

MINUTE

B – Public

Development Committee
Council Chamber, Town Hall, Lerwick
Monday 11 April 2016 at 2pm

Present:

A Cooper	M Burgess
B Fox	R Henderson
F Robertson	G Robinson
T Smith	M Stout
A Westlake	

Apologies

A Manson

In Attendance (Officers):

N Grant, Director of Development Services
J Belford, Executive Manager - Finance
D Irvine, Executive Manager – Economic Development
I McDiarmid, Executive Manager – Planning
A Taylor, Team Leader – Development Plans and Heritage
J Thomason, Management Accountant
C Smith Planning Engineer
J Dunn, Project Manager
S Keith, Project Manager
W Grant, Project Manager
P Sutherland, Solicitor
L Adamson, Committee Officer

Chair:

Mr A Cooper, Chair of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest

Ms Westlake declared an interest in Item 6, “Support for Shetland Regulated Fisheries Order – Financial year 2016/17” as a Director of the Shetland Shellfish Management Organisation (SSMO). Ms Westlake advised that she would leave the Chamber during the discussion.

Mr Henderson declared an interest in Item 6, “Support for Shetland Regulated Fisheries Order – Financial year 2016/17” as a Director of the SSMO, and confirmed that he would leave the Chamber during the discussion.

Mr Burgess declared a non-pecuniary interest in Item 7, “Aquaculture and Fisheries Research Funding Provision for the Financial Year 2016/17”, as a Council appointed Trustee to the NAFC Marine Centre. Mr Burgess advised that he would leave the Chamber for that item.

Minutes

The Committee approved the minutes of the meeting held on 20 January 2016 on the motion of Mr Robinson, seconded by Mr Stout.

The Committee approved the minutes of the meeting held on 29 February 2016 on the motion of Mr Robertson, seconded by Mr Robinson.

The Committee approved the minutes of the meeting held on 15 March 2016 on the motion of Mr Henderson, seconded by Mr Stout.

13/16 **Local Development Plan Update Report**

The Committee considered a report by the Team Leader – Development Plans and Heritage (DV-27-16-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. In referring Members to Section 3.5, which outlined the Development Plans and Heritage Team's focus of work over the next period, he advised on the progress made on the Housing Needs and Demands Assessment (HNDA), which, in conjunction with other policy documents, will be an important evidence base for the LDP. In regard to engagement on the LDP, the Team Leader – Development Plans and Heritage advised that a newsletter would be published later in April, with the formal call for sites during the Autumn. The Chair advised on the need for updates on the progress that has been made on all areas of work to be reported to each cycle of meetings.

In response to a request from a Member, the Team Leader – Development Plans and Heritage undertook to provide information to the Association of Community Councils on smaller wind turbines and their proximity to housing, which can then be disseminated to all Community Councils.

In response to questions, the Executive Manager – Planning advised that the Planning Service has a role, responsibility and remit to take forward the Knab Development Brief as a priority project, and he advised on the work taking place with landowners and developers to consider all options and opportunities to develop the site. The Director of Development Services clarified that the project sits with the Council's Corporate Services, with the design brief being progressed by the Planning Service as part the documentation required for the project.

In response to a question, the Team Leader – Development Plans and Heritage reported on the involvement of Architecture and Design Scotland during the development of the Knab Site project, which he confirmed has been a very useful and helpful service.

Decision:

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

14/16 **Shetland Local Flood Risk Management Plan**

The Committee considered a report by the Planning Engineer (DV-24-16-F) which presented the draft Shetland Local Flood Risk Management Plan (LFRMP), produced by the Shetland Flooding Local Plan District Partnership (LPDP), seeking approval for its publication.

The Planning Engineer summarised the main terms of the report. He advised on the new arrangements in terms of national funding for actions in LFRMPs, and that the Council should receive an additional annual payment of £7k.

In response to a question regarding ongoing coastal erosion at Sandness beach, the Planning Engineer advised that protection works on areas of agricultural land would not be seen a priority project for national funding at this time, however there could be a possibility of funding in the future.

A Member advised on the need for protection works at Uyeasound, Unst. The Planning Engineer explained that as projects had been assessed on a national basis, none of the North isles projects had scored high enough to be included as a local action in the LFRMP. He added however that projects in the North Isles could be considered during the second cycle of the Plan.

A Member advised that the local community had very much welcomed the inclusion of the action in the LFRMP for a specific surface water plan to be produced to look in more detail at the problems in Scalloway. In response to a question, the Planning Engineer explained that the early deployment of sandbags in the event of flooding was not seen as part of the Emergency Plan process at this time, however he anticipated that the changes to the culvert would address the worst case scenario at Scalloway.

The Planning Engineer advised on the national assessment system, where 80% of the funding is targeted to larger schemes. In response to a question, the Planning Engineer said that there could be merit to combine other types of developments to secure additional funding towards projects.

In response to a question, the Planning Engineer explained that while actions to address coastal flooding would be included in the LFRMP, risks caused purely by coastal erosion would not be included, although in some situations flooding and erosion may be closely interrelated.

In response to a question from a Member, it was confirmed that the Belwin Formula is a completely separate funding source for emergency and exceptional events, and would not impact in any way on the national funding for actions in the LFRMP.

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

Decision:

The Committee **RESOLVED** to adopt and publish the Plan attached as Appendix 1 to the report as the Shetland Local Flood Risk Management Plan, in accordance with the requirements of the Flood Risk Management (Scotland) Act 2009.

15/16

Business Case for the use of Assets Transferred from Shetland Development Trust

The Committee considered a report by the Executive Manager – Economic Development (DV-19-16-F) which concerned the full business case for the use of assets transferred into Shetland Islands Council (Council) from the Shetland Development (SDT).

The Executive Manager – Economic Development introduced the report. In referring Members to the Executive Summary of the Full Business Case, he highlighted the primary objective of the project “to ensure that the assets transferred into the Council from SDT are used sustainably for the benefit of the Shetland

Community". The Executive Manager – Economic Development advised on the Building Better Business Case (BBBC) process where 5 Critical Success Factors had been identified, and on the short listed options analysed, with Option 3 being recommended as the preferred option as it achieves best value to the Council.

In response to a question, the Executive Manager – Economic Development explained that should an application for funding be made from a business outwith Shetland the proposals would be assessed by officers in terms of benefits to Shetland. The decision whether to support such an investment opportunity would be made by Committee.

In response to questions, the Executive Manager – Economic Development confirmed that there should be no State Aid issues as lending to businesses would be on a commercial basis. He advised that efforts would be made to avoid any detriment or displacement to existing local businesses, the emphasis would be to add value to the economy.

In response to questions, the Executive Manager – Economic Development advised that any unspent money from the ring fenced Shetland Investment Fund would be invested in the stock market, and capital repaid would go into the Reserve Fund until it is needed again for investment.

Reference was made to the map on page 3 of the Full Business Case which illustrated the jobs created in areas of Shetland from SDT/Council loans to local businesses between 2008-2016, where it was questioned whether analysis has been undertaken to determine job creation should SDT/Council assistance not have been made available. The Executive Manager – Economic Development said that, in his opinion, the majority of businesses would not have gone ahead in Shetland had it not been for the Council's ability to provide funding to businesses. He added that in most cases SDT/Council funding is sought only when there are no other options for the developer. In response to a comment regarding the need to adhere to the lending terms in the Medium Term Financial Plan, the Executive Manager – Economic Development advised on recent advice given to potential investors via the Business Gateway service, whereby a better rate can be achieved from sources other than the Council. The Chair advised that in some cases businesses have redeemed their loan when they can achieve a better return elsewhere.

In response to a question, Members were advised that should demand be strong and there is any need to increase the Fund, this would be reported to Committee for a decision at a later date.

Mr Robinson referred to the cost benefits table on Page 2 of the Business Case which he said demonstrates that Option 3 offers the most benefits. He made comment that the Council is often criticised for being centralised, but said the map on Page 3 demonstrates that the Council has been very active in creating jobs in the landward areas. Mr Robinson moved that the Committee approve the recommendations in the report. In seconding, Mr Stout said that, by following the BBBC process, there is good evidence of the approach proposed and a clear recommendation which means that decisions can be made with a degree of assurance.

With this being the first project that has followed the BBBC methodology through to completion, the Executive Manager – Economic Development was asked to

arrange a Forum for Members to be provided with his view from the BBBC process, and on any learning points that may be useful to future projects.

Decision:

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

- Agree a provision of £15m for local lending from a Shetland Investment Fund with the balance of £3m remaining as managed funds; and
- Note that the Project Board will continue to meet to oversee the review of policies and procedures for lending activity, reporting progress and recommending decision, where necessary.

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

16/16 **Asset Strategy – Disposal of Fishing Licence Entitlements**

The Committee considered a report by the Project Manager – Economic Development.

The Project Manager (S Keith) introduced the report.

During the discussion, Members sought clarity on a number of points and it was further agreed that the report would be withdrawn from this cycle of meetings.

Decision:

It was agreed that the report would be withdrawn, and for a further report to be presented to Committee after 23 June 2016.

17/16 **SSQC Ltd – Funding 2016/17**

The Committee considered a report by the Executive Manager – Economic Development.

The Executive Manager – Economic Development summarised the main terms of the report.

On the motion of Mr Robinson, seconded by Mr Cooper, the Committee approved the recommendation in the report.

Decision:

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

(Ms Westlake and Mr Henderson left the meeting).

18/16 **Support for Shetland Regulated Fisheries Order – Financial Year 2016/17**

The Committee considered a report by the Executive Manager – Economic Development.

The Executive Manager – Economic Development summarised the main terms of the report.

Mr Cooper moved that the Committee approve the recommendations in the report.
Mr Robinson seconded.

Decision:

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

(Ms Westlake and Mr Henderson returned to the meeting).

(Mr Burgess left the meeting).

19/16 **Aquaculture and Fisheries Research Funding Provision for the Financial Year 2016/17**

The Committee considered a report by the Project Manager – Economic Development.

The Project Manager (J Dunn) summarised the main terms of the report.

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

Decision:

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

(Mr Burgess returned to the meeting).

(Mr Robertson declared an interest in the following item, as a Trustee of the Shetland Arts Trust. Mr Robertson left the meeting).

20/16 **Promote Shetland Review**

The Committee considered a report by the Executive Manager – Economic Development.

The Executive Manager – Economic Development summarised the main terms of the report. He advised on the proposed timescale for the Review, with the preferred option reported to a special Development Committee on 22 August 2016.

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

Decision:

The Committee **RESOLVED** to:

- Review the promotional activities provided by Promote Shetland using the Building Better Business Case model; and
- Give delegated authority to the Executive Manager – Economic Development to undertake the necessary survey work and to organise any workshops that are necessary to provide the information required for the review.

The meeting concluded at 4p.m.

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Chair