

# MINUTE

# B - PUBLIC

**Special Shetland Islands Council  
Council Chamber, Town Hall, Lerwick  
Wednesday 10 February 2016 at 10.00 am**

## **Present:**

M Bell	M Burgess
P Campbell	A Duncan
G Cleaver	A Cooper
S Coutts	B Fox
R Henderson	A Manson
D Ratter	F Robertson
G Robinson	D Sandison
C Smith	G Smith
T Smith	M Stout
A Westlake	J Wills
A Wishart	V Wishart

## **Apologies**

None

## **In Attendance (Officers):**

M Boden, Chief Executive  
S Bokor-Ingram, Director of Community Health and Social Care  
H Budge, Director of Children's Services  
C Ferguson, Director of Corporate Services  
N Grant, Director of Development Services  
M Sandison, Director of Infrastructure Services  
J Belford, Executive Manager - Finance  
J Riise, Executive Manager – Governance and Law  
H Tait, Team Leader - Accountancy  
C Anderson, Senior Communications Officer  
L Gair, Committee Officer

## **Chair:**

Mr Bell, Convener of the Council, presided.

## **Circular:**

The circular calling the meeting was held as read.

## **Declarations of Interest**

Mr Burgess declared a tentative interest in agenda item 1 "Shetland Islands Council Budget Book 2016/17", as a Member of the Shetland Fisheries Training Centre Trust. He said that this was a financial interest as he provides services to the Trust therefore if there is discussion specific to the Trust he would leave the Chamber during discussion.

## **01/16     Chair's Report – Integration Joint Board – 4 February 2016 2016/17 Budget**

The Council considered a report by the Chair of the Integration Joint Board (SIC-0210-CC-09-16), which presented funding and controllable budget proposals for the services within its remit.

Mr C Smith, Chair of the Integration Joint Board advised he should have made an amendment to the wording at paragraph 3.1 during the drafting of the report but advised that the paragraph should read "...the Chief Officer is to draft a letter for the IJB for consideration, in order that a letter from the IJB is sent from the Chair to the Scottish Government raising concerns over the mismatch of timing of Scottish Government grants to the NHS and Local Authorities. This draft letter will be presented to the IJB meeting on 29 February 2016."

Mr C Smith moved that the Council approve recommendations contained in paragraph 2.1, seconded by Mr Fox.

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**Decision:**

The Council received the resolution of the IJB to support and recommend the proposals with regard to the IJB budget allocations for 2016/17, as set out in the report.

02/16

**Shetland Islands Council Budget Book 2016/17**

The Council considered a report by the Executive Manager – Finance (F-001-F), which presented the detail of the decisions required of the Council and the revised balanced budget for approval by the Council having taken account of the Local Government Finance Settlement for 2016/17.

The Executive Manager – Finance provided a slide presentation during the introduction of this report (slides attached as Annex 1). He presented the Local Government financial settlement announcement and explained the impact that this settlement and its conditions has on the decisions taken during the budget setting process and what the current position is, for 2016/17. During his presentation the Executive Manager – Finance also provided an overview of the work undertaken by Officers to ensure that a balanced budget is achievable within the parameters of this reduced financial settlement. He advised that a letter accepting the financial settlement had been sent to John Swinney, MSP, including that this was on the basis of accepting the conditions. The Executive Manager – Finance referred to Appendix 3 which addresses 2017/18 and beyond but advised that there was no delegation given within the appendix and all proposals would be brought to the relevant Committees, but provides confidence to Members that consideration was already being given to the Council's future financial position.

During consideration of the report Officers answered Members questions on a number of budgets including:

- the Papa Stout ferry replacement costs which is affected by changes in MCA legislation;
- 2016/17 anticipated spend on the college integration as well as overall costs of the STERT and Integration process;
- That the "funding for change" budget figure is considered appropriate for the size of the organisation;
- clarification was given on the total draw on the general fund;
- Confirmation that Councils policy is that officers will come forward with a report in 2017 on the school estate;
- how stakeholder concerns had been addressed in regard to harbour dues;
- how the 2% general saving for staff turnover had been established;

- the review of grass cutting and the opportunity to explore synergies and shared working with other organisations; and
- the efficiencies to be gained from placing the library into one building.

Concern was expressed that the change in legislation affecting the provision of a new Papa Stout Ferry may also impact on the Fair Isle Ferry service to which the Director of Infrastructure Services explained that all options would be considered for both services through carrying out STAG processes and working closely with the MCA in order to keep costs down. The Chair of Environment and Transport Committee added that any work done through the Asset Investment Plan would also support the discussion currently being held with the Scottish Government on the funding of the Inter Island Ferry Service

Further discussions took place on the three conditions placed on the financial settlement, by the Scottish Government, and an explanation was given as to the impact this would have on the Council, the public, schools and Shetland's social care services if the Council were not to accept these conditions. The Leader explained that one part of the deal he anticipated may be breached by some Local Authorities is the teacher numbers condition as in some areas of the curriculum there were simply not enough teachers coming through the system to meet the ratios set. He said that this was a national problem therefore if broken it would be on a national basis. In response to a question, Members were advised that there was no collective will by the 32 Local Authorities to challenge the financial settlement although some council's were considering the legality of the settlement itself.

In response to a question the Leader and Executive Manager – Finance provided a comprehensive explanation of the factors that contributed to the Council being given the worst deal of all 32 Local Authorities.

A Member referred to paragraph 4.4 and questioned whether the Global Risk Management to oil and gas prices was more of a threat and was advised that the market conditions are volatile but the forecast is reasonable looking over the 20 year history. The Executive Manager – Finance advised that he did not believe it was necessary to return to the calculation but that would be done as needed. He added that the figures proposed in the budget was based on a point in time with a degree of contingency set to allow flexibility if the costs were to rise.

In responding to further questions Members were advised that:

- the repayment of loan costs for the Eric Gray replacement building would appear within the Social Services budget over a 25 year period;
- that the Council does not allow for liability claims within the contingency budget and that in most cases, due to the unpredictability of claims and insurance cover, it is normal that no provision is made; and
- that information on the usage of all bus routes and how effective they are is yet to be provided and an assessment of where bus stops are could be looked into.

A Member noted that the Leader had sent a reassuring email regarding the funding for the Community Alcohol and Drugs Services Shetland (CADSS) funding and the Leader said that some Members appeared to believe that the Council had not committed funding for this services, but that was not the case and had been included in the Council's budget. He confirmed that the Director of Corporate

Services continued to be involved in discussion regarding the services provided by CADSS.

The Leader also responded to a query on whether the Council Tax freeze was fully funded and advised that on the face of it that appeared to be the case. He explained however that although this Council had the third lowest Council tax and only increased it by inflation the Council could not justifiably keep it as low as it is. He explained that the freeze on 32 local authorities had been done at different rates. The Leader advised that the First Minister had promised an increase to higher band properties and explained that other organisations had done work on what that should be. He said therefore that he supported revising and reviewing Council tax in the very near future. The Chief Executive however cautioned on this point as once the freeze is lifted the subsidy will be removed and the Council would have to make that amount up immediately, which would be a shock to the Council tax payers.

A Member noted that Appendix 3 looked towards 2017/18 and beyond and said that this is to be a collaborative approach with Members and Officers and it was important that Officers do not pursue savings without Member involvement. The Executive Manager – Finance assured Members that there were no specific savings targets set but as much work as possible would be done to prepare for 2017/18, working closely with Members to find the right options. It was noted that Appendix 3 was not an exhaustive list.

The Executive Manager – Finance confirmed that the figure provided for the gas plant income had required an element of prediction and had been assessed as reasonable for 2016/17 but would be considered further during preparation of the next Medium Term Financial Plan.

During debate the Leader moved that the Council approve the recommendations contained in the report including approval of the charges presented in Appendices 1A and 1B. Mr Fox seconded.

Dr Wills however said that he supported the motion but requested that an amendment be made to delete the £6m allocated to a new Papa Stour Ferry. The Leader said that the £6m reflected the change in legislation and strengthens the argument with the Scottish Government on the cost of the inter island ferry service and by removing that budget the Council would be lowering the expectation of what should be provided for Shetland. He said that this was a decision for another day if the Council is to continue providing the inter island ferry service into the future.

Mr Cleaver gave notice of an amendment and was invited to present this to Members. Mr Cleaver moved as an amendment that the current proposals for a replacement Eric Gray Centre be removed from the budget. He said that it should be removed, in its current version, from the Asset Investment Plan and that officers be charged to develop a suitable replacement Eric Gray Centre that will be put through the gateway process and building better business cases methodology and that a report be presented to Council when it has been developed. Ms Wishart seconded.

Mr Cleaver said that it brought him no comfort to bring this amendment forward but he had grave concerns about the current proposals for the model of the Eric Gray Centre in the current investment plan. He said that the process had been led by a building designed in different financial constraints without considering if that

particular building meets the specific needs. Mr Cleaver said that the new design for the Eric Gray Centre is not suitable in the long term and he did not feel that the full range of options had the opportunity to be considered. He said that the Children's Service had not allowed for a complete understanding of the transition of children's services to adult services and in the current position of year on year reductions of grant and a £178k/year budget requirement for a building that is not necessarily designed for now, is a risk too great to bear. Mr Cleaver said that it was important to go back and carry out the gateway and better business case processes that were not originally done. He said that does not mean that it will never happen but it has to be affordable and do the job for 25 years as the Council is looking at 25 year borrowing. He said that Members had to bear in mind that the current model has a £90k increase in yearly running costs therefore it was important to take the opportunity to go back to find a robust solution for a building that is needed.

*(Mr Henderson declared an interest as a family member is an employee and he would not take part in a vote on this matter)*

At the request of a Member the Council agreed that the Roll Call vote process would be used.

Some Members sympathised with Mr Cleaver's point of view and a Member said that he was disappointed that the amendment had come without warning as the questions raised from Mr Cleaver's point of view could not be answered today. A Member noted that Mr Cleaver's amendment came from genuine concern that the Council has to get this right.

Members acknowledged the decisions taken by the Council, last year, not to proceed through the gateway process or apply the building better cases methodology. However Members expressed great concern for the impact and distress that delaying this project further would have on those who access the services provided including customers, staff, parents and families from across the wider Shetland Community. A Member spoke in support of the current building design and the improved facilities that the new building would provide and commented that the delay would be devastating for a lot of people.

Members reported on the poor condition of the existing building which is not fit for purpose for the needs of the service users and a Member explained that the new design would accommodate the very specialist rooms that are required for the one to one care of participants. He said that the building was designed according to medical standards and the plans had been adapted to suit the requirements at this moment in time. It was noted that consideration of a new building had been ongoing since 1993 and to go back to the design stage would delay the project for a further 2-3 years.

Members also commented on the public's perception of the Council and the damage that such a decision would do to its reputation, at a time where Members are seeking the support of the public on the new financial settlement.

Having heard the terms of Mr Cleaver's amendment once again the Chair ruled that there would be a short adjournment.

The Council adjourned at 12 Noon.

The Council reconvened at 12.10pm

Mr Cleaver said that he fully understood Members views and the extreme need and vulnerability of those that attended the Eric Gray Centre services. He said that the commitment of staff, parents and carers was ongoing and would not go away. Mr Cleaver recognised that there was a desire for Members to be seen to be doing good things and he did not want that to obscure them from doing the right thing. Mr Cleaver said that Members should be reminded that everyone wants the community to respect the Councils position and decisions and in this case he and others have reservations that he could not in all conscience refrain from trying to get the Council to take a better course of action. He said however that he sensed the feeling of Members and time would tell in this case but, with the agreement of his seconder Mr Cleaver withdrew his amendment. Ms Wishart agreed and Members concurred.

That being the case Mr Robinson's motion, seconded by Mr Fox, was the decision of the Council.

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**Decision:**

The Council **RESOLVED** to approve the 2016/17 budget by:

- Approving the Council Budget Book 2016/17 (Appendix 1, 1A and 1B);
- Adopting the Formal Resolutions (Appendix 2);
- Agreeing to freeze the Council Tax at the current level;
- Agreeing to accept the conditions of the Scottish Government funding settlement for 2016/17 in relation to Pupil/Teacher numbers and Social Care Funding; and
- Approving the list of service areas (Appendix 3) that will be considered in further detail by officers during 2016/17 with the purpose of identifying the potential for and impact of future savings thereby starting the preparation for balance the budget for 2017/18 and beyond.

**In order to avoid the disclosure of exempt information, Mr Bell moved, Mr C Smith seconded, and the Council RESOLVED to exclude the public in terms of the relevant legislation during consideration of the following item of business.**

03/16      **Confirmation of Delegated Authority**

The Council considered a report by the Director of Infrastructure Services.

The Director of Infrastructure Services introduced the report responded to Member's questions.

Following some discussion, Mr Cooper moved that the Council approve the recommendations contained in the report. Mr Henderson seconded.

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**Decision:**

The Council **RESOLVED** to approve the recommendations contained in the report.

The meeting concluded at 12.20pm

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Convener