



Shetland Islands Council

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**Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Wednesday 6 July 2011 at 10.00am**

Present:

A J Cluness	L Angus
L F Baisley	J Budge
A T Doull	A G L Duncan
E L Fullerton	F B Grains
I J Hawkins	R S Henderson
J H Henry	W H Manson
C H J Miller	R C Nickerson
F A Robertson	G Robinson
J G Simpson	C L Smith
J W G Wills	A S Wishart

Apologies:

A T J Cooper	A J Hughson
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In attendance (Officers):

A Buchan, Chief Executive
M Craigie, Head of Transport
A Jamieson, Head of Housing
I McDiarmid, Head of Planning
J Riise, Head of Legal & Administration
R Sinclair, Head of Capital Programming
H Sutherland, Chief Financial Officer/Head of Finance
H Tait, Service Manager - Management Accountancy
S Pearson, Service Manager – Safety and Risk
A Edwards, Quality Improvement Manager
P Peterson, Communications Project Manager
T Morton, Communications Adviser
P Wishart, Solicitor
L Adamson, Committee Officer
L Gair, Committee Officer

Also:

R McGinness, Brodies Solicitors

Chairperson

Mr A J Cluness, Convener, presided.

Circular

The circular calling the meeting was held as read.

The Convener reported from the recent Island Games and the success of the Shetland participants against larger island communities and advised that a small civic reception would be held in August in recognition of their achievements.

The Convener congratulated Councillor Wills on having carried his 30,000th passenger on the Dunter III and said that this demonstrates the importance of the environment and wildlife for Shetland.

The Head of Legal and Administration, in referring to the new style of agenda and the introduction of the Chair's reports from the functional Committees and Executive Committee, advised that future Executive Committees would be held suitably in advance of the Council in order to allow Members sufficient time to read the Chair's report. Members also agreed to the reordering of the agenda as suggested by the Head of Legal and Administration.

Declarations of Interest

Mrs Miller advised that, depending on the extent of the discussion, she would declare an interest in the "Shetland Tourism Plan 2011-14" and "Tourism Financial Assistance Scheme" should these be discussed.

Mr Manson declared an interest, as the Chair of Charitable Trust, in the "2010/11 Provisional Financial Outturn – Service Detail" report as it made reference to the Shetland Charitable Trust and the qualification of accounts. However, he advised that he did not expect to have to leave the meeting during discussion on this item.

Mr Henry declared an interest in similar terms as Mr Manson, as Vice-Chair of the Shetland Charitable Trust.

Dr Wills declared an interest in the "Shetland Brand Pack" as a commercial tour operator. He also declared an interest in the "Shetland Tourism Plan 2011-14" and "Tourism Financial Assistance Scheme" as he has a loan from Shetland Development Trust.

Mr Angus declared an interest in the "Blueprint for Education in Shetland: Olnafirth Primary School Consultation".

71/11 **Minutes – Shetland Islands Council – 17 May 2011, 26 May 2011 and 14 June 2011**

Members approved the minutes of the Council meeting held on 17 May 2011, on the motion of Mr Angus, seconded by Mr Simpson.

Members approved the minutes of the Council meeting held on 26 May 2011, on the motion of Mrs Miller, seconded by Mr Cluness.

Members approved the minutes of the Council meeting held on 14 June 2011, on the motion of Mr Smith, seconded by Mr Cluness, with the exception of the following:

Min. Ref. 70/11 – Management Restructuring – Mr Smith referred to the last paragraph on page 2 and the comment "Community Care and

Community Health Partnershipprogress made over the past 9 months.." and asked that this be amended to read "progress made over the term of this Council".

72a/11 Planning and Performance Management Framework: Policy Direction (ESCD-44-F)

Decision:

The Council **RESOLVED** to approve the refreshed Planning and Performance Management arrangements, as described in Appendix 1 of the report.

72d/11 The Capital Programme Outturn 2010/11 (CPS-11-11-F)

Dr Wills expressed his concern with regard to the commitments made to projects identified in the report that the Council could not afford. He asked that his abstention be recorded to any approval of the recommendations in the report

Mr Simpson advised that the capital programme would be looked at in detail and decisions taken at the Executive Committee following work by the Financial Resources Member Officer Working Group. He added that Member seminars would be held at which all Members would have the opportunity to comment.

Dr Wills referred to paragraph 3.2 of the report and the budget available for the Anderson High School financing arrangement, he said that the Council still has the funds to build now but could not subsidise the revenue deficit. Dr Wills asked for the deficit scheme of proposals as a matter of urgency and questioned what would be done about this crisis.

In response to a comment from Mr Angus, the Chief Executive advised that the normal capital programme plan would proceed and good progress was being made with regard to asset management, with the full picture to be available in the autumn. He added that the Council had already made good progress with budgets for the current year.

Decision:

The Council **RESOLVED** to:

- note the contents of the report for the 2010/11 capital outturn: and
- approve the allocation of slippage to 2011/12 and 2012/13 and the 2011/12 budget allocation.

75a/11 Shetland Brand Pack (DV038-F)

Mr Doull moved that the Council approve the recommendations from the Development Committee and the Executive Committee. Mr Angus seconded.

Decision:

The Council **RESOLVED** to endorse the use of the “Shetland Brand Pack” to encourage greater community understanding and use of the brand.

Mr Doull moved that the Council approve the recommendations from the Development Committee on the following reports, seconded by Mr Cluness.

75b/11 Shetland Tourism Plan 2011-14 (DV029-F)

Decision:

The Council **RESOLVED** to endorse the contents of the Shetland Tourism Plan 2011-2014 as Shetland’s Tourism Strategy and Action Plan for the next three years.

75f/11 Digital Shetland – A Strategy to Improve Telecommunications across Shetland (DV034-F)

Mr Duncan advised of his concern that the Council was spending finances on a new fibre optic cable when there were a number of existing cables in place. Mr Duncan was advised that these existing cables already could no longer provide the capacity required now or into the future.

Members were advised that the Council had been in continuous discussions with BT who until this time had not expressed an interest in the Faroese cable and the decision had been taken to create Shetland Telecom. At a seminar held recently BT conceded that they did not have a resilient fibre optic network in Shetland and that Shetland Telecom’s connection to the Faroese cable was essential. Discussions with BT are continuing.

Decision:

The Council **RESOLVED** to:

- Formally adopt the ‘Digital Shetland’ document as a strategy for improving telecommunications in Shetland (subject to the availability of project funds),
- Agree to proceed with tendering processes (as detailed in Section 5.6 of the report) to establish likely costs of implementing the Strategy, and

- Request that a strategic business plan be prepared in due course for the purposes of advising future Council investments.

77a/11 Ongoing Adjudication Process

The Head of Capital programming introduced the report.

Decision:

The Council **RESOLVED** to:

- Note the action taken to defend the Council, by way of a Judicial Review;
- Approve the establishment of a budget code for the allocation of all costs associated with the adjudication process and any legal action that may follow;
- Approve the establishment of a budget corresponding to the value of the potential claim against the Council as set out in paragraph 6.2 of the report; and
- Determine that the costs associated with this adjudication be funded from additional savings on already approved revenue budgets in the current year.

72/11 Executive Committee (4 July 2011) – Chair’s Report

Members considered the information contained in the Chair’s Report, attached as Appendix 1. The Council noted items delegated to the Committee and in regards to “Old Museum and Library – Feasibility Study Report” Members noted the comments made by Mr Angus relating to the alternative use of buildings. In response to a request from Mr Angus, the Convener advised that he would arrange for the feasibility study on the future use of Fort Charlotte to be made available in the Members’ Room.

Following consideration of the reports listed below and the comments made during the meeting, Mr Simpson moved that the Council approve the recommendations of the Executive Committee, seconded by Mr Smith.

72b/11 2010/11 Provisional Financial Outturn – Service Detail (F-031-F)

Concern was expressed with regard to the Harbour Account and the effect on the use of the Reserve Fund. The Chief Financial Officer advised that this would be a piece of work to be undertaken from now until the end of autumn should other reports on the agenda be approved today.

Decision:

The Council **RESOLVED** to:

- note the Outturn as detailed in Section 5 and the effect against original budgeted draw on reserves in Section 6,
- agreed the level of budget carry forwards, and

note that the wider financial implications of the outturn position for 2010/11 will be addressed through the medium to long-term planning process, which starts with the separate report on today's agenda.

72e/11 Communications Strategy (CE-35-F)

Decision:

The Council **RESOLVED** to endorse the commitments set out in the Communications Strategy and to introduce the Strategy as Policy with immediate effect.

(Mr L Angus left the meeting)

73/11 Executive Committee (4 July 2011) and Education and Families Committee (15 June 2011) – Chairs' Reports

The Council noted the item delegated to the Education and Families Committee and considered the information contained in the Executive Committee Chair's Report, attached as Appendix 1 and the Education and Families Committee Chair's Report, attached as Appendix 2. A decision of the Council was required on the following report:

74a/11 Shetland College Budget Estimates and Fees Setting – 2011/12 (F-032-F)

Decision:

The Council **RESOLVED** to approve:

- the 2011/12 budgets contained in paragraph 4.1 of the report and detailed in Appendix A; and
- the fees and charges as detailed in Appendix B.

74c/11 Director's Update – UHI Policy Proposals (BM183-F)

Mr Nickerson referred to the attached Summary of Decisions and the Board's suggestion that endorsement be sought from the Council regarding the UHI Executive Offices apparent commitment to a single tertiary entity model as the way forward for UHI. Mr Wishart said that it was hoped that the Working Group and UHI Court would come to a conclusion on the way ahead and following a working group meeting in December it would be possible to report on how this has developed and there was no need at this stage for Council endorsement.

Mr Nickerson moved as an amendment that the Council endorse the Shetland College Board's response. Mr Manson seconded and the Council concurred.

Decision:

The Council **RESOLVED** to endorse the Shetland College Board's response to the UHI regarding the UHI Executive Offices apparent commitment to a single tertiary entity model on the way forward for UHI.

75/11 **Executive Committee (4 July 2011) and Development Committee (22 June 2011) – Chairs' Reports**

The Council noted the items delegated to the Development Committee and considered the information contained in the Executive Committee Chair's Report, attached as Appendix 1 and the Development Committee Chair's Report, attached as Appendix 4.

A decision of the Council was required on the following report.

75d/11 **Delegated Scheme for Loans to Purchase Whitefish Quota and/or Fishing Vessels Licences (DV031-F)**

Decision:

The Council **RESOLVED** to approve the continuation of the Delegated Scheme for Loans to purchase Fishing Vessel Licence and/or Quota for the financial year 2011/12.

75e/11 **Bridging Loans Scheme, Private Sector Housing Estate Development (DV037-F)**

Decision:

The Council **RESOLVED** to:

- Approve the scheme as set out in paragraphs 5.1 and 5.2 of the report.

Grant delegated authority to the Head of Economic Development or his nominee, to approve loans made within the terms of the Scheme, and for approvals to be included in a periodic information bulletin.

Mr Cluness moved that in order to avoid the disclosure of exempt information, the Council resolve to exclude the public in terms of the relevant legislation during consideration of the following item of business. Mr Smith seconded.

77/11 **Executive Committee (4 July 2011) – Chair's Report**

The Council considered the Executive Committee Chair's Report and gave consideration to the following reports that required a Council decision:

77b/11 New Housing - Delivery Strategy
The Head of Capital programming introduced the report.

Decision:

The Council **RESOLVED** to:

- Instruct the Head of Capital Programming to abandon the EU process and not re-tender; and
- Instruct the Head of Housing to bring a further report to the Social Services Committee setting out alternative options for the provision of affordable housing.

The meeting concluded at 12.55pm

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Chair

72c/11 Financial Planning and Budgeting Framework (F-030-F)

In referring to the level of fees and charges, Mr Duncan stated that there should be no charges made upon the elderly. He also advised Members that at Executive Committee he had requested a breakdown of Statutory and Non-Statutory expenditure and the Chief Executive indicated that a report would be provided through the Financial Resources Member Officer Working Group.

In response to a comment from Mrs Fullerton, the Chief Financial Officer advised that in addition to the savings from the Education Blueprint and the Ports for the Future Project, the review of Infrastructure Services and Community Care and the overall management review would all contribute towards the staff cost reductions into the future.

Decision:

The Council **RESOLVED** to:

- set the baseline for reserves levels for forward planning at £258.6 million, from March 2010 which excludes any ring fenced funds set aside for a specific purpose;
- establish a separate policy framework for the Capital Fund, the Renewal and Repair Fund and the Reserve Fund, to recognise their distinct legal status and purpose and present a separate budget for each;
- re-establish a General Fund revenue balance, set at about 2% of the overall spend, as part of the 2010/11 Final Accounts;

- develop a charging policy that, in principle, presumes that the Council will charge for services, where it is appropriate to do so, based upon an open and transparent level of subsidy for services provided;
- agree in principle to build in specific Spend to Save budgets on the Capital and Revenue Account, the details of which will be developed through the policy proposals later in the year;
- determine any additional arrangements, beyond the formal meetings of the Executive Committee, to support this significant corporate project;
- agree the timetable of tasks and activity as follows:

April - June	Final Accounts Reserves Policy - Principles Charging Policy Efficiency Challenge High Level Cost Changes
July – September	Reserves policy approved Formal Spend to Save Policy Budget Strategy 2012/13 Specific Service Challenges and Savings Targets Corporate priorities / direction Community Information / engagement Staff Engagement / ideas
October – January	Detailed Change Proposal Community Information / Engagement
February	Budgets Approved

74/11

Executive Committee (4 July 2011) and Shetland College Board (16 June 2011) - Chairs' Reports

The Council noted the item delegated to the Shetland College Board and considered the information contained in the Executive Committee Chair's Report, attached as Appendix 1 and the Shetland College Board Chair's Report, attached as Appendix 3.

Mr Wishart moved that the Council approve the recommendations of the Shetland College Board and the Executive Committee, seconded by Mrs Baisley.

75c/11

Tourism Financial Assistance Scheme (DV030-F)

Decision:

The Council **RESOLVED** to endorse the extension of the Tourism Financial Assistance Scheme for a 3 year period from 1 July 2011 to 30 June 2014.

76/11

Draft Accounts 2010/11

The Council considered a report by the Head of Finance (Report No. F-29-F).

The Chief Financial Officer introduced the report and following a comment from Dr Wills she advised that she would reformat and re-circulate Appendix 1 of the report. She drew attention to Table 1 at paragraph 5.2 which provided a summary of the appendix.

In response to queries from Members, the Chief Financial Officer advised that the four new funds created were resourced from the repairs and renewals fund and she confirmed that the capital fund would only be used for capital expenditure projects.

The Chief Financial Officer explained to Members that recharges are a necessary function required by the Accounting Code of Practice, so that the costs of central administration can be apportioned across each of the funds. She confirmed that there was no "top slicing" for central administration and it was an ambition to cut out internal charges as much as possible.

The Chief Financial Officer responded to comments from Members and advised that provision had been made for potential equal pay claims relating to single status however no provision had been made for any new increased costs in relation to Single Status. In regards to paragraph 5.4 she said that the recommendation at present would be that the Shetland Towage pension deficit would be accounted for over a number of years.

(Mr Manson declared an interest as the current Chair of Shetland Towage and advised that he would not take part in any discussions).

(Mrs Fullerton declared an interest as a relative may benefit from the Shetland Towage pension fund. She advised that she would withdraw from the meeting if this were discussed further).

Mr Simpson moved that the Council approve the recommendations contained in the report. Mr Cluness seconded.

The Chief Executive gave his assurance that all matters raised today were being actively addressed. He advised that in relation to Single Status, efforts would be made to accelerate the process, but added that this would not be easy.

The Chief Executive acknowledged the efforts of the Chief Financial Officer and the Finance team, in preparing the draft accounts in time for the Audit Scotland deadline. He recognised the considerable progress made on areas of concern and the commitment to resolve outstanding issue in early course.

Decision:

The Council **RESOLVED** to:

- Note the extract of the draft unaudited Statement of Accounts to March 2011, at Appendix 1;
- Note that the external audit work will be undertaken on the draft statements over the summer months;
- Note that the Final Audited Accounts have to be submitted by 30 September 2011;
- Agree to establish the new reserves and provisions of £19.9m, as described at Table 2; and
- Agree that funding for capital expenditure to be met by use of receipts and a draw on reserves and from no additional debt.

73a/11 Blueprint for Education in Shetland: Olnafirth Primary School Consultation (ED-10-F2)

Mrs Fullerton advised that a full debate had been held at the Education and Families Committee and said that she supported the recommendation of the report and the decision taken by the Education and Families Committee. Mrs Fullerton went on to advise that she had met with Mr Moar of the Scottish Government and discussed the letter received on the call in. She also advised that she had made a request for Shetland to be represented on the Commission.

Mrs Fullerton moved that the Council approve the recommendations from the Education and Families Committee, seconded by Mrs Miller.

Mr Robinson moved as an amendment, that the Council continue with the Blueprint exercise and the consultation exercise on Olnafirth Primary School, as planned. Mr Duncan seconded.

Following some discussion and summing up, voting took place by a show of hands and the results were as follows:

Amendment (Mr Robinson)	4
Motion (Mrs Fullerton)	14
Abstention (Mr Manson)	1

Decision:

The Council **RESOLVED** to:

- agree to request from the Cabinet Secretary for Education and Lifelong Learning to implement a moratorium on proposed new rural school closures
- agree to the proposal to postpone the statutory consultation on the proposed closure of Olnafirth Primary School until at least August 2012
- agree that if Statutory Consultation is necessary after August 2012, authority be delegated to the Head of Schools to arrange to do that under the requirements of the Schools (Consultation) (Scotland) Act 2010 and any amendments to that Act
- request that Shetland is represented on the new Commission on the Delivery of Rural Education
- the Council also noted the discussion at the Education and Families Committee regarding the political stance to be taken by the Council in relation to the letter from the Cabinet Secretary. The Council also agreed that reassurance and clarification was required from the Government as to where the centre of power for decision-making on matters relating to educational provision should be, as the Council is strongly of the view that such power should remain at a local level, along with necessary funding.

(Mr L Angus returned to the meeting)

74b/11 Shetland College Budget Estimates 2011-12 (BM184-F)

Decision:

The Council **RESOLVED** to approve:

- the proposed budget for the academic year 2011-12
- the proposed fees for the academic year 2011-12