

MINUTE

A

Special Executive Committee – Economic Development
Council Chamber, Town Hall, Lerwick
Tuesday 1 February 2005 at 11.30 a.m.

Present:

A J Cluness	L Angus
F B Grains	J A Inkster
J C Irvine	W H Manson
W A Ratter	W N Stove

Also:

J Henry E Knight
J Simpson

In attendance:

M H Goodlad, Chief Executive
G Spall, Executive Director – Infrastructure Services
A Cooper, Head of Development Resources
W E Shannon, Economic Development Manager
J Smith, Head of Organisational Development
A Cogle, Service Manager Administration

Also:

P Drybrugh, Director, North Atlantic Fisheries College

Chairperson

Mr A J Cluness, Chairperson of the Committee, presided.

Circular

The circular calling the meeting was held as read.

Minutes

The minute of meeting held on 26 October 2004, previously circulated, was confirmed.

Chairperson

Mr A J Cluness, Chairperson of the Executive Committee presided.

Mr A J Cluness advised that the Council's Administrative Regulations required the Convener to chair all meetings of the Executive Committee. However, the Council had recommended that themed meetings of the Committee take place, and in this regard, Mr Cluness moved that the Committee suspend regulation 8.6, in order to allow a Chairperson to be appointed for Economic Development themed meetings of the Committee. Mr L Angus seconded, and the Committee unanimously agreed.

1/05 **Appointment of Chairperson – Executive Committee:
Economic Development**

On the motion of Mr A J Cluness, seconded by Mr L Angus, Mr W A Ratter was appointed Chairperson for Executive Committee themed meetings relating to Economic Development.

Circular

The circular calling the meeting was held as read.

Members Attendance at External Meetings

Mr W A Ratter advised that he had attended a Soil Association/QULF annual conference in Newcastle, with the Agricultural Development Officer.

2/05 **Economic Development Forum – 22 December 2004**

The Committee noted the minute of the Economic Development Forum held on 22 December 2004 (Appendix 1).

Mr A J Cluness asked if there was any information as to the reaction of the local tourist board to the latest proposals by visitscotland. Mr Cluness said that Orkney was anxious that the proposals may see the diminution of the islands' individual identity, and reduction in local staff.

Mr W A Ratter said he was unaware of any reaction from the Shetland Tourist Board, but was of the view that there could be discussions with Orkney regarding the proposals, in terms of any joint response, if considered necessary.

3/05 **Smyril Line Negotiations – Update**

The Chief Executive advised that since the Council meeting in December, and the decision to invest £3m in North Atlantic Lines, there had been a lot of discussion with the parties involved, including Shetland Development Trust. He said that some of the other three shareholders did not totally share enthusiasm for the merger, and this had caused some delay in the proceedings. However, in order to overcome this, Smyril Line had realised and sold some of its assets, including a hotel and office blocks, in order that the banks were paid the £3m. The Chief Executive said that following a further meeting in Copenhagen last week, a common position had been agreed which was in line with the Council's position in December. He said that the best way forward now was an operational merger with Fjordlines, and the other shareholders had now committed figures to that proposal. The Chief Executive said that he would be travelling to Bergen this afternoon to meet with the other negotiators, to finalise the structure of the deal to get North Atlantic Lines operational. He said that the company had launched a press release today on this, and also confirmed a slight change of schedule. He said that this would mean an extended winter schedule to the end of April, a Norway connection for one month, and into a full summer schedule by June. The Chief Executive said that most changes would take place before North Atlantic Lines took over, and the Norrona would not be used for another winter, but instead a smaller cargo boat would be used.

Mr W A Ratter said that he hoped there would be some limited passenger capacity on during the winter season. He said the whole service was an important one for Shetland in terms of its outputs for the Shetland economy which he supported, and wished the Chief Executive every success with the negotiations.

Mr L Angus said he agreed with keeping the summer service to Scandinavia, and agreed that the links with Shetland were very good for the local economy. He said that the merger would open up other links, including the North Isles ferry service, and hoped the merger would be concluded by the earliest possible date.

In order to avoid the possible disclosure of exempt information, the Committee resolved, on the motion of Mr W A Ratter, seconded by Mr W N Stove, in terms of the relevant legislation, to exclude the public during consideration of the following items of business.

(Representatives of the press left the meeting.)

- 4/05 **Project Feasibility – Scatsta Ness Pier**
Mr W A Ratter advised that further various technical issues had arisen regarding this project which may significantly reduce the costs. Accordingly, the Committee agreed to defer this report for one cycle.
- 5/05 **Shetland Development Trust – (a) 27 October 2004; and (b) 16 November 2004**
The Committee noted the minutes of the aforementioned meetings.
- 6/05 **Aqua Farm Ltd – Progress Report**
The Committee considered a report by the Head of Development Resources and noted the information provided therein.

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W A Ratter
Chairperson