

MINUTE

A&B - Public

Special Environment and Transport Committee
Council Chamber, Town Hall, Lerwick
Wednesday 20 November 2013 at 3.30pm

Present:

R Henderson G Smith
T Smith M Stout
A Wishart

Apologies:

M Bell G Robinson
D Sandison

In Attendance (Officers):

C Ferguson, Director of Corporate Services
M Sandison, Director of Infrastructure Services
J Gray, Executive Manager - Finance
J Riise, Executive Manager – Governance and Law
H Tait, Team Leader - Accountancy
L Rosie, Communications Officer
L Geddes, Committee Officer

Also In Attendance (Members):

A Cooper

Chair:

Mr A Wishart, Chair of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interests

None

32/13 **Management Accounts for Environment and Transport Committee: 2013/14 – Projected Outturn at Quarter 2**

The Committee considered a report by the Executive Manager – Finance (F-060-F) that enabled monitoring of the financial performance of services within the remit of the Committee, to ensure that expenditure incurred and income generated would be delivered within the approved budget.

The Executive Manager – Finance summarised the main terms of the report, advising that the projected outturn position was for an underspend of £176,000 on revenue, a reduction in surplus of £50,000 on the trading accounts, and an underspend of £147,000 on capital. He highlighted in particular the projected overspend of £296,000 in ferry operations, which largely related to underachievement of ferry fare income. This would be picked up as part of the review of ferry fares income.

In response to queries, the Director of Infrastructure Services and the Executive Manager – Finance confirmed the following:

- Work had been carried out on the Tingwall Airport runway over the last few weekends, and work had also been carried out to improve the electricity supply. Another audit was due to be carried out by the CAA the following week, and Members would be advised of the outcome.
- The overspend on the Gutcher Ferry Terminal related to dredging works. There had been some debate as to whether this should be classed as revenue or capital, and it had been determined as a revenue cost. Use of a digger had enabled removal of material without the need for bringing in a dredger, and this should save money in the longer-term. Members could be provided with information regarding the original scheme, and the works that were now going ahead.
- The Happyhansel School extension costs related to the projected figure at the year end, rather than the current cost, but it was still projected that there would be an overspend at the end of the year. There had been some issues regarding the length of time it was taking to complete the contract, and further information could be supplied to Members if required.
- The reduction in ferry income could be related to changes in use, such as more car-sharing or people having two vehicles to avoid paying a car fare. There had been a substantial reduction in income for the Unst run, and the reasons for this would be further explored, particularly as there were a lot of vehicles on this run. The ferry fares review would be radical, and would be exploring all options, including the introduction of online bookings and islander rates, to help maximise income whilst recognising the potential impact on these lifeline services.
- There had not been a marked increase in fly-tipping following the withdrawal of the skips service, with around five genuine complaints. There had been an increase in commercial waste, and it was felt that this was now being captured. There had not been a great deal of bulk uplift requests, but it was tried to fit these into normal collections where possible. People were generally happy with the communal refuse bins, although there had been one or two issues with locations.
- Efforts were being made to bring landfill costs to the point that they would cover operating costs, but it would be a couple more years until the Council got to that point.

Mr Stout moved that the Committee approve the recommendations in the report, and Mr Henderson seconded.

Decision:

The Environment and Transport Committee:

- reviewed the Management Accounts showing the projected outturn position at Quarter 2; and
- instructed the Director of Infrastructure to ensure that the approved budget is achieved by the end of the year.

The Committee considered a report by the Executive Manager - Finance (F-054-F), which presented the controllable budget proposals for the services within the Committee's remit, which would, in turn, contribute towards ensuring that the Infrastructure Directorate meets its Target Operating Budgets as set out in the Medium Term Financial Plan.

The Executive Manager – Finance summarised the main terms of the report, highlighting the table in paragraph 3.3 of the report and the adjustments that had been made for cost pressures and service transfers.

In response to queries, the Director of Infrastructure Services confirmed the following:

- There was confidence that there would be increased income for the Scord Quarry as a result of Total and Kergord Road projects in 2014/15, and it was understood that the Kergord Road improvements would go ahead regardless of any decision on the Viking Energy project.
- There were staffing issues at the moment as a result of the buoyant private sector in Shetland at the moment, and this resulted in some difficulties for work crews. Everything was being done to manage this, and staff from other areas were being used for cover.
- A lot of the Council's equipment, including ferries, was getting old and required more attention as a result.
- The review of charges in relation to ferry fares would be subject to change following the implementation of the Ferry Fares review, so the figures were indicative at the moment.
- Some charges for environmental services were applied nationally, but most were set locally. When setting charges, the actual costs to the Council were always taken into consideration. With regard to Community Council hire of ferries, efforts were made to allow these hires at the lowest cost whilst recovering the cost to the Council. Scord Quarry charges were in line with commercial rates.
- People were encouraged to use bins rather than fishing nets, and modifications could be made to the bins so that they could be attached to structures.

Discussion took place regarding a longer-term strategy for the replacement of old equipment, and the need for a renewed debate on fixed links. It was noted that there were some pieces of work ongoing, but it was felt that the debate on fixed links required to be prioritised because of the wide-ranging impact on services in Shetland and the potential savings that could ultimately be achieved. It was suggested that as fixed links could be regarded as a spend-to-save project, expertise could be sought from outwith the Council. It was pointed out that it was now also possible to borrow money at low interest rates, and that there was potential for attracting investors. It would also be possible to use a lot of the work that had been carried out in relation to fixed links over the last 10-15 years, although some of it would require to be refreshed. It was pointed out that broader infrastructure, such as internet and broadband links, would also require to be considered.

The Executive Manager – Finance pointed out that it was recognised that there would be significant challenges to be faced in the future regarding infrastructure. Once the budget setting exercise had been completed, a longer-term plan was going to be considered for the next 30 years. The timetable and reporting framework for this piece of work had yet to be finalised, but it would take several months to complete.

Members agreed that there was a need for the Council to prioritise these pieces of work, and it was agreed that a recommendation to this effect should be made to the Executive Committee.

Mr T Smith moved that the Committee resolve to approve the recommendation contained in the report, and that the Committee further recommend to the Executive Committee that a full review of infrastructure assets be reported to the Executive Committee, including fixed links, to develop a long-term strategy for the replacement of infrastructure assets.

Mr G Smith seconded.

Decision:

The Environment and Transport Committee **RECOMMENDED** that the Executive Committee and Council resolve to approve the budget proposals for 2014-15 set out in detail in the Budget Activity Sheet and Charging Sheet.

The Environment and Transport Committee further RESOLVED to recommend to the Executive Committee that a full review of infrastructure assets be reported to the Executive Committee, including fixed links, to develop a long-term strategy for the replacement of infrastructure assets.

The meeting concluded at 4.35pm.

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Chair