

MINUTE

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Executive Committee
Council Chamber, Town Hall, Lerwick
26 June 2007 at 10am

Present:

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| A J Cluness | L Angus |
| I J Hawkins | W H Manson |
| J G Simpson | |

Apologies:

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| E J Fullerton | A S Wishart |
|---------------|-------------|

In attendance (Officers):

C Black, Contract Compliance Manager
S Cooper, Head of Environment and Building Services
M Finnie, Capital Programme Service Manager
G Johnston, Head of Finance
C Medley, Head of Housing and Capital Programmes
A Priest, Project Manager
A Rolfe, Property Manager
J Smith, Head of Organisational Development
H Sutherland, Executive Director, Education and Social Care
H Tait, Management Accountant
L Adamson, Committee Officer

Chairperson

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

Circular

The circular calling the meeting was held as read.

Members' Attendance at External Meetings

There was nothing to report.

Minute

The minute of meeting held on 20 March 2007, was confirmed.

15/07 Capital Programme – Capital Programme Review Team (CPRT) – April 2007

The Committee considered a report by the Head of Capital Programme and Housing Services (Appendix 1).

The Head of Capital Programme and Housing Services circulated a paper which provided a replacement of sections 3.6 and 3.7 of the report (copy attached as Appendix 1A). He advised that there had been more slippage in the capital programme, allowing further projects to be brought forward. He added that the slippage would

allow for re-tendering and the work to be carried out on the rebuild of Mid Garth wall.

Mr L Angus advised that Services Committee had pulled a report on the Mid Yell Junior High School due to concerns that the project was considerably over budget. It was therefore necessary to revisit the project to bring it back within the approved budget. The Head of Capital Programme and Housing Services advised that this project was being examined to bring it back nearer to budget and the findings would be presented in a report to Services Committee and the Council.

Referring to Section 3.1.3, the Oversund Roundabout and Environmental Works, Mr L Angus advised that the request for additional money for the additional environmental works would not affect the roundabout being built. The Head of Capital Programme and Housing Services explained that the additional money spent on the environmental works, which would include landscaping, drainage and car parking at the school, would provide savings and benefits by combining the works into a single project rather than separate projects.

Mr L Angus noted that the tender received for the work to rebuild the Mid Garth Wall had been significantly over estimate. He commented that it was almost three years since the Wall had been demolished due to road safety reasons, and suggested that some other contingency be considered to get the project within the estimate. Mr W H Manson agreed that the slippage in the capital programme should not be spent on the over-estimated cost of rebuilding the wall. The Head of Environment and Building Services advised that other contractors would be submitting tenders for this work and this should provide competition to reduce the price of the rebuilding works.

Regarding library provision in Lerwick, and the proposed refurbishment of the old museum and library building, with the existing facility being used as a children's library, Mr Angus suggested that a basic study be carried out in terms of the space requirements for the library. The Head of Capital Programme and Housing Services advised that he would discuss the feasibility of using the old library building with the Library Service.

Referring to Section 3.1.11.1, Mr Angus said that he was aware that there would be no slippage in the Marina's budget, with over 10 projects seeking funding.

In response to a query from Mrs I J Hawkins, the Head of Capital Programme and Housing Services explained that the Scord Quarry Plant Modifications included the purchase of a crusher to allow materials to be recycled. The purchase of the crusher would save the Council money and the Committee noted that there was the

possibility of external funding should the project be completed before the end of March 2008.

Mrs Hawkins also noted that the Scalloway JHS Science Block had not been included as a priority project, and commented that this was an important project which would be of benefit to pupils and the community.

Referring to the Knab Dyke, Mr J G Simpson enquired whether this project could be included under the Coastal Erosion budget. Mr Simpson commented that the budget was very inadequate for the amount of coastal erosion works required around Shetland, and enquired whether additional funding could be sourced from the Scottish Office. The Chairman advised that he would investigate the possibility of additional funding.

The Committee otherwise commended the report to the Council, on the motion of Mr L Angus, seconded by Mr A J Cluness.

16/07 Offer of Additional Capital Grant for 2007/08 – Use of Emergency Powers

The Committee considered a report by the Head of Capital Programme and Housing Services (Appendix 2).

After hearing the Head of Capital Programme and Housing Services summarise the terms of the report, Mr W H Manson moved that the Council approve the recommendations contained therein.

Mr Manson referred to the project to install four wind turbines at schools and enquired whether the project would include the reinstatement of the wind turbines that had to be taken down due to safety reasons. The Head of Capital Programme and Housing Services said that he would discuss this with the Schools Service and provide Mr Manson with the information.

In response to questions from Members, the Head of Capital Programme and Housing Services explained that the Council would purchase Quendale House from SLAP, as the building was no longer required as office accommodation, with the building being converted into flats if so required. In response to a query from Mrs I J Hawkins, he advised that the purchase of the seabed at Blacksness Pier had been included in the Reserve Projects as the payback period was slightly longer.

Mr A J Cluness seconded.

17/07 Quality of Life Funding – Outturn 2006/07 and Carry Forwards into 2007/08

The Committee considered a report by the Head of Finance (Appendix 3).

The Head of Finance advised that the report was presented to Committee to agree the carry forward from 2006/07 and to approve the list of projects considered by the Community Planning Board to progress in 2007/08.

Mr L Angus moved that the Committee approve the recommendation in the report. Mr A J Cluness seconded.

Mr Angus referred to the Quality of Life funding allocation to the Moving On Employment Project and said that consideration would need to be given to the future funding for this worthwhile project.

In response to a query from Mr W H Manson regarding the Scottish Executive's future funding intentions, the Head of Finance advised that as far as he was aware this would be the last year of the programme in its present form, however he would approach the Scottish Executive to find out their proposals.

18/07 2006/07 Financial Outturn

The Committee considered a report by the Head of Finance (Appendix 4).

The Head of Finance introduced the report and referred Members to the summary at the graph in Appendix 1 which sets out the projections for the Council's reserves, considered by the Council in June 2005 when it was resolved to pursue the "good case" scenario. The overall effect on the reserves for 2006/07 was that they declined by £5m less than projected, which was a substantial step in the right direction. This lesser usage of reserves is linked with a good year in investments, and underspends achieved on most budgets with expenditure constrained where possible. The Head of Finance said that in conclusion, the Council had made significant steps towards achieving medium and long-term objectives during the year.

In response to a query from Mr J G Simpson, the Head of Finance explained that some of the revenue underspend related to the fact that Shetland's contracting sector was currently working to capacity and some services of the Council had not been able to recruit staff. Mr L Angus reported that there was a clear message from Service Heads that they were unable to meet the current demand due to staff shortages. He added that any further savings could result in cuts in services and there was a limit on further cuts in administration and delivery costs.

On the motion of Mr L Angus, seconded by Mr A J Cluness, the Committee approved the recommendations in the report.

19/07 Procurement Strategy Update Report

The Committee considered a report by the Head of Capital Programme and Housing Services (Appendix 5).

The Head of Capital Programme and Housing Services summarised the terms of the report. He explained that several pilot schemes had been carried out, however it had been recognised that dedicated procurement staff would be required to realise maximum potential.

Mrs I J Hawkins commented that the findings from the pilot projects appeared very flat and unimpressive. However, she anticipated that the appointment of procurement staff would bring about savings to the Council.

Mr L Angus suggested that Members and staff travel should be reviewed. The Head of Capital Programme and Housing Services advised that Finance Services had looked at and implemented many changes relating to Members and staff travel.

In response to a request from Mr Angus, the Head of Capital Programme and Housing Services advised that the use of local produce was a key part of the Procurement Strategy, and local suppliers and local produce would be used wherever possible.

On the motion of Mr L Angus, seconded by Mrs I J Hawkins, the Committee approved the recommendations in the report.

20/07 Gender Equality Scheme

The Committee considered a report by the Head of Organisational Development (Appendix 6).

After hearing the Head of Organisational Development summarise the main terms of the report, the Committee approved the recommendations contained therein on the motion of Mr L Angus, seconded by Mr A J Cluness.

21/07 Viking Energy – Board Representation

The Committee considered a report by the Project Manager (Appendix 7).

(Mr W H Manson declared a non-pecuniary interest as a Director of Viking Energy Limited).

On the motion of Mr L Angus, seconded by Mrs I J Hawkins, the Committee approved the recommendations in the report.

In order to avoid the possible disclosure of exempt information, Mr A J Cluness moved, Mr L Angus seconded, and the Committee resolved, in

terms of the relevant legislation, to exclude the public during consideration of the following item of business.

(Mr W H Manson declared a non-pecuniary interest as a Director of Viking Energy Limited, and left the Chamber).

22/07 Busta Estate – Major Wind Farm Development
Lease from Shetland Islands Council to Viking Energy
The Committee considered a report by the Head of Legal and Administrative Services.

The Property Manager introduced the report and advised that the project had reached the stage to seek authority to move forward with the lease agreement between the Council and Viking Energy Limited.

The Committee approved the recommendations in the report on the motion of Mr L Angus, seconded by Mr A J Cluness.

A J Cluness
CHAIRPERSON