

MINUTES

B - PUBLIC

Shetland Islands Council

Main Hall, Town Hall, Lerwick, and remotely via MS Teams

Wednesday 30 June 2021 at 10.00am

Present:

M Bell	S Coutts
A Duncan	J Fraser
M Lyall	E Macdonald
R McGregor	D Sandison
I Scott	C Smith
G Smith	T Smith

Present (by remote link):

P Campbell	A Cooper
S Flaws	A Hawick
C Hughson	A Priest
R Thomson	

Apologies:

D Anderson	A Manson
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In Attendance (Officers) (Main Hall):

M Sandison, Chief Executive

In Attendance (Officers) (by remote link):

C Ferguson, Director of Corporate Services
J Smith, Director of Infrastructure Services
T Coutts, Executive Manager – Economic Development
D Irvine, Executive Manager – Future Energy
J Manson, Executive Manager – Finance
J Riise, Executive Manager – Governance and Law
V Simpson, Executive Manager – Community Planning and Development
R Sinclair, Executive Manager – Asset, Commissioning and Procurement
C Symons, Executive Manager – Environment and Estate Operations
S Thompson, Executive Manager - Schools
A Cogle, Team Leader – Administration
C Ferguson, Team Leader – Climate Change Strategy
J Simpson, Team Leader – Energy Efficiency
J Sutherland, Senior Team Leader – Children's Social Work
D Black, Chief Internal Auditor
M Duncan, External Funding Officer
E Fulton, Auditor
M Hodgson, Solicitor
B Kerr, Communications Officer
L Geddes, Committee Officer

Also:

G Newcombe, Project Co-ordinator – ORION Project

Chairperson

Mr Bell, Convener of the Council, presided.

The Chair advised that whilst the public were excluded from attendance at the meeting under the terms of the Coronavirus (Scotland) Act 2020, members of the local media were in attendance via remote link. He also advised that the meeting was being recorded and would be published online for public access after the meeting.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

Agenda Item 8 – Shetland Islands Council Coastal Communities Fund

Mr Campbell and Mr Sandison declared an interest in the above item as a Trustees of the Swan Trust, and advised that they would not participate in the discussion relating to the Swan Trust application.

41/21 Learning Estate Strategy

The Council considered a report by the Executive Manager Schools (CS-12-21-F) presenting the Learning Estate Strategy.

The Executive Manager – Schools advised that the local strategy was based on four themes – equity, excellence, inclusion, and sustainability. Scores from the condition and suitability surveys were appended to the report, and any projects taken forward would be based on a detailed options appraisal. Approval was also sought for the robust methodology which had been quality assured by Aberdeenshire Council, and any decisions taken would therefore be factually based. There had been considerable engagement with stakeholders, and this would broaden out as the Strategy was implemented. As well as meeting Scottish Government standards, the Strategy would meet the needs of learners, and help attract and retain staff, ensure sustainability, and tackle inequalities. It had already been considered and recommended by the Education and Families Committee and the Policy and Resources Committee.

Responding to a question, she advised that weightings would be applied across all options for all schools across clusters.

In moving that the recommendations in the report be approved, Mr G Smith commented that this was the most important report for the future sustainability of the learning estate considered by this Council. As Chair of the Education and Families Committee, he had made commitments to rebuild trust following the protracted discussions during the last Council regarding school closures, and that there should be no closures unless requested by communities. The Strategy set out objective criteria to be applied, so each school would be treated in the same way. He looked forward to further reports to raise the condition of the learning estate, and highlighted the opportunity to source external funding.

Mr T Smith seconded.

During the discussion that followed, Members commented on the importance of giving pupils the learning estate that they deserved, and the sound methodology for prioritising needs. It was remarked that the Strategy was a positive way of ensuring schools were appropriate for the needs of pupils, and a recognition that they were not just places for pupils to sit at desks.

Decision:

The Council RESOLVED to:

- APPROVE the Learning Estate Strategy, to replace the School Estate Strategy, as a specific plan contained within the Council's Policy Framework set out in the Council's constitution (Part A – 3(2)), to be managed by the Education and Families Committee
- APPROVE the Options Appraisal methodology.

42/21 Children's Social Work Policy

The Council considered a report by the Senior Team Leader – Children's Social Work (CS-14-21-F) presenting the updated Children's Social Work Policy.

The Senior Team Leader – Children's Social Work advised that while there was no requirement to have an overarching Children's Social Work Policy, it was considered good practice and it supported the work of the Service. It had been updated to take account of a number of practice, legislative, and strategic developments, and there were a suite of detailed procedures providing guidance for staff. There would be an ambitious programme of change over the next decade resulting from "The Promise". The Policy would be updated to reflect any changes, with significant ones coming back to the Council for consideration. The Council was also required to nominate an Agency Decision Maker regarding adoption plans for children and young people, and the Chief Social Work Officer currently fulfilled this role.

On the motion of Mr G Smith, seconded by Mr Fraser, the Council approved the recommendations in the report.

Decision:

The Council APPROVED the updated Children's Social Work Policy.

43/21 Zetland Educational Trust (ZET): Unaudited Annual Report and Financial Statements for the Year to 31 March 2021

The Council considered a report by the Executive Manager - Finance (F-032-F) presenting the Unaudited Annual Report and Financial Statements for the year to 31 March 2021.

The Executive Manager – Finance advised that income generated had been £22,573, which was a reduction of £2,500 from the previous year. This was as a result of the COVID-19 pandemic, which had also impacted on the number of grants awarded, so expenditure had also been less than anticipated. It was expected that demand would return in the future as restrictions eased.

The Executive Manager – Finance and the Chief Executive then responded to questions, and the Council noted the following:

- As COVID-19 restrictions eased, the ZET would be promoted more widely to encourage more applications.
- Children's Services administered applications to the ZET. Given the level of disturbance the Service had had to deal with over the last year due to COVID-19, consideration had not yet been given to looking at the aims of the ZET to see if they

were still relevant, as suggested previously. However this would be given consideration, and come back before Members. Because changes would be required to the Trust Deed and governance, it may be difficult to diverge away from the original objectives, but there was potential to broaden them.

- There were no concerns in relation to the performance of the investments. The slight reduction in returns reflected the situation in the markets over the last year, and these had now picked up again.
- There were limits as to what the ZET could invest in, and no flexibility to invest in a risk portfolio. The bond that was held was a risk-appropriate investment and expenditure never exceeded income, so no change to these arrangements were sought.
- The cash balance provided working capital, and consideration could be given to looking at the levels of cash held during the year to maximise it. Circumstances had been exceptional over this past year and it was hoped that once restrictions eased, there would be more activity.

Decision:

The Council NOTED the Zetland Educational Trust (ZET) Unaudited Annual Report and Financial Statements for the year to 31 March 2021 (Appendix 1), and the information at Section 4.0 highlighting the key points from the report and financial statements.

44/21 Interim Audit Report on Audit Dimensions and Best Value for 2020/21

The Council considered a report by the Executive Manager - Finance (F-035-F) presenting the Interim Audit Report and Action Plan from the Council's appointed external auditor, Deloitte LLP.

The Executive Manager – Finance advised that it was a positive Report that highlighted strong financial management and progress on the Medium Term Financial Plan. There was more work to be done to demonstrate long-term financial stability, and there were six outstanding recommendations from the previous Audit Report – three of which had been partially implemented. There were three further recommendations in respect of providing more clarity on revisions made to budgets in the quarterly financial monitoring reports; further clarity on budget setting arrangements so that expectations were made clear; and in respect of post-project evaluation of business cases to make sure that lessons were being learned for future business cases.

In moving that the recommendation in the report be approved, Mr Duncan commented that it was the best since he had joined the Council. The approach to openness and transparency was commendable, as was the strong leadership shown by the Chief Executive during the pandemic, which had filtered down through senior officers and partners. However though the year-end position was positive, the draw on reserves was unsustainable and Members should work with officers to address the unsustainable use of resources. Confidential information leaks were an area of concern, as were comments about councillors. However given the workload of staff over the last 16 months, the Council had excelled itself, and he thanked staff involved in the preparation of the report.

In seconding, Mrs Hughson highlighted the positive report, and said she looked forward to the recommendations in the Report being addressed.

Decision:

The Council RESOLVED to NOTE the findings of the external auditor in the Interim Audit Report (Appendix 1) and APPROVE the agreed Action Plan as set out on pages 42-48 of the Interim Audit Report (Appendix 1).

45/21 **Irrecoverable Debt 2020/21**

The Council considered a report by the Executive Manager - Finance (F-033-F) outlining the identified debts which were now deemed to be uncollectable and had been written off during 2020/21.

The Executive Manager – Finance advised that debts were written off when it reached a point that it would become more expensive to pursue them. The level of debt written off - £376,000 – was not unexpected and compared to £206,000 in the previous year. There had been a considerable rise in debt on Sales Ledger invoices, and Council Tax debt had increased from £36,000 to £45,000. It could be difficult to progress these invoices due to sequestration or dealing with estates. The provision made for bad debts was sufficient to meet the costs of those written off, and the levels for 2021/22 had been adjusted based on this experience.

The Executive Manager – Finance and the Chief Executive then responded to questions, and Members noted the following:

- It was too soon to ascertain if the COVID-19 situation would continue to increase bad debts in the future. There had been slightly elevated levels of debt in some areas as a result which had not progressed through the standard recovery process yet, and the recovery process had been paused last year. It was expected that when furlough and business recovery schemes ended, there may be a greater impact, but there was no evidence of this yet.
- The level of sales ledger debt had not been unexpected as officers had early sight of what was on the way, and provision had been adjusted accordingly.
- There were a number of services available to support those requiring additional financial advice, and the Citizens Advice Bureau was supported to deliver advice and assist people in accessing benefits.
- The total values of debt written off equated to a write off percentage of 0.42%. Information would be sought to see how this compared to other local authority areas.
- The Council sought to engage with debtors at an early stage when deadlines for payment had passed, and to signpost them to areas of support if required so that the debt could be recovered.

It was commented that it was important that early engagement took place when people started experiencing issues in making payments, and reiterated that Members should endeavour to refer constituents approaching them to the Citizens Advice Bureau, who did an outstanding job in assisting them.

Decision:

The Council NOTED the individual debtors in excess of £5,000 written off during 2020/21, and the summary of bad debts under £5,000 that have been written off during 2020/21.

46/21 Openness and Transparency Review

The Council considered a report by the Chief Executive (CE-02-21-F) presenting the review of openness and transparency that had been carried out earlier in the year.

The Chief Executive advised that the external auditors, Deloitte, had felt that it would be useful for the Council to carry out a review of its openness and transparency, although they had concluded that the Council did demonstrate commitment to the principles. The review report included a number of actions that it was considered would further improve the Council's performance, and these actions would contribute to the Best Value Assurance Review later in the year.

It was commented that the report was welcomed, and demonstrated that the Council was indeed open and transparent. It was suggested that increased use of case studies would play a role in assisting community understanding of what went on in the Council, and outcomes.

Decision:

The Council NOTED the review of openness and transparency carried out earlier this year, and the actions set out to make further improvements in this area as part of preparing for the Best Value Assurance Review, due to start later this year.

47/21 Island Communities Impact Assessments

The Council considered a report by the Executive Manager – Community Planning and Development (DV-34-21-F) outlining the new duties on the Council, and the duties on Scottish Ministers to prepare Island Communities Impact Assessments.

The Executive Manager – Community Planning and Development advised the Islands (Scotland) Act 2018 had come into force last year, and placed new duties on public authorities to consider the effect of their policies, strategies and services on island communities in order to improve outcomes. It covered existing policies, strategies and services in addition to new ones, and the Council was required to take the new duties into account when reviewing them or when requested. The Council could also request the Scottish Government to do so retrospectively. The Council was also required to publish an annual report outlining what it had done to comply with its duties. Guidance was currently being reviewed, and training was being developed and would be available later in the year.

Responding to questions, she advised that the duties related to the impact of both national strategies on Shetland, and also to the impact of local strategies on communities within Shetland. The responsibility for carrying out assessments would rest with the officers creating local strategies or services. It would not rest solely with staff in Community Planning and Development, whose role would be in supporting people to access the information available.

In moving that the recommendations in the report be approved, Mr Coutts welcomed the report and outlined the benefits in carrying out Island Communities Impact Assessments both locally and nationally.

Ms Macdonald seconded.

During the discussion that followed, the need for the Scottish Government and other bodies to take their responsibilities seriously was highlighted, particularly in the context of the recent Highlands and Islands Airports Limited (HIAL) consultation. It was commented that there was a need for national organisations to have a better understanding of the legislation, and how it should be applied.

Decision:

The Council:

- NOTED the new duties that have arisen under the Islands (Scotland) Act 2018, relating to Island Communities Impact Assessments and the associated Regulations, which came into force on 23 December 2020
- APPROVED that for the Council to demonstrate compliance with the Section 7 duty, Island Communities Impact Assessments will be carried out on existing policies, strategies and services at routine review dates, or on receipt of a review request where a review date is not specified or the policy is not due for review for some time
- APPROVED that Island Communities Impact Assessments, will be signed off by an Executive Manager, unless completed by an Executive Manager, in which case they will be approved and signed off by a Director
- APPROVED that information about the steps the Council has taken to comply with the new statutory duties, will be reported annually in the Council's Annual Performance Report, taking into account the requirements of the annual reporting return assessment detailed in the guidance
- APPROVED that a request from an individual, group or organisation for the Council to make a request for a retrospective Island Communities Impact Assessment to the Scottish Ministers, is accompanied by information explaining why the legislation has an effect on an island community, which is significantly different from the effect on other communities in Scotland; and that the decision as to whether to make such a retrospective request rests with the relevant Director.

48/21 Shetland Islands Council Coastal Communities Fund

The Council considered a report by the Executive Manager – Economic Development (DV-16-21-F) presenting the recommendations from the Panel following its meeting on 14 June 2021.

The Executive Manager – Economic Development advised that this was the fourth round of recommendations from the Panel. Members were also asked to note the change of name, and the potential change to terms and guidelines following the review. As the fund was oversubscribed, the value of the next tranche of funding was awaited before committing to any continuation and any new applications. The name change was proposed to recognise that funding was allocated to the Council, and this was how the Council had chosen to distribute it.

The Council agreed to note the change of name from “Crown Estate Fund” to “Shetland Islands Council Coastal Communities Fund”, as outlined in recommendation 1.1.1 of the report.

The Executive Manager – Economic Development introduced the application from Seafood Shetland and, responding to questions, advised that because the Seafood Shetland project related to the creation of an industry-wide monitoring system, it had been considered an appropriate application to this Fund. The monitoring system would provide a wide-ranging early warning and monitoring system for the whole industry sector, and it updated existing systems rather than duplicating them. The whole industry would be aware of what was happening at each site, rather than each relying on their own personal data.

On the motion of Mr T Smith, seconded by Mr D Sandison, the Council approved recommendation 1.1.2 in the report.

The Executive Manager – Economic Development introduced the application from the North Yell Development Council, advising that the material excavated would be used to provide the first phase of an extension to the business park. It would provide 28 berths, and improve capacity for tourism.

On the motion of Ms Macdonald, seconded by Mr G Smith, the Council approved recommendation 1.1.3 in the report.

The Executive Manager – Economic Development introduced the application from the Papa Stour History and Community Group, advising that development of the kirk – the only community facility on the island - had been a long-standing community aspiration. Responding to a question, he advised that the proposed funding package included Historic Environment Scotland, the Community Council, and the Robertson Trust, in addition to their own funding. There was a mixture of confirmed and unconfirmed funding, and discussions were also taking place with the Council's Economic Development Unit.

On the motion of Mr T Smith, seconded by Mr Coutts, the Council approved recommendation 1.1.4 in the report.

The Executive Manager – Economic Development introduced the application from the Swan Trust to employ a Strategic Priorities and Community Links officer, and to undertake improvements to the vessel in order to comply with environmental legislation, which required a naval architect.

On the motion of Mr Coutts, seconded by Ms Macdonald, the Council approved recommendation 1.1.5 in the report.

The Executive Manager – Economic Development introduced the application from Uyeasound Hall for an energy efficiency upgrade.

On the motion of Ms Macdonald, seconded by Mr T Smith, the Council approved application 1.1.6 in the report.

The Executive Manager – Economic Development introduced the application from the Fair Isle Bird Observatory Trust to recommence with the rebuild of the observatory as soon as possible in order to minimise the economic and social impact on the community.

On the motion of Mr Duncan, seconded by McGregor, the Council approved recommendation 1.1.7 in the report.

In response to a question, the Chief Executive advised that the Council should be informed soon about the value of the next tranche of funding. A timeline had not been imposed regarding the review of the Fund due to the amount of work Economic Development staff had been dealing with during the pandemic.

The Executive Manager – Economic Development added that it was prudent not to carry out the review until the value of the funding was known, but it would be presented to the next available Council meeting once the value was known. Future planning was difficult when this information was not available.

It was commented that the Fund was important for community wellbeing and support, and communities had demonstrated that there was an appetite for this type of funding. It was hoped that the Council would continue this type of support to demonstrate its commitment to ensuring community wellbeing.

Decision:

The Council RESOLVED to:

- NOTE the change of name from 'Crown Estate Fund' to 'Shetland Islands Council Coastal Communities Fund'
- APPROVE a grant of up to £54,328 to Seafood Shetland for rapid in-situ monitoring to support harmful algal bloom and biotoxin alerts for Shetland aquaculture
- APPROVE a grant of up to £100,000 to North Yell Development Council for Cullivoe Marina pontoons
- APPROVE a grant of up to £99,495.08 to Papa Stour History and Community Group for the Papa Stour Kirk Development Project
- APPROVE a grant of up to £83,805 to the Swan Trust towards strengthening community links and delivering strategic priorities
- APPROVE a grant of up to £52,725.60 to the Uyeasound Hall for an energy efficiency upgrade
- APPROVE a grant of up to £100,000 to Fair Isle Bird Observatory Trust for the Fair Isle Bird Observatory.

(Mr Priest declared an interest in the following item as an employee of Sullom Voe Terminal and left the meeting during the discussion)

49/21 **ORION Clean Energy Project Update and Presentation by ORION Clean Energy Project Co-ordinator**

The Council considered a report by the Executive Manager – Future Energy (ISD-06-21-F) outlining the actions progressed since the last update to the Council.

The Project Co-ordinator – ORION Project advised that there had been a number of important funding, studies, and stakeholder engagement activities. He outlined funding applications that had been submitted and successful, noting that there was a lot of

government funding available which would be reviewed closely to see if it would be available for front-end loading.

He went on to outline a number of key studies were in the process of commencing. These included a techno-economic screening study of clean energy options being led by Worley, VOAR and Wood Mackenzie. Strathclyde University would be evaluating the onshore power system on Shetland, and leading the development of a marine strategy. The Council was working closely with Sullom Voe Terminal to look at how best to electrify and transform the facility.

There had been significant progress on stakeholder engagement, and there was a clear communications plan at local, regional, national and international levels. A marine strategy workshop was planned for 17 June, and 30 companies and organisations would be working together to look at marine transformation. Engagement had taken place with the local media, and a website was under development. The Council was also engaging with a number of politicians, and engagement was taking place through webinars and conferences. There had been substantial movement during the course of the year, and there was a lot of interest in the Project. Once the results of the studies had been received, the next step was to have some projects starting on the ground.

The Project Co-ordinator – ORION Project, the Executive Manager – Future Energy, and the Director of Infrastructure Services then responded to questions, and Members noted the following:

- Discussions were taking place with a number of stakeholders – including the Schools Service, Developing the Young Workforce, Skills Development Scotland and Shetland UHI – regarding the development of training to align with the employment opportunities that would arise.
- The winning consortium for the techno-economic screening study included a local company, and it was expected - and intended - that a lot more work would come to Shetland companies as these studies progressed. There was strong engagement with local companies in respect of the supply chain, and it was expected to use this more once things moved beyond the screening studies.
- A marine working group had been set up which involved the Shetland Fishermen's Association (SFA) and the Shetland Salmon Producers' Organisation. The aims of involving them was threefold – they would be well-connected to the ORION Project; would be able to influence what was happening on the marine side, especially in respect of offshore wind; and they would assist in developing a marine strategy for clean fuel. This working group would be important in ensuring that the fisheries and aquaculture sectors were connected to the ORION Project. A communications officer had been employed, and would be developing a programme of activity and a social media presence. This would include setting up a series of meetings with the SFA about issues that may arise from floating offshore wind sites.
- Council resources were committed for a fixed term to June 2023. It was anticipated this engagement would have to continue and, as things proceeded, there would have to be a re-evaluation of the way forward. There would be opportunities the Council might want to assess for direct investment, or other arrangements that may have to be created. It was anticipated that the resources already committed would be required, but it was difficult to tell beyond that. The involvement in the oil and gas industry had related predominantly to construction of fixed infrastructure and

purchase of the Sullom Voe Terminal site. There were objective parallels emerging that could be brought forward. There had been significant investment by energy companies that did not draw in a direct requirement from the Council, and there were possible parallels for what might emerge and the Council intended to be active and engaged to promote and protect Shetland's interests. Further opportunities could be assessed in a business case fashion, and opportunities were developing where Government funding was available to assist in creating an energy shift. Applications for funding to promote energy transition would be maximised.

During the discussion that followed, it was noted that the aquaculture and fishing industries were sceptical about activity in the marine sector, and this scepticism would have to be addressed. The recent example of the SSE cable to Yell – which would be going through a prolific scallop ground – had demonstrated that there was a lack of willingness to negotiate with the industries.

It was commented that it was encouraging to see that the Council was showing ambition with this Project, which had massive potential in the transition to net zero and for sustaining huge numbers of jobs in the community. Shetland was a community that depended on fossil fuels and experienced fuel poverty, and the Project demonstrated how the Council could work with industry and not against it. Clarity was required about the importance of the fishing and aquaculture industries, and it was important that an open-minded approach was adopted. There were a number of scoping exercises underway, and a need to open dialogue and adopt a holistic view. Communication was very important, and the Council should acknowledge community leadership – it had set the project up, and was responsible for promoting it. There was a need to that Members were informed of the benefits and the progress.

It was also commented that the engagement with stakeholders regarding training opportunities was welcomed, as was the potential for the creation of well-paid jobs in Shetland to provide long-term scrutiny, particularly for the younger generation. It had to be recognised that the seafood sector was 40% of the local economy, so it was important to create a situation where everyone could live and work together. Concern was also expressed that it was difficult to see how such an overarching project could fit into a relatively small community, particularly when there was no clarity about what the future may hold.

Decision:

The Council NOTED the actions progressed since the previous update report on the ORION Clean Energy Project to the Council on 25 November 2020, as described in Section 2 and Appendix 1 of the report.

(Mr Priest rejoined the meeting during consideration of the following item)

50/21 Climate Change – Strategic Outline Programme Update

The Council considered a report by the Director of Infrastructure Services and the Executive Manager – Environment and Estate Operations (ES-01-21-F) providing an update on Climate Change work progressed during the first half of 2021.

The Executive Manager – Environment and Estate Operations advised that the scope and scale of the work continued to be refined, and significant resources had been deployed in order to do so. There was no 'one size fits all' approach. From a political aspect, it was essential to get the island-proofing message across to the Scottish

Government when it was setting policies and grant criteria. This would be key in developing energy efficient measures and tackling fuel poverty.

The Team Leader – Energy Efficiency and the Team Leader – Climate Change Strategy then gave a PowerPoint presentation to the Council outlining the breakdown of energy usage across the Council; energy consumption by fuel type; and the emissions breakdown. It was noted that there were distinct differences in energy consumption to other Councils because of the marine fleet and lack of access to mains gas, and that there were a number of both large and smaller scale projects ongoing to reduce energy consumption and emissions. The Council's energy consumption had decreased during the pandemic, but it was expected it would increase again as restrictions eased. Going forward, the work in developing the net zero route map would inform reporting, and there were a number of projects relating to the Council's estate, plant and equipment that were underway or would be undertaken. The ORION Project was part of the Climate Change Programme, and the Council was working closely with the Project, and the Shetland Clean Energy Project. Because there had been a need to raise awareness about the terminology used, a survey had been carried out. The results had indicated that residential and public buildings were of a lower priority in tackling climate change, with transport and energy supply being considered the highest priority. The Council's Climate Change Working Group was meeting regularly to discuss activities and policies.

The Team Leader – Energy Efficiency, the Team Leader – Climate Change Strategy, the Director – Infrastructure Services, and the Executive Manager – Future Energy then responded to questions, and Members noted the following:

- The District Heating Scheme/Energy Recovery Plant had the most efficient incinerator in Scotland, and it operated on a heat-only basis. Efficiency improvements were planned, and there was confidence that these would gain favour with the Scottish Government and fit criteria.
- Because Shetland depended on heavy fuels, emissions were out of line with the rest of the country. Reporting had to be carried out on a national framework, and route maps would be critical in reporting. There would likely be more than one reporting format that would have to be complied with. There would be a move from 100% to 0.95% when Viking Energy was switched on, so there was time to work on that. It had to be recognised that the Council was making progress on emissions, but this local shift was masked because other areas were doing better.
- It was recognised that agriculture was one of the areas that would be included in the Net Zero Route Map, and it would be progressed so that data could be identified.
- The Council had recognised a global Climate Emergency, but the term was used to get a structure organised and getting road maps commissioned, rather than scenario planning to deal with changes to climate or other extreme events. Extreme climate events were an area of low concern in the survey, but it was an area that would have to be developed and worked on with the community, as there would be impacts.
- There were alternative low/zero carbon fuel sources that could be used in the marine sector as an alternative to fixed links in helping to meet reduced emissions targets. Consideration would be given to these and other potential energy sources such as hydrogen. The solution for Fair Isle had to be a ferry, but the way the world was moving suggested that when the ferry came into service, it would need to be closer

to being 'green'. However there was a question of whether this was within capabilities and appropriate for the route. The alternative was to look at different propulsion systems, but these had a wider range of implications in addition to the cost. Decarbonisation did create funding opportunities, and those would be maximised.

- The ORION Project would be looking at collaboration with other ports as there were a number of initiatives looking to set up collaborative links, and it would be easier to access funding as a collaborative.

(Mr Scott attended the meeting during the following discussion)

During the discussion that followed, it was commented that more could be done to bring the grant funding currently available for peatland restoration into Shetland. It was noted that due to the quantity of peatland in Shetland, restoration would take a long time. However it was an example of a project that fitted Shetland perfectly, and could have an impact on other sectors. As a landlord, the Council could take the lead by establishing projects on its own land to encourage other landowners to access the funding that was available, and work along with crofters and common grazings committees to address erosion. Some of the money that would arise from the Viking Energy project could be used to improve the quality of the Council estate, and this was an area that the next Council could look at.

It was also noted that the threat of climate change had hastened plans to reduce impacts on the next generation. Progress to the net zero target could be served by reducing energy consumption, which should be a key consideration moving forward. While public buildings had not come high on people's agendas, building and adaptation programmes were essential to assist with this. With over 50% of current CO2 emissions coming from internal ferry operations, achieving fixed links should be prioritised, and the replacement of ageing vessels aligned to the need to reduce omissions.

It was pointed out that 'green' vessels may reduce emissions, but they still used twenty times more power than fixed links. With 50% of emissions coming from internal ferries, fit for purpose vessels were required in the meantime. But discussions should continue to take place with the Government on fixed links, and the Council should do everything it could to ensure that it was prepared for work going forward with fixed links for the four routes.

The importance of partnership and collaborative working was highlighted, as was engagement with the Government about what was required to meet targets. It was noted that the Council did not have the resources to build fixed links, and these would require Government resources. Ongoing discussions were taking place, and the Government would need to recognise it as a priority. There would have to be a compelling case for infrastructure investment, and the environmental aspect was a key issue.

It was commented that it was surprising the survey had indicated that weather changes were not of high concern, but that this was something that could already be observed and had an effect on everything - especially the agriculture and transport sectors.

Decision:

The Council:

- NOTED progress since the last update provided in November 2020 in relation to the decisions made by Council at its meeting on 22 January 2020 (Min. Ref. 01/20) as described in section 4 and Appendix 1
- CONSIDERED the plans for future action to progress these decisions and catch up on time lost due to COVID19 restrictions, also described in Section 4 and in Appendix 1 of the report.

(The meeting adjourned at 1.00pm and reconvened at 1.05pm)

The meeting reconvened at 1.05pm

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

(Members and Officers, in attendance by remote link were asked by the Convener to turn on their cameras and to confirm, one by one, that they were alone for the exempt session of this meeting)

Present:

M Bell	S Coutts
A Duncan	J Fraser
M Lyall	E Macdonald
R McGregor	D Sandison
I Scott	C Smith
G Smith	T Smith

Present via remote link:

P Campbell	A Cooper
S Flaws	C Hughson
A Priest	R Thomson

In Attendance (Officers) (by remote link):

C Ferguson, Director of Corporate Services
 T Coutts, Executive Manager – Economic Development
 J Manson, Executive Manager – Finance
 J Riise, Executive Manager – Governance and Law
 R Sinclair, Executive Manager – Asset, Commissioning and Procurement
 A Cogle, Team Leader – Administration
 D Black, Chief Internal Auditor
 E Fulton, Auditor
 M Hodgson, Solicitor
 L Malcolmson, Committee Officer

51/21 Property Matters

The Council considered a report by the Executive Manager – Assets, Commissioning and Procurement.

The Executive Manager – Assets, Commissioning and Procurement introduced the main terms of the report and officers responded to Members questions.

Mr Coutts moved that the Council approve the recommendations contained in the report. Mrs Macdonald seconded.

During further discussion Mrs Lyall moved an amendment, Mr Sandison seconded.

After further considerations, Mrs Lyall, with the support of her seconder, withdrew her amendment.

(Mr C Smith left the meeting)

In response to a comment, the Leader said he was happy with his motion as it stood.

Decision:

The Council RESOLVED to APPROVE the recommendations contained in the report.

(Upon request the Convener agreed to consider agenda item 13 next)

52/21 **Contract Lessons Learned Report**

The Council considered a report by the Chief Internal Auditor.

The Chief Executive provided background to the presentation of the report and referred to the Chief Internal Auditor, who introduced in more detail the audit work undertaken and the findings of that audit.

Following questions, answers and some debate the Council noted the report.

Decision:

The Council NOTED the content of the report and instructed Management to consider the key findings noted in this report with a view to taking them into account for any future large construction projects.

53/21 **Contract Review – Strategic Outline Case**

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

The Director of Corporate Services introduced the report in some detail. Officers responded to Members questions.

There being no debate, Mr Coutts moved that the Council approve the recommendations contained in the report taking account of changes to 1.1d and e to remove the wording “Outline Business Case (OBC)”. Mrs Macdonald seconded.

Decision:

The Council RESOLVED to approve the recommendations contained in the report, as amended.

The meeting concluded at 3.10pm

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Chair

