



MINUTE

A

**Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Thursday 13 April 2006 at 10.30 a.m.**

Present:

A J Cluness	L Angus
B Cheyne	C B Eunson
R G Feather	F B Grains
B P Gregson	L G Groat
I J Hawkins	J H Henry
J A Inkster	J C Irvine
W H Manson	J P Nicolson
W A Ratter	F A Robertson
J G Simpson	W N Stove
T W Stove	W Tait

Apologies:

E J Knight	G G Mitchell
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In attendance (Officers):

M Goodlad, Chief Executive
G Spall, Executive Director Infrastructure Services
B Doughty, Interim Head of Social Work
N Galbraith, Interim Head of Education
I Halcrow, Head of Roads
A Hamilton, Head of Planning
C Ferguson, Community Care Manager
G Johnston, Head of Finance
D Irvine, Head of Business Development
J R Riise, Head of Legal and Administration
J R Smith, Head of Organisational Development
H Budge, Quality Improvement Manager
A Cogle, Service Manager - Administration

Chairperson

Mr A J Cluness, Convener of the Council, presided.

Circular

The circular calling the meeting was held as read.

68/06 Bid to Host Tall Ships Race in 2010

The Council considered a report by the Head of Business Development (Appendix 1) and adopted the recommendations contained therein, on the motion of Mr C B Eunson, seconded by Mr J P Nicolson.

The Council considered a report by the Chief Executive (Appendix 2).

The Head of Finance introduced the report and advised that the report set out various proposals from officers with regard to savings. He said that the main issues to note were the buy back of the ferries, which would reduce the Council's reliance on reserves. In addition, the Head of Finance said that efficiency savings of £2.79m were being recommended for approval, as well as savings that would have a minimum impact on services, and further recommendations which could have major impact on services. He advised that the effect of all of these measures, if the Council were to agree to them all, would lead to a reduction in the draw from reserves to £4.5m.

Mr B P Gregson said that he wanted to focus on one issue, by questioning the viability of increasing ferry fares by 16%. He said that this had already caused alarm and despondency in his Ward, and he was sure it would be the same case in other Wards. Mr Gregson said that this type of proposal did the Council no good in terms of relationships with its communities, nor with the Scottish Parliament or Scottish Executive. He said that if such a cavalier attitude was being shown towards 15% of the Islands population, the Shetland Transport Partnership might as well go away, as it was pointless pleading a special case concerning the Islands' isolation, if the Council was not prepared to regenerate it's own peripheral communities. In addition, Mr Gregson said that this matter should be subject to the Strategic Transport Review, and until that had happened, he suggested that this proposal to increase fares be put on hold.

Mr A J Cluness said it was important to note that the recommendations were not proposing that a decision be made today, but that further consideration be given to the proposals, and reported back for a decision at a later date.

Mr J C Irvine said that he agreed that this matter should be discussed by the Strategic Transport Member/Officer Working Group and, like a lot of the recommendations in report, would wind its way back to the Council for decision. Mr Irvine said that at the last meeting of the Executive Committee and the Council, he had expressed concern about the proposed 5% cuts having a double hit on the ferries service. He added that the Ferries Task Group had taken a strategic look at the service, and had not recommended service changes or increases in fares. Therefore, Mr Irvine said he agreed that these areas had to be looked at, whether at this level or a reduced form. He added that this would not fly in the face of negotiations of the Shetland Transport Partnership, and he supported Mr Gregson's view that Mr Ratter, as Chairperson of the Strategic Transport Member/Officer Working Group, should have this matter considered at the next meeting of that Group. Mr Irvine moved that the Council accept the recommendations in the report, with this caveat. Mr A Inkster seconded.

Mr L G Groat asked for clarification as to whether the proposals had to be agreed or rejected today.

Mr Irvine confirmed that he was moving the report with the caveat that the recommendation for an increase in ferry fares be discussed by the Strategic Transport Member/Officer Working Group in the first instance.

The Chief Executive said that Appendix 1 to the report set out recommendations for £2.8m efficiency savings that would have no impact on services. The other recommendations, he said, were making proposals which would be reported back to the Council, and in particular, those recommendations which would have major impacts on services would be reported back in 2 to 3 cycles for decision at that time.

Mr L G Groat said that he would like to see ample time being given to consider and ask questions at Committee when these matters were reported back, and not necessarily considered alongside other general service agenda items. Mr Groat said that these issues needed to be given plenty of time for debate and consideration, even if special meetings were required.

Mr L Angus said that the difficulty he had was that he could not allow the Council not to increase fares or charges in one area and, in effect, requiring other charges to be introduced or increased such as those in Social Work. Mr Angus moved as an amendment that the recommendations in the report be approved, and that the proposals would follow in future reports and that, if necessary, the Strategic Transport Group could consider whatever it liked. Mr B P Gregson seconded.

Mrs Hawkins said that she noticed the minimum service impacts would be reported back in 1 cycle, and major impacts reported in 3 cycles. Mrs Hawkins asked that the proposals to cut Community Council grants, and proposals regarding the skip service, should be discussed with the ASCC/SIC Liaison Group.

Mr W A Ratter said that, as far as the Strategic Transport Member/Officer Working Group was concerned, he had no objection to the matter of ferry fares being discussed there, but ultimately it would be a matter of discussion and decision for the Council. He agreed that today was not the day to be engaging in the wider debate on such issues, and supported the view of Mr Angus and Mr Gregson that all the relevant issues needed to be taken forward to the next stage by focusing on the details. He said that the people of Shetland now knew that the Council had to get control of spending, but this had to be communicated better with the community in general.

Mr W Tait referred to the recommendation to reduce community council grants by 16%, and asked how this could be justified when services across the Council were being asked to cut only 5%.

The Head of Finance explained that he had had to take this exercise as seriously as other officers, and of those budgets he had responsibility for, he had to look at those on which he had discretion. In this regard, he had to recommend substantial reduction of the community council budget, particularly because it was one area of Council spending that was exceptionally higher than other areas of Scotland. The Head of Finance said that there would have to be a process of consultation and implementation, and he supported the recommendations in the report that asked the Council to proceed down that path.

Mr W Tait said that the Council should not be trying to reduce grants because of other local authority grants to their community councils, but asked for reassurance that community councils would be consulted. The Head of Finance confirmed there would be consultation.

Mr J P Nicolson referred to Appendix 2 of the report, and asked if the recommendation of the Social Work Task Force had been taken into consideration. The Chief Executive confirmed that the outcome of the Task Force had been taken into account, adding that the recommendations referred to in Appendix 4 of the report, regarding charges, had been outwith the Task Force recommendations.

Mrs F B Grains said it was important that reports on these matters be produced and issued for consultation as soon as possible, so that they can be discussed within a reasonable timescale, rather than one or two days before the Council meeting.

Mr J C Irvine said that he was satisfied that the issue regarding ferry fares would be discussed appropriately and saw no reason to disagree with the amendment put forward by Mr Angus. Accordingly, and with the consent of his seconder, Mr Irvine withdrew his motion.

Mr R G Feather asked for clarification with regard to risk management, and whether the Council had accepted the risk of self insurance. Mr A J Cluness said that it was common for large organisations to fund the costs of insurance excess themselves. Mr Feather went on to seek clarification as to the details regarding the Internet Protocol Telephony System. However, Mr Feather agreed to seek further detail outwith the meeting.

The Head of Finance referred to Appendix 2, page 2, and to the savings being proposed by the Education Service. Members noted that reference to "Quality Improvement Manager" should read "Quality Improvement Officer".

There were no further comments, and the motion by Mr Angus to approve the recommendations in the report were adopted.

In order to avoid the disclosure of exempt information, the Council resolved, in terms of the relevant legislation, and on the motion of

Mr A J Cluness, seconded by Mr B P Gregson, to exclude the public during consideration of the following items of business.

70/06

Organisational Update and Change Recommendations

The Council considered a report by the Chief Executive.

The Chief Executive advised that a number of officers had left the meeting. Members noted that the Interim Head of Social Work had remained to answer any queries, but that he would leave the room should there be any discussion regarding his position.

Mr L Angus declared an interest in that part of the report which might affect a close relative of his and, whilst remaining at the meeting, he stated that he would not take part in discussion or decision regarding that part of the report.

Mr L G Groat said that the recommendations in the report affected a lot of staff, and sought assurance that any staff affected by the report would be sufficiently informed before hearing the outcome via the media. The Chief Executive confirmed that the staff concerned had been informed and involved in preparation of the report.

Mr Nicolson said that the Council wanted to support change, and had felt it useful to have a presentation on the proposals separate from the decision making process. Mr Nicolson added that, in general terms, the report was very clear, but had some matters requiring clarification. In relation to these matters, the Chief Executive confirmed that the financial consequences of retaining contracted services had been built into current budgets. He added that the retained vacancy for the Head of Life Long Learning was necessary in terms of the current secondment to the Shetland College, and uncertainty as to the future structure of the Community Development Service and any future review would take account of the recent transfer of the Islesburgh Trust activities. The Chief Executive stated also that the Planning Service had grown substantially in terms of resources, but required redesign in order to ensure these resources were deployed appropriately.

With regard to queries regarding the Executive Management Team, the Chief Executive said that the reason for the proposals in the report for an extended Team, was to ensure that it was responsible for corporate management and direction overall, and not dealing with specific or individual management and scrutiny of service outputs.

Members generally agreed that the Chief Executive should be concerned with corporate management – it was the Council Members who should be concerned with about outputs and the operation of Management Teams throughout. However, it was the view of some Members that the Head of Finance also be included in Executive Management Team. The Chief Executive agreed to consider this suggestion, along with the Head of Finance.

Discussion took place regarding the difficulties in recruiting to senior posts in Education and Social Work, as well as to posts within Infrastructure, and Members noted the proposals being made to use secondment and development opportunities.

Mr J C Irvine moved that the Council adopt the recommendations in the report. Mrs I Hawkins seconded.

Members went on to discuss the process of change, and agreed that it would have to be managed properly and effectively, given that change could sometimes bring with it a degree of uncertainty. Additionally, some Members were of the view that there should be more Member involvement with the change process, taking into account the success of the recent task forces, but also to consider the Committee structure. Members agreed that the Committee structure should be reviewed soon, taking account of the new organisational structures, and changing legislation. In particular, Members asked that the Committee Structure Review Member/Officer Working Group take this matter forward as soon as possible, and to consider particularly the re-formation of an Education and a Social Work Committee.

In conclusion, Members were in support of the recommendations, and in the absence of any amendment, the motion to adopt the recommendations was declared the finding of the meeting.

71/06

Future of Development Functions

The Council considered a report by the Chief Executive (Appendix 4).

Mr A J Cluness said that the Council's circumstances had changed a lot over the years, and the development funds had been set up as a result of concerns about the run down of local industries, and the need to look to the future. He said that now the Council was embroiled with the Audit Commission, various bureaucracies and European legislation, and the original disturbance funds structure was being looked at by these various bodies as funding from central Government. Mr Cluness said it was important to recognise that these funds were not Government funded but derived from elsewhere and that Shetland had to structure these funds in a way that retained their independence from Government funds, but ensured efficiency and effectiveness in their disbursement.

Mr W A Ratter said he agreed to some extent to what was being proposed, but his only concern was whether Trustees should be elected separately from the Council. However, he recognised that was a debate for another day, and said that he agreed with the comments made by the Convener regarding the structure of the funds. Mr Ratter moved the recommendations in the report, but added that the current Head of Economic Development should be appointed to the post of General Manager. Accordingly, Mr Ratter added as a caveat to his motion that: with reference to paragraph 3.4, the Head of Development post be made permanent; that paragraph 3.5 should read "The Head of Development will initially be charged with bringing forward the detailed structural

changes necessary to set up the new body.”; and that in paragraph 7.3, the wording should read “That the General Manager for the new organisation bring forward specific structural recommendations and business arrangements for the new body under a single managed structure.” Mr L Angus seconded.

During discussion, Members were in general agreement with the proposals. The Chief Executive confirmed that the outcome was not entirely based on the Council’s decision, but would also require agreement by the Shetland Development Trust.

Mr L Angus said that there were still a plethora of Trusts in Shetland, and his hope was that the Community Development Trust would take control of these other Trusts and ensure they were operated under one administration. Mr Angus went on to say that the Council had yet to secure and protect what was regarded as Shetland’s funds, and the Council had to try and protect them from future re-organisation of local government. Mr Angus said he hoped the Council would support the recommendations in the report, and the motion made by Mr Ratter, but also to recognise that further discussion would be required regarding economic development, including risk management, risk taking and investment strategies.

The Chief Executive advised, and the Council agreed, that the report would be subject to comment and consultation at the next meeting of the Employees Joint Consultative Committee.

Some discussion took place regarding the appointment of the new General Manager post. The Head of Organisational Development advised that the general policy position of the Council was based on recruitment as a competitive exercise, either restricted locally or on a wider basis. The Chief Executive advised that it was his intent that the recruitment process would be an external local exercise, whilst recognising that the Trust would be an external body separate from the local authority.

Mr J G Simpson moved as an amendment that the Council adopt the recommendation in the report, without amendment. Mr B P Gregson seconded.

The Head of Legal and Administration advised that if the decision was to appoint to the post of General Manager without a recruitment process, this would normally be carried out through entitlement to a matching process. Mr W A Ratter accepted this point.

After summing up, voting took place by a show of hands, and the result was as follows:

Amendment (J G Simpson)	13
Motion (W A Ratter)	5

Mr L G Groat declared a non-pecuniary interest in the following item, and left the meeting.

Mr A J Cluness declared an interest in the following item, and left the meeting.

Mrs F B Grains assumed the Chair.

Mr J Henry declared a non-pecuniary interest in the following item, although he deemed the interest not to be significant, and stated his intention to remain at the meeting.

The meeting adjourned at 12.40 p.m.

The meeting re-convened at 12.45 p.m.

72/06 **Smyril Line Negotiations - Update**

The Council considered a report by the Chief Executive.

Mr J G Simpson gave a chronological summary of the issues to date, outlined the recommended terms for future negotiations and moved that the Council support the principles of the agreement, as outlined in the report. Mr T W Stove seconded.

Considerable discussion took place regarding the legal situation, shareholders, scheduling, the short and long term prospects for the company, and the benefits to the Shetland economy, during which the Chief Executive and Mr Simpson provided Members with information and update on these matters. During discussion, Members agreed that if negotiations were to continue, that the Chief Executive be involved, in order to ensure that the Council was involved and informed at each stage.

Mr C B Eunson moved as an amendment that the Council insist on the terms of the original agreement. Mr A Inkster seconded.

Voting took place by a show of hands, and the result was as follows:

Amendment (C B Eunson)	2
Motion (J G Simpson)	14

The meeting concluded at 1.10 p.m.

A J Cluness
CONVENER

Mrs F B Grains
VICE-CONVENER