

MINUTE

B – Public

Development Committee
Council Chamber, Town Hall, Lerwick
Thursday 8 October 2015 at 10.00am

Present:

T Smith	M Burgess
R Henderson	A Manson
G Robinson	F Robertson
A Westlake	

Apologies

A Cooper
B Fox
M Stout

In Attendance (Officers):

C Ferguson, Director of Corporate Services
N Grant, Director of Development Services
D Irvine, Executive Manager – Economic Development
I McDiarmid, Executive Manager – Planning
S Msalila, Executive Manager - ICT
J Riise, Executive Manager – Governance and Law
V Simpson, Executive Manager – Community Planning and Development
A Taylor, Team Leader – Development Plans and Heritage
M Duncan, External Funding Officer
W Grant, Project Manager
M Henderson, Project Manager
S Keith, Project Manager
G Smith, Shetland Telecom Project Manager
M Smith, Shetland Telecom Project Manager
P Sutherland, Solicitor
J Thomason, Management Accountant
B Kerr, Communications Officer
L Adamson, Committee Officer

Also in Attendance:

S Rowell, Farrpoint Ltd.

Chair:

In the absence of the Chair, Mr T Smith, Vice-Chair of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest

Mr Burgess declared a non-pecuniary interest in Item 4 “Review of Community Grants”, as a Trustee of Scalloway Youth Centre. He advised that he would take no part in the discussion and would leave the Chamber.

Minutes

The Committee approved the minutes of the meeting held on 16 June 2015 on the motion of Mr Henderson, seconded by Ms Westlake. The minutes of the meeting held on 17 August 2015 were confirmed on the motion of Mr Robinson, seconded by Ms Manson.

36/15 **Local Development Plan Update Report**

The Committee considered a report by the Team Leader – Development Plans and Heritage (DV-54-15-F), which provided an update on the next Shetland Local Development Plan (LDP2) and Supplementary Guidance (SG).

The Team Leader – Development Plans and Heritage introduced the report. Members were advised that as a result of staff shortages within the Team there had been a need to re-prioritise workloads to focus on the main areas of work, as detailed in Section 3.4 of the report.

In response to a question, the Team Leader – Development Plans and Heritage advised that the Anderson High School site at the Knab, Lerwick, is identified in the current LDP as a site with development potential. During the discussion, the Team Leader – Development Plans and Heritage advised on the progress that has been made to fill the vacancies, where he hoped that the Team should be fully resourced by the end of the year.

In response to questions from Members in regard to the Planning Service's participation at the Ideal Homes Exhibition to promote the LDP2 process, the Team Leader – Development Plans and Heritage reported that approximately 40-50 individuals had visited the Stand. He added that from the feedback forms received, there had been representation from Community Councils, developers, individuals who may offer land as part of the call for sites process and members of the public. In response to a further question, the Team Leader – Development Plans and Heritage confirmed that formal consultation with all Community Councils would form part of the ongoing LDP process.

The Director of Development Services said that the concerted effort being made by the Planning Service to promote, engage and encourage participation in the LDP process should ensure a wider knowledge, understanding and support for the LDP within the community. The Chair advised on the improved understanding within the community that the LDP is an ongoing process, and that feedback and consultation would be welcomed at any time.

Decision:

The Development Committee noted the programme and priorities in respect of LDP2 and SG set out in the report.

37/15 **Opportunities for Hydrogen Projects in Shetland**

The Committee considered a report by the Project Manager, Economic Development (DV-51-15-F), which provided a review of hydrogen research and demonstration projects being undertaken in the UK and further afield that are relevant to Shetland. The desktop study undertaken also highlights projects in Shetland and potential opportunities that could merit further investigation.

The Project Manager summarised the main terms of the report.

In response to questions from Members, the Project Manager provided further information on a number of the projects as listed in the report. During the

discussion, the Project Manager provided Members with further detail on the Council's project to trial a hydrogen production facility at the Gremista Depot, where he confirmed that external funding would be sought. It was noted that the detailed proposals for the project had been presented at Environment and Transport Committee on 5 October 2015.

In referring to the "Decision Required" section of the report, the Leader questioned what further research work into hydrogen would be worthwhile as the production of hydrogen from renewable energy is not a new concept and is now considered a mature solution. The Director of Development Services added that with the challenges going forward in terms of reduced resources, the outcomes that both the community and Council want to achieve have to be more focused, therefore he said that any further work on hydrogen production would need to deliver absolute benefits. The Project Manager advised that the Economic Development Service's involvement in hydrogen production projects would be assisting individuals and businesses as they come forward with potential projects, in terms of providing advice and in sourcing external funding.

During debate, the Leader advised on some of the advances made in hydrogen technology, which he said demonstrated how the technology has developed. He concluded therefore that this poses the question of the benefit from any further research work on hydrogen, suggesting we should look at the implementation of these technologies where there was benefit or savings to be made, but not restrict this to hydrogen. He suggested that there would be merit from investigation of other energy solutions, where he added that for Shetland the main factor will be the decisions on the replacement Power Station in Lerwick. Mr Robertson advised that energy is the single most important factor for the survival of communities into the future. He added that although some projects have been more experimental, technology is moving ahead, and there is a need to embrace the proven technology.

Decision:

The Development Committee noted the information in the report.

38/15

Digital Connectivity Strategic Case

The Committee considered a report by the Director of Development Services (DV-58-15-F), which presented the Strategic Case for further intervention in digital connectivity by the Council.

In introducing the report, the Director of Development Services advised that the Council has been very active to ensure the community gets the best service from fixed and mobile broadband provision as can be achieved within resources. However he said that as the telecommunications environment is constantly changing and becoming more complex, Shetland is still underprovided despite all the efforts being made. The Director of Development Services said that in determining the options for the Council's role to provide digital connectivity going forward, the necessity is to ensure public money is justified and there is no duplication with HIE and BT projects.

Mr S Rowell, Farrpoint Ltd., gave a presentation to the Committee which provided a summary of the "High Speed Broadband – Business Analysis" document, attached at Appendix 1 to the report. He advised on the project remit of the Strategic Case which followed the five case model, with the strategic objective of the Council being

that, “By the end of this Plan (2020), we want to be known as an excellent organisation that works well with our partners to deliver sustainable services for the people of Shetland”. During the presentation, Mr Rowell outlined the strategic case for change, where he highlighted the difficulty to see how the Government’s ambitions could be achieved without Council intervention, that the gap in connectivity is likely to widen, and that the high speed model of connectivity is becoming increasingly essential to modern living. In his conclusion, Mr Rowell reported from the findings to date, that the strategic case has been made and the Council should move to consider the economic case for the development and provision of digital connectivity in Shetland.

In response to a question, the Director of Development Services advised on the priority for improved services to outlying areas of Shetland, where the drive would be for service provision through HIE, BT and Government projects for mainstream delivery. He added that the next steps will be to consider the options and different elements of business in terms of costs, project deliverables and timescales, where he confirmed that the next report, to Committees on 11 November 2015, will include evidence based information in that regard.

In response to comments from a Member, Mr Rowell reported on how geography and landscape are key to mobile connections. He advised that although improvements are being made, there is also the requirement for mobile masts and fibre/high speed connectivity and how this is backed up to the main network, which requires dialogue with mobile providers.

A Member advised on the success of digital connectivity in Faroe, where it was suggested that lessons could be learned in the Shetland context.

The Chair thanked Mr Rowell for the information provided.

During debate, the Leader advised that he welcomed the report. He said that the decision to pause the Shetland Telecom project had been the right thing to do to allow a better understanding of the market place, however he commented that had the project been allowed to continue the project would now have delivered infrastructure as far as Unst. He added however, that the justification for the Shetland Telecom project is as strong as ever, and the findings from this Study will be transformational in the rollout of broadband in Shetland.

The Leader reported from a recent meeting of the Convention of the Highlands and Islands, where most of the major telecom providers had been in attendance. He advised on the improvements to be made in regard to 4G coverage in Shetland, where it has been confirmed that the system will be open to public access. Mr Robinson moved that the Committee approve the recommendations in the report, where he highlighted the typo at paragraph 2.1.2, where ‘3.8’ should read ‘3.7’. Mr Henderson advised that good connections to the outlying areas of Shetland will be key to allow people to work in the rural areas. The Chair reported from discussions at Social Services Committee for more reliance to be put on telecare and telehealth, where he stated that improved connectivity will enable this to take place. Mr T Smith seconded.

In making reference to the opening statement in the Executive Summary, Mr Burgess commented on the excellent work undertaken by the Project Managers of Shetland Telecom to provide the network in Shetland, where he said that the Council could be proud of the success of the project. The Chair added that the

Project had been carried out with the minimum of staff, and in that regard the officers involved should also be commended. The Committee concurred.

Decision:

The Development Committee:

- noted the Strategic Case for the Council's further intervention in digital connectivity, contained in Appendix 1; and
- **RESOLVED** to agree next steps towards building the full Business Case to define the Council's further intervention in digital connectivity, as detailed in paragraph 3.7 of the report.

(Mr Burgess left the meeting).

39/15 **Review of Community Grants**

The Committee considered a report by the Executive Manager – Community Planning and Development (DV-57-15-F), which presented the findings from the review of Community Grants and sought approval for the proposals that have emerged from this review.

In introducing the report, the External Funding Officer advised Members on the background to changes made to the community grant schemes. He reported on the proposals for the creation of a new scheme "Support to Community Facilities", which will be targeted at youth and sports facilities in Shetland.

During the debate, the Leader advised of his gratitude to the External Funding Officer and the Executive Manager – Community Planning and Development for the work involved to develop an excellent solution to a difficult issue. The Leader reported on how Shetland Charitable Trust had been premature to withdraw funding towards community grants. In that regard, Mr Robinson moved that the Committee approve the recommendations in the report, with the proviso that the Council formally write to the Shetland Charitable Trust, to ask that they reconsider their decision on the existing bid for financial support towards community grants. Mr T Smith seconded.

Some Members then advised on their support for the proposals in the report, and on their agreement that contact be made with Shetland Charitable Trust to reconsider their grant support, which was hastily removed. The Chair thanked the External Funding Officer and Executive Manager – Community Planning and Development for the amount of work involved during the review of community grants over the last year.

Decision:

The Development Committee **RECOMMENDED** that the Policy and Resources Committee resolve to:

- Approve the new grant aid scheme 'Support to Community Facilities' as outlined in Section 4 and Appendix C of the report to the groups listed in Appendix B, subject to budget approval during the budget setting process in December 2015;

- Award delegated authority to the Director of Development Services, or his nominee, to approve grant payments within the scheme guidelines, subject to available budget;
- Review the new grant aid scheme in year 3 of the new scheme;
- Note the support that will continue to be provided to all community groups and voluntary organisations in Shetland from within Community Planning & Development and other services of the Council detailed in paragraph 4.8;
- Close the existing Support Grant Aid and Grounds Maintenance Scheme on 31 March 2016.
- Write formally to the Shetland Charitable Trust that they reconsider their decision on the existing bid for financial support towards community grants.

(Mr Burgess returned to the meeting).

40/15 **Business Case for the use of Assets Transferred from Shetland Development Trust**

The Committee considered a report by the Executive Manager – Economic Development (DV-47-15-F), which concerned the business case for the use of the assets transferred into Shetland Islands Council (Council) from the Shetland Development Trust (SDT).

In introducing the report, the Executive Manager – Economic Development advised on the recommendation that the Council retain the fishing quota. He then informed on the 12 options for using the assets as transferred from SDT, and on the proposed 4 options for further analysis to ascertain the preferred option.

A Member questioned the inclusion for consideration of Option 12. The Executive Manager – Economic Development explained that in following the Better Business Cases Framework there is a requirement to include a “Do Nothing Option”.

In response to a request for clarity from a Member in regard to the difference between Options 3 and 4, the Project Manager (W Grant) advised that the variation was in regard to the different level of local investment with the balance held in Council reserves.

A Member enquired that following a decision made on the preferred option, should there be a need to react to changing circumstances, whether there would be any constraints to move to an alternative option. The Director of Development Services advised that should there be any significant investment opportunities into the future, a report would be presented to Committee to seek an adjustment on investment capital.

In response to a question, the Executive Manager – Economic Development advised on the proposal that following further assessment of the 4 shortlist options, the findings would be presented to Committee.

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

Decision:

The Development Committee **RECOMMENDED** that the Policy and Resources Committee resolve to:

- Agree to retain the fishing quota investments as Council assets;
- Note that the management agreement between the Shetland Fish Producers' Organisation and the Council is under review, and will be presented to a future Development Committee for approval;
- Note the progress with preparation of the business case including identification and assessment of 12 options by the Project Board; and
- Agree to the Project Board moving on to further assess the 4 options identified in Section 5.4 of the report.

In order to avoid the disclosure of exempt information, Mr T Smith 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.

41/15 **Rescheduling of Council Loan**

The Committee considered a report by the Project Manager.

After hearing the Project Manager (S Keith) introduce the report, the Committee approved the recommendation contained therein, on the motion of Mr Robinson, seconded by Ms Manson.

Decision:

The Development Committee **RESOLVED** to approve the recommendation in the report.

42/15 **Buy Back of Shares**

The Committee considered a report by the Project Manager.

The Project Manager (W Grant) summarised the main terms of the report.

(Mr Robinson declared an interest in this item, and left the Chamber).

On the motion of Mr Henderson, seconded by Mr Robertson, the Committee approved the recommendation in the report.

Decision:

The Development Committee **RESOLVED** to approve the recommendation in the report.

(Mr Robinson returned to the meeting).

43/15 **Economic Development Service Review**

The Committee considered a report by the Executive Manager – Economic Development, which presented the Economic Development Service Review and

sought a decision on a particular option for reorganising the service, based on findings of the Review.

The Executive Manager – Economic Development introduced the report. In referring to the Service Review, the Executive Manager – Economic Development outlined to Members on the content of the Review. In reporting from Part Four, he summarised the 14 pressures on the Service that necessitated the Service Review, where he advised that the final bullet point, “Operational matters such as Career structures, succession planning, better support for staff, better support for the Executive Manager and better defined job roles”, were critical factors that confirmed the need for change. In referring to Part Five, the Executive Manager – Economic Development reported from the detailed benchmarking exercise comparing Shetland’s Economic Development Service with those in Orkney Islands Council, Highland Council and the Western Isles Council, where it was found that the functions were similar to the other 3 Councils and Shetland’s budget comparable to the other Island areas.

The Executive Manager – Economic Development then reported to Members on the five options for delivering the Service as detailed in Part Eight of the Review, being:

- Option 1 - Ending the Economic Development Service
- Option 2 - Do Nothing: Operating with the Existing Structure and Staffing
- Option 3 - Providing a Minimum Service
- Option 4 - Delivering Functions using Two Operational Sections
- Option 5 - Delivering Functions using Four Operational Sections

The Executive Manager – Economic Development informed that following consideration, the preferred option for delivery of the Economic Development Service was Option 4, delivering the functions using two operational sections and an administration team. In that regard, he advised that detailed proposals for change will be presented to Employees Joint Consultative Committee and Policy and Resources Committee. However, he reminded Members on the inclusion of Option 5, being a variation of Option 4, to take account the business case assessments on Commercial Lending and the Shetland Telecom project, where he advised that the outcomes from the assessments would have a bearing on the required delivery model for the Service.

The Chair made comment on the huge amount of work and detailed information contained within the Review document. The Chair said that the list of pressures on the Service to necessitate change as outlined in Section 4.1 of the Review, and in particular the operational matters included in the final bullet point, would be addressed through progressing the preferred Option 4, and to a lesser extent Option 5.

In referring to the recommendation in the report, the Leader said he had some difficulty to support a decision to progress with Option 4 while the outcomes from the two business case assessments could alter the resources required to deliver the required outputs, where he made particular reference to the earlier comments from Members, in regard to the endorsement of the Shetland Telecom Project. The Executive Manager – Economic Development advised on the complication during the Service Review process that the two business case assessments have been running at the same time. He went on to advise on the proposal to

commence the detailed work for the Service Review following the recommended Option 4, but that the Review would not be concluded until the outcomes of the two business case assessments were known. The Executive Manager – Economic Development added that should the outcome from either business case assessment require a delivery mechanism to be adopted in either the Economic Development Service, or any other service within the Council, the recommendation will have to be adjusted and details worked up to take account of the resources required.

During the discussion, the Director of Development Services advised on the expected outcomes from the business case assessments, and said that in his opinion Option 4 would be a good balance to progress the Review, and would provide a sensible, manageable and flexible framework for the future of the Economic Development Service.

In advising on the decision making process, the Executive Manager – Governance and Law said that the conclusion of the options appraisal at this time is that Option 4 is the best way to deliver the Service, however should there be a material change of circumstances, even within the next 6 months, the decision can be revisited. He added that should the Committee agree on an option that was not recommended as being best value the Committee would have to justify that decision.

During debate, the Leader made comment on the detailed information in the Service Review. He went on to explain that although he had initially been drawn to Option 4, he had some difficulty in regard to the outcomes of the business case assessments on the two projects, which could result in Option 5 being the better outcome. While he said that the responses provided during the discussion have in the most allayed his concern, he considered it could be helpful to amend recommendation 2.2 to read, “Having considered the options, it is recommended that the Committee **RESOLVES** that Option 4, Delivering functions using two operational sections, is selected for reorganising the service. This can be reviewed depending on the outcomes of the business case assessments on Commercial Lending and the Shetland Telecom project”. Mr Robinson accordingly moved the recommendations in the report, with the addition to recommendation 2.2 as outlined above. Mr Burgess seconded, and the Committee concurred.

Decision:

The Development Committee considered the Review document, and in particular noted the five options for delivering the Economic Development Service.

Having considered those options, the Committee **RESOLVED** that Option 4, Delivering Functions using Two Operational Sections, is selected for reorganising the service. This can be reviewed depending on the outcomes of the business case assessments on Commercial Lending and the Shetland Telecom project.

The Committee **RESOLVED** to instruct the Executive Manager – Economic Development to work up the detail of Option 4 for decision at Policy and Resources Committee following formal consultation through the Employees Joint Consultative Committee.

The meeting concluded at 12.10pm.

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Chair