

# MINUTES

## B - Public

**Development Committee**  
**Council Chamber, Lower Hillhead, Lerwick**  
**Wednesday 13 March 2024 at 10.00am**

**Present:**

<b>D Leask</b>	<b>S Leask</b>
L Peterson	G Robinson
C Smith	

**Present via Remote Link:**

A Duncan	R Thomson
R W Thomson	

**Also:**

A Wenger

**Apologies:**

E Macdonald	T Morton
D Sandison	

**In Attendance (Officers):**

N Grant, Director of Development Services  
J Smith, Director of Infrastructure Services  
T Coutts, Executive Manager – Economic Development  
P Fraser, Executive Manager – Finance  
A Jamieson, Executive Manager – Housing  
I McDiarmid, Executive Manager – Planning  
A Cogle, Team Leader – Administration  
M Forrester, Management Accountant  
M Hodgson, Solicitor  
B Kerr, Communications Officer  
L Adamson, Committee Officer

**Chair:**

Mr D Leask, Chair of the Committee, presided.

The Chair ruled that in accordance with Section 43(2) of the Local Government in Scotland Act 2003, remote attendance and participation by Committee Members during the meeting was permitted.

**Circular:**

The circular calling the meeting was held as read.

**Declarations of Interest**

None

**Minutes**

The Committee approved the minutes of the meeting held on 29 November 2023 on the motion of Mr S Leask, seconded by Ms Peterson.

**Development Directorate Performance Report Q3 2023/24**

The Committee considered a report by the Director of Development Services (DV-09-24) that outlined the activity and performance of Development Services during Quarter 3, 2023/24.

In introducing the report, the Director of Development Services advised on the key priorities during Quarter 3, including the new build housing projects, the award of grants through the Coastal Communities Fund, the progress made on the Shetland Space Centre project and the arrangements that need to be in place for the launch day.

In referring to the key risks at section 4.6 of the report, the Director of Development Services reported on the shortage of skilled labour. He advised on the housing construction workshop arranged for 22 April 2024, to get a joint understanding with the industry on the projects in progress and on proposals for future housing development.

During the discussion, comment was made that while it was recognised that some big housing projects were progressing at this time, it was questioned whether more could be done by smaller construction firms to build homes in the rural areas of Shetland. In responding, the Director of Development Services advised that the Executive Manager – Housing was in early discussions regarding community led housing to be taken forward in Shetland. He also referred to the energy industry developing in Shetland, where housing has to be a key feature to increase the amount of community led housing. The Director of Development Services referred to the first housing construction workshop, planned for next month, which he said would look at projects that could involve the smaller construction companies. A Member commented on the importance for all involved in the construction sector to be encouraged to attend the workshop on the 22 April.

In referring to the outstanding Audit Recommendations, at Appendix C, and to Housing Recommendation 4, concern was expressed that the urgent electrical testing on properties had not been completed. The Director of Development Services advised that the backlog of work was a consequence of the covid pandemic and that gaining access to properties had been an issue with the service taking some time to catch up on the testing, while balancing that work with other service priorities. In referring to the capacity issues and competing priorities within her service, the Executive Manager – Housing reported that part of the electrical testing works were being carried out by an external contactor and the remainder by in-house staff. That work had to be prioritised alongside repairs and maintenance to properties including turning around of void properties being re-let. In that regard, she advised Committee on the expectation that progress on the testing would be reported as part of the next performance update, at Quarter 4.

During the discussion, the Chair referred to the projected overspend reported relating to housing repair and maintenance, where he suggested that on this particular occasion this was an overspend that could be welcomed, being an area where there was a backlog of work.

Positive comment was made regarding the progress on housing projects as listed in Section 4.2.2 of the report. In referring to the units being built at the Old North Road, an update was sought on the progress being made on mid-market rental.

The Director of Development Services reported on the work taking place to develop a viable model, which he said had to be in place before the housing is complete. In that regard, he advised that proposals would be presented to Members later this year. The Chair commented on his understanding that the mid-market rent model would form part of the workload of the Housing Service, rather than separate resources being required.

In responding to a question regarding the re-tendering required for the works at the Harlsdale housing scheme in Whalsay, the Director of Development Services advised that there was more optimism for tender returns, however the return date was not until later in March when he would hope to give a positive update to Members.

In responding to a question regarding progress on the Regional Marine Plan, the Director of Development Services said that the update given in the report was the current situation, namely for the Plan to be adopted by Scottish Ministers during the summer 2024. Comment was made on the reassurance given and that it was hoped that timescale would be met.

An update was sought regarding the Islands Deal funding for the Knab Site. The Director of Development Services advised on the requirement for submission of the Full Business Case to the Scottish Government and that subject to approval, the funding would be made available. Responding to a question, the Director of Development Services provided an approximate timeline for the development of the housing units at the former Janet Courtney Hostel and for Housing Phase A on the site.

Regarding progress with the Community Council Scheme Review, the Director of Development Services advised that following consultation during Phase One of the process, a report was being presented to Council on 26 March 2024.

During the discussion comment was made regarding the Scottish Government's energy efficiency standards for housing and the implications for the Council in terms of the housing stock, should those standards not be met. The Executive Manager – Housing reported that the Energy Efficiency Standard for Social Housing 2 (ESSH2) had been abandoned in favour of Social Housing Net Zero Standard (SHNZS), where consultation had recently concluded. She advised that at this time it was difficult to provide a comparison between ESSH2 and the new standards, however the revised guidance would provide more detail in due course. In reporting to Committee on the potential changes from ESSH2, she advised that the challenges in terms of delivery and costs would need to be worked through and would still require considerable investment.

Reference was made to Appendix A, and to the update given on the "GE06 S100 Project", where feedback was sought on the likelihood to meet the target date of 31 March 2025 for completion of the project. The Director of Development Services provided an update on the various aspects of the project and said that he would provide more detail on the actions and timelines to advance the project for next Committee.

During debate, reference was made to the detailed report and to the discussions regarding housing and the progress being made on housing development, which was welcomed. It was however commented on the need for Members to be bear in

mind that the Development Service was a small department, with challenging resources and in that regard to acknowledge that delays may occur on projects.

Reference was made to the amount of activity being taken forward as set out in the report, and positive comment was made regarding the progress being made on the Knab site project.

**Decision:**

The Committee NOTED the updates on activity in Quarter 3, 2023/24 and DISCUSSED and COMMENTED on forward plans and priorities to help inform the prioritisation of activity and associated Business Programming.

02/24

**Development Services Directorate Plan 2024-2027**

The Committee considered a report by the Director of Development Services (DV-08-24) that presented the Development Services Directorate Plan 2024-27 for approval.

In introducing the report, the Director of Development Services reported on the key projects within the refreshed Directorate Plan, to support communities through the Place based approach, the areas where further work would be required during the year and on the decisions to be made in terms of resourcing the projects.

In responding to comments regarding the continued desire for population growth, the Director of Development Services commented that Shetland's population has been relatively static and he also referred to the Government projections for a downward trend going forward. In terms of growing the population, he advised on the push to provide good quality jobs locally, while he acknowledged the issues regarding recruitment. He advised also on proposals for engagement with bigger developers coming to Shetland for more collective plans for them to provide the accommodation for their workforces, rather than putting pressure on the rental properties taking them out of the market for other workers to come Shetland. Comment was made that additional housing and tackling the cost of living in Shetland were areas that would help in terms of population growth.

Reference was made to page 3 of the Directorate Plan, where it was noted there are currently 178 staff within Development Services, where comment was made that the Service was pulling above their weight in terms of delivery of the Directorate Plan.

During the discussion, it was questioned how the Place-based approach to support communities would align with proposals to mothball schools. In responding, the Director of Development Services referred to the raft of decisions to be made across different parts of the Council and other public sector organisations regarding the sustainability of communities, and to the importance to have evidence based information on the various communities for those decisions to be made. He also commented that infrastructure that gets developed in the future, for example fixed links, or infrastructure that may be lost, would all have to be taken into consideration in terms of impacts on communities and on the amenities and facilities that may be required.

In responding to a question, the Director of Development confirmed that Members would be involved in the decision making during the review of public transport and the school bus network.

During the discussion, comment was made on the importance for Members to be involved during the review of bus services so that they can keep their communities informed.

Comment was made on the importance for resilience in terms of dedicated manpower to be in place for the larger Council projects being taken forward, to ensure continuity of a project should there be a need to cover for the Project Manager.

In referring to the ambitious and positive Directorate Plan, it was however noted that the Development Service was the smallest in terms of manpower, and while acknowledging the support from Corporate Services and other Council departments, comment was made on the importance to properly resource the delivery of the Directorate Plan.

Mr Robinson moved that the Committee approve the recommendation in the report. Mr S Leask seconded.

**Decision:**

The Committee RECOMMENDED that Shetland Islands Council APPROVE the Development Directorate Plan 2024-27, for areas within their remit.

03/24

**Infrastructure Performance Report – Q3 2023/24 Development Committee Remit**

The Committee considered a report by the Director of Infrastructure Services and Executive Manager – Future Energy (ISD-03-24) that summarised the performance of the Infrastructure Directorate relating to the Development Committee during Quarter 3, 2023/24.

The Director of Infrastructure Services summarised the main terms of the report.

During the discussion, reference was made to the different aspects of offshore wind developments and on the importance of the fishing industry to Shetland and to the Shetland economy. In that regard assurance was sought regarding proper engagement with the fishing industry regarding proposals for offshore wind developments. The Director of Infrastructure Services advised that the main mechanism in terms of engagement with the fisheries sector was through the periodic Fisheries and Aquaculture Working Group meetings, managed through Development Services. He advised that there has also been direct meetings with offshore wind developers and the fisheries sector beyond that.

In responding to a comment regarding the need for independent research to ensure confidence within the fisheries industry, the Director of Infrastructure Services advised from discussions with the Team Leader – Climate Change Strategy regarding proposals to create a brief for consolidated research to be investigated further, including how that would be funded.

The Director of Development Services advised that the Fisheries and Aquaculture Working Group have regular dialogue and that it was important Forum to balance up all competing aspects of the marine areas. He said that Shetland has one of the best Marine Spatial Plans to help with the evidence base. He said that in moving into the next stage, developers would be engaging on the definition of their projects and in that regard it was important to ensure all voices are heard and that the outcome works for the Shetland economy.

There were no further questions, or debate, and the Committee noted the report.

**Decision:**

The Committee NOTED the updates on activity in Quarter 3, 2023/24 described in this report and its appendices and DISCUSSED and COMMENTED on forward plans and priorities to help inform activity and associated Business Programming.

04/24

**Infrastructure Directorate Plan – 2024-27**

The Committee considered a report by the Director of Infrastructure Services (ISD-04-24) that presented the Infrastructure Directorate Plan for areas in the respective remits of the Environment and Transport Committee and the Development Committee for consideration and recommendation for approval to Shetland Islands Council.

The Director of Infrastructure Services summarised the main terms of the report.

There were no questions or debate.

On the motion of Mr Smith, seconded by Mr S Leask, the Committee approved the recommendation in the report.

**Decision:**

The Committee RECOMMENDED that Shetland Islands Council APPROVE the Infrastructure Directorate Plan – 2024-27, for areas within their respective remit.

05/24

**2024/25 Budget and Charging Proposals – Development Committee**

The Committee considered a report by the Executive Manager – Finance (F-08-24) that enabled Members to consider the proposed 2024/25 budget proposals for the services within the Committee's remit.

In introducing the report, the Executive Manager – Finance advised on the budget of £8.978m for services which report to the Committee and provided an overview of the budget proposals as set out in Section 4. In referring to Appendix 3, the Schedule of Charges, he reported on the general position of the Council, in line with the Medium Term Plan, for an inflationary increase of 4.9% for 2024/25. He advised on his intention to give more emphasis to the charges to maximise income to the Council, to look at grants coming in and for more targeted use of external funds to be a feature for reporting to future meetings of the Committee.

*(Mr Smith left the meeting).*

In responding to a question, the Executive Manager – Finance confirmed the default position taken, that income changes across the Council have increased by 4.9% for 2024/25.

Reference was made to Appendix 3, and to a charge relating to the Planning Service, namely “Search of Records”, where the charge per hour/part thereof had been set at £127. In that regard, it was questioned whether the charge was fair when instead the information could be sought through a Freedom of Information request. The Executive Manager – Planning advised that the Planning Service charges have been in place for a number of years with no significant assessment, having only increased by inflation, however he suggested that these could be reviewed. He went on to advise that the number of searches requested were however minimal, as most searches can be done on-line.

In responding to a question regarding the ‘variable’ charge set relating to “KIMO – Recharge of Agency Costs”, the Committee was advised that the charge covers the cost of officers in terms of the contract that the Council fulfils on behalf of KIMO International.

In responding to comments, the Executive Manager – Finance outlined to Members the range of considerations that would be given when reviewing the charges, including cost recovery, benchmarking with other local authorities and with focus on the Council’s strategic objectives. In that regard, he advised on his proposals to report to each Committee, giving an indication of progress and to track activity on charges, grants and on vacancies to allow for detailed discussions at each Committee going forward.

In responding to a questions regarding the ‘Homeless Persons’ charges as listed in Appendix 3, the Executive Manager – Housing commented that there was no typical homeless person. She advised Committee that any individual struggling to pay their rent would be encouraged and assisted to claim appropriate benefits through Universal Credit and housing allowances, otherwise it was a tenancy agreement and part of that agreement was to pay the rent and charges. She advised also that housing legislation was clear in terms of the assessment process for homelessness that has to be followed and should an individual not be entitled to financial assistance they would be asked to pay the full charge.

During debate, comment was made that the review of each of the charges would be very helpful. In regard to the ‘Homeless Persons’ charges, it was acknowledged there can be a huge variety of reasons to cause a person to present as being homeless and that many individuals would be entitled to the support and benefits that are available.

Reference was made to Section 6.5 of the report, where it reported on the unsustainable draw on reserves, and it was questioned where the Committee could make further savings to reduce costs. In responding, the Executive Manager – Finance referred to his judgement being to focus on income position. He referred to the decision taken last year for a 1% reduction in budgets, however he advised that unfocused cuts did not deliver on savings, but instead the savings achieved were mainly from vacancies. He advised that while discussions on savings were ongoing, the focus this year was on income to the Council.

Ms Peterson moved that the Committee approve the recommendation in the report. Mr S Leask seconded.

**Decision:**

The Committee RECOMMENDED that the Policy and Resources Committee and the Council APPROVE:

- the budget for 2024/25 included in this report and set out in detail in the Budget Proposals by Activity (Appendix 2) and Schedule of Charges (Appendix 3) to be included in the overall Shetland Islands Council Budget Book.

*(There was a short break and the meeting reconvened at 11.45am).*

06/24

**2024/25 Budget & Charging Proposals – Housing Revenue Account**

The Committee considered a report by the Executive Manager - Finance (F-09-24) that enabled the Committee to consider the controllable budget proposals for the services within the Committee's remit.

The Executive Manager - Finance summarised the main terms of the report.

There were no questions or debate.

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

**Decision:**

The Committee RECOMMENDED that the Policy and Resources Committee and the Council APPROVE:

- the budget proposals for 2024/25 for the Housing Revenue Account (HRA) included in this report, to be included in the overall Shetland Islands Council Budget Book.

07/24

**Local Development Plan – Development Plans Scheme 2024**

The Committee considered a report by the Team Leader - Development Plans and Heritage (DV-14-24) that sought approval of the Development Plan Scheme 2024-25 (DPS).

The Executive Manager - Planning summarised the main terms of the report.

In responding to a question, the Executive Manager – Planning advised that the Timetable for Delivery of the Local Development Plan (LDP) on page 9 of the DPS sets out the timescales and processes that are required in the preparation of the next LDP for Shetland for its formal adoption during 2028.

During debate, reference was made to the significant amount of work to develop the LDP where it was noted on page 10 of the DPS the requirement that four environmental assessments to be undertaken as part of the process. Comment was made on the need to make sure the sites are developable and put more effort into making sure they are developable and can be done so at reasonable costs.



In referring to the timetable for delivery of the LDP, comment was made on the amount of work required at each of the stages leading to finalisation of the LDP in 2028, being a date that would appear to be some time away. While noting that the timetable was in line with that of other local authorities, it was however suggested that some of the earlier work required may be out of that date and not fully relevant by the end of the process.

Ms Peterson moved that the Committee approve the recommendation in the report. Mr Robertson seconded.

**Decision:**

The Committee RESOLVED to approve the Development Plan Scheme attached at Appendix 1.

08/24

**Tall Ships Races Lerwick 2023 – Impact Assessment and Legacy Funding**

The Committee considered a report by the Executive Manager – Economic Development (DV-02-24) that presented the findings of the Event Impact Assessment (EIA) of the Tall Ships Races 2023 event and proposals for legacy funding.

In introducing the report, the Executive Manager – Economic Development provided background to the Council's support towards the event in terms of grant funding as part of the funding package. He referred to the EIA, at Appendix 1, which highlights the event's outcomes exceeding the projections put forward in the business case to Members in 2019. He reported that the event came in under budget, with Council funding not fully utilised and the surplus to be returned to the Council. He then advised Members on the requests for legacy funding for sail training provision and event security for local events.

In responding to a question, the Executive Manager – Economic Development confirmed that the cost plan for the event submitted had been very prudent in its approach and included significant estimates for inflation and contingency. He also advised on the considerable challenges in taking forward the event, including the constrained timetable from the covid pandemic and on the need to bring in external services where those had not been available locally, which included the security for the event.

Reference was made to page 29 of the EIA, where the survey result was noted that 5% of the businesses surveyed were unlikely to welcome a similar event in the future. The Executive Manager – Economic Development advised that some businesses had an increase in income or neutral position from the event, however from the survey it was evidenced that some businesses saw a fall in income during that time.

It was also commented that in general, more narrative from the feedback to the survey may have been helpful.

Comment was made that there appeared to be little detail in the EIA about the Cruise in Company events in Yell and Unst. The Executive Manager – Economic Development advised that Section 5 includes the feedback on the Cruise in Company aspects of the event. He acknowledged that a relatively light touch

survey had been undertaken of the Cruise in Company events compared to the survey work undertaken of the main event in Lerwick.

Further comment was made regarding the Cruise in Company events in terms of the economic impact and benefits being significant to the more rural communities in Yell and Unst and it was suggested that should the events be repeated, more work and in-depth analysis should be undertaken on the benefits to the rural communities involved. The Executive Manager – Economic Development advised that the point made would be taken forward as a lessons learned, being an important factor to draw out for future events.

During debate, comment was made that the EIA was welcomed, providing an overview of the event's achievements and confirmed the quality event that Shetland put on, noting that the vast majority of the survey feedback had been positive. Reference was made to Section 7.2 of the EIA, where positive comment was made regarding the amount of waste and rubbish disposed during the event, and it was suggested would set a benchmark for more waste to be recycled at future events.

In terms of legacy and lessons learned, comment was made that the organisers have to be commended on the means for waste disposal; the park and ride shuttle buses were very well used and reduced the amount of traffic into the centre of Lerwick and on the extensive use of MS Teams, which reduced the need to travel.

Positive comment was also made that the event portrayed the quality of Shetland produce and local music. Comment was also made on the morale boost that the event had, particularly following the covid pandemic, and in lifting the spirits of all in Shetland. In that regard, the Chairperson asked that the Committee's thanks be passed on to the organising committee, in running a professional event and great awareness commercially in terms of the funds returned to the Council.

It was however commented on the desire that the survey had been more detailed in terms of the impact and benefits to rural communities involved in the event and on any unintended consequences to businesses in the more rural areas. Reference was also made on the reluctance from the crews for their ships to be based in Scalloway during the event, and in that regard it was suggested that more could be done to make future events more accessible to the rest of Shetland and not just for Lerwick.

Mr S Leask moved that the Committee approve the recommendation in the report. In seconding, Mr Robinson referred to the funding proposal for security staff and commented on the need to ensure the sustainability of numbers of trained staff in the longer term. In that regard, the Chairperson advised on the proposal being to train a local trainer to ensure numbers are maintained.

### **Decision:**

The Committee NOTED the findings of the Event Impact Assessment of the Tall Ships Races 2023 event in July 2023 (at Appendix 1).

The Committee RECOMMENDED that Policy and Resources Committee recommends that Shetland Islands Council RESOLVES to APPROVE:

- an annual grant of up to £8,700 to Sail Training Shetland towards costs of sail training provision as described at, and subject to, paragraph 4.8 below, commencing 01 April 2024;
- match funding of up to £18,000 in 2024/25 towards the costs of establishing local training for stewarding and security for public events in Shetland as described at paragraph 4.9 below, and to DELEGATE authority to the Director of Development Services, or his nominee, to make arrangements for commitment of this funding, subject to such terms and conditions as the said Director considers reasonable and appropriate, to a suitable grantee; and
- funding these additional costs from the annual Crown Estate net revenue distributions.

09/24

**Development Committee Business Programme 2023/24 and 2024/25**

The Committee considered a report by the Director of Development Services (DV-04-24) that facilitated discussion of the Business Programme of the Committee for the remainder of the financial year 2023/24 and for 2024/25.

In introducing the report, the Director of Development Services advised on the updated Performance Report that would be presented to Committee on 29 May 2024.

In responding to a question, the Director of Development Services advised on the intention for regular meetings with the local construction industry.

There was no further question, or debate.

Mr Robinson moved that the Committee approve the recommendation in the report. Ms Peterson seconded.

**Decision:**

The Committee:

- CONSIDERED the business planned for Development Committee for the remainder of the financial year 2023/24 and 2024/25; and
- ADVISED the Director of Development Services of any changes required and new items to be included on the Business Programme.

**Mr D Leask moved that in order to avoid the disclosure of exempt information, the Committee resolve to exclude the public in terms of the relevant legislation during consideration of the following item of business. Mr Robinson seconded.**

*(Recording of the meeting was stopped and Members remaining online confirmed to the Chair that there were no other persons present able to hear or record the proceedings).*

10/24

**Support for Inshore Fisheries Management – Shetland Islands Regulated Fishery (Scotland) Order 2024/25**

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

The Executive Manager – Economic Development summarised the main terms of the report and responded to questions from Members.

Following discussion, Mr Robinson moved that the Committee approve the recommendation in the report. Mr S Leask seconded.

**Decision:**

The Committee RESOLVED to APPROVE the recommendation in the report.

The meeting concluded at 12.47pm.

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Chair