

# MINUTES

# A&B - PUBLIC

**Special Shetland Islands Council  
Council Chamber, Town Hall, Lerwick  
Wednesday 20 September 2017 at 2.00pm**

## **Present:**

M Bell	P Campbell
A Duncan	J Fraser
C Hughson	S Leask
E Macdonald	A Manson
R McGregor	A Priest
D Sandison	I Scott
D Simpson	T Smith
R Thomson	A Westlake
B Wishart	

## **Apologies:**

M Burgess	A Cooper
S Coutts	C Smith
G Smith	

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

N Grant, Director of Development Services  
J Belford, Executive Manager – Finance  
J Riise, Executive Manager – Governance and Law  
R Sinclair, Executive Manager – Capital Programme  
J Smith, Acting Executive Manager – Ports and Harbours  
Leisel Malcolmson, Committee Officer

## **Also:**

K Watt, External Auditor, Deloitte

## **Chairperson**

Mr Bell, Convener of the Council, presided.

## **Circular:**

The circular calling the meeting was held as read.

## **Declarations of Interest**

Ms Manson declared an interest in item 2 “Asset Investment Plan – Business Justification Case” as her brother is an engineer on the tugs. She said however that if this item related to employment pay and conditions that could directly benefit him she would withdraw but that was not the case with this item, so she would remain and contribute in discussions.

## **67/17      Annual Audit Report on the 2016/17 Audit – Shetland Islands Council and Zetland Educational Trust**

The Committee considered a report by the Executive Manager – Finance (F-079-F), which presented the Annual Audit Report on the 2016/17 Audit for Shetland Islands Council and the Zetland Educational Trust.

The Executive Manager – Finance introduced the report and Ms Watt who would be presenting to Members on the Annual Audit Report. He also advised Members of updated terminology and that reference was made in the report to an “unmodified opinion” as opposed to an “unqualified opinion”. The Executive Manager – Finance acknowledged the hard work of officers in both the Council and Deloitte in this first year working together.

The External Auditor introduced the main terms of the audit report and advised that there had been significant improvement around children’s services and environmental indicators and that Deloitte’s will continue to monitor the Council’s progress over the five year term.

In responding to a question concerning the pension fund on page 18 of the Appendix to the report the Executive Manager – Finance explained the use of estimations and assumptions. He also noted that the life expectancy of men had been used but agreed that future reports will include the life expectancy of both genders.

Reference was made to the war memorial on page 54 of the Annual Accounts and concern was expressed about its continued maintenance. The Executive Manager – Governance and Law advised that the term “written off” was an accounting term and that the position is that the Council holds no title over the War Memorial. He explained however that there is power for Local Authorities to maintain memorials and in this instance the Council will continue to maintain the war memorial.

Ms Hughson moved the recommendations contained in paragraph 1.2 of the report, seconded by Mr Duncan.

Members spoke in support of the Zetland Educational Trust reserves being placed in a corporate bond.

The Chair of Audit Committee thanked all staff involved in preparing the papers for this meeting, both in the Council and Deloitte. The Council concurred.

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**Decision:**

The Council:

- NOTED the findings of the 2016/17 audit as contained in the external auditor’s Annual Report at Appendix 1.
- APPROVED the agreed Action Plan as outlined in the Annual Report.
- APPROVED the audited Annual Accounts for 2016/17 (Appendix 2) for Shetland Islands Council for signature; and
- APPROVED the audited Annual Accounts for 2016/17 (Appendix 3) for Zetland Educational Trust for signature.

The Committee considered a report by the Executive Manager – Capital Programme (CPS-05-17-F), which presented a proposal on the purchase of Multratug 29.

The Executive Manager – Governance and Law introduced the report and advised that the Harbour Board had recommended that the Council exercise its right to purchase the tug. He explained that his legal team were involved in overseeing the contractual arrangements and he advised that this was the last day, by close of business, that the Council could exercise this option to buy.

The Executive Manager Capital Programme Services directed Members to the table in Appendix A that sets out four timescales whereby the Council can indicate its intention to purchase. He explained that the proposal in the report was to exercise the first option. The Executive Manager – Capital Programme Services advised that any other decision today would move the Council towards the one-year option, which would require notification to the agent by 20 January 2018.

There being no questions the Council moved into debate where the Chair of the Harbour Board advised the Council that the Harbour Board had discussed this report. That the Board had the benefit of hearing from Officers, Crew and a Pilot who reassured Members on the suitability of the vessel. She said that it was an affordable and sensible option to purchase.

Ms Manson moved that the Council approve the recommendations contained in the report. Mr Thomson seconded.

Members welcomed the news that a pilot and tug crew had been given the opportunity to address the Harbour Board. It was noted however that a concern had been raised by Members in terms of the future of the harbour and tug operation, and at the Harbour Board Meeting Officers had advised that if the harbour is taken over by another company the vessel could form part of a transfer.

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**Decision:**

The Council:

- RESOLVED to approve the proposal as described in Section 4.4.1 of the report for the purchase of Multratug 29, and that this be immediately incorporated into the 2017-22 Asset Investment Plan.

The meeting concluded at 2.25pm.

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Convener