



MINUTES

B - PUBLIC

Policy and Resources Committee
Council Chamber, Town Hall, Lerwick
Monday 27 October 2014 at 10am

Present:

G Cleaver	A Cooper
S Coutts	B Fox
C Smith	G Smith
T Smith	M Stout
V Wishart	

Apologies:

G Robinson

In Attendance:

M Boden, Chief Executive
J Gray, Executive Manager – Finance
A Jamieson, Executive Manager – Housing
J Riise, Executive Manager – Governance and Law
R Sinclair, Executive Manager – Capital Programme
C Anderson, Senior Communications Officer
L Adamson, Committee Officer

Also in Attendance:

M Burgess, SIC

Chairperson

In the absence of the Leader, Mr Fox, Vice-Chair of the Committee presided

Circular

The circular calling the meeting was held as read.

Declarations of Interest

Mr T Smith advised of an interest in Item 5, “Loan Application: Hjaltland Housing Association Limited”, being a member of the HHA Management Committee. Mr Smith confirmed that he would leave the Chamber for that item.

Minutes

The minutes of the meeting held on 23 June 2014 were approved on the motion of Mr Stout, seconded by Mr T Smith.

The minutes of the meeting held on 20 August 2014 were confirmed on the motion of Ms Wishart, seconded by Mr Cleaver.

30/14 **Property Asset Strategy and Draft Implementation Plan – Update**

The Committee considered a report by the Executive Manager – Capital Programme [CPS-12-14-F], which set out the second update to the Council's Asset Strategy and Implementation Plan.

In introducing the report, the Executive Manager – Capital Programme advised on the main changes made to the Strategy, as set out in Section 3.4, and drew Members' attention to the schedule for disposal of Council properties as listed in the Implementation Plan.

In response to a question, the Executive Manager – Capital Programme advised that the Asset Strategy includes the properties that the Council lease, and that moving forward will include detail on the properties that the Council leases from others. In regard to a suggestion from a Member that dialogue take place with Shetland Charitable Trust/SLAP to look at the terms of the leases that the Council has for the Shetland College and NAFC Marine Centre, the Chief Executive advised that discussions are ongoing in terms of the Council's lease of the Shetland College and the intention is for dialogue to take place in regard to the rental for the NAFC Marine Centre.

In response to questions, the Executive Manager – Capital Programme advised that the income from the Council's estates, although it varies from year to year, is sufficient to fund the Council's Asset and Property Unit. He said that the potential to get significant one-off returns depends on whether there is a ready market for the type of property for disposal. Where, he added, that each property for disposal is looked at individually to achieve the best value for the Council. In that regard, the Chief Executive advised on how the Council may not expect to achieve a full commercial rate for surplus property, when the property has not been designed specifically for rental, and that given the progress made on the disposal programme, there may be instances where disposal of a property would achieve a better return for the Council. In response to a question, the Executive Manager – Capital Programme advised that the Council has gained income from rental of properties to the gas and oil sector, however as that market is very focused on specific types of properties, these may not be the types of Council properties that become vacant in the future.

In referring to the wording in paragraph 3.4.2 of the report, for the Strategy to seek to formalise, "An increased focus on generating a sustainable revenue income stream from leases as opposed to property disposals", Mr Fox said that as the Council cannot always call for a commercial rate when leasing properties, more focus should be put on achieving a rate that is sustainable. In that regard, the Chief Executive suggested the following additional wording to the Asset Strategy, at Section 6 "Disposals Programme", "Recognising that each case has to be decided on its individual merits, as the property disposal programme has made such progress, there will be from now on an increased focus on generating a sustainable revenue income stream from leases as opposed to property disposals. In the future the granting of leases at below market rents is to be avoided except in exceptional circumstances and existing leases at below market rents are to be reviewed where possible." The Committee agreed.

During the discussion, the Executive Manager – Capital Programme responded to questions from Members, advising on the remits and the association between the AHS Project Team and the Multi Agency Property Group (MAPG). In response to a suggestion from Mr Fox, and following some discussion, it was agreed that six-monthly updates from the MAPG would be provided to Members.

Mr Cleaver advised on an omission from the Strategy, being on the process that would be followed when all options to dispose of a particular property have been exhausted. The Executive Manager – Capital Programme acknowledged the oversight from the document, where he confirmed that the option to move to demolition would be incorporated in the further update of the Strategy. It was further noted, that any proposal to demolish a Council property would be reported to Members.

In response to comments from Mr Cooper, the Executive Manager – Capital Programme acknowledged that the timescales to dispose of properties can vary widely, however he confirmed that the objective is to minimise delays wherever possible to achieve the best return to the Council. The Chief Executive suggested that Members could attach a high priority to disposal/change of use of land and buildings, which could take precedence over other considerations, and be reflected in the text of the Strategy.

In response to questions, the Executive Manager – Capital Programme informed Members on the objectives to actively seek to reduce low rental properties, and to review the terms of the longer-term/commercial and shorter-term leases.

During the discussion, Mr Cooper made reference to the considerable asset the Council has in the Burra and Trondra and Busta Estates, and he suggested that a piece of work be undertaken for officers to proactively liaise with tenants to achieve a better outcome for the Council, the communities and the tenants. It was noted however that Strategic Objective 6 in the Asset Strategy outlined proposals for a strategic review and a development plan for the Crofting Estates. While Mr Cooper noted that no timeline had been set for the strategic review to be undertaken, Mr Cooper advised that he would withdraw his request for the specific work to be undertaken at this time.

Mr T Smith sought an explanation in regard to the Asset Classification, “Other Land & Building – Other”, as included in the “2013/14 Closing Net Book Value” on Page 9 of the Asset Strategy. The Executive Manager – Finance advised that he did not have the information to hand, but would provide the detailed list to Mr Smith by e-mail. In response to a query relating to the “Infrastructure – Roads” classification, it was advised that the value would include the peripheral assets of vehicles and plant but not the value of the carriageways. The Executive Manager – Finance advised on a change to accounting requirements, whereby the value of the carriageways will be included in 2016/17.

A Member made reference to the Island Proofing Section of the Strategy, which advised of the challenges to remain accessible to the rural population against the economies and efficiencies to be made by the centralisation of services, where it was acknowledged that there were no easy solutions, but that these issues need to be addressed.

In response to questions, the Executive Manager – Capital Programme explained that the Council’s liabilities are reflected in the Register of Insurable Assets, and all assets, above a certain value, are recorded in the Asset Register which is held by the Finance Service. The Chief Executive advised on the importance for all Council properties to be captured in the Registers, and for there to be a designated officer to manage and be responsible for each of the properties.

Mr G Smith proposed a further recommendation to the report being, that immediate discussions continue with the Shetland Charitable Trust and SLAP regarding the current lease arrangements at the Shetland College and NAFC Marine Centre for the purpose to improve the terms of the leases.

Mr Fox moved that the Committee approve the recommendations in the report, with the addition of the recommendation put forward by Mr G Smith, and the amendment to Section 6 of the Strategy at “Disposals Programme” as was agreed by Committee during the discussion.

Decision:

The Committee:

- **RESOLVED** to consider whether the update to the Council’s Asset Strategy and Implementation Plan, at Appendix A to the report, continues to present a robust framework in which to manage our assets; and
- **RECOMMENDED** that the Council:
 - adopt the Asset Strategy and Implementation Plan as the Council’s Asset Strategy, subject to the amendment as agreed during the discussion:
 - An addition at Section 6 at the “Disposals Programme” section, “Recognising that each case has to be decided on its individual merits, as the property disposal programme has made such progress, there will be from now on an increased focus on generating a sustainable revenue income stream from leases as opposed to property disposals. In the future the granting of leases at below market rents is to be avoided except in exceptional circumstances and existing leases at below market rents are to be reviewed where possible.”
 - Seek to continue immediate discussions with Shetland Charitable Trust and SLAP regarding the current lease arrangements at the Shetland College and NAFC Marine Centre for the purpose to improve the terms of the leases.

31/14

Asset Investment Plan, Gateway Process – Service Needs Case Reports

The Committee considered a report by the Executive Manager – Capital Programme [CPS-13-14-F], which presented twenty five projects from within the Infrastructure directorate that have been considered by the Capital Investment Group based on the submission of Service Need Case (SNC) reports.

In introducing the report, the Executive Manager – Capital Programme highlighted the three projects that would require approval for implementation with immediate effect, in sections 3.5.1, 3.5.3 and 3.5.25.

In response to a question from Ms Wishart relating to the protection works required at the Haroldswick Beach Road, the Executive Manager – Capital Programme advised that in the absence of a representative from the Roads Service, he would liaise with the relevant officer for a response to be provided.

In response to a question, the Executive Manager – Capital Programme confirmed the urgency for approval for the project at 3.5.3, “Disabled Access to Ferry Waiting Rooms” related solely to the external match funding element of the project.

In referring to the project as outlined in 3.5.17, “Voe to Collafirth Junction” Mr Cooper advised of his concern that the works did not include realignment of the road. After a brief discussion, Mr Cooper advised that he would raise the matter with the Roads Service.

In response to a question, the Executive Manager – Capital Programme provided a brief update on progress with the works on the control system of the MV ‘Linga’, where he reminded Members that the full report had been placed in the Members’ Room.

Mr T Smith referred to the decision taken for Community Councils to be actively involved in the process to prioritise projects, where he sought assurance that the consultation had been carried out. Mr Stout undertook to raise the question with the Roads Service, and inform Members accordingly.

Mr C Smith moved that that the Committee approve the recommendation in the report. Mr Cooper seconded.

Decision:

The Committee **RECOMMENDED** that the Council resolve to approve for implementation the projects as described in Section 3.5 of the report.

32/14

Long Term Asset Investment Plan – Project Update

The Committee considered a report by the Executive Manager – Capital Programme [CPS-14-14-F], which provided an update on the work that has taken place to develop a Long Term Asset Investment Plan (LTAIP) for the next 35 years.

The Executive Manager – Capital Programme summarised the main terms of the report. The Executive Manager – Finance advised on the main elements of the project to develop the LTAIP, and Members noted that the first report, to be presented to Committee in November, will set the broad parameters based on assumptions on, for example, income, external funding, maintenance costs and what could be affordable. The Chief Executive commended the officers for undertaking this substantial piece of work in the tight timetable to report in November. He said that in moving forward there will be challenging decisions to be made on the various assets in regard to prioritisation, funding and timescales.

A Member suggested that it could be useful to include a narrative in the LTAIP, to look back over the past 35 years to understand where the Council is currently at in regard to asset investment.

Mr G Smith said he had been reassured by the introductions that his aspirations of what is being worked towards will be visionary, proactive and inspirational. However, he hoped that the next phase of the project would not stifle that creativity and lead to a document that is nebulous, as he said the Council has to have a LTAIP that will stimulate economic growth into the future. The Executive Manager – Finance advised that the initial piece of work for reporting in November will set out the parameters of what is realistic and works streams to go forward. He confirmed that no decisions on priorities will be made until after December.

In response to a question, the Executive Manager – Finance concluded that assuming the current framework of Local Government finance it will not be possible to sustain the current lifestyle to the community over the next 35 years.

Mr Fox thanked the Executive Manager – Finance and Executive Manager – Capital Programme for undertaking this piece of work. He advised that the LTAIP has to be dynamic and changeable, and will provide a sense of direction for this Council and a foundation for future Councils. Mr Fox moved that that the Committee approve the recommendations in the report. Mr C Smith seconded.

Decision:

The Committee **RECOMMENDED** that the Council resolve to:

- Note the progress made by the Executive Manager – Finance and the Executive Manager – Capital Programme in developing a Long Term Asset Investment Plan (LTAIP); and
- Approve the approach to be taken (described in section 3.4 of the report) in terms of its presentation.

33/14

Foula Schoolhouse

The Committee noted a report by the Executive Manager – Capital Programme [CPS-10-14-F], which set out the nature of works that have recently been required to maintain Foula Schoolhouse.

The Executive Manager – Capital Programme summarised the main terms of the report.

In response to questions, the Executive Manager – Capital Programme advised on the terms of the lease, and the liability arrangements for repairs and maintenance to the property. In response to comments from a Member on the lack of procedures in place, the Executive Manager – Capital Programme advised that the dilapidated condition of the property had only come to his attention when the lease had come up for renewal. He explained that the works are being carried out as one project, rather than on a phased basis, which may well be less costly to the Council.

During the discussion, reference was made to the recent decision of the Council that responsibility of all Council properties transfer from the Service department to Corporate Services, and on the objective for each of the Council's properties to have an officer identified with responsibility for the property. In response to a comment, a Member concluded that through the lease arrangement, the Council has responsibility for the maintenance of the Foula Schoolhouse, where, if the property is not maintained, it will be a larger liability to the Council in the future.

Decision:

The Committee **RESOLVED** to note that the maintenance work described in the report was progressed without competitive tendering for the reasons summarised in paragraph 3.5 of the report.

(Mr T Smith left the meeting).

Mr Fox moved that in order to avoid the disclosure of exempt information, the Committee resolve to exclude the public in terms of the relevant legislation during consideration of the following item of business. Mr C Smith seconded.

34/14 **Loan Application – Hjaltsland Housing Association Ltd**

The Committee considered a report by the Executive Manager – Economic Development, which sought approval for a variation to the decision of the Executive Committee on 30 September 2013 in relation to a proposed loan to Hjaltsland Housing Association Limited (HHA).

A briefing note was tabled at the meeting, which informed on recent changes to the funding position on HHA’s Fort Road project.

(The meeting adjourned for 10 minutes to give Members the opportunity to consider the content of the paper).

The Executive Manager – Housing summarised the main terms of the report, and responded to questions from Members.

(Mr Cooper and Mr Coutts left the meeting).

Ms Wishart moved the recommendation in the report. Mr C Smith seconded.

Ms Wishart also moved that the Committee approve the request for grant funding as outlined in the briefing paper, subject to a positive outcome from an assessment of the tenders to be undertaken by the Executive Manager – Housing. Mr C Smith seconded.

Decision:

The Committee **RESOLVED** to approve:

- the recommendation in the report, and
- the grant funding to HHA towards the Fort Road Project, subject to appraisal of the tenders by the Executive Manager – Housing.

The meeting concluded at 11.45am.

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Chair