

- Review - subject to formal reports to committee with detailed options for change to secure the savings agreed in principle in this budget report.

The meeting concluded at 6.30 p.m.

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Chair