

**Anderson High School – Funding Proposals**

The Committee considered a report by the Head of Finance (Appendix 9). Copies of Appendices A and B were circulated at the meeting (attached as Appendices 9A and 9B).

Mr A J Cluness referred to the recommendations in the report and said that he supported the sale/leaseback proposal between the Council and SLAP, and the proposal that the options would be kept under review. He referred on the recent report from Audit Scotland that 25% of public buildings in Scotland were not suitable for purpose, and said that the Council were going forward to build two new schools for this community. Mr A J Cluness moved that the Committee approve the recommendations in the report. Mr F A Robertson seconded.

Mr W H Manson said that he was a Councillor and the Spokesperson for Education and Young People. He also reported on his involvement with SLAP and said that should the sale/leaseback deal go ahead SLAP would make money on behalf of the Shetland Charitable Trust. Mr Manson said that the sale/leaseback proposal would result in the Council paying considerably more than the capital sum and he stated that the Council has the resources to finance the building itself, from the Council's own reserves and this would save a considerable sum from the revenue budget. Mr W H Manson moved as an amendment that the Council finance the Anderson High School from its own reserves. Mr A G L Duncan seconded.

In response to questions from Members, the Head of Finance advised that during the construction phase the Council's reserves would dip below the £250 million. He said that should the Council recommend to fund the project from reserves would require a substantial review of the Council's financial framework, and the choice would be whether to spread the cost over the proposed 30 years, or whether to lower the reserves below £250 million. He added that a Policy review would be presented to Council in July.

[Dr J W G Wills gave notice of a further amendment].

In response to further questions, the Head of Finance clarified that after the proposed 30 year period of the lease, the school would revert to the ownership of the Council. He said that there was a presumption that the proposed cost of the lease of £3.19 million per year would be from the Council's Capital Programme budget, however if savings can be made elsewhere this would boost capital spending.

During the discussion, the Head of Finance said that the outcome of the Scottish Futures Trust was still unknown, and he highlighted that Recommendation 10.1.2 proposed to keep all options under review until a deal has to be implemented.

After summing up, voting took place by a show of hands, and the result was as follows:

Amendment (Mr W H Manson)	7
Motion (Mr A J Cluness)	14

Dr J W G Wills moved as an amendment that the Committee defer consideration of this issue until the July meeting, when the full financial analysis had been prepared, and an indication of Shetland Charitable Trust's views on the proposal. However, this received no seconder.