

MINUTES

A&B - PUBLIC

**Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Wednesday 31 October 2018 at 10.00am**

Present:

M Bell	P Campbell
S Coutts	A Duncan
J Fraser	C Hughson
S Leask	E Macdonald
A Manson	R McGregor
A Priest	D Sandison
I Scott	D Simpson
C Smith	G Smith
T Smith	R Thomson
A Westlake	B Wishart

Apologies:

M Burgess	A Cooper
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In Attendance (Officers):

M Sandison, Chief Executive
J Manson, Executive Manager – Finance
J Riise, Executive Manager – Governance and Law
S Thompson, Executive Manager - Schools
M Smith, Team Leader - Expenditure
C Bain, Treasury Accountant
S Brown Senior Assistant Accountant
A MacIver, Assistant Accountant
B Kerr, Communications Officer
L Adamson, Committee Officer

Also:

T Wright, Baillie Gifford
T Gooding, Baillie Gifford

Chairperson

Mr Bell, Convener of the Council, presided.

Circular:

The circular calling the meeting was held as read.

Convener's Opening Remarks

Tribute to the late former Councillor Mr James Henry.

The Council stood while the Convener paid the following tribute to the late Councillor Mr James Henry:

"We were all deeply saddened to hear, in early August, about the passing of our former colleague James Herculson Henry, known to all as Jim. Jim passed away peacefully, in Taing House, having suffered deteriorating health in recent years.

Jim, a native of Hamnavoe in Burra, was born in 1937 and had a long career both at sea and in public service.

On leaving school, he went to the fishing, a common thread through his life and remained in that vocation until 1979, when he came ashore, having served as skipper of the 'Wavecrest' (LK276). His years at the fishing were broken only by National Service during which Jim served in the Royal Naval Reserve. During his time as skipper of the 'Wavecrest' Jim was a trustee on the then Lerwick Harbour Trust where he represented the fishing industry.

On leaving the fishing, Jim took up employment, on dry land, as fisheries development officer in the Development Department under director the late Jack Burgess.

It is perhaps no surprise that given his background, knowledge and experience in the industry, Jim was, until his retirement in 2002, greatly admired for his work in this role and was involved in many initiatives that greatly helped the industry. It went a long way to making it what it is today.

Now retired from full-time employment, Jim's desire to serve the public saw him enter elected politics in the 2003 council election when he stood for and won the Lerwick Sound seat. At the next election in 2007, Jim stood this time for the then new and enlarged multi-member ward of Lerwick South. Again, he was returned by the electorate and went on to serve the full five year term until 2012.

As a councillor Jim, as well as working hard for his constituents in the Town, was regarded a champion of rural Shetland and in particular around the issue of new piers and harbours. He represented the council on many external organisations including the Lerwick Port Authority where he returned, this time, as a council representative. He also served on Shetland Amenity Trust, SLAP, Hjaltland Housing Association, the Sound Community Hall Committee and the North Atlantic Fisheries College who recognised him as an excellent ambassador for training and education in the fishing and aquaculture industry.

Jim also represented the council on bodies outside Shetland. It was on one such trip, in 2010, that he was involved in a serious road traffic accident in Glasgow. There were serious concerns about whether or not he would recover. However, although his injuries were life changing, such was his determination and sheer commitment he did get back to the Council and served the remainder of his term as a Councillor.

Jim will be remembered, by all who knew and worked with him, as someone who cared deeply for his community and for the islands fishing industry, which played such a large part in his life. I am sure you will join with me in extending this chamber's deepest sympathy to his family. I move that an extract of the minute of this meeting be forwarded to Jim's family". Members concurred.

The Convener also advised on the sadness at the passing of former Councillor Peter Guy, and he said that a formal tribute would be made at a future meeting.

Declarations of Interest

None

Minutes

The minutes of the meeting held on 23 May 2018 were approved on the motion of Mr Thomson, seconded by Ms Wishart.

The minutes of the meeting held on 27 June 2018 were approved on the motion of Mr Leask, seconded by Ms Wishart.

Following a request for the circumstances relating to Mr Burgess and Ms Westlake's non-attendance at the meeting to be recorded, subject to the following, the minutes of the meeting held on 7 August 2018 were approved on the motion of Ms Manson, seconded by Mr Scott.

- Sederunt:
Mr Burgess and Ms Westlake were unable to attend in person, but had indicated a willingness to attend by telephone-link, however this had not been permitted due to the confidential nature of the discussion.

The minutes of the meeting held on 22 August 2018 were approved on the motion of Ms Wishart, seconded by Mr G Smith.

Subject to the following change, the minutes of the meeting held on 29 August 2018 were approved on the motion of Mr J Fraser, seconded by Mr Leask.

- 51/18 - Promoting Shetland as a Location for Large-Scale Events:
Amend the 7th paragraph to read, "In responding to a question as to why large-scale events would be prioritised over other priorities such as poverty, the Chief Executive advised that while organising large-scale events".

The minutes of the meeting held on 19 September 2018 were approved on the motion of Mr Duncan, seconded by Ms Macdonald.

48/18 **Presentation from Baillie Gifford – Fund Manager**

A report by the Executive Manager – Finance (F-075-18-F) introduced a presentation by Fund Manager, Baillie Gifford, which forms part of the governance arrangements in regard to the annual review of the Council's investments. (Copies of the presentation were tabled at the meeting (RECORD Appendix 1A)).

The Treasury Accountant introduced the report, and advised that the presentation from Baillie Gifford provided an annual review on their mandate. In referring to past reporting on Fund Manager's performance, the Treasury Accountant indicated that the Council's findings could range from noting the performance with satisfaction, noting the performance, or to note with dis-satisfaction. He advised that in the case of Baillie Gifford their performance over the past year had been very good, and therefore Members may wish to consider adding 'with satisfaction' to the recommendation.

The Treasury Accountant then introduced Mr Tom Wright and Mr Tim Gooding, from Baillie Gifford. During the presentation, Mr Wright advised on Baillie Gifford's main philosophy being long-term investors, and he reported on the Fund Performance to 30 September 2018. Mr Gooding provided explanation on the Global and UK Equity part of the Fund and the long-term trends, and he advised on the confidence to invest in companies to deliver strong returns to the Council.

In responding to questions, Mr Gooding advised that while Baillie Gifford have very little funds invested in oil and gas companies, investments have been directed to two US fracking companies, and also in companies that are leaders in recycling.

In response to a question regarding the potential impact on economic growth following the UK's exit from the European Union, Mr Wright said that Brexit should not affect the global outlook. There was however uncertainty from a UK perspective in the lead up to Brexit, and while there may well be volatility this was not a huge concern at this time.

There being no further questions from Members, on behalf of the Council the Convener thanked the representatives of Baillie Gifford for the information provided.

(Mr Wright and Mr Gooding left the meeting).

During debate, the Leader commented on the good return from Baillie Gifford who manage the principal element of the Council's investment strategy over the longer-term. Mr Coutts moved that the Council note with satisfaction, the performance of Baillie Gifford. Mr Sandison seconded.

Decision:

The Council NOTED with satisfaction the performance of Baillie Gifford.

49/18 **Chair's Report - Policy and Resources Committee**
Addendum to School Transport Policy 2018

The Council considered a report by the Chair of Policy and Resources Committee (SIC-3110-CS-33) seeking approval of an addendum to the recently approved School Transport Policy 2018.

In introducing the report, the Chair of Policy and Resources Committee said that the addendum deals with an anomaly in the isles, which he advised had received support at each of the three Committees presented. Mr Coutts moved that the Council approve the recommendation in the report. Mr G Smith seconded.

Decision:

The Council RESOLVED to approve the addendum to the School Transport Policy 2018.

50/18 **Chair's Report - Policy and Resources Committee**
Economic Development Strategy 2018-2022

The Council considered a report by the Chair of Policy and Resources Committee (SIC-3110-DV-33) seeking adoption of the Economic Development Strategy 2018-2022.

In introducing the report, the Chair of Policy and Resources Committee advised from the discussion at Development Committee on the need for further engagement with industry. Mr Coutts moved that the Council approve the recommendation in the report. Mr Leask seconded.

Decision:

The Council RESOLVED to adopt the Economic Development Strategy, and agreed that it replaces the Economic Policy Statement within Part A of the Council's

Constitution and Policy Framework, to be managed by the Development Committee.

51/18

Appointments to Committees – Planning, Audit, etc

A report by the Executive Manager – Governance and Law (GL-19-F) sought appointments to Committees to fill the vacancies caused by the resignation of Councillors C Smith and S Coutts. (Copies of an amended Appendix 1 were tabled at the meeting).

In introducing the report, the Executive Manager – Governance and Law referred to the amended Appendix 1, which correctly informed on the vacancy on Planning Committee in the Shetland West Ward. However, he highlighted an anomaly on the amended Appendix, where he clarified that the Vice Chair of the Community Safety and Resilience Board was Councillor Duncan, rather than Councillor Simpson.

Nominations were sought for a member of the Shetland West Ward to the Planning Committee.

Mrs Hughson was nominated on the motion of Mr Coutts, seconded by Mr T Smith. Mrs Hughson indicated acceptance of the appointment.

Nominations were sought for one member of the Council to the Employees Joint Consultative Committee.

Mr Campbell and Mr Fraser were nominated, however both declined the nominations.

Mr Leask was nominated, on the motion of Mr Coutts, seconded by Mr Sandison. Mr Leask accepted the nomination, and was duly appointed to the Employees Joint Consultative Committee.

Nominations were sought for one member of the Council to the Audit Committee.

Ms Wishart and Ms Westlake were nominated, however both declined the nominations. There being no further nominations, the Council agreed to hold the vacancy to be considered as part of the Governance Review.

Nominations were then sought for one member of the Lerwick South Ward to the Community Safety and Resilience Board.

Ms Wishart was nominated on the motion of Mr Campbell, seconded by Mr C Smith. Ms Wishart indicated acceptance of the appointment.

Decision:

The Council:

- APPOINTED one Member from the Shetland West Ward to the Planning Committee, namely Mrs Catherine Hughson;
- APPOINTED one Member of the Council to the Employees Joint Consultative Committee, namely Mr Stephen Leask;

- APPOINTED one Member of the Lerwick South Ward to the Community Safety and Resilience Board, namely Ms Beatrice Wishart;
- NOTED that there being no accepted nominations for Audit Committee, the vacancy was not filled;
- NOTED that a vacancy will remain on the Pension Fund Committee; and
- NOTED that a request for a nominee for appointment to the Joint Staff Forum will be submitted to the EJCC at its next meeting on 23 January, and confirmed by the Council on 20 February 2019.

52/18

Scottish LGPS Restructure Review

The Council considered a report by the Executive Manager - Finance (F-077-F), which presented information on the review of the Scottish Local Government Pension Scheme (SLGPS).

In introducing the report, the Treasury Accountant highlighted the four options to be considered as part of the Review as set out in Section 4.5. He advised that while the deadline for the responses to the Review had been set for 7 December 2018, an extension has been sought and granted, which would allow Members to consider the Council's response at its meeting on 12 December 2018. The Treasury Accountant added that the Pension Fund Committee would be responding separately to the Council, in line with its fiduciary duty, with a view to retaining the current structure.

In response to a question regarding the success in England and Wales of the 89 pension funds that have combined into eight larger pooled funds, as referred to in Section 4.11 of the report, the Treasury Accountant advised that from hearsay the process has been a very difficult and costly operation which is still ongoing. He added however that the pooling of investments has been beneficial for some smaller Funds in England, that had lower funding levels.

In response to comments regarding the separate submission to the consultation, as discussed at the recent meeting of the Pension Fund Committee/Pension Board, the Executive Manager – Governance and Law clarified that the Pension Fund Committee, which includes representation from Council Members, and the admitted bodies to the Pension Fund are the decision makers. He advised that the purpose of the Pension Board is to provide oversight of decisions made.

During the discussion, while it was noted that employer and employee representative organisations of SLGPS are being asked to respond to the consultation, the final decision on the future of the SLGPS will be made by Scottish Government Ministers. In that regard, a comment was made as to whether Shetland's views, being only one of the 32 Local Authorities, would in any way influence the final decision. The Chief Executive however stressed the importance for Shetland to take every opportunity to respond to the consultation.

In responding to questions, the Treasury Accountant advised that compared to England and Wales, all pension funds in Scotland are in a strong funding position, ranging from between 80% to over 100% funded, with Shetland being 90% funded at the last actuarial evaluation. The Team Leader - Expenditure added that

employer contributions range from 21-23%, and in Shetland the Council's contribution is 20.8%.

During debate, the Leader referred to the Cabinet Secretary's Foreword, at Appendix 1, in terms of the support for the Review of the LGPS to address the post Government recognition on the need for investment in Scotland's infrastructure. Mr Coutts said that while he fully supported the Government's aspiration to ensure infrastructure meets the needs of communities across Scotland, he did not agree with the loss of control of the Pension Fund. He stated that the status quo was the only tenable solution for the LGPS, and that an alternative means should be found for funding infrastructure. Comment was then made on support to the view expressed by the Leader, and to the discussion at the Pension Fund Committee/Pension Board on the opposition to any proposal to lose local control and on support to keep the Pension Fund in house.

On the motion of Mr Duncan, seconded by Mr Campbell, the Council approved the recommendation in the report.

Decision:

The Council RESOLVED to:

- NOTE the report; and
- DELEGATE authority to the Executive Manager – Finance, or his nominee, in consultation with the Leader, to prepare a draft response for review and approval by the Council, at their meeting on 12 December 2018.

The meeting concluded at 11.05am.

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Convener