

**Development Committee
Council Chamber, Town Hall, Lerwick
Friday 9 March 2012 at 10 a.m.**

Present:

A T J Cooper	L Angus
J Budge	E L Fullerton
R S Henderson	W H Manson
F A Robertson	D A Sandison
A S Wishart	

Also in Attendance:

F B Grains	C H J Miller
G Robinson	J W G Wills

Apologies:

A T Doull	J G Simpson
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In Attendance (Officers):

N Grant, Director of Development Services
M Craigie, Executive Manager - Transport Planning
K Duerden, Executive Manager – Ferry Operations
D Irvine, Executive Manager - Economic Development
I McDiarmid, Executive Manager – Planning
A Taylor, Heritage Manager
K Hudson, Natural Heritage Officer
N Henderson, Marketing Section Head
T Coutts, Project Manager
M Henderson, Project Manager
S Keith, Project Manager
L Nicolson, Project Manager
M Smith, Project Manager
B Robb, Management Accountant
A Cogle, Team Leader - Administration
L Gair, Committee Officer

Also:

C Murrie, Department for Transport

Chair:

Mr A Cooper, Chair of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest

Mr Henderson declared an interest in item 6 and said that he would take no part in the item and would leave the Chamber.

Mr Robertson declared an interest in item 5 and said he would take no part as he is a Trustee on the Shetland Amenity Trust and he would leave the Chamber.

15/12

Minutes

The minutes of Development Committee held on 26 January 2012 having been circulated, were confirmed on the motion of Mr Henderson seconded by Mr Budge.

16/12

Draft Scottish Ferries Plan –

Shetland Islands Council Response to Consultation

The Committee considered a report by the Executive Manager – Transport Planning (Report No: TP-02-12-F), which provided the draft responses to the Scottish Government's Draft Scottish Ferries Plan for discussion prior to submission to the Scottish Government.

The Chair welcomed Ms Murrie from the Department of Transport, who provided a slide presentation, attached as Appendix 1A.

During discussions Members again raised their concern that Ministers and Officials were not hearing what the Local Authority, Community and Industries in Shetland were saying in relation to the reliability of services and the significant discrimination in relation to costs of travel and freight. The Committee advised that Shetland had the best growing economy in Scotland and provided a greater return to the economy than any other area.

The Committee reiterated the following points:

- The draft ferry plan was too late to influence the current tendering process.
- RET could not work in a Shetland context as the formula used makes it more expensive.
- West of Shetland Developments will see a growth in import and exports in Shetland.
- Being without a ferry during drydocking can be likened to closing a lane of the A9 or both lanes of the M8 every other day.
- Seafood industries are being developed to export to China and India but are frustrated by a restricted freight service.
- Freight is integral to the entire service.
- Further consideration should be given to Prof. A Baird's report, which was critical of the design of vessels and provision of the current service and made suggestions of how it could be run efficiently and effectively.
- A plea was made that the ferry plan includes early consideration of what happens after that plan is introduced.
- Early consideration of next ferry contract and earlier tendering process.
- The Government's objective is to reduce inequality and provide fairer and wealthier society, however access is unequal with exorbitantly unequal fares.
- Best Value must be demonstrated.
- Passenger ferries not ideal but are sea friendly.
- Freight vessels are not performing in the way they are required and are not meeting schedules and freight misses connections in Glasgow – vessels are required that meet the needs and guarantee nightly sailings.
- Late delivery loses business – some exporters are having to find new businesses that accept produce two days old.

Ms Murrie explained that a needs bases assessment had been carried out and the importance of freight for Shetland's perishable exports was recognised in the Appendix to the document. She informed the Committee that the tenderers were being asked to demonstrate that they could meet those needs. Ms Murrie said that Government Officials recognised that RET would not work in all area, particularly for Shetland. She referred to the comment regarding discrimination and said that the methodology used was evidence based. Ms Murrie advised that the proposals for Shetland go beyond the current contract and the consultation sought feedback from communities and she encouraged everyone to respond to that.

Members acknowledged the confidentiality of the negotiations with bidders during the competitive dialogue process. Members were advised that this allows engagement with Council's and Transport partnerships but was limited to what could be done. Ms Murrie advised that final bids had been received and Officials could not engage with Council's further. She assured Members again that whatever had been submitted tenderers had to evidence that they could meet the needs described.

Ms Murrie advised that there will be flexibility in the contract once it is let, as long as it does not change the procurement process sufficiently that other companies would have been interested if they had known about the new information.

The Executive Manager - Transport Planning highlighted the following issues for further consideration:

- RET – issues lie in the model – costs come from distance travelled but it fails to address the social impact. There is no difference between any island community in the need to travel to the mainland, but there is a huge difference in the costs to meet that need.
- Issues of integration and equality – not just cost/mile but social and economic impact.
 - In Shetland we pay 40% of the fare, however if travelling by rail in Scotland you pay 25% of the cost of the fare.
 - It is important not to look at ferry services in isolation but look at all transport links.
 - It is important to look beyond distance and include the strengths and needs of the community.
- Issue of efficiency of service and needs met for Island Groups
 - Need to deal with export strengths and ability to adjust ie with days at sea available to boats there is likely to be more landings in Shetland.
 - Greater export volumes – need ability to respond to rise in opportunities.
- This and future contracts need to identify differences in Island groups.

In conclusion, Members instructed the Executive Manager - Transport Planning to strengthen several points within the response.

Mr Sandison moved that the Committee approve the recommendations within the report, seconded by Mr Wishart, with more emphasis being incorporated in the response, on the areas identified during discussions.

Decision:

The Committee **RESOLVED** to:

- Approve the draft response with more emphasis placed on
 - the importance of the freight service for time sensitive produce, and the overall contribution that the seafood/fishing exports makes to Shetland and the Scotland wide economy
 - the need for increased capacity to attract more people and business to the isles
 - the need for separate freight vessels that are fit for purpose to allow the transport dangerous goods to continue
 - when freight was banned in 2010 from the passenger services there was an increase in cars and passengers.
- Delegate authority to the Executive Manager Transport Planning to finalise the response to the Draft Scottish Ferries Plan in consultation with the Chairs of the Development Committee and the Environment and Transport Committee.

17/12 **Management Accounts for Development Committee: April to December 2011**

The Committee considered a report by the Head of Finance (Report No: F-003-F), which provided an opportunity to monitor the financial performance of services within the Committee's remit, on the revenue and expenditure accounts, in order to determine that the expenditure levels and income generated would be delivered within the approved budget for the year.

Mr Henderson moved that the Committee approve the recommendations contained within the report, seconded by Mr Angus.

Decision:

The Committee **RESOLVED** to:

- review the Revenue Management Accounts, from 1 April 2011 – 31 December 2011
- review the Capital Management Accounts, from 1 April 2011 – 31 December 2011; and
- review the progress on securing savings and efficiencies in the year.

18/12 **Development Services Performance Review**

A report by the Director of Development Services (Report No: DV024-F) summarised the activity and performance of the Development Services Directorate for the 9 months up to December 2011, against the approved objectives.

Mr Robertson moved that the Committee note the recommendations within the report, seconded by Mr Cooper

Decision:

The Development Committee **RESOLVED** to note the contents of the report.

19/12 **Economic Development – Culture and Heritage Activity**

The Committee considered a report by the Project Manager (Report No: DV014-F), which presented proposals for the future policy direction of culture and heritage activity as delivered by the Economic Development Service.

During discussions, the Director of Development advised that the Shetland Brand, work continued on a daily basis and reported that the Shetland brand was now being supported by Tesco and would continue to be rolled out to businesses in Shetland. He confirmed that Officers would continue to look for opportunities and that would include major export industries.

Members commented on the quantity of events that took place in Shetland with a number of them requiring support from the Council's Management and staff from the Economic Development Unit. It was noted that there was a significant return to the economy that would not have happened without this support. The Chair commented that there should be a note in the strategy that recognises where Economic Development fits.

Mr Cooper moved that the Committee approve the recommendations within the report, seconded by Mr Henderson.

Decision:

The Committee **RESOLVED** to approve the proposed "Culture and the Economy" priorities and actions as the policies by which the Economic Development Service will engage with the culture and heritage sector.

(Mr Robertson left the Chamber)

20/12 **Shetland Amenity Trust Architectural Heritage Programme 2012/13**

The Committee considered a report by the Executive Manager – Economic Development (Report No: DV017-F), which provided an update on the current position regarding the funding of the Shetland Amenity Trust's Architectural Heritage Programme.

Mr Wishart moved that the Committee approve the recommendations within the report, seconded by R S Henderson.

Decision:

The Committee **RESOLVED** to approve the proposed reduced core funding grant of £225,000 for the Shetland Amenity Trust's Architectural Heritage Programme for the coming 2012/13 financial year.

(Mr Robertson returned to the Chamber)

(Mr Henderson left the Chamber)

21/12 **Rural Shop Improvement Scheme 2012-16**

The Committee considered a report by the Researcher, Economic Development (Report No: DV019-F), which presented a case for the continuation of the Rural Shops Improvement Scheme to assist retailers and post offices in rural areas of Shetland.

(Mr Robinson advised that due to family connections he would leave the chamber during consideration of the report)

The Researcher introduced the main terms of the report and in response to questions explained that the reason for supporting rural shops was that it was felt

they are less able to access funding and based on their turnover, they would not have money to spend on improvements.

During lengthy discussions where some Members expressed concern that there appeared to be unfairness and inequality within the scheme that could result in some shop closures. The following points were raised:

- Small shops nearer to Lerwick are more disadvantaged than those further away as they are closer to the 2 supermarkets in Lerwick.
- Concern was expressed regarding the criteria used to identify the shops that will be eligible to apply for the scheme.
- Comments were made with regard to the decline in shops in Commercial Street in Lerwick and how difficult it is to set up a business in that area.
- Discussion was held on the success of community coops in some areas.
- Closure of shops would affect the Local Development Plan areas identified for development.
- The viability of a business should be taken into account.

Members were advised that only shops in Lerwick were excluded, with the exception of Staney Hill Shop, which is in a fragile area. It was explained that the need for changes to the scheme was due to budget pressures and to use the funds efficiently. Members were also advised that a business that does not meet the criteria could request assistance, but a decision of the Committee would be required.

Members questioned whether the budget should be administered using the agreed criteria or used as required until the funds are gone.

Mrs Fullerton moved that the grant funding should continue on the reduced budget at 50% using the current criteria but Officers review the criteria to allow applications on equal terms to all rural shops. Mr Wishart seconded.

Decision:

The Committee **RESOLVED** to:-

- approve the continuation of the current Rural Shops Improvement Scheme to all rural shops;
- accept the budget reductions from £60,000 down to £49,000 and
- review the criteria to ensure an equal split and report to Committee on how the funds can be best used.

(Mr Henderson and Mr Robinson returned to the Chamber)

22/12 Performance Report – 2007-2012

The Committee considered a report by the Executive Manager – Economic Development (DV016-F), which provided information on the economic development work of the Council between 2007 and 2012, against the targets set in the Economic Development Policy Statement.

Members congratulated staff on the report and commented on 30% success rate and in response to questions, the Executive Manager – Economic Development

explained that it was difficult to compare Shetland with other areas in the Highlands and Islands as they do not have the resources to do all that the Council can.

The Executive Manager – Economic Development also explained that the seaweed biomass referred to on page 89 would be examined as an aquaculture project and would not involve harvesting the existing kelp forest.

During discussions, Mrs Fullerton referred to page 93 and noted that 8 child care businesses had been supported and commented on the importance of having affordable child care available to enable parents' returning to work to be economically viable.

The Committee agreed a "steady as she goes" approach to the future direction of economic development work undertaken by the council.

Mr Wishart moved that the Committee approve the recommendations contained in the report, with the addition that a target be set to support child care businesses to enable parents return to work to be economically viable, seconded by Mr Budge.

Decision:

The Committee RESOLVED to:-

- note the aspects of service that have worked well;
- approve a "steady as she goes" approach to the future direction of economic development work undertaken by the Council; and
- set as a target to support child care businesses to enable parents return to work to be economically viable.

23/12

Shetland Local Development Plan – Development Plans Scheme – Current Position

The Committee considered a report by the Director of Development Services (Report No: DV010-F), which updated Members on progress relating to the preparation of the Shetland Local Development Plan and presented the Vision and the Spatial Strategy for approval and presented the Proposed sites with Development Potential for comment.

Some discussion was held on particular areas, but the Executive Manager – Planning advised that the Local Development Plan gives developers more certainty of what land could be developed. This does not preclude applications in other areas but there would be a higher level of work for an application received for an area not on the Development Plan. Members agreed that the Plan was needed for the whole of Shetland to enable development to take place in a structured fashion and clearer planning route.

In response to questions, the Executive Manager – Planning confirmed that the resources were in place to deal with the strategic and environmental assessment work. He also advised that areas of best fit are different from areas of potential. The Executive Manager Planning explained that best fit areas are additional areas that Planning Officers think could be developed but that is not to say that it has to be

developed. He added that there were a number of levels of consultation that would be carried out and these were not a “done deal”. He indicated that if Members receive queries on this point they could forward them on to the Planning Service for clarification.

Reference was made to the definition of “best fit” and the walking distances from schools. The Executive Manager – Planning advised that this was based on Scottish Government guidance and the Planning Service was trying to be proactive in this area.

The Executive Manager – Planning agreed that by the time the document was adopted it could be out of date, but changes in circumstances would be dealt with as they happen.

Mr Robertson moved that the Committee approve the recommendations within the report, and said that Seminars should be provided to Members as the plan progresses, seconded by Mr Angus.

Decision:

The Committee **RESOLVED** to approve the Vision and the Spatial Strategy, with the addition that Seminars be provided to Members as the plan progresses.

24/12

Local Nature Conservation Sites

The Committee considered a report by the Natural Heritage Officer (Report No: PL-07-12-F), which highlighted the background to and work undertaken so far, to identify potential Local Nature Conservation Sites that will be part of the Local Development Plan and outlined the proposed next steps in the process.

Members were assured that there would be full consultation on identified Local Natural Conservation sites.

Mr Robertson moved that the Committee approve the recommendations contained within the report, seconded by Mr Angus.

Decision:

The Committee **NOTED** the contents of the report and commented on the progress made in identifying potential local nature conservation sites, which would become part of the Local Development Plan.

25/12

Mapping Oil Pollution

The Committee considered a report by the Director of Development Services (DV026-F), which identified a project to access European funding to work with other north Atlantic communities to map oil pollution risk.

Following a brief discussion on the importance of this work, the Director of Development advised that there would be a lot of work to be done and a further report on costs would be presented to a future meeting.

Mr Wishart moved that the Committee resolve to approve the recommendations within the report, seconded by Mr Robertson

Decision:

The Committee RESOLVED to approve the work plan.

The Committee adjourned for a twenty minute break at 1pm.

Shetland Islands Council as Trustee of Shetland Development Trust

26/12 Shetland Development Trust Surpluses – COPE Ltd

The Committee considered a report by the Director of Development Services (Report No: DV025-F), which provided an update on the current funding position of COPE Ltd.

Mrs Fullerton moved that the Committee approve the recommendations within the report, seconded by Mr Manson.

Decision:

The Committee RESOLVED to approve the proposed distribution of £129,600, from 2010/11 Shetland Development Trust surplus, to COPE Ltd during the financial year 2012/13.

In order to avoid the disclosure of exempt information, Mr Cooper moved, Mr Wishart seconded, and the Committee agreed to exclude the public in terms of the relevant legislation during consideration of the following items of business.

27/12 Mark Anderson and Partners LLP – Relaxation of Shareholder Agreement, Clause 10.5

The Committee considered and approved a report by the Project Manager.

Decision:

The Committee **RESOLVED** to allow Mark Anderson and Partners LLP to use a sum of business capital to release two partners from the partnership and the Council as sole trustee of the Shetland Development Trust (SDT), agreed to the repayment schedule.

28/12 Investment Update

The Committee considered a report by the Project Manager, which provided an update on recent activities concerning specific investments and initiatives, of a confidential nature, on the motion of Mr Henderson, seconded by Mr Cooper.

Decision:

The Committee **RESOLVED** to:-

- note the position taken by the Director of Development Services and Economic Development staff in respect of activities to date; and
- agree that the Director of Development Services, and the staff of the Economic Development continue to act on behalf of the Council accordingly regarding current and future business activities.

29/12 Investment in Quota – Past, Present and Future

The Committee considered a report by the Project Manager, which provided information on quota investment.

During discussions, Members discussed the importance of the scheme to the fishing industry and in response to a query regarding state aids, Mr Angus explained that the Council had to demonstrate that the quota was being rented commercially and was not exclusive to Shetland.

On the motion of Mr Henderson, seconded by Mr Angus, the Council resolved to continue to invest in quota where there are funds to do so but defer developing a state aid compliance scheme.

Decision:

The Committee **RESOVLED** to:-

- continue to work towards investing in quota where the Council has funds to do so; and
- deferred consideration of developing a state aid compliant scheme into the future.

30/12 **Filming Projects in Shetland**

The Committee considered a report by the Marketing Section Head, which examined the issue of how the Council currently deals with TV and film-related production enquiries, associated investment funding requests and how these should be handled in future.

Following brief discussions, Mrs Fullerton moved that the Committee approve the recommendations contained within the report, seconded by Mr Wishart.

Decision:

The Committee RESOLVED to:-

- approve the proposed approach to continue to deliver a cost-effective pre-development TV and film reconnaissance or 'recce' service for productions companies in conjunction with Creative Scotland.
- Make no investment in budgeting or production costs for any large film-related proposals to be based in Shetland.

31/12 **Establishment of Point of Presence**

The Committee considered a report by the Project Manager.

Mr Angus moved that the Committee approve the recommendations within the report, seconded by Mr Manson.

Decision:

The Committee RESOLVED to:-

- Approve the purchase of an initial bandwidth; and

- Delegate authority to the Director of Development Services, or his nominee, to negotiate and purchase all future bandwidth and service requirements, subject to approved budget.

(Mr Manson referred to the following item and said that SRT was funded through SCT and SHEAP is a subsidiary of SCT. He said he would take no part in discussions and left the Chamber)

32/12 **North Fish (Shetland) Ltd.**

The Committee considered a report by the Project Manager, which satisfies a request, made at the last Committee meeting, for additional information regarding the proposed grant assistance to North Fish (Shetland) Ltd.

During discussions the Project Manager confirmed that the business would still be viable without a contract to sell heat to SHEAP. He said that SRT would be the main customer with the leisure centres and potential to heat surrounding buildings. He said that Mr Martin of SHEAP held the view that biomass was a good source of heating and would be worth considering for the new Anderson High School.

Following discussion, Mr Wishart moved that the Committee approve the recommendations contained in the report with the condition that the contracts with SRT and SHEAP are in place by 31 December 2012 before the grant is released.

Decision:

The Committee **RESOLVED** to approve a grant to North Fish (Shetland) Ltd. under the conditions of the Shetland Business Energy Efficiency Scheme, on the condition that the two contracts referred to in the report are in place by 31 December 2012 before the grant is released.

(Mr Manson returned to the Chamber)

(Mrs Fullerton left the Chamber)

(Mr Wishart advised that a family Member was involved in Direct Flight and he left the Chamber)

33/12 **Inter Island Air Services**

The Committee considered a report by the Executive Manager – Transport Planning, which delegated authority to the Director of Development to negotiate and secure a contract for an alternative specification for inter island air services that represents best value for the Council.

Mr Angus moved that the Committee approve the recommendations within the report, seconded by Mr Budge.

Decision:

The Committee **RESOLVED** to delegate authority to the Director of Development Services to negotiate and secure a contract for an alternative specification for inter island air services that represents the best value for the Council.

As this was the last Committee meeting of the current Membership before the Local Authority Election, the Chair gave his thanks to Members and Officers for their support.

The meeting concluded at 2.10pm

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Chair