

# MINUTE

# B - PUBLIC

**Shetland Islands Council  
Council Chamber, Town Hall, Lerwick  
Wednesday 28 August 2013 at 10 a.m.**

## **Present:**

M Bell	M Burgess
G Cleaver	A Cooper
S Coutts	B Fox
A Manson	D Ratter
G Robinson	D Sandison
C Smith	G Smith
T Smith	A Westlake
A Wishart	V Wishart

## **Apologies**

A Duncan	R Henderson
M Stout	J Wills

## **In Attendance (Officers):**

M Boden, Chief Executive  
H Budge, Director – Children’s Services  
P Crossland, Director – Infrastructure Services  
C Ferguson, Director – Corporate Services  
N Grant, Director – Development Services  
J Gray, Executive Manager – Finance  
J Riise, Executive Manager – Governance and Law  
V Simpson, Executive Manager – Community Planning and Development  
R Sinclair, Executive Manager – Capital Programme  
J Smith, Executive Manager – Improvement and Performance  
S Thompson, Executive Manager – Schools  
J Armitage, Client Adviser – AHS Project  
C Anderson, Senior Communications Officer  
B Leask, Team Leader – Youth Services  
T Smith, Contract Manager (Engineering)  
P Wishart, Solicitor  
A Cogle, Team Leader - Administration

## **Chair:**

Mr M Bell, Convener of the Council, presided.

## **Circular:**

The circular calling the meeting was held as read.

## **Declarations of Interest**

None.

63/13

### **Minutes**

Except as undernoted, the Council approved the minutes of the Council meetings held on 5 June, 12 June, 26 June and 3 July 2013.

26 June 2013 – Min. Ref 58/13 – SIC Investment Strategy 2013/14

Mr B Fox referred to this item, and stated that as the Medium Term Financial Plan had not been approved at that meeting, he had specifically asked that reference within the Strategy to preservation of the reserves at a level no lower than £150m, should be amended to read £125m, as this is the level at which it currently stood. However, he said it appeared that this had not been minuted. The Council concurred.

64/13 **Chair's Report – Executive Committee**  
**Boat Hoist – Scheme of Changes**

The Committee considered a report by the Chair of Executive Committee [SIC-0828-PH25], which presented revised terms and conditions and schedule of charges for small boat lifting services at Sellaness.

Mr G Robinson moved that the Committee approve the recommendations. Ms A Manson seconded.

It was noted that there had been concern that the imposition of a £5m public liability insurance would be prohibitive for small boat owners. However, advice had been given that £5m was the minimum level required by the Council's insurers, but should not be onerous for small boat owners to procure.

**Decision:**

The Council **RESOLVED** to approve the schedule of charges for the Boat Hoist Service.

65/13 **Chair's Report – Executive Committee**  
**Economic Development Policy Statement 2013-17**

The Committee considered a report by the Chair of Executive Committee [SIC-0828-DV25], which presented the final draft Economic Development Policy Statement 2013-17.

Mr G Robinson moved that the Committee approve the recommendations. Mr A Cooper seconded.

**Decision:**

The Council **RESOLVED** to approve the Economic Development Policy Statement 2013-17, as amended.

66/13 **Chair's Report – Executive Committee**  
**Discretionary Housing Payments**

The Committee considered a report by the Chair of Executive Committee [SIC-0828-F37], which provided details of additional funding to be made available for Housing Benefit Claimants who were affected by the removal of the spare room subsidy.

Mr G Robinson moved that the Committee approve the recommendations. Mr C Smith seconded.

**Decision:**

The Council **RESOLVED** to approve the recommendation from the Executive Committee, namely to adopt Option 2 [relax eligibility criteria and increase

awareness of DHP Fund], but that if the situation is reached whereby the subsidy is fully spent, that a report be presented back to Council to discuss the way forward.

67/13

**Chair's Report – Executive Committee**

**Revised Standing Orders relating to Tenders and Contracts**

The Committee considered a report by the Chair of Executive Committee [SIC-0828-CPS7] that presented revised Standing Orders for Tenders and Contracts, which should assist Budget Responsible Officers to more easily comply with Council policy and EU Procurement Regulations.

Mr G Robinson moved that the Committee approve the recommendations. Mr T Smith seconded.

**Decision:**

The Council **RESOLVED** to:

- adopt the new Contract Standing Orders as Part E of the Council's Constitution, with effect from 1 September 2013; and
- approve the holding of a seminar for the local contracting industry, within one month.

68/13

**Chair's Report – Executive Committee**

**Progress Report – Asset Investment Plan (AIP)**

The Committee considered a report by the Chair of Executive Committee [SIC-0828-CPS11], which advised on the progress on the projects contained within the AIP.

Mr G Robinson moved that the Committee approve the recommendations. Mr C Smith seconded.

**Decision:**

The Council **RESOLVED** to note the progress on the projects within the Asset Investment Plan.

69/13

**Chair's Report – Executive Committee**

**Asset Strategy and Draft Implementation Plan Update**

The Committee considered a report by the Chair of Executive Committee [SIC-0828-CPS12], which presented a report that set out an update to the Council's Asset Strategy and Implementation Plan.

Mr G Robinson moved that the Committee approve the recommendations. Mr F Robinson seconded.

**Decision:**

The Council **RESOLVED** to adopt the Asset Strategy and Implementation Plan.

70/13

**Chair's Report - Executive Committee - Change Programme Progress Report**

The Committee considered a report by the Chair of Executive Committee [SIC-0828-CRP18], which presented a report that set out an update to the Change Programme. An updated appendix was tabled at the meeting.

Reference was made to the Review of Tertiary Education, and Members noted that the Chief Executive had taken responsibility, as Project Sponsor, for the Project Board and the Sounding Board. The Sounding Board has been constituted and a meeting scheduled for the week after next. The Council noted that offers of support had come from both the UHI and the Scottish Government, which would bring useful experience in merging colleges. The Council agreed that the foundations for the review were now well established, and progress would be made reasonably soon.

In response to a question regarding Appendix 2, and to the Full Time Equivalent figures in particular, the Executive Manager Improvement and Performance confirmed that the figures were budgeted posts and did not include all vacancies. He explained that vacancy rates for posts were currently at around 7%, and that each time a post became vacant it would be reviewed as to whether the post was still required, and if it was, whether the post could be retained for a time without a budget. He said that the figures therefore showed posts that were filled and vacant posts that had budget, but some vacant posts still existed that had no budget.

**Decision:**

The Council **RESOLVED** to note progress on the Change Programme.

71/13

**Shetland Islands Council – Medium Term Financial Plan**

The Committee considered a report by the Executive Manager – Finance (F-034-F), which set out the roadmap for Shetland Islands Council to achieve financial sustainability over the term of this Council and to align resources in accordance with the priorities of Members.

The Executive Manager – Finance introduced and summarised the terms of the report, highlighting that this was not a new Plan but a refresh of the existing Plan and therefore followed the path that the Council had set in place last year. He said it was best practice and common practice to have a financial strategy and to bring that back for approval each year. He summarised the objective of the plan, which was to bring financial sustainability within the lifetime of this Council, by reducing the draw on reserves. He said that by establishing a reserves floor at £150m, which was £25m more than last year, would allow the Council to spend an extra £1m on services per year, and that the priorities within the Plan still reflected the Council's Action Plan, and therefore the approach to the Plan remained the same measured approach as the previous Plan, spreading the savings over a period of three to four years. The Executive Manager Finance added that SOLACE had verified the content of the Plan as being realistic, in that the objectives could be delivered. He concluded by saying that the main changes to the Plan were the Reserves floor being set at £150m, and with the Equalisation Fund at £15m, this would provide a buffer, and other than that, the Plan remained unchanged.

Considerable discussion took place, during which the Executive Manager Finance explained the introduction of the Reserves Equalisation Fund was as a result of the Council's investments returning more than expected – 14.6% as opposed to 5.75% - which had yielded a sum of £15m. He said that the proposal would allow the money to be held in an Equalisation Fund, and released as working capital in future years if the return fell below 5.75%, but that the proposal was an accounting transaction, as the money was still regarded as being within the reserves, and would still be invested.

Regarding the change in ceiling for the reserves, the Executive Manager Finance confirmed that even if the ceiling was not changed the level of savings required was still factored into the Medium Term Financial Plan, as it was not a change in policy, but a change in assumptions. He clarified that a change in the ceiling did not change the level of savings required, as any spending at all from the Reserves would mean a cut in services. In response to further questions, he confirmed that the level of reserves was not something that was taken into account by the Scottish Government in terms of Reserve Fund Grant, and any change in this stance was likely to be challenged by many, if not all, other local authorities.

After debate, Mr G Robinson moved that the Council adopt the terms of the report. Mr A Wishart seconded.

Mr G Cleaver moved as an amendment that the word “indicative” be added to paragraph 2.12 of the report, so as to read “Approve the **indicative** Target Operating Budgets for each directorate for 2014-15 to 2018-19 inclusive, as set out at Section 12.9” and that the “Tolerable Reserves Floor” referred to in paragraph 2.5 be amended to £125m. This, however, received no seconder.

Mr G Smith moved as an amendment that the Council adopt the terms of the report, subject to the wording of paragraph 2.12 being amended to read “Approve the **indicative** Target Operating Budgets for each directorate for 2014-15 to 2018-19 inclusive, as set out at Section 12.9, **and allow further consideration of these budgets as the Council moves through the budget setting process**”. Mr T Smith seconded.

Mr A Cooper gave notice of a further amendment.

Mr G Robinson, with the consent of his seconder, agreed to accept the terms of the amendment within his motion.

Mr A Cooper moved as an amendment that that the Council adopt the terms of the report, subject to the wording of paragraph 2.15 of the report being amended to read “Approve the proposal to grant delegated authority to the Chief Executive to invoke contingencies measures if required **on services not achieving its budget on savings**, as set out in section 13.” Mr D Sandison seconded.

Mr G Robinson, again with the consent of his seconder, agreed to accept the terms of the amendment within his motion, and this was declared the finding of the meeting.

### **Decision:**

The Council **RESOLVED** to:

- 1) Approve the principles of the plan and the assumptions underlying the plan set out in Section 2.1 to 2.12 of Appendix 1;
- 2) Approve the continuation of the budget carry forward scheme as set out in section 2.13 to 2.16 of Appendix 1;
- 3) Approve the continuation of the policy of external funding as set out in section 2.17 to 2.19;

- 4) Approve the continuation of the principle of making spend to save funding available to assist with the budget savings work as set out in section 2.20 to 2.22 of Appendix 1;
- 5) Approve the proposed reserves policy as set out in section 5.5 to 5.9 which sets a "Tolerable Reserves Floor" of £150m;
- 6) Approve the introduction of a Reserves Equalisation Fund as set out at section 5.14 to 5.16 of Appendix 1;
- 7) Approve the transfer of reserves as set out at section 5.17 to 5.18 of Appendix 1;
- 8) Approve the continuation of the Economic Development loans scheme as set out at section 5.19 of Appendix 1;
- 9) Approve the proposed capital programme policy as set out at section 6 of Appendix 1;
- 10) Approve the policy of a sustainable revenue draw on the Housing Repairs and Renewals Reserve as set out at section 7.13;
- 11) Approve the budget model as set out at section 11.1 which limits net general fund expenditure at £107.442m in 2014-15, and anticipates a limit of £106.081m in 2015-16, £107.108m in 2016-17, £108.911m in 2017-18 and £111.401m in 2018-19;
- 12) Approve the **indicative** Target Operating Budgets for each directorate for 2014-15 to 2018-19 inclusive, as set out at Section 12.9, **and allow further consideration of these budgets as the Council moves through the budget setting process**;
- 13) Approve the principle of seeking to maximise income from fees and charges as set out at section 12.14 to 12.17;
- 14) Approve to continue the freeze on Council Tax in 2014-15 and in principle for the medium term;
- 15) Approve the proposal to grant delegated authority to the Chief Executive to invoke contingencies measures if required **on services not achieving its budget on savings**, as set out in section 13.6;
- 16) Approve the safeguarding measure as set out at section 13.7 to 13.11; and
- 17) Approve the policy around consultation as set out in section 14.

72/13

### **Community Planning and Development Review Decision Making Process**

The Committee considered a report by the Director of Development Services [DV028-F], which sought a decision making process for the report on the review of the Community Planning and Development Service.

After hearing the Director of Development summarise the terms of the report, Members asked questions regarding consultation held with community groups and the third sector. The Director of Development confirmed that there had been fairly

broad stakeholder consultation, and discussion with relevant staff. Members were in agreement that the current terms of reference for the committees meant that the Community Planning and Development Service did not have a single point of reporting, and this had made it difficult for the officers to take a lead from Members. In this regard, Members were in agreement that the report should be presented to each of the relevant committees in order to ascertain the views relating to their functional areas. However, some Members remained concerned at the process of consultation so far, and sought to have reassurance of these matters as the report progressed.

Mr A Cooper moved that the Council resolve that the report be presented through the relevant committees, as set out in the report. Mr C Smith seconded.

**Decision:**

The Council **RESOLVED** that the report on the review of Community Planning and Development be brought to all relevant Committees as set out in paragraph 3.2 of the report.

73/13

**Review: Provision of Youth Services in Shetland**

The Committee considered a report by the Executive Manager – Schools [DV028-F], which presented an update for Members on the proposal presented at the meeting of the Shetland Islands Council at its meeting on 12 June 2013, in respect of the restructure of the Youth Service.

Ms Wishart moved that the Council approve the terms of the report. Mr Ratter seconded.

**Decision:**

The Council **RESOLVED** to approve the restructure proposal for the Youth Service.

74/13

**Chair's Report – Education and Families Committee – New Anderson High School – New Project Requests**

The Committee considered a report by the Chair of the Education and Families Committee [SIC-0828-CS41], which provided up to date progress information.

Ms Wishart advised that the Committee had been in favour of the terms of the report, and commended the decision to the Council. However, Members noted that the recommendation in the Chair's report referred to the inclusion of a synthetic pitch being a "requirement" of the NPR, and it was agreed that this was incorrect, and should have referred to the inclusion of a synthetic pitch as an "aspiration".

Accordingly, and after consideration of the following agenda item on the legal and contractual issues in private, Ms Wishart moved that the Council adopt the recommendations in the report, with the change of the word "requirement" to "aspiration". Mr G Smith seconded.

**Decision:**

The Council **RESOLVED** to adopt the recommendations from the Education and Families Committee, namely:

- That the New Project Request for the school is submitted to HubCo;

- That £14 million, as set out in the Medium Term Financial Plan, is earmarked for this project; and
- That the New Project Request for the school includes the **aspiration** for a synthetic pitch.

**In order to avoid the disclosure of exempt information, Mr Bell moved, Mr Robertson seconded, and the Council agreed to exclude the public in terms of the relevant legislation during consideration of the following item of business.**

75/13     **Chair's Report – Special Education and Families Committee – New Anderson High School – Progress Report**

The Council considered a report by the Chair of Education and Families Committee [SIC-0828-CS42], which provided a further update on progress and sought approval for some actions.

Members received confirmation on a number of legal and contractual issues, following which Mr Fox moved that the Council adopt the terms of the report. Mr Robinson seconded.

**Decision:**

The Council RESOLVED to adopt the recommendations of the Education and Families Committee.

The meeting closed at 12.35 p.m.

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Convener