

# MINUTE

# B - PUBLIC

**Development Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Wednesday 25 September 2013 at 10 a.m.**

**Present:**

A Cooper	T Smith
M Burgess	S Coutts
B Fox	A Manson
F Robertson	G Robinson
M Stout	A Westlake

**Apologies**

None

**In Attendance (Officers):**

N Grant, Director of Development Services  
D Irvine, Executive Manager - Economic Development  
V Simpson, Executive Manager - Community Planning and Development  
T Coutts, Project Manager  
W Grant, Project Manager  
S Keith, Project Manager  
M Smith, Shetland Telecom Project Manager  
C Anderson, Communications Officer  
J Thomason, Management Accountant  
K Marshall, Solicitor  
A Cogle, Team Leader - Administration  
L Adamson, Committee Officer

**Also Present:**

G Cleaver  
R Henderson  
V Wishart

**Chair:**

Mr A Cooper, Chair of the Committee, presided.

**Circular:**

The circular calling the meeting was held as read.

**Declarations of Interest**

None.

43/13      **Minutes**

Subject to the following, the Committee confirmed the minutes of the meeting held on 14 August 2013 on the motion of Mr Robertson, seconded by Mr Fox.

Mr Fox advised of an issue he wished to raise from the minute, relating to Min. Ref. 38/13, when the meeting moves into private session.

Except as undernoted, the Committee confirmed the minutes of the meeting held on 30 August 2013 on the motion of Mr Smith, seconded by Ms Manson.

## **Sederunt**

Ms Westlake advised that she had intimated her apologies.

44/13

### **Management Accounts for Development Committee: 2013/14 – Projected Outturn at Quarter 1**

The Committee considered a report by the Executive Manager - Finance (F-039-F), which enabled the monitoring of the financial performance of services within their remit to ensure that expenditure incurred and income generated have been delivered within the approved budget, so that timely action could be taken, when required, to mitigate projected overspends.

The Management Accountant introduced the report.

In response to a question regarding the £28k projected outturn underspend in the Planning Service as a result of a drop in income from planning applications, it was reported that there did not appear to be any particular reason for this reduction. However although less applications have been submitted, in light of the economy being buoyant there have been more applications for larger scale developments, and that the planning fees that will be paid for the larger scale projects should go some way to address the current shortfall for the Planning Service. However, the Director of Development Services said that an issue for the Planning Service is that the amount of work involved in processing applications for larger scale projects is significantly in excess of the planning fee, and that these issues need to be addressed. A Member advised on a proposal being discussed where developers of large scale developments are asked to consider a contribution in addition to the planning fee. The Director of Development Services commented that any opportunities to maximise income to the Planning Service would be looked at.

Regarding the £30k projected outturn overspend reported on the Broadband project, it was explained that this was a budgeting error with the budget set too low at the beginning of the year.

In response to questions, the Management Accountant explained that the overspend in relation to the works carried out at Harrison Square had been budgeted for 2012/13 to be fully funded by March, however as the project ran on into April that portion of the costs have been included in the budget for 2013/14. She confirmed that the overspend reported in Development Services Directorate related to a budgeting error, where a post had been included at the wrong grade.

### **Decision:**

The Development Committee **RESOLVED** to:

- Review the Management Accounts showing the projected outturn position at Quarter 1; and
- Instruct the Director of Development Services or his nominee to ensure that the budget is achieved by year-end.

45/13

### **Development Services Directorate – Quarter 1 Performance Overview**

A report by the Director of Development Services (DSD-15-13-F) summarised the activity and performance of the Development Services Directorate for the first

quarter of 2013/14, against the objectives and actions in the Development Directorate Plan.

In introducing the report, the Director of Development Services highlighted areas where progress has been made in terms of the main objectives for the Directorate in the current year, and provided an explanation on the areas currently showing as 'Red' ratings and requiring more emphasis going forward.

In response to questions, the Director of Development Services advised on the Council's commitment for all Directors and Executive Managers to be trained in the use of project planning, which will ensure that projects are progressed and resources identified in a cohesive way. He added that the focus on project planning will also help during the budget setting process.

Reference was made to the report that the number of temporary contracts coming to an end within the Directorate would be getting worse. The Director of Development Services advised that was an area that may have to get worse in the short term to manage the service changes that are likely to take place during the year.

During the discussion, a request was made for Members to be provided with a breakdown of underspends on Capital Expenditure reported at the end of the Quarter 1.

In referring to the action rated as 'Red', "To make better use of MSPs, MPs and MEPs ....." it was reported that although progress has been made in this area, there was still a need for Members to engage with ministerial politicians at local, national and European level on a more day to day basis to achieve better outcomes for Shetland.

Mr Robinson commended the Director of Development Services and his staff for the work done to achieve the improvements reported to date. During the discussion, a plea was made for an improved reporting system for defining 'Red', 'Amber' and 'Green' ratings, and it was agreed that further work would be done on this matter.

During the discussion, reference was made to the information accumulated by the Development Service in regard to fixed links, and a request was made for a report to Members in early course.

#### **Decision:**

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

46/13

#### **Delegated Scheme for Loans to Purchase Whitefish Quota and/or Fishing Vessel Licences**

The Committee considered a report by the Project Manager (DV034-F), which sought approval for the continuation of the Whitefish Quota and/or Fishing Vessel Licence Loan Scheme until the conclusion of the current review of the future mechanism for economic development commercial investments.

The Project Manager (S Keith) introduced the report.

In response to questions, the Project Manager explained that from the £3m per annum allocation towards Economic Development loans there would be a ceiling on approvals to each organisation at £250,000. Should there be applications in excess

of the £3m annual provision a report to consider additional funding would be presented to Committee. The Project Manager explained that the interest rate policy used to apply the loan interest rate was set in 2008, in line with the European reference rate to ensure state aid compliance, with the interest rate applied depending on the circumstances of each case, with the average expected to be between 4% and 6% for quota/licence loans.

During the discussion, the Project Manager clarified that the £3m budget allocation is for lending to all industry sectors and not specific to the Purchase of Whitefish Quota and Fishing Vessel Licences schemes. The Director of Development Services said that he would expect significant competition for the £3m budget allocation across all sectors.

On the motion of Ms Manson, seconded by Mr Robinson, the Committee approved the recommendations in the report.

**Decision:**

The Development Committee **RESOLVED** to:

- Approve the Whitefish Quota and/or Fishing Vessel Licence Loan Scheme as a delegated scheme; and
- Delegate authority to the Executive Manager – Economic Development, or his nominee, to administer the Scheme.

47/13

**Economic Development Service – Financial Assistance Measures 2013 – 2017**

The Committee considered a report by the Project Manager (DV033-F), which presented guidelines and conditions for two financial assistance measures to be administered by Economic Development Service for the period 2013-2017 – the Economic Development Grant Scheme and the Business Start Up Grant Scheme. The report also sought approval for delegated authority for the Executive Manager – Economic Development to approve grants under these schemes and to engage with large-scale development projects at an early stage.

The Executive Manager – Economic Development summarised the main terms of the report. The Project Manager (T Coutts) provided a summary of the guidelines of the Economic Development Grant Scheme and highlighted to Members that the final sentence of Section 2.11 would be deleted and replaced with, “Projects which cannot demonstrate significant added value to local areas will not be eligible for assistance.”

In referring to the 7 schemes that are being proposed to end, Members were advised that the types of projects they currently fund can continue to be considered for funding under the 2 new replacement grant schemes. However it was noted that all applications now have to be considered amid vastly reduced budgets, with the projects to meet key criteria and target priority areas within the Economic Development Policy Statement.

In response to questions, the Project Manager confirmed that community groups and Trusts would be eligible to apply for funding from the 2 new schemes, provided the project meets the requirements of the schemes, the groups are properly constituted and a legal framework is in place. The Project Manager advised that the budgets for the new economic development schemes and the Community

Development Fund were entirely separate. Therefore when funding is being sought for different parts of a project, community groups could submit applications for funding from an economic development scheme and the Community Development Fund.

In referring to Sections 2.9/2.10 of the guidelines, and in response to a question from a Member, it was confirmed that public sector grants render projects ineligible for the Renewable Heating Incentive.

In response to a question regarding promotion of the new schemes, the Project Manager advised that a press release be prepared to inform on the funding available, and the schemes would be promoted during discussions through the Business Gateway process. Following a brief discussion, it was concluded that more should be done to promote the schemes and to consider how the Development Service can engage better with industry sectors.

The Project Manager provided Members with a summary of the guidelines of the Business Start-Up Grant Scheme, which he advised included consideration of certain statutory elements of costs.

During a brief discussion, the Executive Manager – Economic Development reported on statistics on the uptake of economic development grants and associated budgets during previous years, and Members noted the significant difference to the grant funding going forward.

On the motion of Mr Robinson, seconded by Mr Stout, the Committee approved the recommendations in the report.

#### **Decision:**

The Development Committee **RESOLVED:**

- To end the seven schemes identified in paragraph 3.1 of the report.
- To adopt the Economic Development Grant Scheme 2013-2017 as a financial assistance measure.
- To adopt the Business Start Up Grant Scheme 2013-2017 as a financial assistance measure.
- To grant delegated authority to the Executive Manager – Economic Development to approve grant awards up to £25,000 under the Economic Development Grant Scheme 2013-2017 and up to £5,000 under the Business Start Up Grant Scheme 2013-2017.
- To grant delegated authority to the Executive Manager – Economic Development:
  - to engage on behalf of the Council at the early development stages of large-scale development projects, and,

- to approve funding for the Economic Development Service's own research projects or for research projects shared with other organisations under a ceiling level of £25,000.
- That the above resolutions are taken forward in line with the approved policies detailed in the Economic Development Policy Statement 2013-17.

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

48/13

**The Future of Shetland Telecom**

The Committee considered a report by the Executive Manager – Economic Development, which enabled an initial discussion of the draft findings of the Review of the Shetland Telecom Project, conducted by Ekosgen Limited.

The Chair apologised to Members for the late circulation of this report.

In introducing the report, the Director of Development Services advised on the achievements of Shetland Telecom to date.

*(Mr Cleaver attended the meeting).*

During the discussion, it was reported that the Shetland Telecoms Project has been recognised locally as being transformational for Shetland, and the support for the Project from the local MP and MSP was also acknowledged.

On the motion of Mr Stout, seconded by Mr Cooper, the Committee approved the recommendations in the report.

**Decision:**

The Development Committee **RESOLVED** to:

- To note the initial findings of the review of the Shetland Telecom Project contained in this report.
- To note the progress made by the Shetland Telecom Project based on existing resources.
- To require a workshop/seminar to enable all Council Members and relevant staff to begin a discussion on the future direction of the Shetland Telecom Project in the next cycle of meetings.
- That continuing effort is made to ensure that HIE/BT do not duplicate the use of public funds while developing a superfast broadband network in Shetland, and that there is continuing effort to engage with telecommunications providers to ensure better communication services throughout Shetland.

*(Mr Robinson left the meeting).*

49/13

**Economic Development Investment Update**

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

The Project Manager (W Grant) introduced the report.

On the motion of Mr Cooper, seconded by Mr Fox, the Committee approved the recommendation in the report, and agreed to the request from a company for deferral of the September payment.

**Decision:**

The Development Committee **RESOLVED**:

- That the Executive Manager – Economic Development and staff of the Economic Development Service continue to act on behalf of the Council accordingly regarding current and future business activities.
- To agree to the request from a Company for deferral of their September payment, with the July, August and September loan instalments to be made before the end of the year.

50/13

**Community Planning and Development Review**

The Committee considered a report by the Director of Development Services, which presented a service redesign and restructure proposal of the Council's Community Planning and Development (CP&D) Service.

In introducing the report, the Executive Manager – Community Planning and Development informed that the functional area relative to the Development Committee is in regard to the cultural arrangements within the Community Planning and Development Service.

*(Mr Fox declared an interest, as his wife is an employee of the Shetland Arts Trust).*

Ms Manson moved that the Committee approve the recommendations in the report. Mr Stout seconded.

**Decision:**

The Development Committee **RESOLVED** to:

- consider the service redesign proposals for those functional areas within their remit and inform Council of their views or recommendations; and
- note that if additional community consultation is required, a report will be presented back to the Council in two cycles, for a decision on implementation of the service redesign and restructure proposals for Community Planning and Development.

51/13

**Minutes of Meeting – 14 August 2013**

Min Ref.: 38/13 - Investment Update: Millgaet Media

As had been agreed at the previous meeting, the Director of Development Services confirmed that he would circulate the briefing note to Members of the Committee in early course.

The meeting concluded at 12 noon.

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Chair