Shetland
Islands Council

REPORT

To: **Infrastructure Committee** **10 June 2008**

From: **Maintenance Manager**
Roads
Infrastructure Services Department

SCORD QUARRY – DISCOUNT ARRANGEMENTS

1. Introduction

1.1 The performance of the Scord Quarry is monitored by the Maintenance Manager to ensure that it delivers value for money and budgets are prepared so that material can be sold at anticipated costs.

1.2 The quarry is accounted for within the Roads Maintenance section's accounts, as they are the largest quarry customer. If the quarry were to operate at a loss in any financial year then this will impact on the trading position of the maintenance section as opposed to any other Council budget. The Roads Maintenance section is viewed as a significant trading organisation under the Local Government in Scotland Act 2003 and as such separate trading accounts are maintained and reported to the Scottish Executive annually.

1.3 The legislation requires that any significant trading account returns a break-even return after taking into account capital charges etc. on a rolling three year basis. The Ministers have the power to intervene and take appropriate action against any significant trading organisation that fails to achieve the above target.

1.4 The quarry selling prices were last revised in January 2008 (copy included in Appendix 1).

1.5 The pricing structure used at the quarry permits a discount to be offered (on premium products only i.e. coated material) for major customers purchasing in excess of 5000 tonnes in the Council's financial year. A smaller secondary discount is offered for prompt payment and this applies to all products. These discounts are publicised and printed on the quarry pricelist displayed in the weighbridge office and on the Council's web site.

2. Developments

2.1 The Roads Maintenance manager received a letter from one of the quarry's major customers expressing concern over the discount arrangement. (copy attached in Appendix 2). This customer purchases a substantial quantity of dry-stone products but less coated material than other major customers. His concern is that in financial terms his trade with the quarry is as much if not more than some of our major coated material customers but where they receive a discount he is unlikely to qualify due to his more limited requirement for coated material.

2.2 The original reason for basing the coated material discount on a quantitative rather than a financial basis was to avoid the need to review the threshold figure to take account of inflation, aggregate tax etc.

2.3 To date we have not had any customers spending such a significant amount on dry-stone products but requiring smaller quantities of coated material, for this issue to materialise.

2.4 The purpose of any discount scheme is to recognise and reward major customers in proportion to the value of the trade that they bring to the business.

3. Links to Corporate Policy

3.1 This report does not directly impact on any of the Council's corporate plan priorities.

4. Proposal

4.1 I propose that in order to treat all customers on an equitable basis we need to introduce an additional financial threshold that will enable all major customers to receive consideration for a discount regardless of the type of products being purchased.

4.2 In order to be equitable with coated material customers the value of the financial threshold will need to be set at a value equivalent to each of the quantitative thresholds.

4.3 These financial thresholds will need to be reviewed and updated each time the quarry pricelist is updated.

4.4 This discount will only apply to the purchase of any coated products.

4.5 On current prices I would propose to initially set these financial thresholds as follows:

Existing Threshold - Quantity of coated material	**Proposed Financial Threshold -**	**Discount applied to coated materials**
5,000 tonnes	£250,000	10%
10,000 tonnes	£500,000	13.5%
15,000 tonnes	£750,000	17.5%

4.6 I further propose that delegated authority be extended to include discounts offered, and updated to reflect the present management structure of the Council.

5. Financial implications

5.1 There are no financial implications for any of the Council's budgets by this change. The cost of providing the additional discount to one extra customer (at present) will be absorbed in the Quarry's trading accounts.

5.2 The reduced income from any discount offered by this change will unless there is a corresponding reduction in expenditure, result in a reduced balance transfer to the General Fund. The Trading Account's profit funds General Fund spend along with other income sources.

5.3 During the 2007 – 2008 financial year this proposal would have reduced the quarry's income by £18,848.48. I do not anticipate that the projected reduction in income for 2008 – 2009 will be significantly different from this figure.

6. Policy and Delegated Authority

6.1 The Council has a statutory duty to make arrangements, which secure Best Value (Local Government in Scotland Act 2003). This Act also specifies the need for any significant trading organisation to prepare separate trading accounts and achieve the stipulated rate of return over a three-year rolling period.

6.2 The operational responsibility for the activities of the Roads section and the Scord Quarry was passed from Policy and Resources Committee to the Infrastructure Committee. The Infrastructure Committee has full delegated authority to act on all matters within its remit as described in section 12.0 of the Council's Scheme of Delegations and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision.

6.3 Authority to vary quarry sales prices ultimately resides with the Infrastructure Committee but was delegated from the then Policy and

Resources Committee in a report approved by Council on 17 March 1999: recommendation 7.1.4 ".....delegated authority to vary prices is given to the Director of Commercial Services in consultation with the Chief Executive and the Director of Finance & Housing, provided always that any change in this is reported to the next meeting of the Policy and Resources Committee."

6.4 It is proposed the delegated authority approved in 1999 be extended to include discount offered, and updated to reflect the existing management structure of the council.

7. Recommendation

7.1 I recommend that the Infrastructure Committee;

7.1.1 approve the discount arrangements proposed in section 4 above; and

7.1.2 grant delegated authority to the Executive Director - Infrastructure Services, or his nominee, in consultation with the Chief Executive and the Head of Finance to vary the sale price and discount rate for materials sold from the Scord Quarry.

Report Number: RD-09-08-F

APPENDIX 1

QUARRY PRICES
With effect from 1st. January 2008

DRY STONE		price £/tonne
As dug hardcore		2.74
Primary armouring		6.44
Armouring		4.28
Quarry cleanings		2.74
Type 1		3.11
Crusher Run		5.39
Dust		7.08
Frost Grit		8.30
All-in-aggregate		7.58
Aggregate	40mm	7.58
Aggregate	28mm	7.58
Aggregate	20mm	7.58
Aggregate	14mm	7.58
Aggregate	10mm	7.58
Aggregate	6mm	7.58

COATED STONE		price £/tonne
Roadbase	28mm	£48.03
DBM	20mm	£50.67
W/course	14mm	£52.95
W/course	10mm	£54.40
W/course	6mm	£56.66
Delayed Set		£60.11
M. T. Asphalt 14mm		£64.26

Note
Cut-back will only be added at the customer's written request.
Premium charge for cut-back £2.50/T
ALL PRICES EXCLUDE VAT
The above rates exclude Aggregate Levy Tax of £1.60 / tonne drystone and £1.52 / tonne for coated material.

Delivery Charges for dry stone based on full truck capacity and charged at
Fixed element……………£16.50 / load delivered
Variable element………..£ 2.50 / mile hauled (measured in one direction)
The above applies to Mainland deliveries only (Isles based on cost)

TERMS & CONDITIONS

Council's usual terms and conditions, plus:-

1.) minimum charge per transaction £12.00

2.) discounts a) major customers (coated stone only)

		tonnes	
a) major customers	buying over….	5,000	10%
		10,000	13.50%
		15,000	17.50%
b) prompt payment	settlement within..	20 days	2.5%
		10 days	5%

3.) Out of hours opening – By special agreement dependant upon volume and subject to a minimum call-out charge of £125.

TULLOCH
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RECEIVED
17 JAN 2008
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14/01/08

Scord Quarry materials.

Dear Sir,

Following the introduction of your recent materials price list, I have a query regarding the discount scheme.

We are purchasing almost all our stone requirements from the Scord Quarry.

In total quantities, if all the materials were added together, we would exceed the 5000 tonnes lower limit to qualify for the 10% discount scheme.

Why therefore is the discount limited to coated stone products only, when in fact the production of aggregate / stone is the main quarry operation.

As it stands, the actual effect of the scheme is to penalise those customers who do not require a minimum amount of at least 5000t of coated stone, regardless of the total amount of revenue created.

We believe that a better scheme would be to apply the discount in a banding, relative to the amount of spending per month.

If this discount system were applied, it would allow contractors and suppliers who source their raw materials from the Scord Quarry, to pass on the savings accrued in a more balanced way.
This would in turn help in keeping overall costs down in many of the SIC funded projects, which surely in todays climate of near panic, regarding the lack of funds available to the SIC, can only be a good thing.

Yours sincerely, Alistair Tulloch

Alistair Tulloch
Director.

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Shetland
Islands Council

REPORT

To: **Inter Island Ferries Board** **04 June 2008**
Infrastructure Committee **10 June 2008**

From: **Transport Development Manager**

FERRY FARES STUDY

1. Introduction

1.1 The purpose of this report is to advise Members of the outcome of the Review of Ferry Fares and Ferry Utilisation.

1.2 The report also highlights the anticipated financial implications of the proposals and the further work that requires to be addressed before a proposal can be made to Shetland Islands Council.

2. Link to Council Priorities

2.1 This report is consistent with the Corporate Plan 2008 – 2011. Section 2, "Sustainable Environment and Transport" has a target to "Contribute towards economic growth, sustainable communities and sustainable transport systems."

2.2 This report is also consistent with the Shetland Transport Strategy which states:

FOP 2: *ZetTrans supports the delivery of fare structures on their lifeline services that are affordable to users. However, it also recognises the necessity to balance this requirement with wider budgetary constraints, and external factors including increases in fuel prices.*

- *Fares are currently suspended on Bluemull Sound services to allow economic regeneration after the RAF Saxa Vord Closure. The effectiveness of this policy will be reviewed, and fares may be re-introduced to the route in 2008.*
- *Recent operational reviews have resulted in above inflation fare increases on all other inter-island ferry services.*

ZetTrans will commit to considering options for generating additional revenue on the inter-island ferry services. This may include multimodal tickets, tourist "hop-scotch" promotions, improved marketing of services *and destinations, as well as options for encouraging higher off-peak utilisation.*

3. Background

3.1 BM Consulting (in conjunction with Reference Economics and the Rubicon Group) was appointed to carry out a study into various aspects of fares on inter island services. A detailed Project Plan and Initial Assessment of Bluemull Sound were circulated to Members by e-mail on 14 November 2007.

3.2 The IIFB meeting on 11 January 2008 considered the working papers for this study (Min. Ref. 01/08). Members of ZetTrans also attended this meeting.

3.3 A workshop for IIFB and ZetTrans Members was held on 11 February 2008. Members were presented with the advantages and disadvantages of a number of scenarios that they had asked to be investigated.

3.4 The IIFB meeting on 22 February 2008 agreed the Stakeholder groups that Members wished to assist by changing the Fares Policy. (Min. Ref. 02/08).

3.5 BM Consulting were asked to investigate ways to assist the selected Stakeholder groups.

4. Stakeholder groups to be focussed on.

4.1 Commuters.

4.2 Students, young people (16 – 25) and senior citizens (Shetland residents).

4.3 Residents of the most remote islands.

5. Constraints to changing fares system

5.1 Recognise that additional funding (from either Scottish Government or SIC) is unlikely.

5.2 Recognise that commuters, having to travel when they do, cause peaks.

5.3 Existing high levels of single / low occupancy vehicles.

5.4 Very limited scope for further cost savings of operating ferries to allow lowering of fares.

5.5 Reducing crew numbers affects the ability to collect fares and will restrict the ability to carry full passenger complement.

6. Study Proposals

6.1 The BM Consulting report (Executive Summary attached as Appendix 1) proposes a number of actions for the IIFB to consider. The proposed actions each have a number of consequences and costs. These have not all been assessed and quantified.

6.2 Proposal 1

- Introduce a person specific, one month Season Ticket for passengers and a discounted, limited validity period, multi journey ticket for cars on the Bressay, Whalsay and Yell Sound routes.
- Introduce a discounted, limited validity period, multi journey passenger ticket for Skerries, Papa Stour, Fair Isle and Foula routes.
- Introduce a group ticket.

6.3 Proposal 2 – Allow concession card holding drivers the benefit of free travel for themselves by splitting the current vehicle fares into a driver and vehicle element.

6.4 Proposal 3 – Reduce loose freight rates for Fair Isle and Foula.

6.5 Proposal 4 – Introduce a “runabout” ticket for visitors.

6.6 Bluemull Proposal (page 29) – Reintroduce fares on Bluemull Sound route for summer timetable period only.

7. Areas for further consideration.

7.1 Views of island communities

7.2 Implications for other Stakeholders

7.3 Implications of current high fuel costs

7.4 Cost of proposals

7.5 Technological and system changes required

7.6 Implementation planning

7.7 Implementation costs

7.8 Implications for other projects

7.9 Monitoring and evaluation

8. Financial Implications

8.1 This study has been funded by the ZetTrans 2007/08 Capital Programme.

8.2 There will inevitably be financial implications of implementing recommendations from this project both in terms of annual income and implementation costs. Some of these costs are estimated in the BM Consulting report but further work will be necessary to ensure that they are robust.

8.3 There will be a separate report to this meeting advising Members of the anticipated increase in expenditure by Ferry Services in this financial year due to the current and predicted price of fuel. This has to be recognised when considering changes to the fares structure for the inter island ferry services.

9. Proposed way forward

9.1 There are adverse budgetary implications by implementing the proposals from the Fares Study. The IIFB does not have authority to increase the overall cost of the Ferry Service. It is therefore proposed that any changes that the IIFB wish to take forward be submitted to the Infrastructure Committee for consideration.

9.2 The fares study has to be considered against the background of escalating fuel prices for 2008/09.

9.3 The issues summarised in section 7 above remain to be addressed. It is proposed that this is carried out before the IIFB proposals are presented to the Infrastructure Committee.

9.4 The proposals for possible changes to the fares structure should be considered by the Infrastructure Committee in the context of all the other current transport issues including the price of fuel.

10. Policy and Delegated Authority

10.1 The Inter Island Ferries Board has responsibility for operating the service in accordance with overall Council policy and agreed budgets as described in Section 17 of the Council's Scheme of Delegation. However any change to the fares system requires a decision of the Council.

10.2 The Infrastructure Committee has full delegated authority to act on all matters within its remit, "Section 12.0 of the Council's Scheme of Delegations" and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision.

11. Recommendation

I recommend that the Inter Island Ferries Board: -

11.1 Notes the contents of this report and the Fares Study.

11.2 Agrees to the proposals in section 9.1, 9.3 and 9.4 of this report that any proposed changes to the fares system for the inter island ferries cannot be addressed in isolation and should be reported to the Infrastructure Committee along with the other transport issues for consideration and recommendation to the Council.

I recommend that the Infrastructure Committee:-

11.3 note this report and agree to consider the recommendations of the Inter Island Ferries Board, once further work has been carried out.

Report Number: TR-16-08-F

Appendix 1

BM *Consulting*

Review of Ferry Fares and Ferry Utilisation

for

ZetTrans and Shetland Islands Council (Inter Island Ferries Board)

Development of Detailed Fares Proposals

EXECUTIVE SUMMARY

May 2008

Review of Ferry Fares and Ferry Utilisation – Detailed Proposals

Executive Summary

Background

The Inter-Island Ferries Board (IIFB), at its meeting on 22 February 2008, identified a number of stakeholder groups which it wished to be the focus of the detailed consideration of the Ferry Fares Study. This gave rise to a short-list of priorities as follows:-

- Lower fares for passengers;
- Commuter fares;
- Fares for those on benefits;
- Fares for students, young people and the unemployed;
- Fares for concession card holding drivers;
- Remote island fares; and
- Improving off-peak utilisation.

Pending the outcome of the detailed consideration of a number of proposals, the Board are also faced with reaching a decision on the future of ferry fares on the Bluemull Sound route. Fares are currently suspended on the route until 19 October 2008.

This report focuses on the changes in income levels and operating costs of the inter-island ferries.

Key Priorities

The IIFB agreed that the main areas requiring attention were generally related to ensuring the long term viability of the islands i.e. allowing young people and commuters the opportunity of continuing to stay on the islands and to not be restricted in their choice to do so by the cost of travelling on the ferries.

There was also a wish to look at fares for concession card holding drivers, fares to the most remote communities as well as initiatives to encourage additional, new demand during off-peak times.

In deciding on the key priorities, the aforementioned short-list was consolidated to give the following four distinct options for detailed consideration:-

1. Lower fares for passengers, commuters, those on benefits, students, young people and the unemployed;
2. Fares for concession card holding drivers;

3. Fares for the most remote islands; and
4. Improving off-peak utilisation.

A fifth option was added to this list to cover the Bluemull Sound proposals.

The Existing Fares Structure

The current fares structure is taken as the starting point for the detailed consideration of the options. The existing structure is relatively unsophisticated in its approach to pricing and has served the needs of the users well over the years. This simplistic approach to the fares allows for more scope when considering the development of the options e.g. the largest of discounts being available only to the most frequent of users or, having to use discounted tickets within a set period of time.

It is proposed that fares which are not specifically included within these proposals should remain as now.

The financial impacts of the proposals, on both income levels and operating costs are illustrated later in this summary.

The Fares Proposals

Lower Fares for Commuters, those on Benefits, Students, Young People and the Unemployed

This proposal looks at the introduction of monthly season tickets for passengers and heavily discounted multi-journey tickets for cars, to be available on the Bressay, Whalsay and Yell Sound routes. Both are intended to reduce the cost of travelling for the most regular of users and to encourage additional trip making for access to mainland (Shetland) based facilities and services.

Two options are evaluated for the passenger season tickets, one for a £20 per month ticket and one for a £30 per month ticket. The tickets would give unlimited travel during the period of validity. A direct debit arrangement could be set up which would allow the season ticket to ‘roll’ from one month to the next without the customer having to physically purchase a new ticket each month.

For multi-journey tickets, the proposal includes a ticket for 10 return trips to be made within the space of 1 month on the three routes mentioned above. The level of discount is increased to 50% - the current multi-journey discount is 20%.

For the Skerries, Papa Stour, Fair Isle and Foula routes a more heavily discounted passenger multi-journey ticket (20 single journeys) is proposed.

The existing singles and returns would remain (unchanged) on all routes whilst the current multi-journey tickets would still be available albeit with a ‘use-by’ date and non-transferability restrictions placed on them.

Given the introduction of non-transferable multi-journey tickets, a new group ticket is proposed – this would be for the use of 8 or more people travelling together.

Fares for Concession Card Holding Drivers

With this proposal, concession card holding drivers would be able to benefit from reduced rate travel when travelling with their cars. The saving would be equivalent to the passenger fare for each journey they make.

Fares for the Most Remote Islands

This proposal evaluates the reduction of the loose freight rates to Fair Isle and Foula. These islands rely heavily on the loose freight which is conveyed on their ferry services and a 50% reduction on the existing rates is proposed.

Improving Off-Peak Utilisation

This proposal focuses on introducing a ‘runabout’ ticket for tourists – a ticket which is intended to encourage visitors to Shetland to make more trips to the islands and to ultimately provide a source of additional income. There is ample capacity on the majority of the inter island ferries to accommodate demand form visitors as their travel patterns tend not to clash with those of commuters.

Such a ticket could be developed to provide ‘added value’ e.g. reduced price access to local buses, leisure centres etc. The scope is considerable.

Bluemull Sound Proposal

The report proposes that fares on Bluemull Sound should be reintroduced as follows:-

- Fares to be charged on Bluemull Sound during the period of the summer timetable only;
- Free travel for all during the period of the winter timetable;

- Unst and Fetlar residents travelling to/from the mainland would buy their tickets on the Yell Sound vessel and the combined fare would be 150% of the Yell Sound fare i.e. covering both Yell and Bluemull Sound journeys;
- Fares on Bluemull Sound would be at the same level as Bressay, Whalsay and Yell Sound during the summer period; and
- The utilisation of other ticket selling outlets to be considered to reduce the number of ticketing transactions which are required onboard the Bluemull Sound vessels.

Summary of proposals

The following table summarises the estimated impacts the proposals have on the income and operating costs of the SIC inter-island ferry services. The Bluemull Sound proposal is shown on the following page.

Proposal	Income impacts (£k)
1. Monthly passenger season ticket costing:- £20 £30	 -£20* Negligible
Commuter 10 journey ticket introduced and revisions to existing 10 journey ticket	-£80*
Revised 20 journey ticket	Negligible
Group ticket introduced	Negligible
2. Fares for concession card holding drivers	-£30*
3. Reduced loose freight rates and an increase in mainland originating return fares to Fair Isle and Foula	-£6*
4. Introduction of a runabout ticket	£5* (year 1)
System revision costs – one off	-£20 (depending on final technical solution to satisfy Audit requirements)
recurring	-£5

Increased admin, system maintenance and marketing	-£15

Proposal	Income impacts (£k)
Bluemull Sound – reintroduction of fares	£110*
System costs – one off	-£10 (depending on final technical solution)
– recurring	-£5 (increased ticket system maintenance)

Taking the items marked (*) together gives a net cost (change in income) of the above options of £21k. Factoring in the estimated implementation costs increases the year 1 cost to £76k. The increased costs for year 2 onwards are estimated to be around £25k per annum.

(A degree of caution should be observed when 'mixing and matching' the options as not all of the items are mutually exclusive.)

Implementing the Proposals

The development and introduction of the proposals in this Report, whether it is for all or some, requires to be carefully planned. The following areas are just a few that the IIFB require to consider before any changes are implemented: consultation with stakeholders; refinement of the proposals in light of feedback received; specifying the changes that are required to the ticketing system; training staff in the new fares rules and how to enforce them; phasing in of the proposals etc.

Wider Considerations

As indicated in the initial Fares Review report "...***careful consideration has to be given to fare changes which result in large increases in demand – especially at peak times. Ever increasing demand can lead to pressures on the ferry service, pressures which can see customers increasingly restricted in their freedom to travel and financial pressures which result in the costs of operation, as well as terminal and vessel provision, spiralling – all of which can be detrimental to the Isles economy. A balance has to be struck.***"

The report also mentioned "...***It should be borne in mind that off-island commuting in the morning, and usually only on one or two specific sailings, accounts for the main (vehicle) peak in activity on the major routes and serious consideration should be given to implementing any measures which do nothing to deter the growth of the peaks. Initiatives like more flexible working arrangements (flexi-time and home working) may be possible and if adopted by the main employers can be effective in helping to control the peaks in demand on the transport system."***

These are still major areas which have to be tackled. Retaining and improving accessibility to the islands for commuters comes at a high cost - larger vessels to cope with peaks in demand, larger shore terminals, increased operating costs etc. These may lead to services which become unsustainable in the longer term

Shetland
Islands Council

REPORT

To:	Development Committee	5 June 2008
	Infrastructure Committee	10 June 2008
	Services Committee	12 June 2008
	Shetland Islands Council	25 June 2008

From: **Policy and Development Assistant**

Report No: CE – 20 – F

Shetland Population and Migration Study

1 Purpose

1.1 This study was designed to establish how the population in Shetland, and in different areas of Shetland, is changing; to make projections to 2030 and develop a model for predicting population change in the Islands.

This report informs the council of the progress achieved and the final analysis of the Shetland Population and Migration Study.

2 Link to Corporate Priorities

2.1 The Community Planning Board has committed to increasing the size of the population of Shetland to 25,000 by 2025. In – Migration will be a key factor in how we achieve this priority.

2.2 Shetland Islands Council subsequently endorsed this objective within the current Corporate Plan. The Plan goes on to commit to the completion of the study on population projections to assist in "basing all our decisions on evidence".

3 Background

3.1 The primary reason for the Shetland Population and Migration study was because existing population projections were heavily based on historic trends, which do not take into account either more recent trends or the potential impact of policies going forwards. As a result, there was a requirement to develop population projections based on an assessment of the current population situation, and an analysis of how current trends and policies may change this in the future.

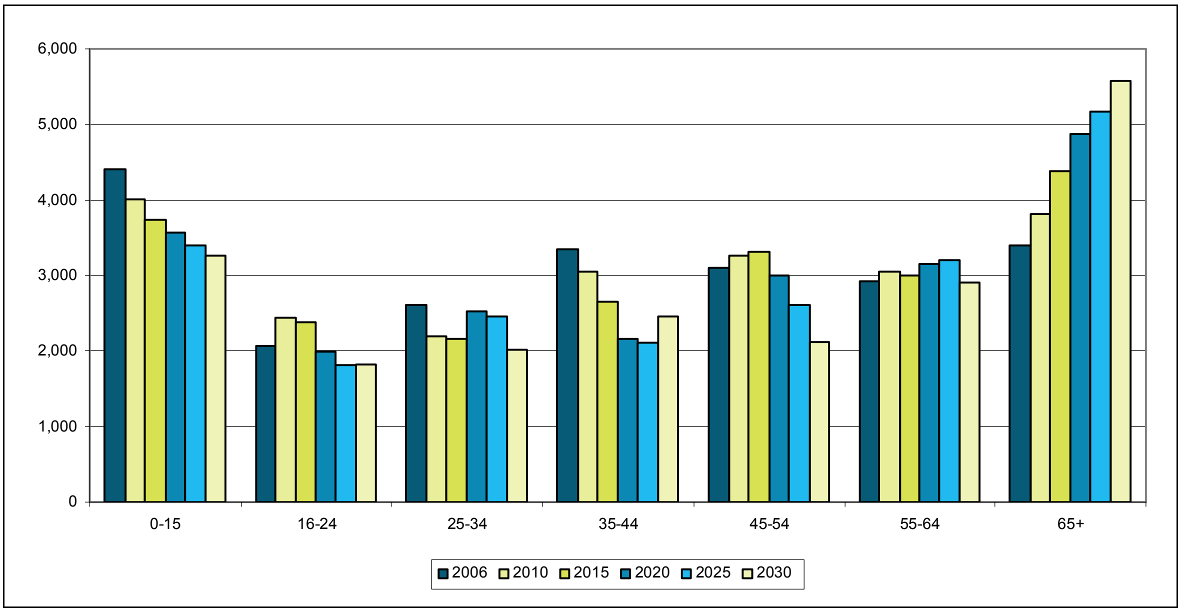
It has been recognised that more people living, working and studying in Shetland are essential factors for sustaining communities and the economy long – term.

4 Key Findings

4.1 A few of the key findings highlighted within the population and migration final report are as follows,

Population and Baseline to 2030

- Current population of Shetland is 21,880



The population model is based on birth rates and migration trends continuing as present. This indicates the following changes in Shetlands population by 2030;

- The overall population dropping to around 20,000
- A drop of 18% in the number of women in the child-bearing age group;
- A drop in the working age population (18-64) of 3,000
- An increase of 63% in the number of residents aged 65 and over; and
- A decline of almost a third in the number of school-age children

Council and NHS budgets are already stretched therefore with an aging population profile this will put a heavy burden on the extensive care service already provided. This is combined with a significant decline in the women of childbearing age and the number of school age children. This does not provide for a vibrant sustainable economy.

Education/school Rolls

- Primary School Rolls in the North Isles of Yell, Unst and Fetlar, have been in decline since 1981. Whalsay and Skerries school rolls have been declining since the late 1970's

- South Mainland and Central primary school rolls have stagnated at a 1991 level.
- The West Mainland School Roll has shown the most positive pattern, sustaining a higher number than in 1976 (Oil Boom).
- Population growth stemming from the development at Sullom Voe resulted in families moving into communities in the North Mainland area.

Housing

- Evidence shows that housing constraints can be a barrier to sustaining fragile populations, and in other Island Communities house building has been an essential factor in developing local economies.
- Since 1991 there has been a significant decline in the number of house completions, although last two years have been higher because of the increase in the number of homes being built by Hjaltland Housing Association.
- With available land in lerwick in decline, the Central belt and the South have become much more important for development. Average size of households are becoming smaller, therefore need more houses to sustain the current population.

Migration

- Shetlands birth rates are higher than the death rates therefore Shetlands population decline can be linked to net out migration.
- Primary factor in the net out migration is young people leaving for Higher Education and to gain better career opportunities then not returning to Shetland.
- Drift of the population in peripheral areas, especially the North Isles, to the central mainland.
- Since EU expansion in 2004/05, the Shetland Islands have had a greater number of incoming overseas workers than the other two Island Local Authorities; the Western Isles and the Orkney Islands.
- Many Sectors of the Shetland economy now rely heavily on migrant workers, which in turn leads to increasing demand on services such as English for Speakers of Other Languages and school provision. The future of economic in-migrants is uncertain however, as immigration legislation is tightening and economic factors may mean that the UK is not viewed as such an attractive destination in forthcoming years.

Possible Policy Options (refer to page 75 of study for all options)

If we do nothing what will happen by 2030;

- Primary school age population falls by approx 600
- Working age population falls by 3,000
- % of under 35's in the population falls to 35%
- Number of annual births fall by approx 46
- Women of child bearing age falls by 18%

If we were to increase all in-migrant age groups under 45 by 20%, by 2030;

- Total population = 21,352
- Primary school age population falls by approx 400
- Working age population age falls by 1,500
- % of under 35's in the population falls to 36%
- Number of annual births fall by approx 20
- Women of child bearing age falls by 10.4%

To reach the Community Planning Target of increasing the Shetland population to 25,000 this will require significant effort and co-ordination, however this could be achieved by 2025 if we were to;

- Increase all in-migrants age groups under 45 by 50% and
- Reduce out migration by 50%(16-34).

5 Financial Implications

Dependent on follow up, there may be financial implications as a result of this report due to the policy initiatives necessary for the future of a Sustainable Shetland economy. Any such initiatives and their specific financial implications would however be the subject of future reports.

6 Policy and Delegated Authority

As this is a Council corporate initiative linked to Community Planning with potential Council wide significance it is appropriate to report back to Council and seek their views on further steps.

7 Recommendation

It is recommended that the Council discuss and advise a viable way forward for the proposals and recommendations outlined within the population and migration study

Date: 17/04/08
Our Ref: LS/JRS Report No: CE – 20 – F

Table of contents

1 Executive Summary

Shetland Islands Council (SIC), HIE Shetland, NHS Shetland, Communities Scotland and Shetland Community Economic Development Trust have recognised that more people living, working and studying in Shetland are essential factors for sustaining communities and the economy in the long-term. In Autumn 2007, the partners commissioned Hall Aitken to research current and historic population trends and the projections of likely future trends. This was to include:

- Research into current and future population trends;
- Identifying the factors which may influence these future trends; and
- Developing a model that can produce more accurate projections.

1.1 Population trends

Historic trends

Historically the population of Shetland has fluctuated significantly from a high point of around 30,000 to its lowest level of 17,000. Population change has always closely mirrored economic opportunities and the population increased by around a third between 1971 and 1981 due to the major oil-related developments at Sullom Voe.

Current population

At 2006 the population was estimated to be 21,880 and the overall total has been relatively stable since the 2001 census. But since the 2001 Census there has been a significant rise in the percentage of the population aged 50-59, 60-69 and 80+. It has been estimated that, in the next 25 years, Shetland will experience a 50.7% increase in the number of islanders of pensionable age, while the working-age population will decrease by 20.7%.

Factors of change

While Shetland has a high birth rate and shows a natural population increase (more births than deaths) this is balanced by net out-migration. The net loss was 65 people between 2005 and 2006, and this loss impacts most keenly on younger age groups, particularly among females age 16-24 while the gains were in groups aged over 45.

Geographical aspects

Recent population changes also show variations across different parts of the Islands. Between 1991 and 2001, the population of the North Isles of Unst, Yell and Fetlar declined by 21%, while the population of the Greater Lerwick area increased by 0.9%. This is due to a drift of population towards the service centre of Lerwick combined with continuing population decline in more peripheral parts of the Islands. This has implications for services, for example the primary school roll in the North Isles has dropped by 50% between 1996 and 2006.

Service impacts

These population patterns are influencing housing demand with major increases in housing completions within Central and South Mainland over recent years.

Shetland has benefited from migration from the recent EU Accession states and other overseas nationals. The number registering each year increased from just 40 in 2003/04 to 170 in 2006/07. These people tend to be younger and more economically active than the overall population.

Current trends

Current and emerging trends that are likely to influence population change in the medium term are:

- A continuing flow of lifestyle in-migrants who are attracted by Shetland's natural environment and safe communities;
- A likely decline in the numbers of Eastern European migrant workers coming to Shetland; and
- Continuing drift of economically active population towards greater Lerwick contributing to ageing population in peripheral communities.

1.2 Drivers of population change

Job opportunities

Our research found that employment opportunities are critical to population sustainability. The decline in good quality job opportunities in some of the more peripheral parts of the Islands is accelerating the drift in population towards Lerwick where most services and employment opportunities are focused. The overall number of jobs taken by females has decreased and particularly within the private sector. It is becoming more difficult for both partners in a couple to find suitable job opportunities that match their skills and aspirations.

Education

The high standard of education and consequent school expectations mean that most qualified young people leave the Islands for education on the Scottish mainland. At the same time employers are experiencing problems in recruiting staff for some lower skilled jobs and are becoming more reliant on migrant workers.

A weak private sector

It appears that the jobs and services offered by the public sector in Shetland have limited the motivation and opportunities for private sector enterprise. There is a suggestion that many potential entrepreneurs have had to leave the islands to establish their business.

Housing is an important factor

Our research found that access to housing is an important factor that contributes to population change. The drift of population towards greater Lerwick has resulted in:

- More properties in outlying areas becoming second or holiday homes; and
- A pressure for new housing within parts of the Central and South Mainland.

And many younger households without access to land or family housing struggle to find affordable housing which it makes it difficult for them to re-settle in Shetland.

Environment attracts migrants

The quality of Shetland's natural environment and the levels of service provision available are attractive to lifestyle in-migrants. These in-migrants tend to be older and are often financially independent.

1.3 Experiences of population change

Our research looked in greater depth at the characteristics and motivations of different groups including:

- Those who stayed in the Islands;
- Those originally from Shetland who have left;
- Those who left but have returned; and
- Those who have chosen to live in the Shetland Islands

There are notable differences in the personal characteristics of these stayers, out-migrants, returners and in-migrants.

Stayers

Stayers were less likely to have degree level qualifications which highlights the role of pursuing education as a driver of out-migration. There were fewer people aged 16 to 24 I the stayers group perhaps because of this. Half of all stayers had actually considered leaving. The most influential factors in helping individuals in their decision to stay were:

- A safe environment;
- Being able to be close to family;
- Raising a family; and
- A natural environment.

For many stayers relationships and family connections were also key factors in their decision.

Returners

Most returners had left Shetland to pursue higher education, although over half stated that career progression was a factor. Returners (along with in-migrants) were more likely to have higher qualifications and higher skilled jobs than stayers. This suggests that the availability of good quality and well-paid jobs is a key driver for returners. The main drivers for their return centred on:

- Being close to family;
- A love of island life, an 'affinity' with its sense of community; and
- Suitable employment opportunities.

The majority of returners had returned before they were 35 and the age profile of returners was therefore younger than the other groups living on Shetland.

In-migrants

In-migrants had the oldest age profile among the groups we surveyed with around 60% aged 45 or over. They were also most likely to be working as professionals or senior managers, with 68% of respondents identifying these occupations.

Shetland's quality of life is a major motivating factor for in-migrants, the main motivations were:

- Natural environment;
- Safe environment; and
- Sense of community.

In-migrants in our survey were more likely to have dependent children than returners suggesting the presence of children may contribute to the desire for a safe environment.

Out-migrants

Out-migrants tended to be younger than the other groups surveyed and they were far less likely to have dependent children compared to Shetland-based groups. There are higher self-employment rates among out-migrants, almost twice that of Shetland-based groups. This suggests that there is some basis for the view that those wishing to set up a business often do so outside of Shetland. The main motivations for leaving were:

- Opportunities for career progression;
- Diversity of work available; and
- Mainland lifestyle.

Only one in five respondents who left Shetland is planning to move back, and for two out of five it is either unlikely or they already know they will not return.

1.4 Population projections and implications

Population modelling

Our research involved developing a population model that will allow local agencies to test the implications of different trends and factors on population outcomes. It is not a population projection or prediction, but can be used to compare the likely implications of policies on population sustainability and service provision.

Results from the model based on current migration trends continuing show a sharp shift in population, including:

- A steep drop in the numbers of children under 16;
- A decline in the numbers of 16 to 24 year olds after 2010;
- A rapid and continuing increase in the elderly population.

The overall population would, if current trends continue, drop from just under 22,000 to just over 20,000 by 2030. The number of people aged 65 and over would almost double between 2006 and 2030 based on this scenario.

Impacts of population change

These changes would have implications on the labour market, with a declining (and ageing) working age population and on the cost and viability of service-provision. In particular a reduction of a third in the school roll would threaten the current number of schools. And the major increase in the elderly population would put pressure on health and social care services both in terms of funding and recruiting the necessary staff. The likely outcome would be a reduction in the level of services (mostly in outlying areas) and an increasing reliance on migrant labour.

1.5 Future population priorities

Our consultations and population research suggests that the overall size of the population is less important than achieving a healthier balance in terms of age and gender. Our research suggests that the overall aims for population sustainability by 2030 should be to:

- Sustain the proportion of the population that is of working age;
- Stabilise the school-age population;
- Sustain the number of females of child-bearing age; and
- Retain the populations of the most fragile communities.

While this does not necessarily require the population to increase to 25,000 it is clear that significant population increase is needed to ensure a sustainable and balanced population in the longer term. However age and distribution of population are more important than overall totals.

1.6 Areas for policy focus

Our interviews with service providers and other key stakeholders have highlighted several issues that need to be addressed by policy-makers. These are summarised below:

Living within our means

The research identified an overwhelming awareness among interviewees that the level of spend and service-provision is unsustainable. The Council is seen to be living beyond its means and 'squandering' the remaining oil revenue. Many people identify the need for tough decisions on prioritising expenditure in the very near future.

Re-adjusting services

The current expenditure on service provision will need to be reined in and this will clearly have an impact on the scale or quality of services that the Council can fund. The impact on levels of service provision might make the Islands less attractive to some groups who are currently attracted by the quality of service.

Balancing the population

There is a strong feeling that the current target of increasing the population to 25,000 is unrealistic. This was the high point of population when Sullom Voe was at its peak and it would be difficult to imagine any future employment opportunities on this scale. Many felt that adjusting the level of service provision to match realistic population estimates makes better sense than trying to grow the population to justify unsustainable levels of service provision.

Distributing population growth

There were mixed views as to whether there should be positive steps taken to grow key settlements outside of Lerwick. Some stakeholders felt that the drift of population towards Lerwick was inevitable and that policy should support market forces. Others thought that some effort should go towards sustaining growth centres where there had been significant investment in providing facilities. However because the availability of jobs was seen to be the key driver behind population distribution this would require the Council taking the lead in devolving jobs. These devolved centres could then be the focus for developing incubator units for business start-ups and affordable housing.

Promoting self-reliance

The level of public sector services provided for residents has undermined the traditional self-reliance of crofting communities. A greater focus on communities developing their own solutions to meet community service needs will make services more responsive and cost-effective.

Affordable housing

Housing was seen as a key issue in sustaining and growing the Shetland population. In particular affordable rented or shared equity housing for younger people wanting to move back or into the Islands is a priority. The majority of housing need is focused within the greater Lerwick area but housing also needs to be provided elsewhere alongside economic opportunities.

Opportunities for renewable energy

Renewable energy is seen as one future opportunity to support the Shetland economy. There has been discussion about whether the oil revenue should be invested in renewable energy to create a more sustainable revenue stream in the longer term. However even if the Council chooses this option the money will be tied up for a considerable time before any revenue comes in.

Marketing the Islands

Several stakeholders felt that the oil boom had distracted agencies from making serious efforts to market the Islands in terms of local produce or tourism. They felt that some nationally significant resources were not being marketed and that the tourism product had considerable potential for development.

Supporting enterprise

Several stakeholders identified the need for a more strategic approach to developing and growing businesses and this is a current priority for HIE. The limited provision of broadband was seen as a key weakness in developing more globally competitive businesses. Stronger collaboration between the Public sector, Education establishments (such as UHI) and the private sector would help to identify and support a small number of opportunities to develop competitive advantage. Attracting skilled researchers or graduate placements could also help to stimulate enterprise. Providing incubator units or core business support services in association with better broadband access may help to stimulate business start-ups. However the low levels of risk-taking among the indigenous Shetland population is a major barrier to overcome.

Supporting the workforce

Problems in attracting staff in key sectors are predicted to get worse in the medium term suggesting a continued reliance on migrant labour. The growing burden of care emerging from the ageing population will require a larger and more flexible workforce, and this in turn will have implications for housing provision.

1.7 Key priorities

Our research has identified key population drivers, the likely impacts of continuing trends and some of the challenges currently facing Shetland's communities. We have identified several areas where policy should focus on in order to promote a sustainable population in the medium to longer term.

Policy direction

Revising targets

While the target of 25,000 by 2025 provides an admirable level of ambition for policy-makers, it masks some more important issues around the balance and distribution of the population. We would therefore recommend that the target should be to:

- Sustain the proportion of the population that is of working age;
- Stabilise the school-age population;
- Sustain the number of females of child-bearing age; and
- Retain the populations of the most fragile communities.

Reviewing local public expenditure priorities

It is clear that Shetland has been living beyond its means for some time and that the current level of local public expenditure cannot continue. Difficult decisions will need to be made on:

- Prioritising local public expenditure; and
- A strategy for using the remaining oil fund.

Shetland has become accustomed to providing high quality public services and facilities. But the investment made has not always been in the long-term interests of sustaining communities. The Council and its partners should start to scale back spending to levels in line with other similar sized authorities. Any additional spending from the oil fund or other reserves should be clearly focused on promoting a more sustainable economy in the medium to longer term, for example through:

- Promoting enterprise;
- Developing innovation or competitiveness;
- Generating revenue streams (for example through renewables); or
- Developing business infrastructure (e.g. broadband or incubator units).

However these issues are both sensitive and important so we would recommend a period of community consultation on which course of action to take.

Devolving jobs

If a strategy of supporting more self-reliant communities outside of Lerwick is to be successful this will require sufficient employment opportunities within these areas and the local spend these would generate. As the Council is one of the biggest employers it should take the lead in promoting this policy by devolving employment from Lerwick to the key settlements elsewhere in the Islands.

Marketing Shetland as a place to live and visit

It is clear that the quality of environment and strength of communities are what attracts people to Shetland. However there has been little effort to market these attributes in order to attract either visitors or to add value to locally produced produce. There is also an opportunity to develop niche tourism markets through branding and marketing.

Economic development

Developing the private sector

It is clear that there is a need for more business start-ups in order to address the weaknesses in the private sector. This will require investment in infrastructure that will support new businesses such as start-up premises, broadband and other IT facilities. Business facilities should also help to promote the policy of devolving employment opportunities out of Lerwick.

It will also require more focused awareness-raising of enterprise opportunities among key target groups such as school-leavers, women and in-migrants. Bringing in Shetlanders who have become successful business men and women is one way of doing this.

Adding value to natural assets

Our research has identified some potential for developing greater economic advantage from Shetland's natural assets including produce, culture and environment. This links closely with the issue of marketing outlined above. Partners could help to develop greater added value through supporting the private sector to build clusters around different sectoral groupings such as:

- Crafts;
- Creative industries;
- Eco-tourism; and
- Food and drink.

Added value could be generated through differentiating these products and marketing their quality and exclusivity.

Developing knowledge-intensive sectors

Increasingly economic development requires ways of using knowledge to create competitive advantage and add value to basic production. However this is often difficult to achieve in rural and peripheral areas where there are no large scale Universities to promote research and development. However the North Atlantic Fisheries College already has international research specialisms in several areas and there are proposals for Shetland College (as part of UHI) to develop research programmes in specialist areas such as knitwear and music. Renewable energy will also present future research and development opportunities.

Public agencies should support the knowledge economy through identifying appropriate opportunities for research that link into Shetland's productive sectors. They can also assist through providing graduate placements and secondment opportunities and through joint ventures with research institutions.

Building community enterprise

Elsewhere in the Highlands and Islands community-based enterprises have developed innovative ways of meeting the different service needs of remote communities. With public service budgets likely to come under increasing pressure in Shetland, the community sector will need to play a greater role in maintaining and delivering local services.

Infrastructure

Housing to support economic growth

It is clear that the availability of housing is a key barrier to increasing in-migration. And there is evidence from elsewhere to suggest that housing provision can help stimulate economic and population growth. While the Council and its partners have made efforts to increase the number of house completions it will be critical that housing continues to support economic development. This will mean providing accessible and affordable housing opportunities in the various growth settlements in conjunction with the devolved jobs and business infrastructure previously discussed.

Improving broadband

In rural areas self-employment is generally more widespread than in urban areas and reliable high speed broadband is increasingly important to running most types of business. So investing in broadband technology will be important for promoting Shetland as a location for self-employed lifestyle in-migrants and for developing indigenous business start-ups.

Community support

With an increasing need to attract in-migrants and the accompanying increased housing requirements, continued support for integrating the migrant community is essential. The efforts undertaken by the Council, Shetland College and the voluntary sector to date have been commendable. However it will be important that there are adequate resources to provide ESOL classes, language support for schools and translation services for public agencies. Support for community-based awareness raising and integration are also necessary to help the indigenous population to embrace these new Shetlanders.

2 Introduction

This section outlines the background and rationale for the study. It also sets out the objectives of the research and the methods use to meet these.

2.1 Background

Shetland Islands Council (SIC), HIE Shetland, NHS Shetland, Communities Scotland and Shetland Community Economic Development Trust have recognised that more people living, working and studying in Shetland are essential factors for sustaining communities and the economy in the long-term. Population decline has now come to the fore as a key issue within several local policy documents:

- Population decline is identified as a key issue in 'A Sustainable Vision for 2016' (2000);
- Population has become a key priority area in the Shetland Structure Plan 2001-2016; and
- In 2006, the community planning partners set a target of 25,000 people living in Shetland by 2025.

Also, an ageing population is driving up service costs against a background where SIC are trying to secure financial sustainability (Audit Commission 2007).

2.2 Research objectives

In Autumn 2007, the partners commissioned Hall Aitken to research current and historic population trends and the projections of likely future trends. This was to include:

- Research into current and future population trends;
- Identifying the factors which may influence these future trends; and
- Developing a model that can produce more accurate projections.

Specifically, Hall Aitken were to address the following aspects while looking at issues such as age, gender, locality and economic activity:

- What has driven population change since 2001?
- What are the factors influencing migration and what are the characteristics of migration groups?
- What are the necessary factors for sustainable communities?
- How will the makeup of the population in 2030 affect Shetland society, economy and services?
- What actions can public agencies take to foster population and service sustainability?

2.3 Method

The research involved a wide range of approaches including:

- A review of official statistics to develop a population change model;
- A literature review;
- Interviews with 15 key stakeholders;

- A web-based survey, distributed through SIC contact lists and online "Shetland Networks" with 1570 responses from current and past residents of which 1,357 were fully complete. This represents around 7% of the current resident population;
- Four focus groups (Lerwick, Scalloway, Mid-Yell and Brae) with stayers, returners and in-migrants, with follow-up calls in the West Mainland;
- Two focus groups with international economic in-migrants in Lerwick;
- A focus group in Glasgow with individuals who have left Shetland; and
- A scenario-planning workshop with key agencies tasked with taking forward policies.

2.4 Report structure

Following this introduction, the remainder of this report is structured as follows:

- ***Trends in migration*** - examines population trends for each locality in Shetland and Shetland as a whole since 2001. The components of these trends are examined also including births, deaths, net migration and other changes.
- ***Drivers of population change*** - explores the drivers behind population change including jobs and career issues as well as infrastructure issues such as housing and transport.
- ***Experiences of population change*** – examines the motivations behind the migration decisions of stayers, out-migrants, in-migrants and returners. As well as looking at their experiences, it looks more closely at the characteristics and motivations of key groups like women of childbearing age and those out-migrants who are open to returning to Shetland.
- ***Population projections and implications*** – takes current components of population change and uses them to project forward population estimates up to 2030 by locality and for Shetland as a whole. It also offers an indication of the impacts of trends if they continue as currently.
- ***Developing a sustainable community*** - draws on our research, analysis and population modelling to identify what would be a desirable situation by 2030 years. It also identifies the scale and type of population component changes that would be necessary to deliver this, and alternatively, the target of 25,000.
- ***Factors needed for sustainable communities*** - sets out the factors we have identified that will underpin community sustainability and a desirable situation in fifteen to twenty years for a range of population drivers. It highlights the actions that agencies will need to focus on to achieve these outcomes.
- ***Recommendations*** - outlines some of the key longer term strategy objectives and priority areas that local agencies and communities will need to follow to achieve the type of sustainable communities outlined above.

3 Trends in migration

This section examines population trends for each locality in Shetland and Shetland as a whole historically and more recently since 2001. The components of these trends are examined also including births, deaths, net migration and other changes.

Historic trends

Since the 1860s, when the population of Shetland peaked around 30,000, it fell steadily until the 1970s when it hit the historically low level of 17,000. After 1971, there was a significant increase, and in just 10 years the population of the islands rose by over a third, to 22,766 (GROS, 1981 Census). The increases in the 1860s and in the 1970s can be attributed to new economic opportunities. In the mid 19th century, a huge boom in drift-net fishing for herring had occurred and in 1971 major oil industry developments benefited population growth. After the early 1980s the population numbers fell again because of out-migration as oil construction activities ended, and difficulties at Sumburgh Airport emerged (SIC, 2006a, p. 10).

Sumburgh Airport traffic peaked in 1978 with 285,000 passengers on 51,000 aircraft movements. Construction workers for the Sullom Voe Oil Terminal no longer stopped here after 1978, with the re-opening of Scatsta Airport that August. Passenger and flight movements through the airport fell further during the early 1980s, mainly because of the introduction of helicopters, such as the Puma and the Chinook. These could fly direct to the oilfields from Aberdeen. By 1985, passenger numbers had dropped by around 20% while aircraft movements dropped by two thirds compared to 1978.

The overall change in population levels in Shetland is not uniform across all areas. There have been important changes to the distribution of the population within Shetland. Between the 1981 and 1991 Censuses, the population of areas in the South and Central Mainland remained relatively stable or grew, but that in the North Mainland and the North Isles has significantly decreased (SIC, 2000; Community Profiles North Isles and North Mainland). This decline is likely to continue, partly because of the centralisation of the population, and the loss of economic opportunities in the North Mainland and the North Isles. Between 1991 and 2001, the population of Unst, Yell and Fetlar declined by 21%, while the combined population of Lerwick, Gulberwick/ Quarff, Bressay, Scalloway and Tingwall (representing the core of the mainland) increased by 0.9% (SIC, 2005c, p. 5).

Shetland School Rolls

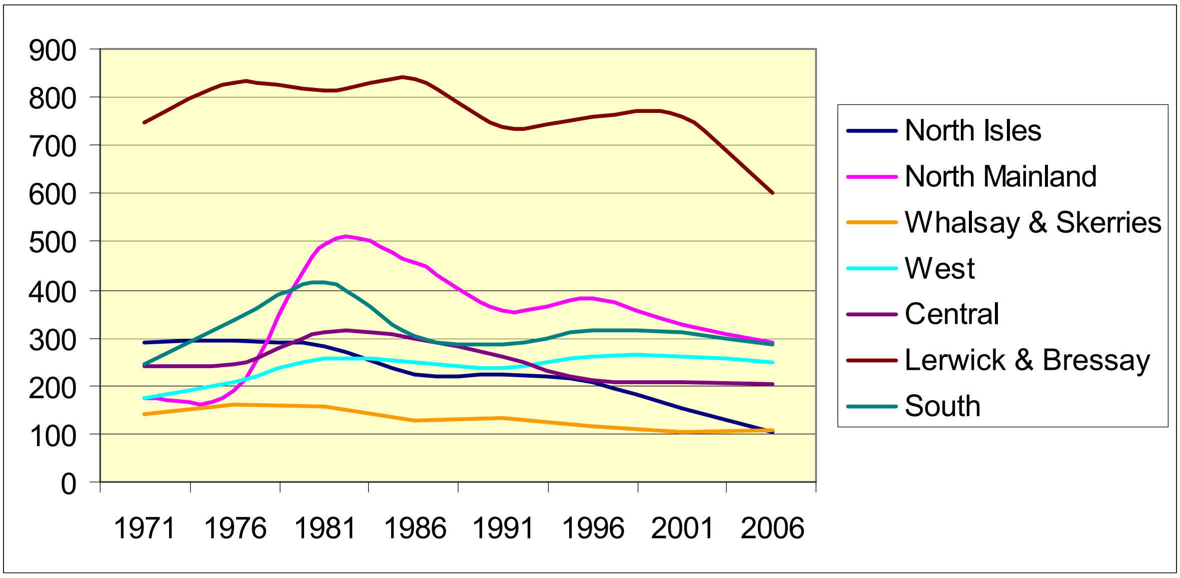
We have looked at changes to the school rolls across the different localities within Shetland since 1971. Primary school rolls provide a useful picture of the shifting population patterns because they are most closely associated with local communities. Looking at this time-frame also allows us to identify the population impacts of the Sullom Voe development and the extent to which the population increases from the 1970's have been retained.

Primary School Rolls

As Figure 1 shows, after major growth in the late 1970's because of the oil developments at Sullom Voe, Primary school rolls have declined in most parts of Shetland. In the North Mainland, the increased population because of the major influx of workers in the 1970s has been sustained to some extent, although the primary roll dipped substantially between 1981 and 1991. However it went from having the second lowest primary roll in 1971 to having the second highest roll in 2006; approximately double the 1971 roll.

The primary rolls in Lerwick and Bressay remained fairly steady at between 750 and 800 until 2001, but have declined sharply since then to around 600.

Figure 1 Primary School Rolls by area (1971 to 2006)



Source: Shetland Islands Council 2007

School rolls in the South Mainland showed a steady increase between 1971 and 1981, perhaps linked to the development of Sumburgh Airport, but dropped from around 400 to 300 between 1981 and 1986. However the primary school roll has remained fairly constant around 300 since then.

The West Mainland roll shows the most positive pattern, sustaining a higher number of children in 2006 than in 1976 when the oil boom began. The primary roll has shown a slight decline since 2001 however.

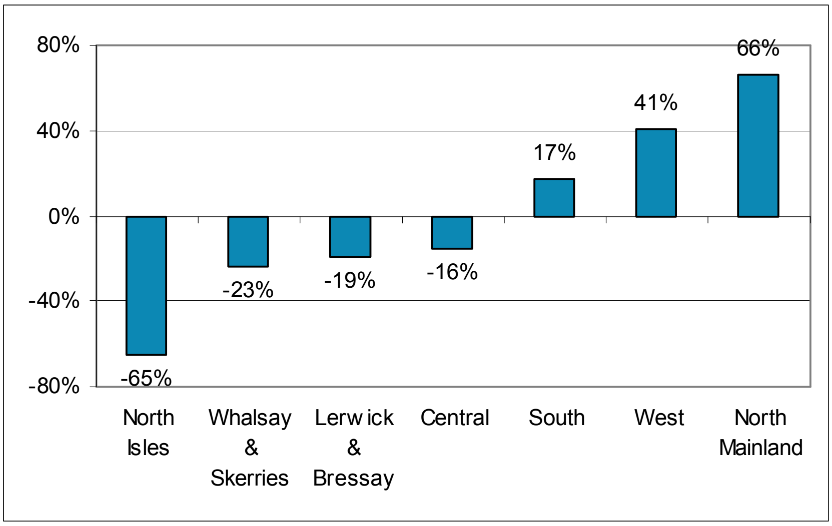
In the Central area of Mainland, an initial increase in the primary roll in the 1970s was followed by a steady decline between 1981 and 1996. The roll has subsequently stabilised and has remained relatively stable between 1996 and 2006.

The primary school rolls in the North Isles of Yell, Unst and Fetlar have declined since 1981, with a particularly steep drop since 1996. By 2006 the roll was only around a third of its 1971 level.

The situation in Whalsay and Skerries is less extreme, although there has been a slow but steady drop in the roll since the late 1970's. The roll has remained at approximately 100 since 1996. However the overall figures mask different trends for Whalsay and Skerries, with the Skerries school roll showing almost continuous decline since the 1970's.

If we look at the changes in primary school rolls overall since 1971, clearly most population growth has focused on the Mainland; with the North and West showing the biggest net increase in primary age children. However despite the increases in the West, North and South mainland areas, the primary school-age populations in Lerwick and the Central part of Mainland have dropped slightly compared to the 1971 level. This suggests that population growth stemming from the Sullom Voe development has resulted in families moving into communities in the more peripheral parts of Mainland.

Figure 2 Primary school roll changes (1971-2006)



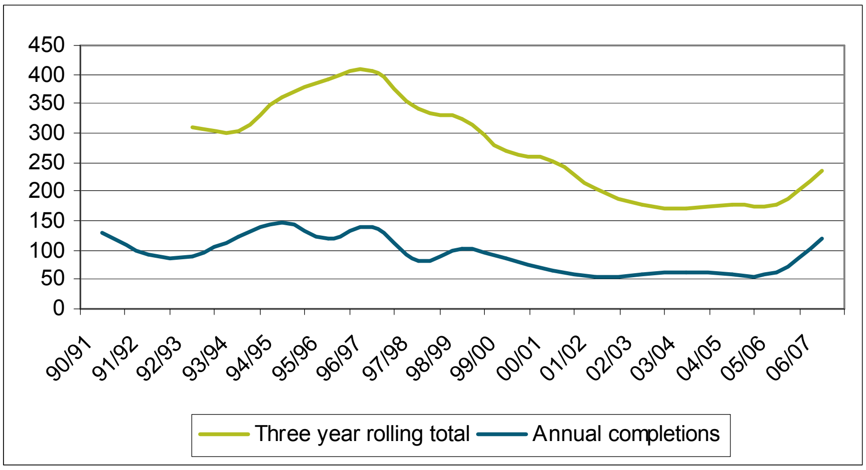
Source: Shetland Islands Council 2007

Over the same period however, there has been a significant drop in the primary age population in the North Isles of Yell, Unst and Fetlar. The primary roll has dropped by two thirds since 1971, with a 50% drop between 1996 and 2006.

Housing completions

Data on house-building and conversion provided by the SIC Planning Department provides another useful indicator of changes in demand caused by population movements (and changes to household structure). There is significant evidence from elsewhere that housing supply constraints can be a barrier to sustaining fragile populations. And in other island communities house-building has been an essential element in developing local economies.

Figure 3 Annual completions and 3-year rolling totals

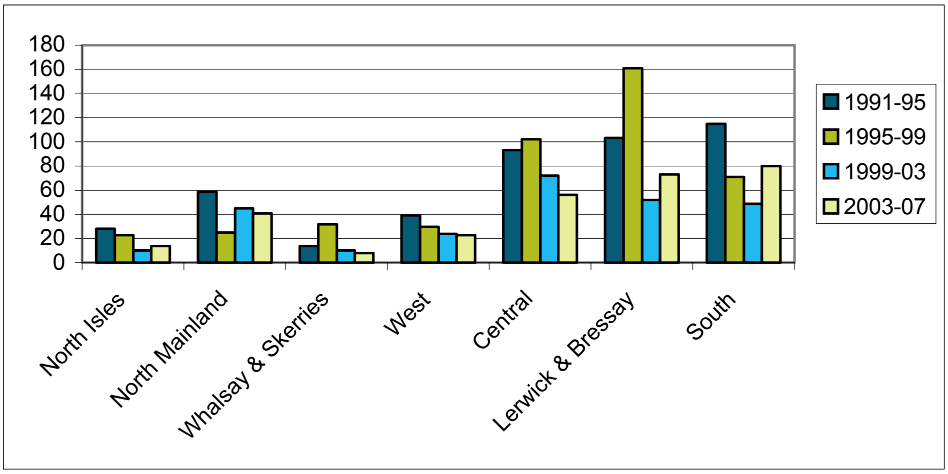


Source: Shetland Islands Council 2007

Across the Islands as a whole there has been a long-term decline in the number of annual house completions since the mid 1990's as Figure 3 shows. However the number of completions in 2006/07 at almost 120 is the highest annual total since 1999 and shows a doubling on the figure of around 60 which has been the approximate number of completions each year since 2000/01.

An analysis of housing completions by service delivery area in Figure 4 shows the overall housing output is dominated by the Greater Lerwick area (Lerwick, Bressay and the South and Central areas of the Mainland). These areas have been providing for between two-thirds and three-quarters of the total number of housing completions. However, the role of the South Mainland area has become more important recently, as land availability within Lerwick itself has declined. In particular, the areas of Gulberswick, Quarff and Cunningsburgh have seen a lot of development activity.

Figure 4 Housing completions by Service Delivery area

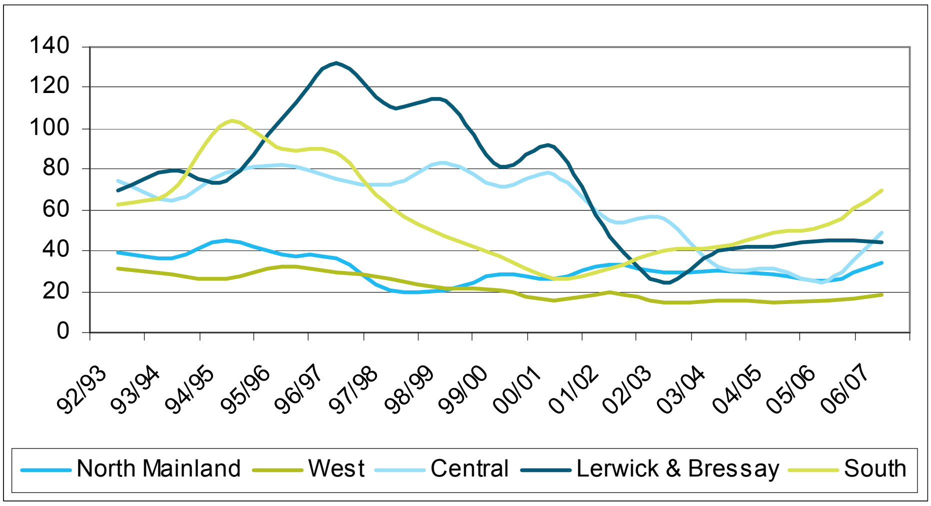


Source: Shetland Islands Council 2007

Rolling totals allow a more measured analysis of demand patterns as they tend to smooth out annual bumps caused by one or two large developments. Figure 5 shows there are clear trends in housing development which are influenced by demand patterns and available capacity. It is clear the dominant role of Lerwick and

Bressay in new housing provision has been in decline since the late 1990's because of the lack of suitable new housing sites. Completions for the Central area have also shown a broadly declining trend since the late 1990's although there has been a recent upturn in 2006/07. In contrast the South has seen a steady increase in the number of completions since the year 2000.

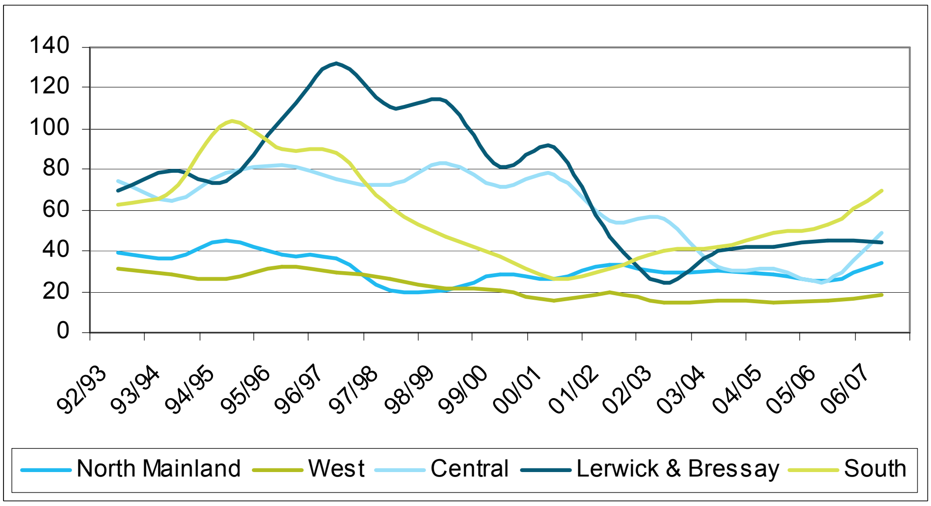
Figure 5 Three year rolling housing completions – Mainland areas



Source: Shetland Islands Council 2007

Data on house completions for the North Isles and Whalsay and the Skerries also show peaks in the late 1990's and a subsequent decline. However the three year rolling total for the North Isles has shown a recent upturn from just 3 in the three years to 2003/04 to 14 in the three years to 2006/07. However the three year total of five for Whalsay and Skerries is the lowest figure since the data was collected.

Figure 6 Three year rolling housing completions – North Isles, Whalsay & Skerries



Source: Shetland Islands Council 2007

3.1 Recent population change

Over the last 20 years, the population of Shetland has declined by 3%. Since the 2001 Census, the GROS has estimated the population levels in Shetland have remained relatively stable, with the latest estimates showing the population at 21,880 (GROS, 2006 mid-year estimates). There was a slight population increase between 2001 and 2005 (0.2%), although this was still below the increase for the Highlands and Islands (1.7%) and Scotland (0.6%) (GROS, 2001 Census and 2005 mid-year estimates). GROS estimates a decline in population to 19,783 by 2031 (GROS, 2006-based population projections). These projections assume both negative natural change (-2.7%) and negative net migration (-6.9%).

But since the 2001 Census there has been a significant rise in the percentage of the population aged 50-59, 60-69 and 80+ (GROS, 2001 Census and 2006 mid-year estimates). And this is most pronounced in Whalsay and Skerries (Community Profile Whalsay and Skerries).

It has been estimated that, in the next 25 years, Shetland will experience a 50.7% increase in the number of islanders of pensionable age, while the working-age population will decrease by 20.7% (GROS, 2006-base population projections). This is because of increasing life expectancy and older people moving to Shetland for an improved quality of life (SIC, 2006b, p10). There is an imbalance by gender in Shetland as a whole, with a much greater proportion of females than males over the age of 65 (Lerwick and Bressay Community Profile).

In contrast to the Scottish trend in general, and that of the Highlands and Islands specifically, Shetland's birth rate has been consistently higher than the death rate. Since 1995, the birth rate has been higher than the death rate by an average of 29.6 people per year (SIC, 2006b, p11). This suggests the population decline can be linked with net out-migration, which is mainly being driven by young people migrating from Shetland to seek higher education and better job opportunities. The decrease in the population of those aged between 20 and 44 years in Shetland indicates that more young people are leaving the area than are coming in (SIC, 2006b, p2).

The ageing population is a considerable challenge for the area, as communities with a large proportion of inhabitants over retirement age tend to generate lower levels of economic activity and, indeed, the confidence of communities and the sustainability of services can be negatively affected (HIE, 2007, p2.).

Migration data

Birth rates and death rates are fairly predictable characteristics of a population in the developed world. But migration is largely driven by economic and social opportunities and is susceptible to broader changes, even over the short-term. In Shetland, these were responsible for short-term population growth linked to economic factors as outlined earlier. Similarly, the decreases can be linked to economic downturns.

Data on who enters and leaves Shetland is less reliable. Figure 7 shows the best available and most recent data from 2006. While the net loss was 65 people, this loss impacts most keenly on younger age groups, particularly among females age 16-24 while the gains were in groups aged over 45. It is likely that this data underestimates out-migration, as many 16-24 year olds will keep their registration with a doctor in Shetland while at university.

Figure 7 Population migration (total and by gender) 2005-6

	0-15	16-24	25-34	35-44	45-54	55-64	65+
In (all)	54	38	63	76	40	41	19
Out (all)	102	61	70	76	39	29	19

Net (all)	**-48**	**-23**	**-7**	0	**1**	**12**	0
In (Males)	21	19	31	35	18	26	9
Out (Males)	65	26	40	35	17	17	10
Net (Males)	**-44**	**-7**	**-9**	0	**1**	**9**	**-1**
In (Females)	33	19	32	41	22	15	10
Out (Females)	37	35	30	41	22	12	9
Net (females)	**-4**	**-16**	**2**	0	0	**3**	1

Sources: National Health Service Central Register (NHSCR) patient movements mid-2005 to mid-2006. International Passenger Survey (IPS) data.

The Outer Hebrides Migration Study (Hall Aitken and INI, 2007) classifies people moving to the islands as returners, lifestyle migrants and economic in-migrants. According to Blackadder (2007, p.7) Shetland receives a good number of lifestyle migrants and they are important in stabilising the population. However, the age range of this group is not balanced with our survey showing that nearly 60% of people who have migrated to Shetland are now over the age of 45. Some of these will be in-migrants from the 1980s who will have had children in Shetland. But there is much anecdotal evidence to suggest that current in-migrants tend to be older people.

International economic in-migrants

Although not a perfect source of data, National Insurance Number (NINo) registrations provide some indication on the flow of workers from overseas. In line with the Scotland-wide pattern, the Shetland Islands have experienced a year-on-year increase in the number of NINo registrations to non-UK nationals since the accession of the eight East European states1 to the European Union in 2004. Figure 8shows the largest influx of overseas workers to the Shetland Islands occurred in tax-year 2006/07 when 170 NINos were registered to non-UK in-migrants. This is up to four times the level of registrations recorded in pre-EU expansion years. For example, in 2003/04 only 40 overseas NINo registrations were recorded.

Figure 8 NINO Registrations for Shetland Islands and other areas 2002/03 to 2006/07

AREA	NUMBER OF NINo REGISTRATIONS BY TAX YEAR					Post-accession total to 2006/07
	2002/03	2003/04	2004/05	2005/06	2006/07	
Shetland Islands	50	40	90	100	170	360
Orkney Islands	20	20	30	60	90	180
Western Isles	20	30	70	130	90	290
Highland	600	690	1,440	2,640	2,620	6,700
Argyll & Bute	180	240	360	700	820	1,880
Scotland	14,520	15,500	22,850	41,370	52,480	116,700

Source: numbers are based on 100% data from the National Insurance Recording System (NIRS).

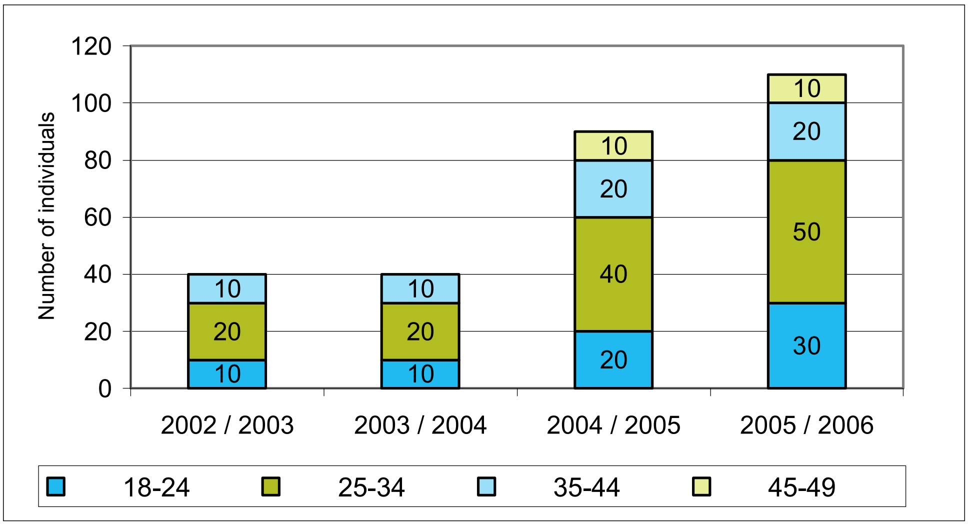
Since EU expansion in 2004/05, the Shetland Islands have experienced a greater number of overseas workers than the other two Island Local Authorities; the Western Isles and the Orkney Islands. Shetland registered 360 NINos to non-UK nationals over the three year period up to 2006/07, compared with 290 in the Western Isles and 180 in the Orkney Islands over the same period of time. The proportion of overseas workers registering in Shetland has also been greater in terms of per head of resident population than that of Orkney and the Western Isles over the past three years (2004/05 to 2006/07). However, all three Island authorities had received fewer overseas migrant workers, per head of resident population, than both Highland and Argyll & Bute areas.

While the rate of NINo registrations in Shetland has continued to increase, the trend for the Highland Local Authority area has plateaued at around 2,600 for 2005/06 and 2006/07, after almost doubling on the level of 2004/05, while the number of those registering in the Western Isles has actually fallen from a peak of 130 in 2005/06, to 90 in 2006/07. Argyll & Bute and Orkney Islands have, like Shetland, experienced a continued increase in 2006/07.

Over the three post-accession years, NINo registrations for overseas nationals in the Shetland Islands account for less than half of one per cent of the Scottish total, and almost four per cent of the Highlands & Islands total.

In the Shetland Islands most non-UK workers registering for NINos were aged from 18 to 34 as Figure 9 shows. This mirrors the nationwide age-balance of migrant workers coming in to Scotland from overseas, with very few aged over 50 or under 18. However, in Shetland from 2004/05 onwards, the proportion of 35 to 49-year olds registering has slightly exceeded that of the national figure for that age group.

Figure 9 Age Group NINo Registrations for overseas nationals to the Shetland Islands

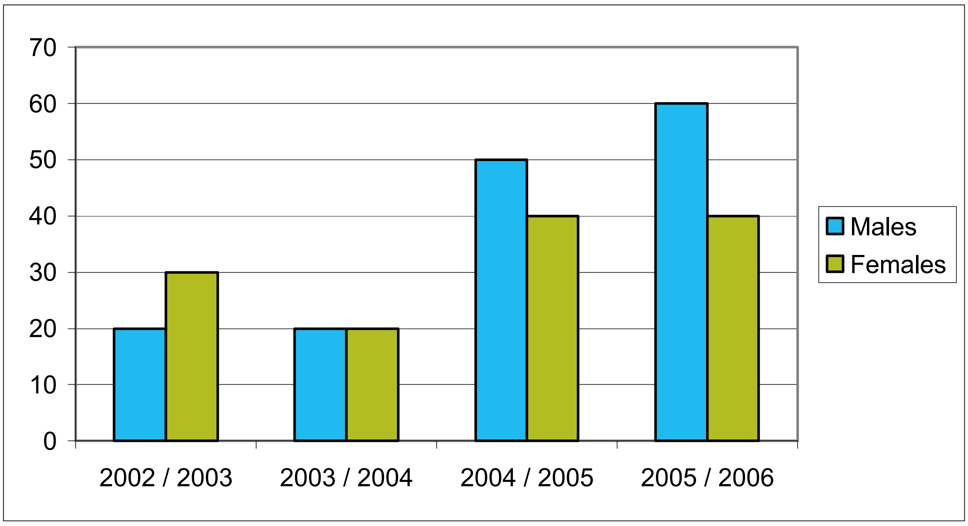


Notes on source data: Numbers are based on 100% data from the National Insurance Recording System (NIRS)

Gender

Workers from outwith the UK registering in the Shetland Islands since EU expansion in 2004/05 have been predominantly male (see Figure 10). This is also similar to the national trend. However the male/ female imbalance is more pronounced in Shetland than for Scotland overall, with the female to male ratio of overseas NINo registrees in Shetland being 1 : 1.5 compared with the national ratio of 1 : 1.2 over 2004/05 and 2005/06.

Figure 10: Gender of NINo Registrations for overseas nationals to the Shetland Islands 2002/03 to 2006/07

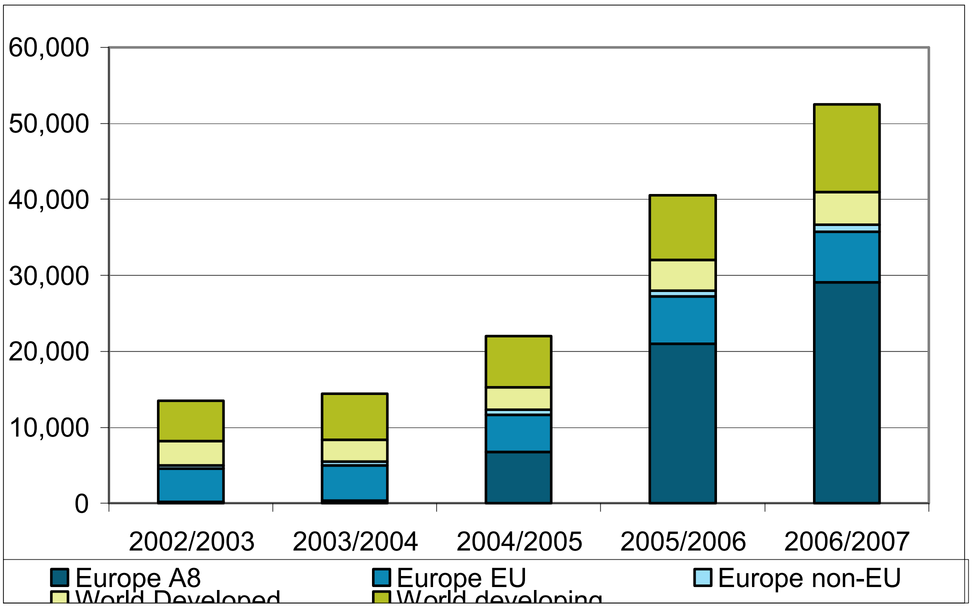


Notes on source data: Numbers are based on 100% data from the National Insurance Recording System (NIRS)

Country of Origin

The influx of migrants from the A8 States to Shetland, post EU expansion, is clearly evident. From 2004/05 to 2006/07, three in every four NINo registrations in Shetland to non-UK nationals have been to incomers from one of the eight East European accession states. This proportion is greater than the proportion of A8 nationals registering in Scotland overall, where one in every two NINo registrations to non-UK nationals was for those from the accession states.

Figure 11 Country of Origin of NINo Registrations for overseas nationals to the Shetland Islands 2002/03 to 2006/07



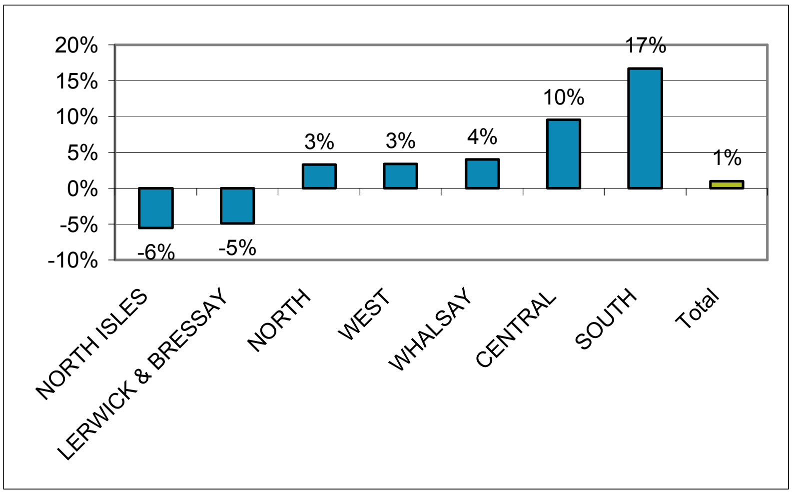
Notes on source data: Numbers are based on 100% data from the National Insurance Recording System (NIRS)

3.2 Changes by locality

As outlined previously, one significant feature of population change across the Shetland Islands has been the shifting patterns of demand identified through different data sources. We have looked at information from our survey as well as data from school rolls, NHS registrations and housing completions to try to model what drives these patterns. These are also supported by interviews with service providers and other stakeholders.

Broadly there has been a shift in overall population from outlying areas (particularly the North Isles of Yell, Unst and Fetlar) to the areas within commuting distance of Lerwick. However reviewing the data suggests there are more subtle differences in these patterns perhaps related to age and economic situation. Overall the population has seen a slight increase of 1% over this time period with the biggest increases taking place in the South and Central parts of Mainland. There were also moderate population increases in the North and West Mainland and on Whalsay. However there have been population declines in the North Isles and in Lerwick and Bressay. The latter is likely to be due to limited sites for new housing within the main town which has led to major house-building focusing on the Cunningsburgh/ Quarff area and in Scalloway. However the population decline in the North Isles is fuelled by out-migration underpinned by limited job opportunities.

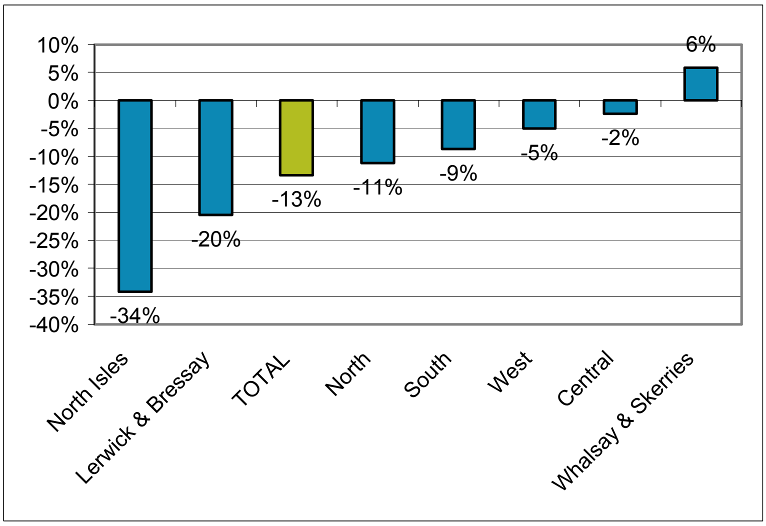
Figure 12 Estimated population change 2001 to 2007 by area



Source: Derived from NHS Registration and School Rolls data (SIC, 2007)

These population shifts have had an impact on the primary school rolls within different areas as Figure 13 shows. For example the primary school rolls in Lerwick have dropped by around 155 since 2001 suggesting that families with young children have been moving out. And in the North Isles there has been a drop of a third in the number of children at primary school. Whalsay & Skerries is the only service planning area that has seen an increase in the numbers of primary age children since 2001. This increase is due to Whalsay rather than Skerries where the roll has dropped from 4 to 3 children. However the overall pattern of declining rolls suggests that those moving to other parts of the Mainland are either older families or those without children.

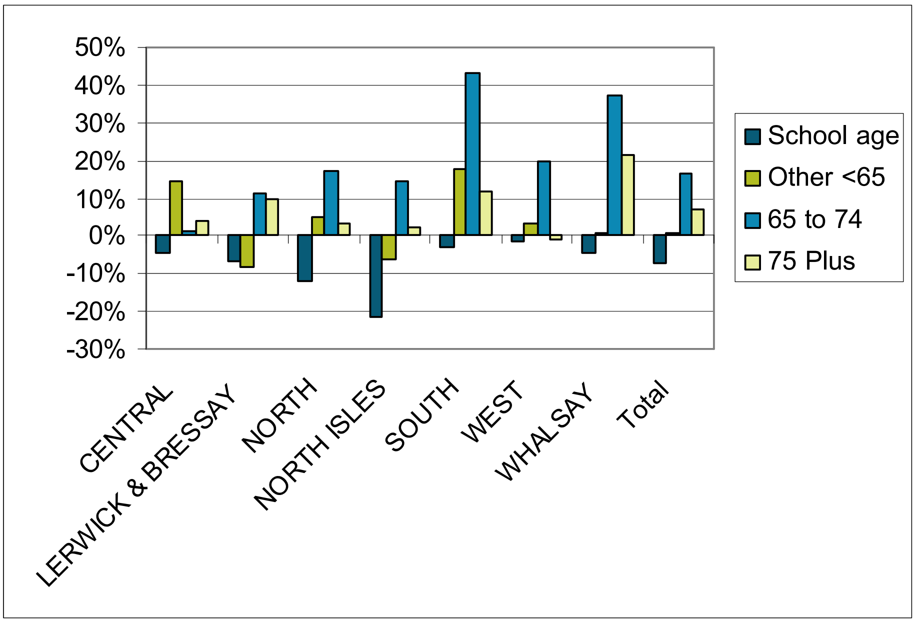
Figure 13 Change in Primary School rolls 2001 to 2007



Source: SIC 2008

The age patterns of population changes identified through NHS registrations suggest that people of working age are moving mainly into the South and Central areas of Mainland. This is supported by both anecdotal evidence from our interviews and recent house-building data. However there appears to be a higher proportion of older people moving into the North and West of Mainland and an ageing profile among the existing population as Figure 14shows. However the South has also seen a significant increase in the number of elderly people in the population. In Whalsay there are less significant changes to the working age population but a major increase in the number of older people. This suggests the population here is stable but ageing.

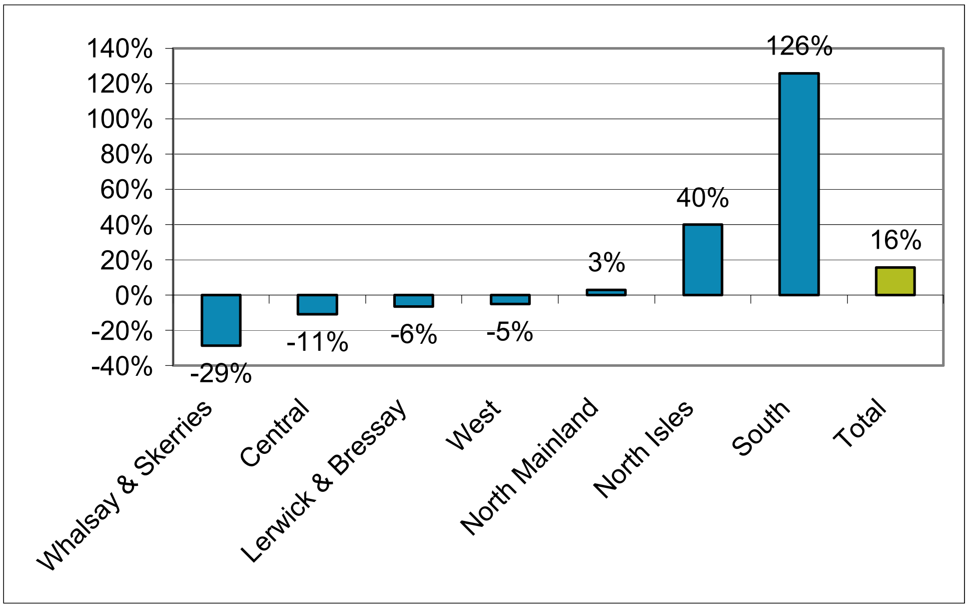
Figure 14 Population changes 2001 to 2007 by Service Planning area



Source: SCROL, 2001 census data, NHS registrations and school rolls (SIC)

Figure 15 clearly shows that a significant increase in house-building in the South Mainland area has underpinned the population increases identified. Although the house-building rate on the North Isles also increased, the numbers involved are very small and variable. In all the other areas apart from the North Mainland there was a decrease in building activity.

Figure 15 Changes in housing completions 2001-2007 (3-year rolling averages)



Source: Shetland Islands Council Planning 2007

It is estimated that over 30% of Shetland's population lives in Lerwick (SIC, 2006a, p.11), which is the main service centre and where most public administration is delivered from. And some 59% of Shetland's jobs are located in the capital (Community Profile, Lerwick & Bressay). The trend towards a centralised population in Lerwick, and in communities within a 15-20 minutes commute to Lerwick, is set to continue (Central Mainland Community Profile). Population projections indicate a significant decline by the year 2011 in all Shetland communities, except Lerwick and the villages within easy commuting distance to Lerwick (SIC, 2000). This suggests a further centralisation of population, which is seen as a threat to sustaining local services, such as schools and shops, in more remote areas (SIC, 2000).

3.3 Emerging trends

Our research points to several factors which are set to become more prominent over the next ten years and are outlined below.

Lifestyle migration to increase as a share of in-migrants

Stakeholders are concerned with the declining employment opportunities at Sullom Voe. Since 2001, employment has declined from over 1,000 employees to 712 in 2006. Some stakeholders felt that this decline in economic opportunities in the oil industry may lead to lifestyle in-migration becoming more important and mean a change in the overall makeup and motivations of in-migrants.

Future supply of economic in-migrants uncertain

The future of the supply of migrant workers is uncertain. Currently tightening immigration legislation is set to increase the barriers to in-migration and this is likely to have a greater impact on more peripheral parts of the country. Also, the economic climate in the UK is not as attractive as it was in 2004-6 after A8 accession. UK Treasury growth forecasts for 2008 are 1.75-2.25%. This sharply contrasts with projections for the countries where Shetland's international in-migrants have come from:

- Poland - 5.5%
- Latvia – 5.8%
- Lithuania - 6.5%

An improving economic climate in these countries may encourage workers to return to their native countries.

Continuing movement of population towards Greater Lerwick

A movement of population towards "Greater Lerwick" is clearly evident with population declines in peripheral areas like the North Isles – where 6 out of 10 of those born or reared there have left (HA Survey 2007). However, almost 70% of these North Island out-migrants are now living on the Shetland Mainland.

Decline in peripheral areas is also closely linked to economic opportunities. For example, the loss of associated employment opportunities at RAF Saxaford led to a significant drop in the North Isles population. Overall, there has been a decrease in employment opportunities in peripheral areas and this is explored in the next chapter.

Figure 16 (should be read from left to right) shows this movement in greater detail, highlighting:

- The loss of those who were born or brought up in peripheral areas to the Central and Lerwick & Bressay areas as adults; and
- The importance of in-migration in maintaining population numbers generally but particularly in the North Isles and North and West Mainland.

While areas like the North Isles and the South Mainland appear equally reliant on in-migrants form outside the Islands, anecdotal evidence highlights that in-migration in peripheral areas like the North Isles is more likely to be by older people.

Figure 16 Changes in population by locality

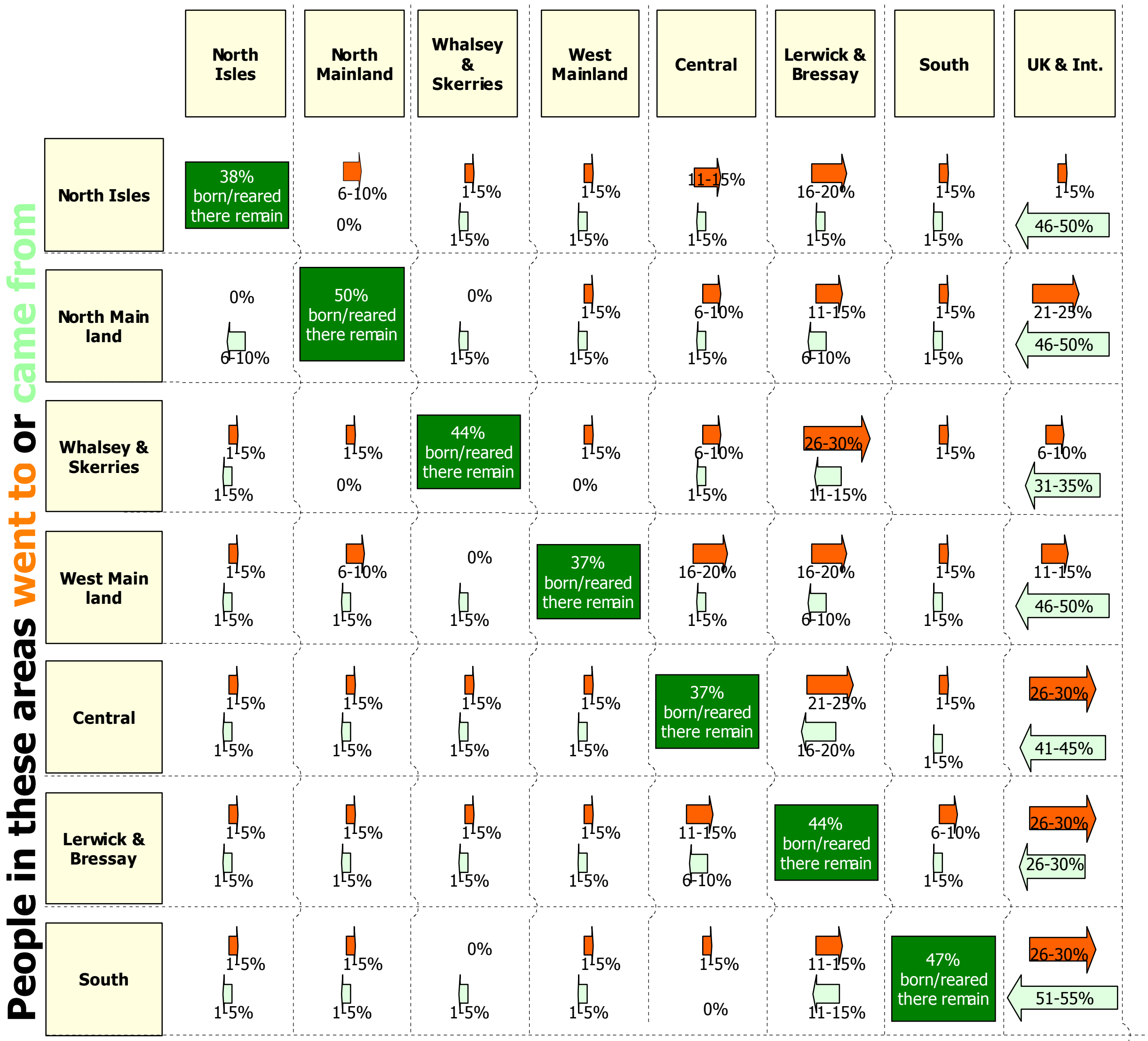
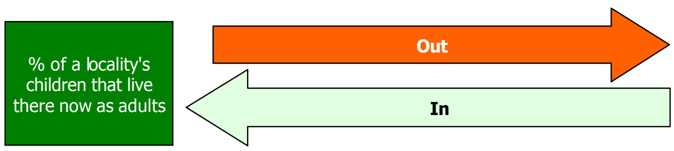


Diagram shows locality where those born and brought up on the left hand side. Red arrows highlight the loss of these people and to where. The green arrow shows who is replacing them and where they are coming from.



For example, the North Isles lost 16-20% of people who were born or brought up there, to Lerwick & Bressay. 46-50% of its current population have come from the UK and international locations

Note: This is based on 1,570 responses by adults of all ages to a web-survey. It should be taken as indicative of their experience rather than as an accurate picture of the whole population

3.4 Conclusions

In the past 20 years, Shetland's population has declined by 3%. Since the 2001 Census there has been a significant rise in the percentage of the population aged over 50. Both these trends are set to continue. This ageing population combined with out-migration of 20-44 year olds presents a considerable challenge for community planning partners.

International in-migrants, mostly aged 18-34 and from Eastern Europe, have increased in importance, particularly since 2004. However, the future supply of these is at best uncertain. Other in-migrants have tended to be older, particularly those who move to outlying parts of the Islands for quality of life reasons.

There has been a clear shift in overall population from outlying areas (particularly the North Isles of Yell, Unst and Fetlar) to areas within commuting distance of Lerwick. Lerwick itself has lost population – probably as a result of smaller household sizes combined with a shortage of building land. However, the losses in the North Isles are mainly due to out-migration (to the Shetland mainland and beyond) which is driven by limited local economic opportunities. In-migrants of working age are generally settling in areas which are commutable to Lerwick (where 60% of Shetland's jobs are based) such as the Central and South Mainland.

The main brake on this movement towards 'Greater Lerwick' appears to be the availability of land for building on. The South Mainland has seen increases in housing completions as opportunities to develop contract in Lerwick and Central Shetland. While housing completion data in these areas reflects the job opportunities available and downturns reflect land availability, the situation is very different in the North Isles.

While areas like the North Isles have seen a fall in primary school rolls of two thirds, over the past 30 or so years, population loss has been far less dramatic recently (around 6%). This is despite a loss of around 120 FTE jobs in the North Isles. While some residents have out-commuted to work in the Shetland mainland, significant numbers have left the Islands (only 38% of those born there live there now). Older in-migrants with no dependent children have stabilised the population numbers for now – but these provide a challenge to the longer term sustainability of these communities.

4 Drivers of population change

This section explores the drivers behind population change including jobs and career issues and infrastructure issues such as housing and transport. It is drawn from the interviews with stakeholders but supported by the review of migration literature and policy documents.

4.1 Drivers of population change

Our interviews with stakeholders identified several key factors that have driven population change historically and continue to influence the population. These can be grouped into:

- Economic factors
- Educational Opportunities
- Level of dependency
- Housing options
- Transport and infrastructure
- Quality of life issues

4.2 Economic factors

Job opportunities

The economy underpins the demand for jobs which in turn drives population change. In the past, booms in population have occurred linked to fishing and the oil industry. Other opportunities have come through the RAF base at Saxaford. However the flip-side of these booms is the negative impact on population when these opportunities subside.

Good jobs on the decrease outside the public sector

One interviewee has suggested the higher skilled professional oil jobs available are already dwindling. Employment survey data (2003 and 2007) supports this and suggests sectorally that between 2003 and 2007 oil terminal employment contracted by 280 FTE jobs (56%). This has broadly affected men and women equally. But there have been decreases outside this in related sectors (and what might be considered good jobs) with business services jobs contracting by around 50 over the same time period (9%).

Since the direct opportunities from oil exploration and processing have started to decline the public sector employment created on the back of it has become more significant. Many interviewees identify a high-level of dependence on publicly funded services and jobs. And these well-paid job opportunities have helped to sustain population levels and attract back some of those who have left the Islands for education.

Gender issues in recent economic changes

The employer survey found that recent employment changes have had a specific gender component. While male full-time jobs increased marginally (by 25 jobs) between 2003 and 2007, female full-time jobs fell by 290.

Construction and the public sector have shown substantial growth in employee jobs. However, only 2 of the 156 additional full-time construction jobs are occupied by females. In contrast, the growth in public administration jobs has resulted in a growth in female employment. Some 580 more women are employed part-time and 94 more full-time in this sector compared to 2003, which would appear to offset similarly sized losses in social work and health jobs.

Catering is the third biggest employment growth sector since 2003 (+101 FTE jobs) and women account for most of these new jobs. This is not usually regarded as a sector that has good retention rates or progression opportunities. While this has helped to offset losses in jobs in business services (50 fewer women working full-time), the quality and attractiveness of these jobs is likely to be far lower to graduates.

Peripheral areas losing jobs

The closure of the RAF base at Saxaford has had a significant impact on the local economy of Unst. The loss of population and job opportunities has been disproportionate. Between 2003 and 2007, it lost 35% of its full-time equivalent jobs.

Other important employers in peripheral areas have also been in decline with, for example, fishing, aquaculture and textiles and crafts having 145 fewer FTE jobs in 2007 compared to 2003. The accommodation sector also has 79 fewer FTE jobs in 2007 compared to 2003. Much of this must be outside Lerwick with Shetland in Statistics (2007) highlighting the number of bedspaces in B&Bs, hostels and hotels outside Lerwick have all fallen significantly over the last ten years.

Whalsay has established itself as the focus for the fishing industry in Shetland. Between 2003 and 2007, full-time equivalent jobs on the Island grew by 77 or around a quarter. Women benefited most from this with female part-time employment increasing from 96 to 147 and full-time employment increasing from 32 to 52. Also, with a strong community and relatively healthy housing market it has managed to retain its population to a greater extent than many other parts of the Islands.

Perhaps related to this is the issue of trying to influence population dispersal through developing growth settlements outside Lerwick. Efforts were made in the past to improve services (in settlements like Brae) by developing more self-contained settlements. One stakeholder identified that the Council previously tried to devolve some jobs to these areas to help support this policy but that this was not very well-resourced and therefore not very successful. While the Council can influence housing development it is the availability of employment opportunities that is the biggest barrier to promoting growth centres outside Lerwick.

Future job opportunities may increasingly be low skilled

The large number of people attracted to the Islands during the Sullom Voe development will soon be moving towards retirement. However it appears their sons and daughters will not have the benefit of similar job opportunities.

With many younger more skilled people leaving the Islands for education many lower skilled jobs are now taken on by migrant workers. Many sectors such as fish-processing and hospitality rely on migrant workers (currently mainly from Eastern Europe) to sustain their workforce. But the continuing supply of these looks, at best, uncertain.

Limited opportunities for women or for both partners in a couple to secure jobs that match their aspirations is becoming an increasing issue. There are several reported instances of one partner not being able to secure an appropriately skilled job resulting in both partners leaving the Islands.

Education opportunities

Levels of educational attainment in Shetland's schools are very high and because of this a high proportion of school leavers go into higher education. Our focus groups with younger out-migrants identified an expectation for most young people that to succeed they need to move on to university on the Scottish Mainland to complete their education. And this message is put across strongly by teaching staff. The local FE college provides few opportunities to keep more skilled young people in Shetland and focuses on the needs of local employers such as the care sector.

However educational opportunities can also be a positive factor in driving in-migration, with the North Atlantic Fisheries College attracting significant numbers of skilled staff and students to the Islands. The College has also attracted migrant workers. Future courses at Shetland College specialising in knitwear, creative industries and music might also help to attract a wider range of postgraduate and skilled students to live in the Islands.

Dependency

One issue that interviewees have often highlighted is the level of economic dependency that exists on public sector funding and jobs. One senior stakeholder estimated that half of all jobs were either directly or indirectly supported by the Council. The 2007 Employer survey found that 42% of jobs were in public administration, education and health – an increase from 40% in 2003.

Other interviewees thought the level of service provision supported by the Council had edged out private enterprise and undermined the local business base. Some thought that those who wanted to develop an enterprise found it easier to do so outside the Islands. It was also thought the jobs made available from the oil industry and the RAF base had taken people away from traditionally more enterprising sectors such as crofting and fishing. And some skilled fishermen on Whalsay have left the industry to work on the publicly funded ferries to find a more secure income.

The level of local public expenditure and the high levels of service that this has funded have created an expectation of provision that has perhaps stifled personal and community initiative.

4.3 Infrastructure issues

Housing

Housing opportunities are closely associated with the economy and population change. Average household sizes have become much smaller over the past decade and this trend is forecast to continue[1[1]]. This, combined with an increase in holiday or second homes, is making housing more difficult to access for many people. Housing demand has shifted significantly towards the Greater Lerwick area so existing patterns of supply do not always match this. The influx of migrant workers has also put a strain on the private rented sector for housing.

Limited availability of rented housing prevents young people moving back to parts of the Islands where they would like to live. However there is an ongoing debate about

[1[1]] SIC Housing Market Forecast

whether housing development can promote economic growth or whether housing will simply follow jobs.

Transport & Infrastructure

Transport is particularly important for connecting economically active people to jobs. So transport patterns do influence population levels in different parts of the Islands. Some communities such as Mossbank for example have experienced a high turnover of population because, although there is available housing, public transport does not provide adequate connections to Lerwick for working people. So bus and ferry routes and timings take on greater importance in determining which areas are effectively commutable from Lerwick. Transport is also critical for those seeking to access jobs in the North Isles and North Mainland.

4.4 Social

Quality of Life

Many of the drivers of in-migration relate to the quality of the environment and services available in Shetland. However, several stakeholders highlight that the things which attract people to live there – the environment and safety – tend to attract older households in their 40's or 50's. Most of those who choose to move to Shetland have had several previous visits either as tourists or through having friends or relatives who live in the Islands.

These people are also attracted by the high level of services that are available and the sense of community. Many of these lifestyle in-migrants are financially independent and are not therefore fully economically active. Most have either no dependent children with them or have older children.

4.5 Conclusions

It is clear from our research that employment opportunities are critical to population sustainability. The decline in job opportunities in some of the more peripheral parts of the Islands is accelerating the drift in population towards Lerwick where most services and employment opportunities are focused. It appears that good quality job opportunities are increasingly concentrated in Lerwick and that many of these are within the public sector. Recent changes to the employment pattern across the Islands suggest the overall number of jobs taken by females has decreased and that this has been particularly within the private sector. It is becoming more difficult for both partners in a couple to find suitable job opportunities that match their skills and aspirations.

Shetland's schools provide a high standard of education and there are expectations that pupils will go on to higher education. This means that most qualified young people leave the Islands for education on the Scottish mainland. At the same time employers are experiencing problems in recruiting staff for some lower skilled jobs and are becoming more reliant on migrant workers. This growing mismatch in the labour market needs to be addressed if the economy is to be sustained.

It appears the jobs and services offered by the public sector in Shetland have limited both the motivation and opportunities for private sector enterprise. There is a suggestion that many potential entrepreneurs have had to leave the islands to establish their business. The level of public sector provision may also have inhibited growth in community sector provision which is far less evident than in other parts of the Highlands and Islands. However growth in the private and community sectors will be necessary to ensure the Shetland economy remains sustainable in the medium term.

Access to housing is an important factor that contributes to population change. The drift of population towards greater Lerwick has resulted in:

- More properties in outlying areas becoming second or holiday homes; and
- A pressure for new housing within parts of the Central and South Mainland.

5 Experiences of population change

This section examines the motivations and experiences of four key groups: stayers, out-migrants, in-migrants and returners. It assesses and compares the characteristics of each of these groups and looks at the motivations behind their decision to stay, leave, return or migrate in. It also examines the positive and negative experiences of each of these groups and in particular, those that leave and are unsure they will return. These findings come from a survey of current and past residents and focus groups in the Islands and with those who have left.

Gathering data on motivations and experiences

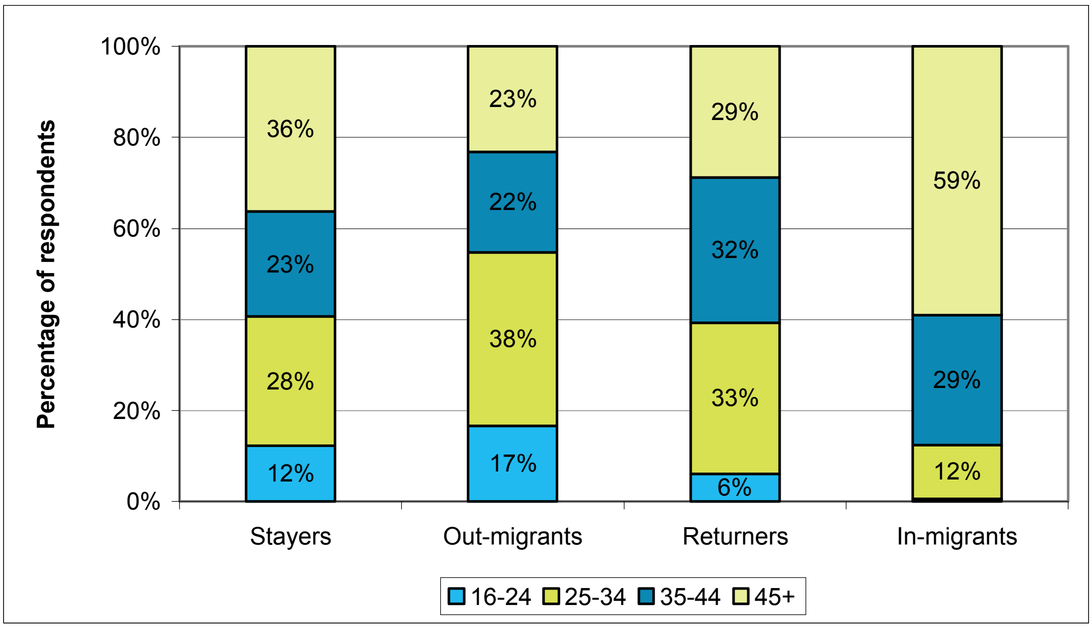
Our survey was distributed randomly to those living or who had lived in Shetland. While responses are unlikely to be representative of the population as a whole they provide a useful insight into some of the characteristics and motivations of different groups. Further insights were gained through a series of focus groups with Islanders and those who were brought up in Shetland and now live in the Central Belt.

Characteristics of stayers, out-migrants, in-migrants and returners

Figure 17 shows the age range of respondents within the different sub-groups. Noticeable features include:

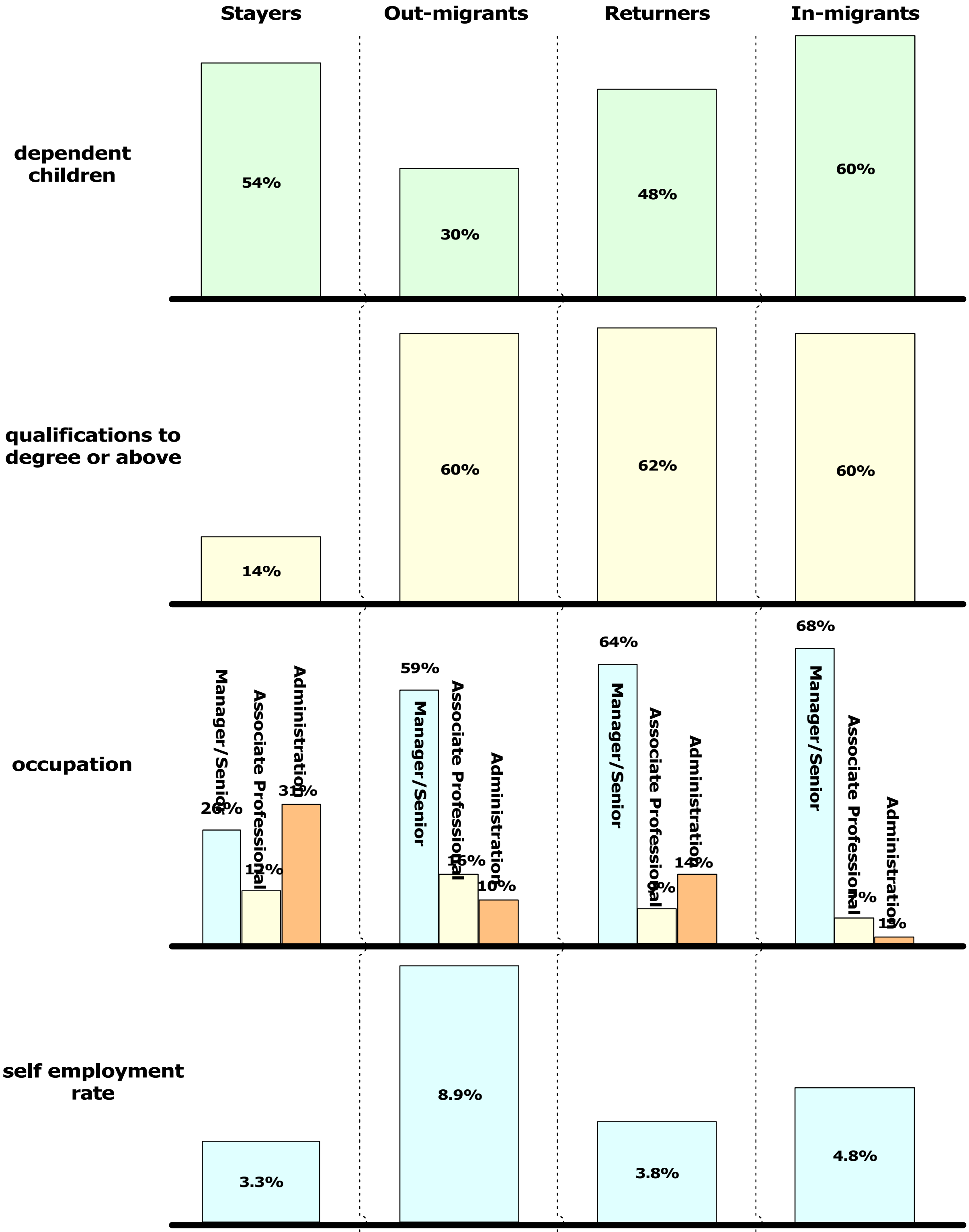
- The younger age profile of out-migrants, with the highest proportion under 44; and
- The heavily weighted age range of in-migrants towards the 45+ age bracket.

Figure 17 Age profile of different groups



Source: Hall Aitken e-survey 2007, n=1,357

Figure 18 Family and work characteristics of the groups (25-44 age group)



Source: Hall Aitken e-survey, Stayers, n=152, Out-migrants, n=100, Incomer, n=188, Returners, n=212

As these groups were at different life stages and their characteristics (work, family etc) were likely to reflect this, we examined several characteristics for the 25-44 age group. We chose this age group to give a comparison among the key working age populations while including a sufficient number within each sub-group. Figure 18 shows some of the specific characteristics in each of the categories.

There are notable differences in the personal characteristics of these stayers, out-migrants, returners and in-migrants when comparing 25-44 year olds. In-migrants and returners are more likely to have higher qualifications and higher skilled jobs than stayers which backs up findings from other strands of our research.

In-migrants were most likely to be working as professionals or senior managers, with 68% of respondents identifying these occupations. And the proportion of returners with higher level occupations was also high at 64% suggesting that the availability of good quality and well-paid jobs is a key driver for in-migrants and returners.

There are also higher self-employment rates among out-migrants, almost twice that of Shetland-based groups. This suggests there is some basis for the view that those wishing to set up a business often do so outside Shetland.

There are lower proportions of out-migrants with dependent children compared to Shetland-based groups. This perhaps points to the presence of children (or the desire to start a family) as a factor in returning or migrating to Shetland. In-migrants in our survey were more likely to have dependent children than returners – although this may be simply a factor of the age profile within this group.

5.1 Stayers' motivations and experiences

Stayers motivations

Just over half (51%) of stayers have considered leaving at some stage. Around a tenth (11%) of this group have not made up their minds about whether to leave or stay. Around 6% of stayers feel they will probably or definitely leave.

Motivations to stay appear closely related to quality of life and family considerations. Although based on relatively small groups the survey results give some pointers to motivations. Figure 19 shows the most influential factors identified in helping individuals in their decision to stay and these were:

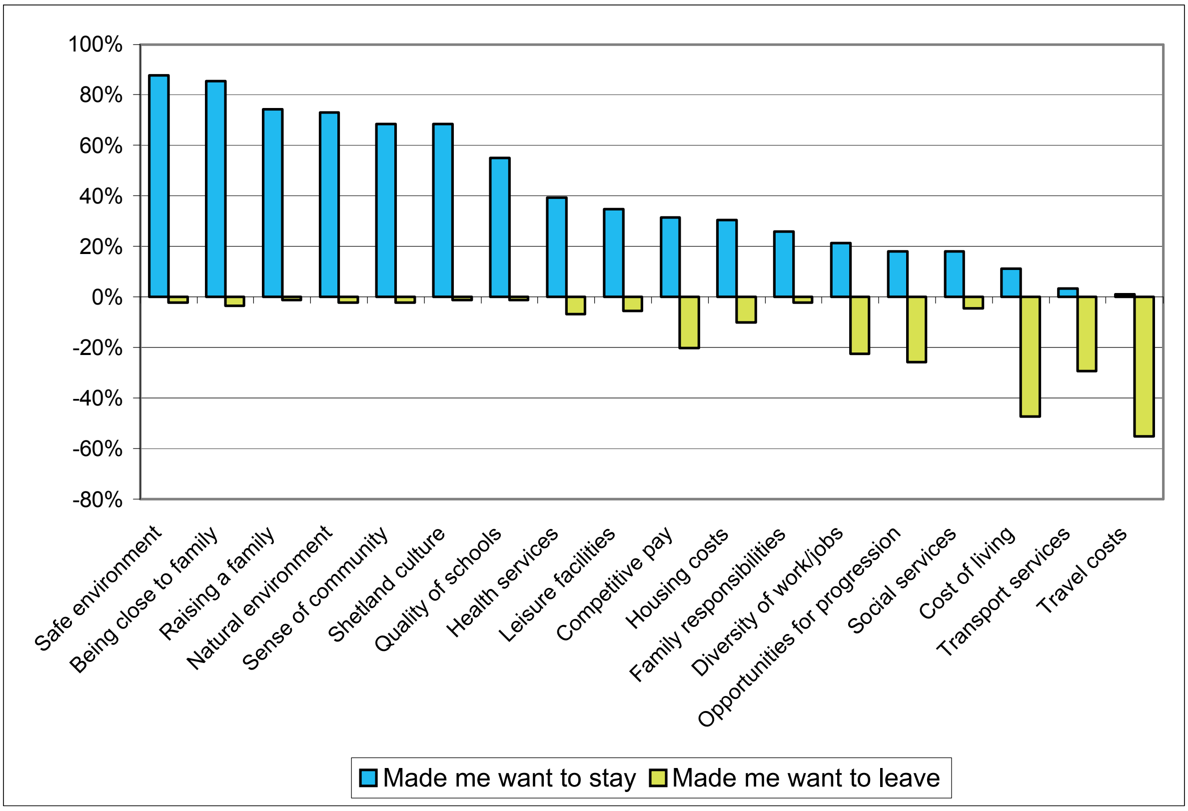
- A safe environment;
- Being able to be close to family;
- Raising a family; and
- A natural environment.

For those that considered leaving but decided to stay, family and relationships were crucial with decisions shaded by:

- Meeting someone- a partner;
- Caring for someone – a parent or relative being ill at the time of the decision; and
- Considering starting a family – having children or about to have children and believe that Shetland is a better environment for them.

This was supported by several focus group participants who identified that many of those who did not leave were looking to start a family rather than leave the islands to pursue a career.

Figure 19 How important were the following factors in influencing your decision to stay in the Shetland Islands?



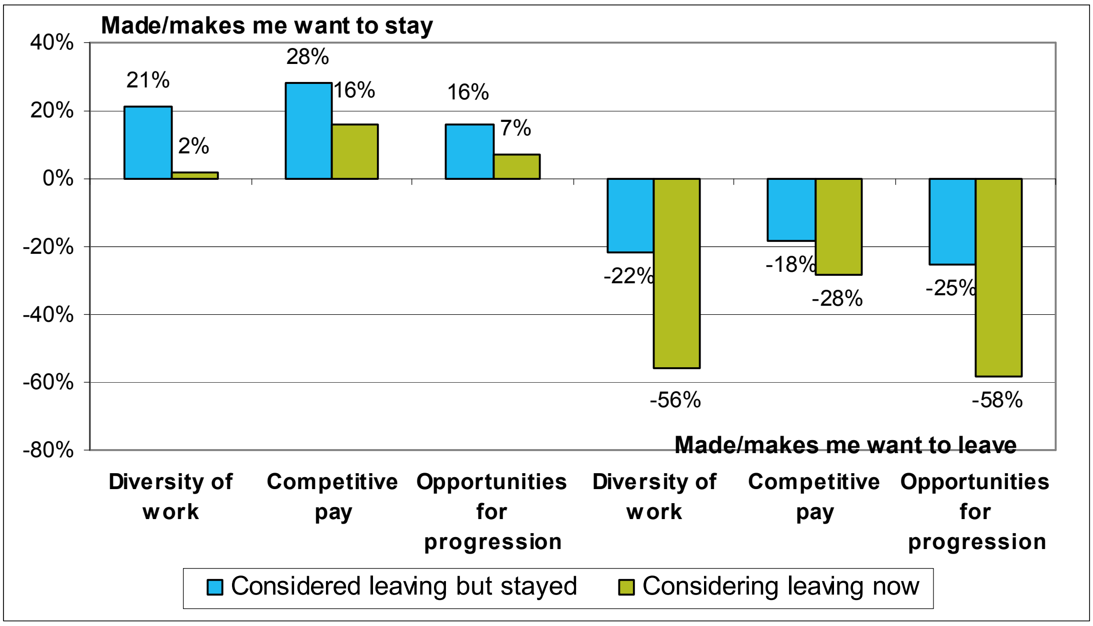
Source: Hall Aitken e-survey, n=89

Stayers: jobs and careers

Figure 20 shows how those who considered leaving and stayed and those considering leaving now view job and career issues. It shows that diversity of work and opportunities to progress are more important issues for those who are considering leaving now. This reflects many factors, not least that those that do leave may be more likely to place a higher priority on work and careers. But it may also reflect a recent decline in quality/choice of jobs.

Competitive pay is less of an issue for those considering leaving now compared to issues of diversity and progression opportunities. This perhaps confirms what the Glasgow focus group perceived as the “catch 22” situation of working in Shetland – the pay is good but the choice of work is limited.

Figure 20 Aspects of career that made stayers want to leave or stay



Source: Hall Aitken e-survey, n=100 considered leaving but stayed and 57 considering leaving now

Stayers: views on transport

For those who are considering leaving now, transport featured prominently in comments:

- The desire for greater and cheaper mobility that comes from living on the mainland – such as being closer to children who have left and being able to travel abroad cheaply; and
- Difficulties in public transport generally within Shetland.

Stayers: views on housing

Housing appeared to be less of an issue for stayers responding to the survey and, if anything, was a motivating factor to remain in Shetland. Similar proportions of those who decided to stay and those who were considering leaving (30%) felt it was a factor which made them want to stay. Only one in ten (10%) felt it was a factor that made them want to leave.

This may reflect some discussion at one focus group. Participants noted that those that do stay may be in a better position to inherit, own or build a home than in-migrants or returners. Also, they may have built up savings through having a reduced cost of living in their parental home. This perhaps highlights how important access to housing is in trying to retain people on the Islands.

Stayers: views on education, health and services

The views of those deciding to stay and those who were considering leaving on public services were generally positive. Those that are considering leaving now are more likely to cite Shetland's public service as a positive aspect than those who considered leaving but decided to stay. The negativity attached by stayers (who have or are considering leaving) to some of the public services seems to be around:

- Lack of specialist services in health and difficulties in getting appointments at health centres and with dentists;
- Young people not having enough to do; and
- related concerns about drugs and alcohol misuse.

The concerns for more activities for teenagers appears to be related to concerns over alcohol and drugs so young people are not “hanging around the street drinking” or being exposed to an “influx of heroin”. One young stayer (Lerwick, 18) felt that:

‘The 16-18 age group get bored. For them, it’s the worst living in Shetland, there’s nothing for them to do (other participants agree). There’s a huge underage drinking culture and they get excluded from events. It’s a critical age, when decisions are made about leaving, staying and even returning.’

While the sports facilities and music culture are regarded as vibrant, some respondents felt that if young people were not interested in ‘music and sports’, then they would perhaps feel left out.

Stayers views on Island life

The “Shetland culture” was seen as a positive influence on the decisions of six in ten who considered leaving but decided to stay and a similar proportion of those considering leaving. Sense of community was also cited as a positive influence by similar proportions of those who decided to stay (65%). But only around half of those who are considering leaving now felt it was a positive influence on their decision.

5.2 Out-migrants’ motivations and experiences

The out-migrants group who responded to the survey were largely over 25 with 60% aged 25- 44. A majority of those who left Shetland are in employment (71%) and either have or are working towards a degree, postgraduate qualification or professional qualification (70%). A smaller proportion of out-migrants are in full-time further or higher education and just under 10% are self-employed.

Out-migrants - Motivations

A fifth of out-migrants wanted to stay but felt they had to leave, while for around four in ten it was ‘a hard decision’ and for a further four in ten, they had always planned to leave. Between a quarter and a third of out-migrants identified health, leisure, social services and housing as factors that made them want to stay.

The focus group of individuals who have left Shetland were a mix of incomers who have left again and people born and brought up in Shetland. The younger ones among the latter group left to go to university and graduated in the last few years. Some graduates had gone back to live in Shetland again after they completed their degree. But they left again for different reasons – either their partner didn’t like living in Shetland or they left for better job opportunities. All of them could imagine living in Shetland again.

Two of the focus group participants were not originally from Shetland but moved there for their jobs – a Church post and a job with a Government agency. The natural environment was a key driver for these decisions.

All out-migrants feel deeply rooted in Shetland and several have kept their houses there so they can go back on holidays there or one day move back.

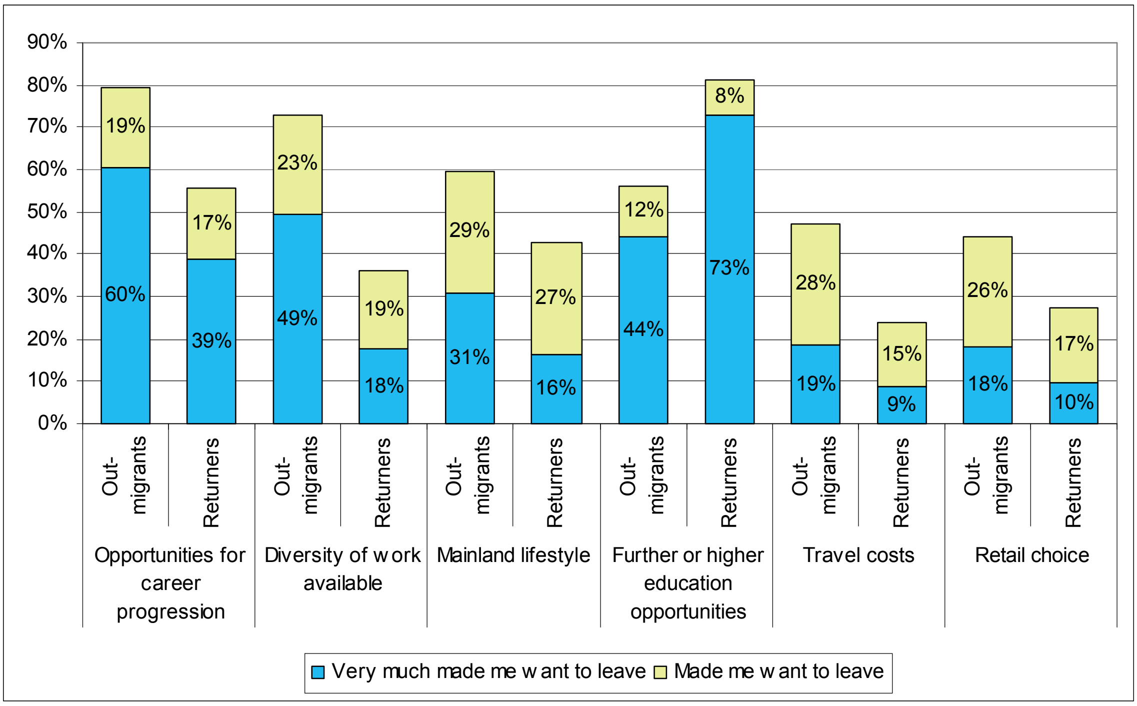
Jobs and education

Figure 21 shows the most common motivations given by out-migrants for leaving and those for people who eventually return. For out-migrants these were:

- Opportunities for career progression;
- Diversity of work available; and
- Mainland lifestyle

also shows the most commonly cited factors for out-migrants differ from those for returners.

Figure 21 Factors that made out-migrants, and returners (when they first left) want to leave Shetland



Source: Hall Aitken e-survey. Returners, n=286. Out-migrants, n=166.

Clearly greater proportions of out-migrants feel that opportunities for career progression and diversity of work made them want to leave compared to those who leave and return. This may reflect that those that do return leave Shetland viewing further or higher education as a means of returning.

Those that remain away from the Islands are also more likely to identify the Mainland lifestyle as a motivating factor for leaving (60% compared with 43%).

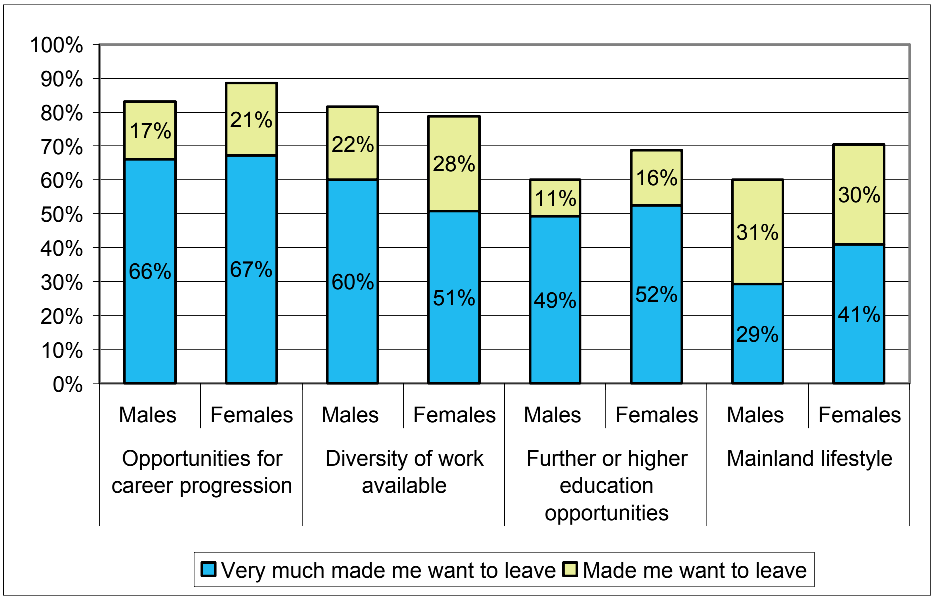
Job availability was also a feature of out-migrant survey respondents' comments. One typical response was:

'I am a qualified medicinal chemist. There are very few jobs for people with science degrees. I loved living in Shetland but I cannot have a career there. I also did not feel I would live at home permanently after I graduated.' (Female, 23'

Six of the nine Glasgow focus group participants had worked in Shetland as adults after university. One female out-migrant in the focus group had moved to the central belt from Shetland as the company she worked for had closed down and she felt that she had to move to find employment. And another woman brought her family to the mainland as there was no opportunity for a promoted position in her organisation on Shetland.

In the survey, greater proportions of female out-migrants compared to men felt that opportunities for career progression made them want to leave. Figure 22 shows that 88% of female out-migrants felt this was a factor compared with 83% among males. Females were also slightly more likely to identify mainland lifestyle as an influencing factor than males.

Figure 22 Factors that made out-migrants aged 16-44 want to leave Shetland (by gender)



Source: Hall Aitken e-survey, n=61

This was an issue raised at our Glasgow group where there was some agreement among mid-twenties females that Shetland was good for pay but less good for careers and progression.

In the survey, a lower proportion of out-migrants cited "further or higher education opportunities" compared to returners. Participants in the Glasgow focus group felt that leaving for university was encouraged by teachers and schools but there was no discussion of other options. Participants criticised this aspect and agreed that 'nobody asks you what you would like to do'. This may explain that those who do return may be more likely see leaving for higher education as an inevitability but followed by a return.

Relationships that push and pull

The role of partners was important with this highlighted by both focus group participants and survey respondents. And job opportunities for partners were also important. The following reason for leaving is a typical example:

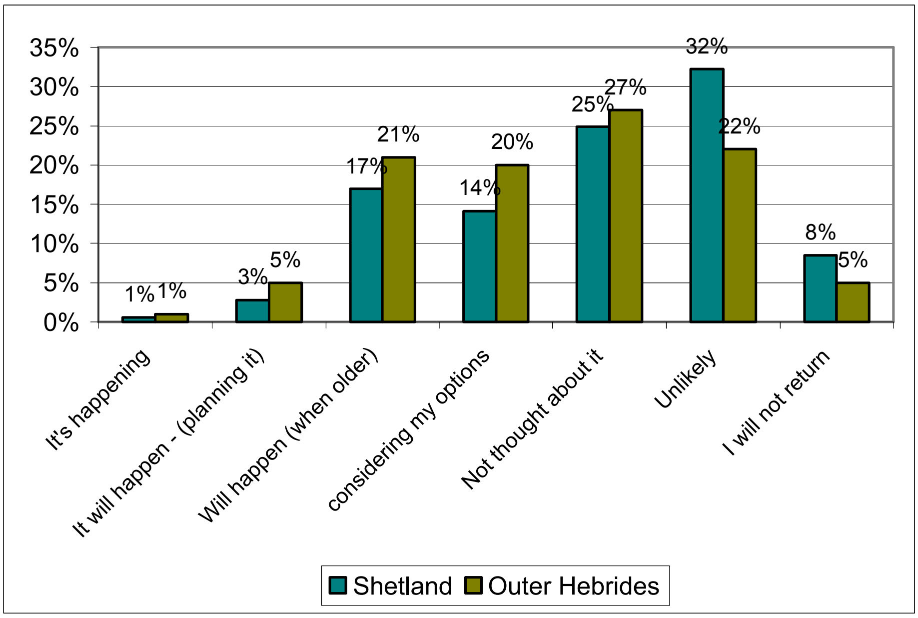
'I married someone from the Scottish mainland and due to the type of work he did, at that time he would not have been able to continue to work in Shetland'. (Female, 52)

The ability to visit family members was another important factor. One Lerwick participant left partly because of work but also because his grown up children were living on the mainland. This was not uncommon with even one stayer highlighting that they had hired a holiday home for Christmas on the mainland so the family could spend the holiday period together.

Out-migrants - Likelihood to return

Only one in five respondents who left Shetland is planning to move back, and for two out of five it is either unlikely or they already know they will not return. As Figure 23 shows, out-migrants from Shetland seem less likely to consider returning than those from the Outer Hebrides – where 27% think they will return. The rest – just under 40% - are thinking about it or it is a possibility.

Figure 23 How likely are you to return to the Shetland Islands to live – all out-migrants.



Source: Hall Aitken e-survey, all out-migrants, n=175, Outer Hebrides Migration Study

Out-migrants – views on Shetland jobs and careers

Women in the Glasgow-based focus group felt broadly that jobs available were male orientated. There was a perception that senior jobs in particular were male dominated but this was refuted by one recent out-migrant and there was some agreement that some women were in significant well-paid positions. Overall, participants felt that choice and movement were limited with one explanation being that 'people in higher posts don't move on to create an opening'.

Other perceptions of jobs in Shetland were that people were often underemployed and were prepared to take a secure job well below their capacity in order to return. These people were likely to be those who placed a secure environment and strength of communities above career progression opportunities – and are perhaps less likely to be risk-takers.

Out-migrants – views on Shetland housing

Three of the Glasgow group participants still owned houses in Shetland, two of which were second/ holiday homes (the other being rented out). There was an agreed perception that Shetland was getting 'built-up' and this was seen as a show of confidence in the Islands.

However participants considered that it was easier for those with access to land or family houses to return to the Islands than those who did not. So lack of access to housing was seen as a barrier to a potential return.

Out-migrants – views on Shetland transport

Around 18% of out-migrants in the survey cited transport costs as 'very much making them want to leave'. Focus group participants agreed that travel costs were among the biggest drawbacks of living in Shetland and that it was often cheaper to travel abroad than to go Shetland. The air discount scheme did seem to help some participants but affordable fares required extensive planning ahead.

Lower ferry costs (as will be available in the Outer Hebrides from October 2008) were seen as an important next step.

Out-migrants – views on Shetland services

Focus group participants generally agreed that:

- Schools are of good quality where pupils get a very high standard of education;
- Leisure facilities are also good; but
- There was a lack of activities for 16-18-year olds – which perhaps results in a more noticeable drinking culture.

They tended to compare these to the UK mainland and felt that services like education were better. One out-migrant working as a social worker felt that care services were significantly better in Shetland compared to the standards she had come across in the Central Belt.

Out-migrants – views on Shetland community and Island life

Focus group participants felt that Island life would offer them:

- An excellent natural environment; and
- An opportunity to be close to their family.

They also felt a strong sense of belonging, which was perhaps even greater than for those who lived in Shetland. Culture, music and creative industries were also seen as bringing confidence to the islands. However, they felt these were threatened by an ageing population and an uncertain future economically.

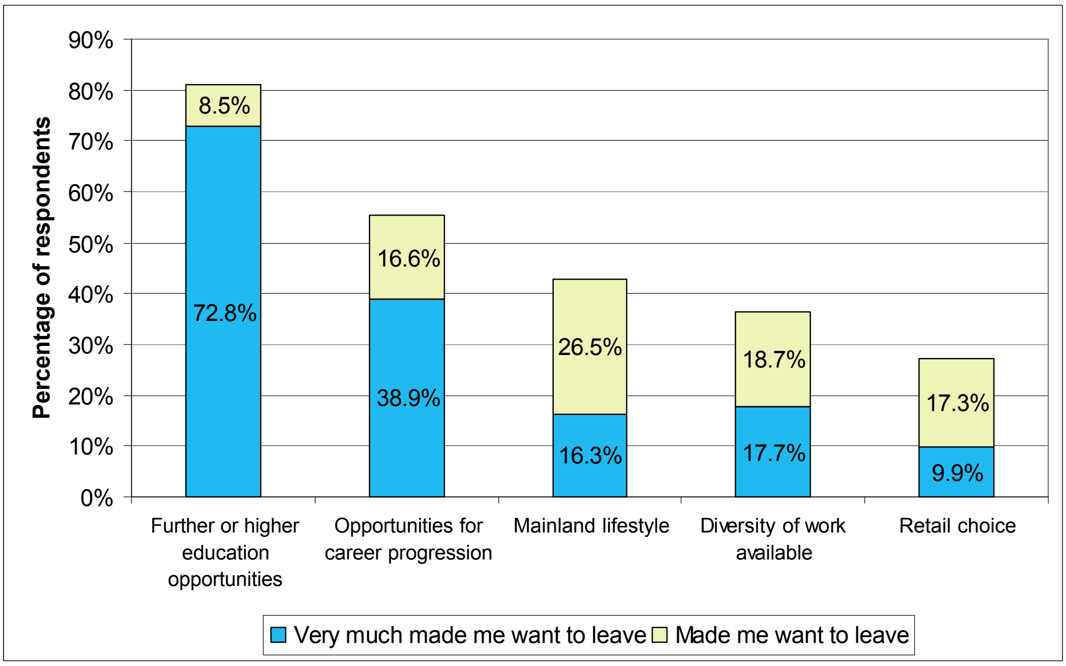
Negative aspects of living on the islands included issues common to small communities – difficulties in maintaining privacy and a perceived conservative environment. Alcohol and an 'alcohol culture' were highlighted as issues as well as a perceived growth in a 'drugs culture'. However the extent to which these issues are any different in Shetland is difficult to say.

5.3 Returners' motivations and experiences

Returners – leaving Shetland

For more than eight out of ten returners, further or higher education opportunities were one of the main reasons they left Shetland in the first place, with opportunities for career progression also important. Figure 24 shows these factors were by far the most significant. However four out of ten identified the mainland lifestyle as a factor and around a third identified diversity of jobs available. Other factors cited included the role of partners, and also a 'desire to travel and see the world'.

Figure 24 How important were the following factors in influencing your decision to leave?



Source: Hall Aitken e-survey, n=283

All returners at our focus groups except one had left to go to college or university (mainly Aberdeen or Edinburgh). Three were women and three were men and were a mix of people who had left and returned in the 1980s, 1990s and 2000s. One had moved away because of his father's job when he was younger.

Just over half of returners in the survey (54%) came back aged 24 or less while another third returned aged 25 to 34.

Returners – motivations to come back

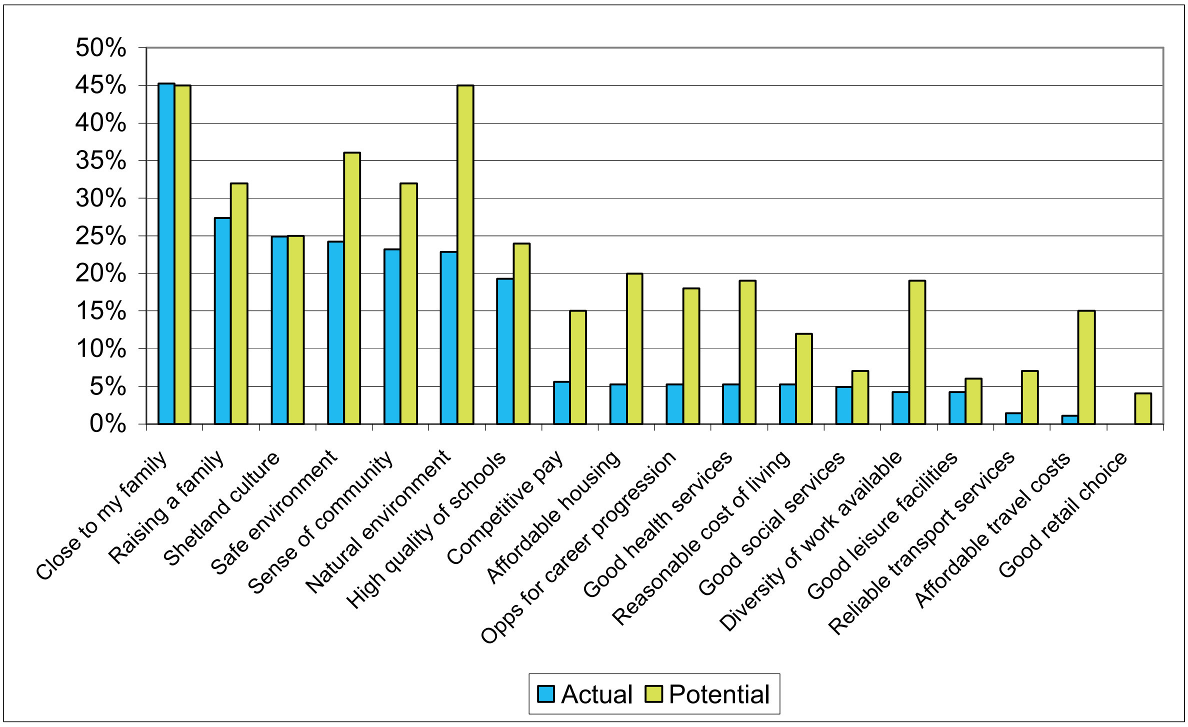
The main drivers for their return centred on:

- Being close to family;
- A love of island life, an 'affinity' with its sense of community; and
- Suitable employment opportunities.

Returners described their historic links with the Islands ('mum's family go back for generations' – Yell returner) and spoke positively of the standard of education they received. Most commonly, people in both the focus groups and the survey commented on motivations around family and relationships.

Figure 25 compares what people who returned thought were 'an essential factor' in their return with what potential returners consider to be 'an essential factor' in a prospective decision to return. For those that have returned, being close to family was important for over half with considerations around the social environment and raising a family also an important factor.

Figure 25 Motivations to return (actual and potential)



Source: Hall Aitken e-survey. Actual, n=285. Potential - out-migrants thinking or considering moving back to Shetland, n=100.

But for some returners, the choice to move back is not arbitrary with some having to fulfil family duties ("tied to family croft", "family business", "mothers death") while other survey respondents stated that they had no choice because of issues around student debt, accommodation and so on.

Potential returners

Comparing actual returners to those who are considering returning, these 'potential returners' had different 'essentials' for any move back to Shetland. A greater proportion of 'potential returners' put an emphasis on:

- *A safe and natural place* - Similar proportions cited being close to family as essential but Shetland's natural and safe environment were cited by higher proportions as 'must haves' in any move home;
- *A place where careers are possible* - A higher proportion considered opportunities for Career progression, diversity of work and competitive pay as 'must haves' in any move home; and
- *An affordable place* – a greater proportion of potential returners felt that affordable housing and affordable travel as 'must haves' in any move home.

Returners – views on jobs and careers

The returners attending the focus groups already had employment when they returned. However, there was an issue raised about returning in that even if one person has a job, a partner might not have secured one. Returners (as well as in-migrants) highlighted that friends are moving back to Shetland as 'one job couples'. Returners in the Lerwick focus group felt that it was a necessity 'everywhere' that both partners had to work but agreed the opportunities for women were limited and not always suitable or desirable.

The difficulty of finding suitable work for a partner was highlighted by one Lerwick returner:

'I had wanted to come back earlier but my husband could not get a job (trained in broadcast engineering). But when he saw a job as a supervisor in Sullom Voe, he just went for it. It was just a spur of the moment decision.'

One returner in the North Isles had set up his own business and had done so both to pursue his own specialism locally but also, he felt 'to try and change the image of the Islands as being just Sheep'. He had found this challenging as he felt there needed to be a greater 'entrepreneurial mindset' in the Islands'.

Returners – views on transport

Access to transport was identified by focus group participants as an important factor - mainly related to accessing employment opportunities within the Islands. The necessity of car ownership, price of petrol, public transport timetabling within Shetland and the cost of getting to and from Shetland all came up as issues both in the focus groups and in qualitative responses to the survey.

The North Isles businessman felt that getting off Island was expensive and getting to the point where he could get off-Island to a meeting in Glasgow (Sumburgh for 7.30am) required an overnight stay on the Shetland mainland. A West Mainland returner felt that broadband (which was available if somewhat unreliable) offered the opportunity to reduce the need for travel. However, since she worked in project management, it required her to be on-site most days (40 miles away, half on single track roads).

Returners – views on housing

Lerwick returners felt that housing was a crucial issue with 'rents extortionate' and buying now 'too expensive' with one returner also feeling it was more difficult to get a mortgage now. Other participants agreed that these were issues and that young families were likely to be worst affected. However, the returners appeared able to sort out housing through family and friends – something they acknowledged would not be available to in-migrants.

Housing was also felt to be a significant issue in the North Isles, with the business owner feeling that sourcing housing for workers was an extra distraction that he did not need for his new business. Generally, participants felt that housing was available (for example, MoD housing) but was being released slowly to prevent the housing market bottoming out. This was accepted as a necessary precaution as 'equity is the basis for an awful lot of businesses'. However, the standard of rented housing was seen to be low and 'insecure' – a returner in the North Isles highlighted how a teacher moved there for a year and had to change houses three times.

A West Mainland returner felt that North Roe was in decline as not many new houses were being built and little turnover perceived in local housing ("1 or 2 sales in the past few years" and "all 6 council units are full"). Her brother had wanted to move back there, but neither this nor her experience was encouraging him:

'I lived in rented accommodation for 7 years. We had planned to only do that for one year but it took us much longer to make a decision and find something we wanted which we did after four years. But the planning process took nearly 3 years and the cost of house building has doubled. If we'd known the process would take so long...'

Returners – views on education, health and other services

Health services were regarded as good in comparison to other areas and returners drew on their experiences elsewhere (for example, Aberdeen and Edinburgh). However, the availability of dentists was raised as problematic by several participants. Some survey respondents also found it difficult to get health appointments in Lerwick.

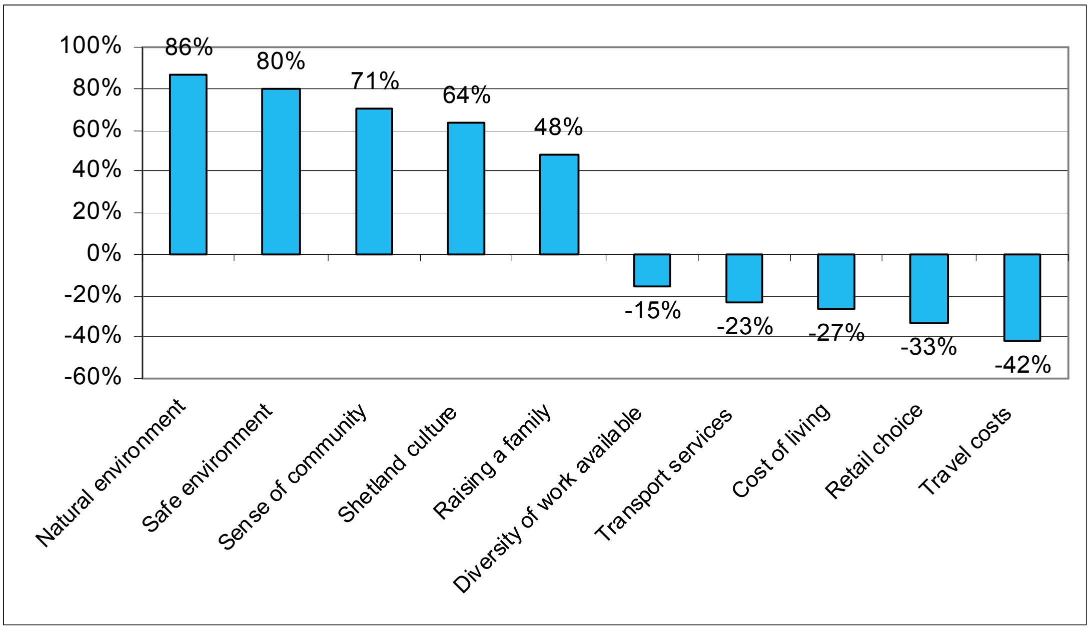
Returners also felt that schooling was of a very good standard in Shetland and this was also supported by views from those who had left the Islands. But the issue of school closures due to low numbers of pupils was becoming more prominent.

There were concerns over facilities for young people generally outside of leisure centres and sport among returners in the survey, again with alcohol/ drugs cited as possible issues.

5.4 In-migrants' motivations and experiences

Shetland's quality of life is a major motivating factor for in-migrants. shows the factors which attracted in-migrants but also the factors which put them off moving to Shetland. More than eight out of ten in-migrants stated the natural environment was a major factor in influencing their decision to move to Shetland. Other factors such as a perceived safe environment and a sense of community also ranked highly. While quality of life factors ranked highly in motivating factors, around four in ten in-migrants rated travel costs negatively. Other practical factors around retail, transport services and to a lesser extent, the diversity of work available, put in-migrants off moving to Shetland.

Figure 26 Factors that made in-migrants want to move/stay away from Shetland



Source: Hall Aitken e-survey, n= 425 (Count consists of made me want to/very much made me want to move there versus made me want to/very much made me want to stay away)

Our focus groups included 6 female and 3 male in-migrants. Five of the group had moved to Shetland since 2000 and were living in Lerwick, South, Central and North

Mainland and in the North Isles. The age range of this group was from early twenties to their late fifties.

Most people in this group moved to Shetland from England. One person was from the US and one from the Czech Republic. Occupations include tourist information assistant, nurses, self-employed artist and physiotherapist. Most of the group own their houses. One research participant is disabled and has to use a wheelchair.

Motivations

Focus group participants and qualitative survey responses highlight the motivations, and the experiences that had motivated them to come to Shetland:

- Raising children – participants wanting a better life for their children;
- Employment – one participant being offered a physiotherapist position while another stayed on during a working visit;
- The urge for something different – this ranged from "wanting to be self-sufficient" to a curiosity and, in certain instances, a wish to leave the perceived ills of living on the mainland as far as possible behind;
- To maintain a relationship – while many people appeared to make joint decisions with their partners about moving to Shetland, some felt that their partner's job largely dictated the decision.

The chief sources of information that informed their decisions to move to Shetland were:

- A holiday or working visit/ placement; and
- Second-hand information – through internet and video.

For some in-migrants, decisions were firmly made with no-first hand information. For example, focus group participants were aware of some in-migrants who had bought houses in Shetland on the internet without visiting.

Motivations - Economic in-migration versus lifestyle in-migration

Lifestyle migration literature is more typically focused on migrants from Britain to France and Northern Europe and Scandinavia to the Mediterranean. More recently O'Reilly (2007) defines it broadly as:

'relatively affluent individuals, moving, en masse, either part or full-time, permanently or temporarily, to countries where the cost of living and/ or the price of property is cheaper; places which, for various reasons, signify a better quality or pace of life… often, but not always, later-life migrants and often partially or fully retired.'

Those that prioritise a relatively low cost of living and lifestyle factors appear to have two characteristics:

- Age – older people seeking an environment which fits with their lifestyle and changing needs; and
- Self-employment – where individuals seek to construct a working life around lifestyle.

Lifestyle migration and older age groups

The quality of life that Shetland broadly offers is heavily in demand among many groups – not least those starting a family, older people and other groups to whom its environment (natural, safe) appeals. Despite its broad appeal, it is generally older people who are now in-migrating and this can be explained by three 'push factors":

Older people's needs are more likely to be met on Shetland - Research in Northamptonshire into the priorities of older people found that their chief concerns were, among other things, more visible policing, better healthcare and support and cleaner, safer environments – all of which Shetland is well ranked in.

Their life stage facilitates the move - Downsizing in property size is a practical strategy for older people who have no dependent children and allows them to reduce expenditure with lower insurance, council tax and running costs generally. Moving into a smaller or cheaper home allows them to generate extra income to support their pension, a move which the Financial Services Authority regards as more effective than releasing equity.

Those Shetland in-migrants aged 55-64 were twice as like to identify health services as a motivating factor for moving to Shetland. Also, participants in the focus groups generally identified Shetland as a good place to grow old. There were examples given of younger in-migrants bringing their parents to Shetland so they could, among other things, access better health services.

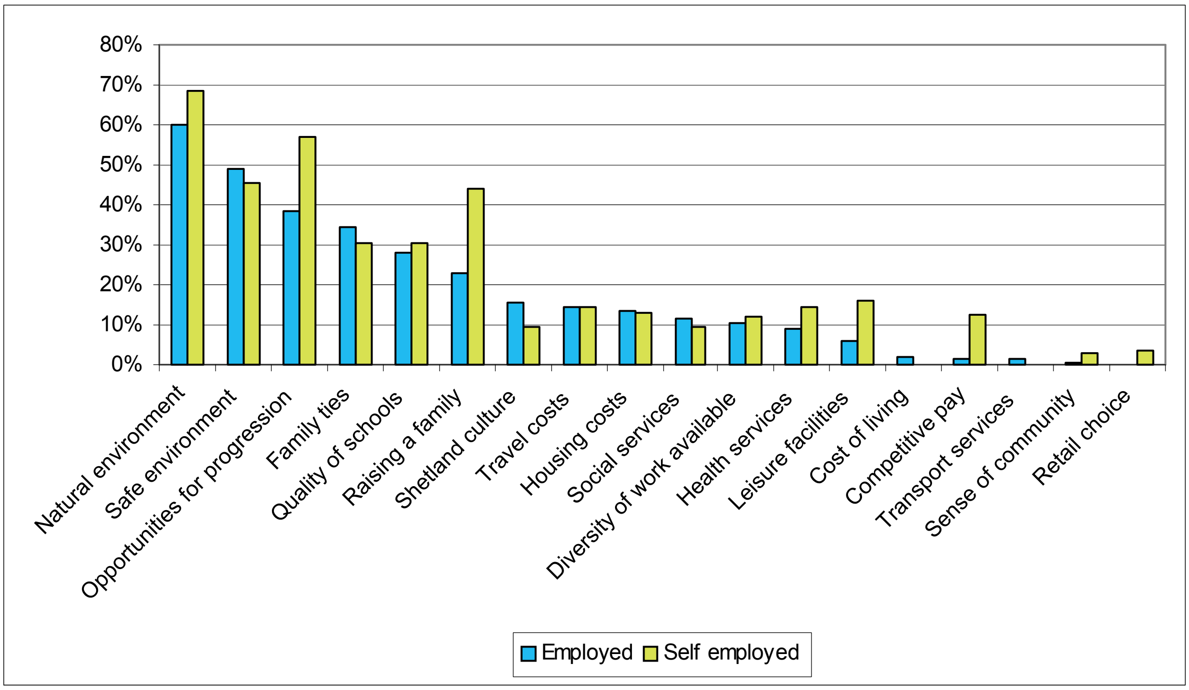
Lifestyle migration and self-employment

While categorising in-migrants as either economic or lifestyle is difficult, one approach is to examine the views of those who are self-employed against the views of those who are employed. Stubbs & Stone (2007) found that:

'Self-employment is the crucial mechanism whereby longer-term lifestyle aspirations can be achieved within a new environmental, institutional and social context.'

Figure 27 shows the motivations of all in-migrants to Shetland against those who are currently self-employed. Self-employed people rated lifestyle factors highly in their motivations to come to Shetland, particularly "raising a family". Greater proportions also rated competitive pay and progression as motivating factors – reflecting perhaps their views on the economic benefits of becoming self-employed.

Figure 27 Factors that made in-migrants 'very much want to move to Shetland' by type of employment

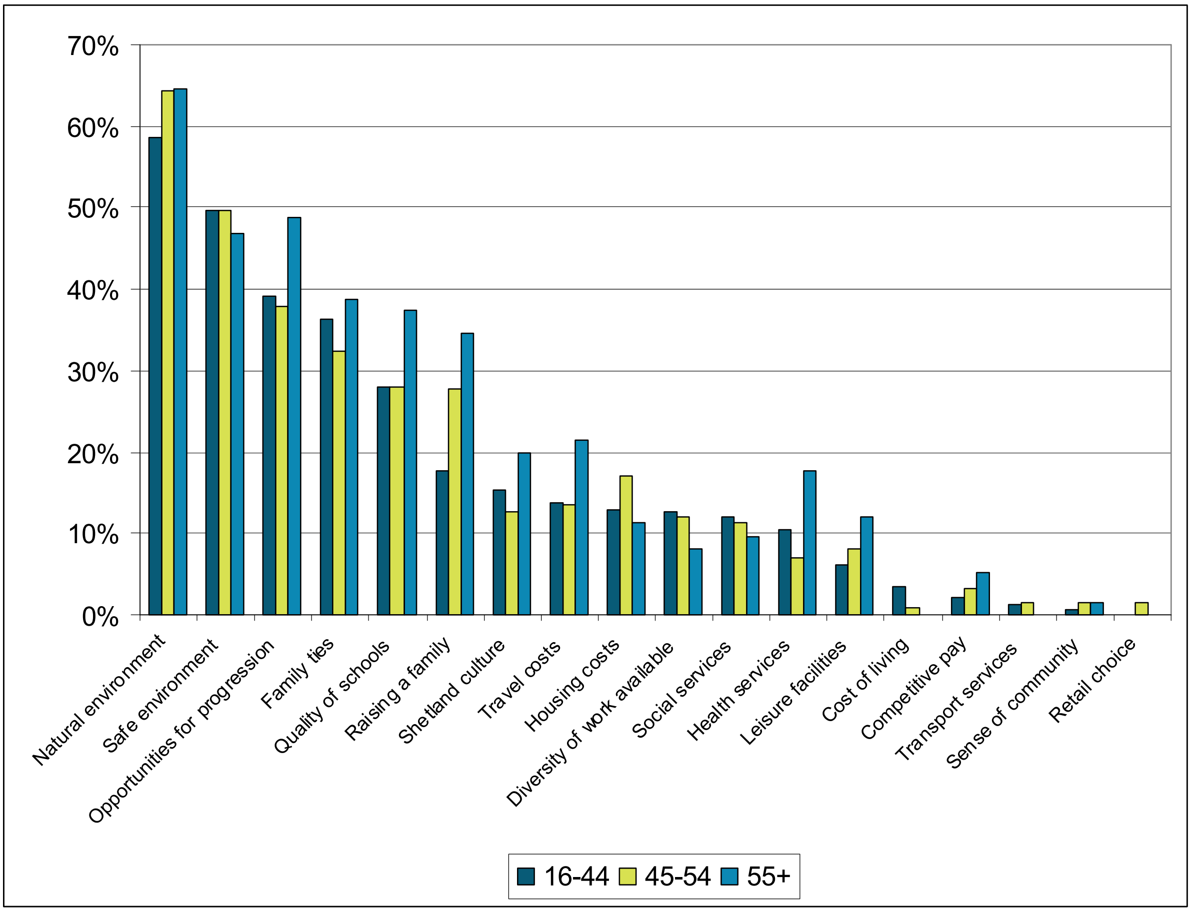


Source: Hall Aitken e-survey, n= 450. Note: self-employed respondents figures were low (40)

In-migration – Career opportunities less important for recent in-migrants?

Figure 28 shows what motivated people to move to Shetland by age group. Reflecting that many older in-migrants would have arrived at the time of the Sullom Voe development, factors like opportunities to progress are more highly rated among older age groups than for younger age groups.

Figure 28 Factors that made In-migrants 'very much want to move to Shetland' by age group



Source: Hall Aitken e-survey, n=468

5.5 In migrants - views and experiences

This section explores the views of in-migrants who attended the focus groups and were living in Yell, Lerwick, South Mainland, Scalloway and the West Mainland as well as qualitative responses to the e-survey.

In-migrants - views on jobs and careers

All but two of the focus group participants had secured employment before moving to Shetland. While these were reasonably happy in their jobs, one of the individuals who had not secured employment before arriving in Shetland described her experience working initially in a short-term job as 'horrendous'. She eventually became self-employed. Another found work as a nurse relatively quickly. In both the Yell and Lerwick groups, in-migrant couples were identified as often moving into

Shetland with one suitable job for one partner but leaving because there were none for the other partner.

Participants felt the Shetland economy was weak in terms of distribution of jobs and the dominance of the council and the oil industry as employers. Job opportunities were limited on the Islands with 'no coherent private sector' although this was seen to be improving. While none of the participants worked in the Oil Industry, they felt the opportunities from this were largely receding. There was also an impression that fewer people were applying for jobs compared to the 1980s and that businesses 'were lucky to get someone'. Employment opportunities were also felt to centre on Lerwick.

But participants also pointed to the North Atlantic Fisheries College as attracting international students and also the Contemporary Textiles course at Shetland College as doing similar and that these were highly regarded in other European countries. Shetland's 'entrepreneurial spirit' was praised as was SIC although there was a view expressed that maybe it 'tries to do too much'. Economic/ employment opportunities identified included remote working, creative industries and self-employment generally. Particularly, there were opportunities to have a 'global career' and examples were given of people in high value jobs basing themselves in Shetland (medical consultancy, fashion buyers, media personalities etc).

Transport

One of the main difficulties experienced by in–migrants while living in Shetland is visiting friends and family who do not live in the Shetland Islands. More than eight out of ten in-migrants stated this was either "very difficult" or "quite difficult". Transport between Shetland and mainland UK was seen as an issue mainly because of cost.

While the air discount scheme was seen as useful, it was still expensive to fly and required a lot of advance planning to get a reasonable airfare. The ferry was felt to be more cost-effective for families who wanted to go south for holidays or see family and friends. It was felt that these costs could be putting a brake on tourism but also other less obvious aspects. For example, Shetland's sports culture was seen as high achieving but the cost of getting young people to compete on the mainland UK was perhaps off-putting.

But one major area for adjustment for in-migrants was transport to and from the Islands. Participants highlighted that the length of the journey was what was difficult – in some situations, being notified of a sick relative in England and then taking two days to see them. This 'helplessness' in the face of a parent's illness on the mainland was not something that they had thought about.

Outside of petrol prices, travelling within Shetland was seen as cheap compared to Orkney with intra-Island ferries free or low in cost. However, the timing of public transport was seen less positively. Much of the issue appeared to be around the practicalities of being in Lerwick for either work or recreational opportunities. One Yell participant believed that her son was unlikely to remain in Shetland as it was difficult for him to access work in Lerwick without a car (cited as 'essential' by some survey respondents). For a nurse in the North Isles who had two student nurse placements, the timings of internal transport provided many problems for them in fulfilling their duties. Reflecting these difficulties, one participant in Lerwick felt that it was 'not uncommon' for in-migrants to move to Lerwick once their children became teenagers. Ferry timings, but particularly bus timings, were seen as being major factors in this.

Housing

The standard of rental housing, its conditions and costs were all issues. Two participants had secured housing for their family for three months initially but faced difficulties finding housing after that (North Isles). Renting housing was described as 'exorbitant' by one participant (Lerwick).

With the housing available to buy, it was felt to be relatively expensive and not always felt to be the right type or in the right places. Again, the issue off accessibility to Lerwick appeared important. Other issues highlighted by survey respondents included difficulty in getting planning permission (North Mainland) and lack of support in assessing housing options (North Isles).

Education, Health and other services

The standard of education on offer for young people was regarded as generally very good by in-migrant focus group participants. In the focus groups, school rationalisation was a controversial issue with many viewpoints on the decisions around closures. There was an acceptance among in-migrant participants in the North Isles that some sort of rationalisation was necessary – but where this would take place and what would be affected (for example, primary or secondary) was not agreed on.

Focus group participants described health care as generally good. A term frequently used to describe it was 'Rolls Royce' with day-to-day health services regarded as particularly good. However, there were issues with:

- Access to specialist health services; and
- Access to dentists.

While the latter is a significant issue nationally and accepted as a general problem, the provision of specialist services was seen as a more localised problem.

The free care provided to older people was also seen as attractive. There was one example of an in-migrant bringing their parents for family reasons but also for the quality of life and services available.

In the North Isles, there was an acceptance that the same level of health services as is provided on the Shetland mainland was impractical. However, maintaining the standard of emergency services appeared to be key.

Community and island life

Focus group respondents felt the Islands' safe and natural environment was one of Shetland's biggest strengths describing them as a wonderful place to bring up children.

In terms of attitude to new ideas, views were mixed. Focus group participants felt Shetland was quite outward looking (supported usually by citing Shetland's historic trading/ migration links). But this was not universal with some survey respondents feeling that it was difficult to get support for new ideas (supported by personal feelings/ experiences).

Focus group participants and survey respondents had mixed views on whether Shetland offered a supportive social environment for in-migrants. Shetland was described as a very welcoming place in the focus groups. But the positive comments in the survey about the islands were contradicted by a not insignificant number of negative comments around Islander attitudes to in-migrants – phrases used included "bigotry", "borderline racist", "discrimination" and "nepotism".

5.6 International in-migrants' motivations and experiences

We carried out two focus groups with international in-migrants in Lerwick. The first group had Shetland partners – these were from Norway, Spain, Thailand, Burma, and Russia. These were all female with two who had been living for two years in Shetland and another four ranging from 8 to 25 years. These were employed in education services, as cleaning operatives and one considered herself unemployed.

The second group were more recent in-migrants from Poland (6), France (1) and Spain (1). A mixture of men and women, three of the group had been on the Islands for less than a month with the rest resident there for between one and three years. They were employed in car mechanic services, hospitality, education services and sales.

International In-migrants – Motivations

The offer of employment was a key motivation for the move to Shetland for several focus group participants. Lack of work or low wages in their home country pushed most of them to seek employment outside their country of origin. In Shetland, one felt that 'in a week you can earn as much as in Poland in a month'.

These pioneers of sorts usually found a job through recruitment agencies. After settling in they were prepared to bring family members over or to provide support for friends who wished to come as well.

There were a few cases where people had established work contacts when they were students and had come to Shetland for summer jobs or on student programmes – and they then decided to come back after graduation. The initial decision of the destination for short-term term work was often influenced by friends' recommendation or – as in one case – by strong links between Shetland and Norway which made the decision almost obvious:

"We had always have loads of people every year from Shetland coming to visit Måløy and there were people from Måløy and the district around who moved over to Shetland. We always regarded Shetlanders as good neighbours, not even a part of the UK, but a neighbour over the sea – they were the same as us." (female, Norwegian)

There were some migrants who back in their country of origin had been working in the capacity in which they had been educated and trained, getting a fairly satisfactory salary. However, they found the pressure, workload and atmosphere at work very challenging. There were views that this was in contrast with the situation in Shetland where employees were perceived to be well respected and well rewarded. Alongside higher salaries, the pace of work and working environment were a pull factor for coming to Shetland. This was particularly the case for those whose friends or relatives had already been working on the islands, as they could get first-hand information on work experiences in Shetland.

A significant proportion of the focus groups participants moved to Shetland to follow their partner who got a job on the islands. Most often a male partner would find employment and a female partner would join them. One Thai female moved because her husband found a job in Shetland. When he moved again, she decided not to follow him:

'because I have two young sons and I thought Shetland offers safety and good education for my children'.

Equally, meeting a partner in Shetland during a placement turned a work placement for one French person into a more permanent move.

However, while financial or family situations encouraged some migrants to come to the islands, others arrived looking for adventure and in order to experience a different country and culture. They often followed friends' opinions about what Shetland is like, but sometimes they took the risk of arriving in a place about which they knew very little.

International In-migrants – views on employment

A considerable number of participants saw themselves setting up a business or going to college to improve their career opportunities. They tended to see themselves staying on the island longer or settling down.

Many interviewees regarded job opportunities on the islands as limited. They also thought that although it is fairly easy to get basic jobs, it is difficult to get into better paid and higher skilled posts. There was a view that this is because of networks of friends and relatives who strongly support one another and make it difficult for newcomers to compete for jobs with well-established community members. And limited availability of high-level jobs locally was seen as an additional barrier to career progression.

Employment was a significant decision-making factor for resettlement, and finding a satisfactory job which matched their skills was often regarded as a pre-condition for staying in Shetland.

International In-migrants – views on language services

Language was repeatedly mentioned as the key to succeeding in almost every aspect of life and work in the new country. There was the recognition among participants the initial language barrier is an obstacle when it comes to participating in community life, accessing public services and progressing their career.

ESOL classes available locally, provided at no cost to migrants and at flexible timing (including weekends), were much appreciated. In many cases the support they provided extended beyond teaching English only. Tutors often helped with practical aspects of life on the islands, such as dealing with application forms of various types, banking and similar issues. Attending classes was also felt to be a great way of expanding social networks. Many expressed the opinion that it was only when they progressed their English that they started to feel a part of the community. Those who arrived with no English found that advancing their language skills helped building up self-confidence which they were lacking at the beginning.

There was a feeling that local accents and the Shetland dialect made the spoken language very difficult to understand. This made general communication as well as further education (for those attending college) quite difficult.

International In-migrants – views on Transport

Transport was recognized as a problem, not so much for moving around on the island (Most lived in Lerwick) but in terms of air transport from the islands for holidays or to visit family. Cost and time involved were the main issues. The problem of unreliable public transport because of weather conditions was also mentioned.

Lerwick was the preferred place to live on the island but there were views that moving to the mainland of Scotland would make life easier in many ways, including transport, housing, entertainment and access to services and infrastructure.

'We are considering moving elsewhere in Scotland so it will be easier to travel to Poland. We might stay here longer though if we manage to buy a house. But it's not easy here with their 'bidding system'". (female, Polish)

International In-migrants – views on other services

There was a view that Shetland is an excellent place for retirement or for families but less so for young people and teenagers due to limited social life and leisure facilities.

International In-migrants – views on community and Island life

All participants found that there is a strong community spirit in Shetland and perceived people to be extremely welcoming and friendly. There was an impression that local people are curious about newcomers and that they welcome foreigners willing to live and work in Shetland.

The local community was seen as very supportive. This situation was regarded as invaluable when trying to adapt to the new environment and its "system" – 'a strict bureaucratic system and all these nice people'.

For those having Shetland partners or friends, connecting with the community was seen as easy and straightforward. They would enter already well-established social networks. At the same time, those who arrived on their own felt that a lack of connections with community members slowed down considerably the process of feeling included. As soon as people found a partner, this changed significantly or where they were following a friend or relative.

Some participants expressed an opinion that bigger groups of newcomers (for example Poles) showed the tendency to stick together and that they deliberately did not want to interact with other community members. Others disagreed with this view, and found the openness to interact with the local community varied depending on the individual's personality. Some people would be more willing to seek contact than others. One Thai woman stressed the importance of a cultural factor – that 'my attitude was initially a barrier to feeling comfortable in the community'.

Opinions on the social life on the islands varied among the participants. While some regarded Shetland as a culturally vibrant place where there was a lot to do others complained about limited entertainment and social opportunities. There were views that the social life in Shetland is often confined to going to a pub and the drinking culture was not attractive to some migrants of different cultural backgrounds.

International In-migrants – future plans

Views on longer term plans varied and there were different determinants influencing them. Generally the strength of links with the community established so far was a very significant decision-making factor. Those living in Shetland with family and children tended to be ready to stay for a longer period and some had already decided to settle down. Single and young people were generally keeping their options open and had no definite plans for the future, other than waiting to "see what happens". Some of the participants were ready to stay for the next few years, but were not considering resettlement.

6 Population projections and implications

This section looks at the current components of population change and uses them to project forward population estimates up to 2030 by locality and for Shetland as a whole. It looks at the likely impacts of different policy measures on future population patterns and offers an indication of the impacts of trends continuing as they are.

6.1 Baseline population modelling

The population model uses information from the General Register Office for Scotland (GROS). This information on population at local council level includes births, deaths and migration. We used the mid 2006 population estimate for the Shetland Islands Council area as our baseline for the population model. From this baseline we added in elements to cover natural change, in-migration and out-migration.

Purpose

The population model provides a transparent tool that will allow local agencies to test the implications of different trends and factors on population outcomes. It is not a population projection or prediction, but can be used to compare the likely implications of policies on population sustainability and service provision.

Inputs and assumptions

Figure 29 shows the inputs for the population model with the data source. Most of the data used is from the GROS.

Figure 29 Inputs for the population model with source

	Source
Baseline population estimates by gender and age	GROS – mid-year population estimates
Births	GROS quarterly returns
Deaths	GROS quarterly returns
In-migration	Custom data from GROS
Out-migration	Custom data from GROS

To calculate the baseline situation for future population figures we made several assumptions:

- Live births per 1,000 women of childbearing age (15-44) will remain broadly the same in each year;
- Death rates within gender and age ranges will remain broadly the same for each year; and
- Rates of in-migration and out-migration by age and gender will remain constant (based on 2005 to 2006).

The model created in Microsoft Excel uses several linked spreadsheets to calculate the final figures and produce charts and tables that outline population components. We have subsequently run several iterations of the model to test the impacts of different trends on future population. We have based these on local knowledge collected through our interviews and focus groups to inform the assumptions in the model.

The baseline iteration of the population model assumes that the current trends continue. However it should be borne in mind that this is not a 'worst case scenario' given that the birth rates in Shetland are above national average and that there has been the recent phenomenon of Eastern European immigration. Any significant changes to these factors could have a further negative impact on the population.

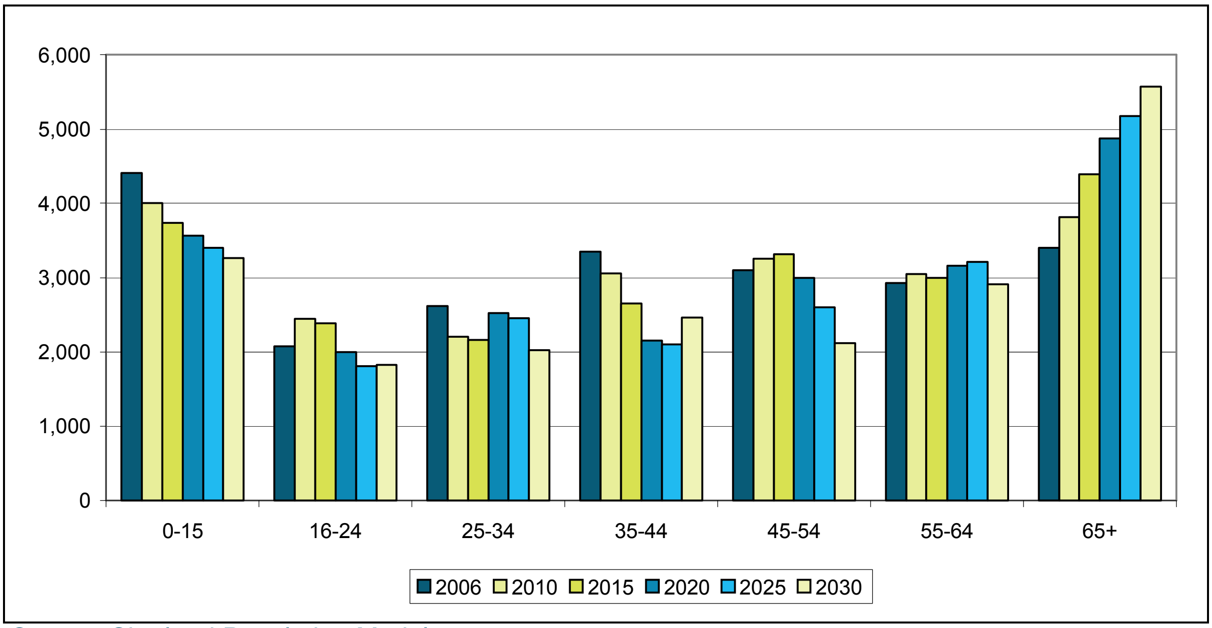
Population age profile

Results from the model based on the assumptions outlined above give the results shown in Figure 30. These results from the baseline iteration of the model show a sharp shift in population, including:

- A steep drop in the numbers of children under 16;
- A decline in the numbers of 16 to 24-year olds after 2010;
- A rapid and continuing increase in the elderly population.

The overall population would, if current trends continue, drop from just under 22,000 to just over 20,000 by 2030.

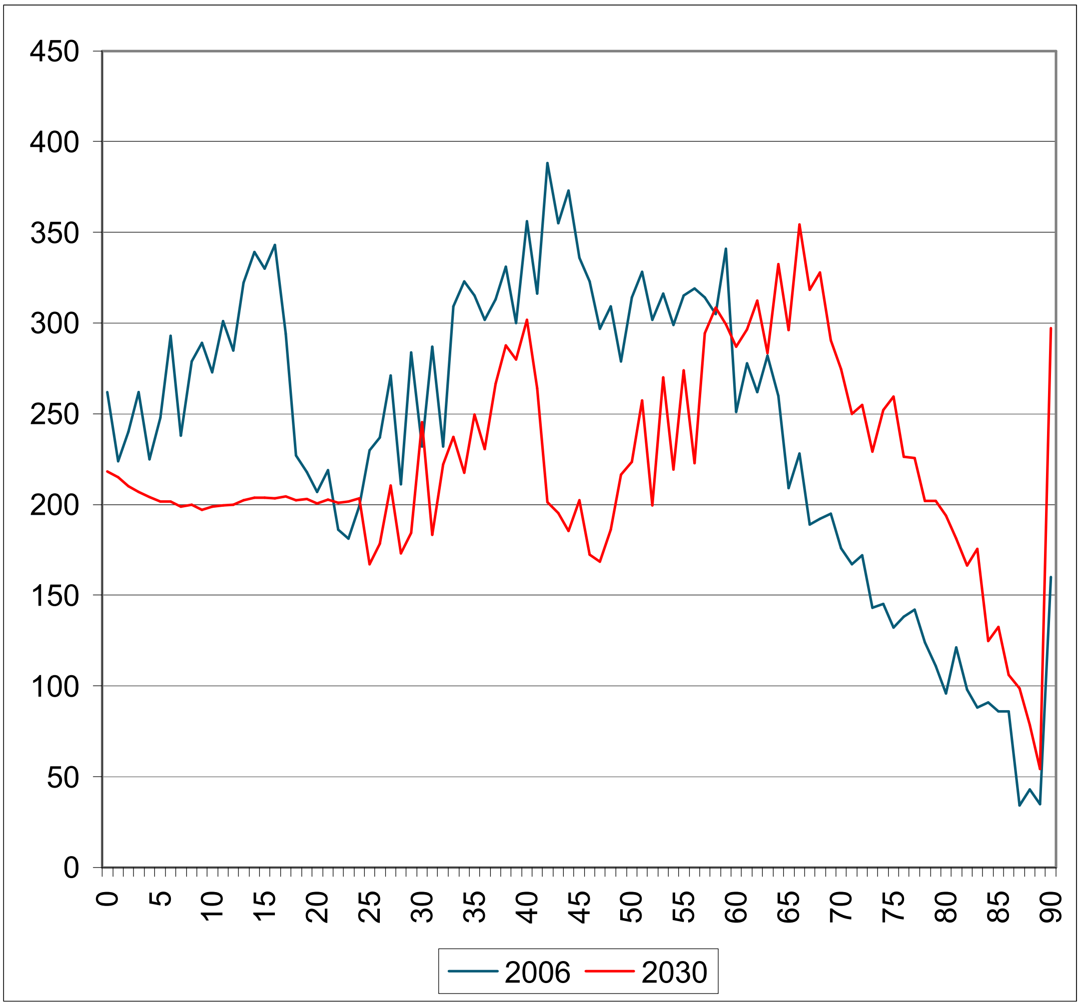
Figure 30 Population changes by age band (Baseline model)



Source: Shetland Population Model

Figure 31 shows the clear change in the population age profile between 2006 and 2030. It shows a clear drop in the 40 to 60-year old population and a large increase in those aged 60 and over. The number of people aged 65 and over would almost double between 2006 and 2030 based on this scenario. The drop in the number of children is also notable.

Figure 31 Population age profile at 2006 and 2030 (Baseline model)

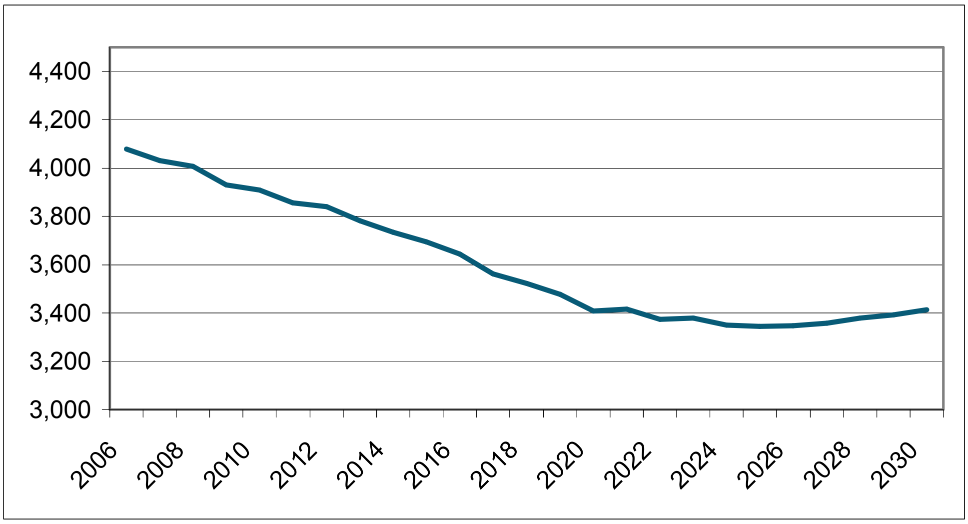


Source: Shetland Population Model

Women of childbearing age

In terms of population sustainability the number of women within the key childbearing age group is important. As Figure 32 shows, the number of women within the 16 to 44 age group would decline sharply from 4,100 to around 3,300 in 2025 before starting to gradually increase again.

Figure 32 Changes in number of women aged 16 to 44 (Baseline model)

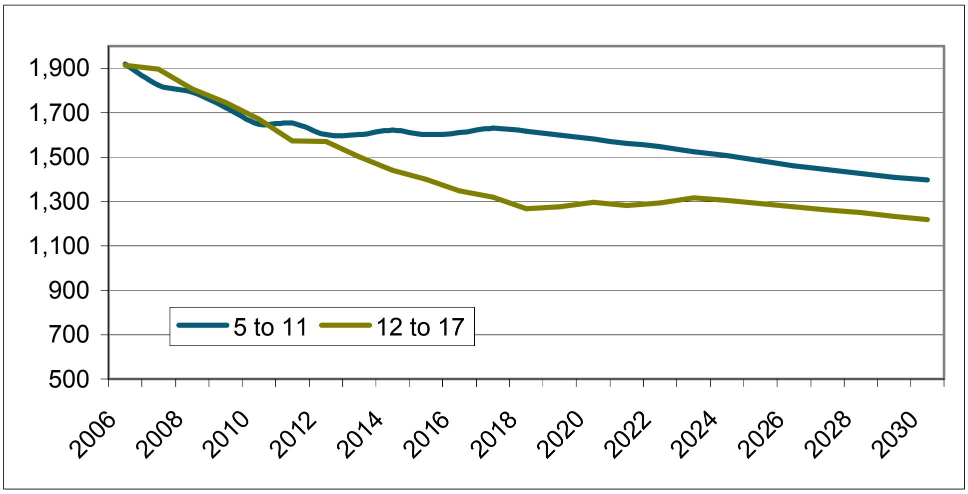


Source: Shetland Population Model

School-age population

There will also be implications from population change on the size and distribution of the school roll. As Figure 33 shows, if current trends continue the number of primary school-age children will drop from around 1,900 in 2006 to around 1,400 in 2030. However the impact on secondary age pupils appears to be more marked with a much steeper drop between 2006 and 2018. And overall numbers would drop from around 1,900 to just over 1,200 by 2030.

Figure 33 Changes in School-Age population (Baseline Model)



Source: Shetland Population Model

6.2 Impacts of population change

Population changes have various implications for service demands and provision. In areas where populations decline, there are concerns about maintaining existing services, such as schools, local shops and health care services (SIC, 2000).

From the interviews with service providers and other stakeholders, the main areas of impact were seen to be:

- Sustaining fragile communities;
- Retaining existing levels of services;
- Geographical shifts in population;
- Increasing reliance on migrant workers;
- Impacts on recruiting staff; and
- Impacts on housing demand.

Fragile communities threatened

Several stakeholders felt the declining population and the ageing patterns would impact most severely on those communities that were already fragile. In particular the communities of Fetlar and Papa Stour were seen to be at risk from these continuing trends. Limited employment opportunities, the cost of infrastructure and the lack of a critical mass for service provision all undermine these marginal communities.

Services

Public services were considered to be under threat from several different angles. The ageing population profile was putting greater burdens for care provision on the Council and NHS budgets. And many elderly households are living in isolated areas making the cost of providing services higher.

Council and NHS budgets are already stretched and several interviewees thought that service cuts would be inevitable in the very near future. If Public sector budgets are to be balanced then hard decisions need to be made about priorities. Declining school rolls in some communities will also increase pressure for rationalisation of services. The projected change to the age structure of the population in Shetland, as well as the continuing rise in Shetland's life expectancy will result in an increased demand for health care provision. A greater proportion of older people will mean a shift in the balance between education and healthcare provision, with a greater emphasis on resourcing the latter service (The Scottish Government, 2004; Community Profiles).

A decrease in the proportion of children and young people in the population has resulted in falling school rolls in some areas (for example, Baltasound Primary, Burravoe Primary and Uyeasound Primary in the North Isles; Dunrossness school in the South Mainland, Lerwick/ Bressay). However, in other areas, school rolls have stabilised, or in some cases even increased (for example, Scalloway Primary, Whalsay Secondary, The Anderson High School, and Brae Primary in the North Mainland). The changing overall school-age population will impact unevenly across the Islands with the biggest impacts likely in the North Isles.

Geographical shifts in population

Employment opportunities, which are often generated through the public sector, tend to focus on Lerwick. Because of this and the concentration of many services in Lerwick there has been a drift of population from more outlying communities towards the Greater Lerwick area. However the lack of suitable housing sites within Lerwick itself has meant that most recently development has focused on the communities to the South and West of Lerwick. Public transport patterns which focus on Lerwick also entrench this shift. Interviewees and focus group participants have reported that families with teenagers and migrant workers both tend to favour locations within 15 to 20 minutes of Lerwick.

Impacts on recruiting staff

The declining working age population has led to pressures to sustain recruitment levels in some sectors of the economy. Many younger people are leaving the Islands to find higher skilled jobs with progression opportunities and there are fewer students who would fill these types of jobs in other areas. Lifestyle in-migrants are often financially independent and work fewer hours than others; they therefore contribute less to the local labour market.

The health and care sector in particular is reporting problems in recruiting and retaining staff in both skilled and unskilled jobs. The new care centre on Yell is struggling to find staff and service providers predict these problems will worsen.

Increasing reliance on migrant workers

Many sectors of the Shetland economy now rely significantly on migrant workers from Eastern Europe. Construction, hospitality and fish processing are all increasingly reliant on migrant labour to remain productive and competitive.

This leads to demands on services such as schools and ESOL providers. ESOL providers report around 170 migrant workers registering in 2007. However Shetland has a long history of welcoming and integrating people from other cultures and there have been numerous activities involving migrants and the wider community.

Adult Learning Education in Shetland has been increasing their provision to meet the growing demand: there were 32 learners in 2005/06 - 92 learners in 2006/07, and 169 currently in 2007/08. Developing the ESOL programme has been recognised as one of the four priority areas for 2008/09 (SIC, 2007b). At the same time it has been reported that Shetland's schools are facing challenges accommodating an unexpected influx of children with language needs (Press & Journal, 24 November 2006).

However there have been concerns voiced about the continuing availability of migrant workers once the UK Government points-based immigration policy has an impact. This will particularly restrict the numbers of migrant workers available for lower skilled jobs which are those for which the demand is highest.

Impacts on housing demand

Impacts of Shetland's population change on housing demand are reasonably well understood:

More housing will be needed - Slight drops in population (and the reduction in demand that this would normally bring) have been offset by decreases in the average household size (projected to drop further to 2.06 from 2.6 by 2014). This means that Shetland is likely to need 11% more houses by 2014 (SIC, 2000 & 2005).

More special needs housing will be needed - The increase of older people within the Shetland population is likely to impact on the demand and availability of special needs housing, such as level access housing, or sheltered housing. The need for special-needs accommodation was reported as being at crisis point already in 2005 (SIC, 2005b).

Affordability and availability is increasingly an economic development issue - House prices in Shetland rose between 2002 and 2005 by 26.1% (HIE, 2007, p11).

Shortages of good quality land for house building, as well as high additional costs for infrastructure at available sites, are not without impact on prices and stock (SIC, 2005b). There is a question of affordable housing, especially for the younger population – for those continuing their education and those leaving home and requiring independent accommodation (SIC, 2005a, p.4). A lack of low cost housing to rent, and increasing house prices, is also seen as a potential problem to labour recruitment and retention, which includes in-migrants to the area. A broad conclusion from Communities Scotland research (carried out also in Shetland) is that "housing affordability is a contributory factor to recruitment problems." (Communities Scotland (2005) Research Report 90: Affordable housing and the labour market in Scotland: do high housing costs create labour shortages?)

Service providers and stakeholders also highlighted that the increase in migrant workers and the shift towards Lerwick are also putting greater pressure on the housing market. Migrants tend to occupy private rented housing and often live in overcrowded conditions to keep costs down. We have also identified an increasing number of houses being kept as either holiday or second homes. Three participants in our Glasgow workshop still had a house in Shetland and several interviewees also recognise this phenomenon. While some of these properties may be available as winter lets the presence of these second homes limits housing supply and distorts the market.

The lack of accessible housing therefore becomes both a symptom and a cause of population change as it restricts access to the market for younger and lower earning households.

Cultural changes

Some interviewees have also highlighted a change in culture and attitude brought about by some lifestyle in-migrants. Some people who have come to Shetland for its quality of environment can be more reactionary in their views to new development such as social housing proposals. This phenomenon of the so-called 'drawbridge migrant' has been reported elsewhere.

6.3 Conclusions

By modelling current population trends we have developed a model to explore some of the likely implications of population change. This is based on birth rates and migration patterns continuing the present trends. Because this is unlikely to happen, this is not a prediction or projection, but a baseline scenario against which we can compare other possible outcomes.

The baseline run of the model indicates that continuing the current trends will result in the following changes by 2030:

- The overall population dropping to around 20,000
- A drop of 18% in the number of women in the childbearing age group;
- An increase of 63% in the number of residents aged 65 and over; and
- A decline of almost a third in the number of school-age children.

These changes would have implications on the labour market, with a declining (and ageing) working age population and on the cost and viability of service-provision. In particular a reduction of a third in the school roll would threaten the current number of schools. And the major increase in the elderly population would put pressure on health and social care services both in terms of funding and recruiting the necessary staff.

The likely outcome would be a reduction in the level of services (mostly in outlying areas and an increasing reliance on migrant labour. Some specialist maternity or anti-natal services could also be threatened by the longer-term decline in the number of births.

7 Developing a sustainable community

This section draws on our research to highlight what would be a desirable situation in 15 to 20 years. It also draws on the population model to show what a scenario is likely to require in terms of population component changes, as well as what changes would be necessary to meet the target of 25,000 people living in Shetland by 2025 identified by community planning partners.

7.1 Vision of a sustainable population

The previous chapter outlined that, if current trends continue, the population is projected to fall to just over 20,000 by 2030 with the percentage of the population of childbearing age set to be 18% lower than it is now. This will continue to impact on school rolls and it is likely, given the current movement of population towards 'Greater Lerwick' that this will disproportionately affect remoter communities. Whether schools should be closed may become less of an issue than actually finding the children to attend.

Our research suggests that attracting working age people, particularly families or those who are about to have families, can sustain the population. Focusing on actual numbers and targets (25,000) is perhaps distracting agencies from the core issue of having viable and balanced communities. In peripheral areas, this was seen as most important as 'one or two new families can make such a difference'.

Most of the factors that appeal to older people also make Shetland an ideal place to raise a family. However, the key difference between these life stages is the need for rewarding employment and it is in this area that Shetland is generally felt to be lacking.

7.2 Impacts of policy options

Using the population model we have tested some different options in terms of population change to identify their potential impacts. Figure 34 shows what the impacts of various changes to in and out-migration patterns would achieve by 2025.

Increasing the proportion of those returning after they have left the islands by 20% would have only a modest impact on increasing the population. This would result in an additional seven births per year by 2030 and would increase the overall working-age population by around 300 compared with the baseline model.

A higher rate of returners (40% increase) would lead to around 14 more births per year than the baseline and an additional 600 people of working age by 2030. Similarly, increasing in-migration among younger age groups (by 20%) would lead to an increase of 21 births and around 900 more working age people.

However, to actually achieve an increase in the population against the current level, there would need to be an increase in 40% in the number of in-migrants and returners aged 25 to 44 and a reduction of 33% in out-migration among Shetlanders aged 16 to 24. However this would still result in a drop of around 400 in the Primary school roll by 2030 and a lower number of women of childbearing age and births compared with 2006.

Figure 34 Impacts of different policy options by 2030

Policy option	Population at 2030	Change in childbearing population	Number of annual births at	Working age population	% population under 35	Primary school-age population –

Current situation (2006)						
2006	21,880		266	13,410	42%	1,921
Trends continue as is						
Do nothing	20,141	-18.0%	220	10,543	35%	1,398
Trends improve						
Increase returners aged 25-34 by 20%	20,524	-15.4%	227	10,850	35%	1,431
Increase returners 25-34 by 40%	20,923	-12.9%	234	11,170	35%	1,465
Increase all in-migrant age groups under 45 by 20%	21,352	-10.4%	241	11,432	36%	1,521
Reduce out-migration by 20% among 16 to 24	20,576	-13.9%	231	10,869	36%	1,443
Increase returners/in-migrants by 40% (25-34) and reduce out-migration by 20% (16-24)	21,339	-8.8%	244	11,480	36%	1,509
Increase returners/ in-migrants by 40% (25-44) and reduce out-migration by 33% (16 to 24)	22,373	-3.6%	258	12,289	36%	1,575
Community Planning target of 25,000 by 2025 met						
Increase all in-migrant age groups under 45 by 50% and reduce out-migration by 50% (16 to 34)	**25,184**	**17.8%**	**309**	**14,751**	**41%**	**1,911**

Meeting the community planning target of reaching a 25,000 population would require a significant coordinated effort to achieve. This would involve reducing the number of people under 45 leaving each year by 50% and increasing the current in-migration among under-35s by 50%. However if this could be achieved it would have several positive effects on the population:

- The number of annual births would be higher;
- The primary school roll would be sustained at the 2006 level;
- The proportion of the population aged under-35 would remain similar to 2006 levels.

However the proportion of the population above retirement age would still increase by 5 percentage points and the proportion of the population who are of working age would drop. This perhaps highlights the scale of the problem in achieving a sustainable population structure. Even in this more positive scenario, the population aged 65 and over increases by 64%, however the rest of the population is likely to be more able to provide services for these older members of the community.

Figure 35 Age profile of different population options

Option	% Population under 16	% Working age	% Retirement age
2006	20%	61%	19%
Status quo continues	16%	52%	31%
Increase returners 25-44 by 20%	16%	53%	31%
Increase returners 25-34 by 40%	16%	53%	30%
Increase all in-migrant age groups under 45 by 20%	17%	54%	30%
Reduce out-migration by 20% among 16 to 24	16%	53%	31%
Increase returners/in-migrants by 40% (25-34) and reduce out-migration by 20% (16-24)	17%	54%	30%
Increase returners/in-migrants by 40% (25-44) and reduce out-migration by 33% (16 to 24)	16%	55%	29%
Community Planning target of 25,000 by 2025 met			
Increase all in-migrant age groups under 45 by 50% and reduce out-migration by 50% among 16 to 34	**18%**	**59%**	**24%**

7.3 Conclusions

Our consultations and population research suggests the overall size of the population is less important than achieving a healthier balance in terms of age and gender. Our research suggests that the overall aims for population sustainability by 2030 should be to:

- Sustain the proportion of the population that is of working age;
- Stabilise the school-age population;
- Sustain the number of females of childbearing age; and
- Retain the populations of the most fragile communities.

While this does not necessarily require the population to increase to 25,000 clearly significant population increase is needed to ensure a sustainable and balanced population in the longer term. However age and distribution of population are more important than overall totals.

8 Factors needed for sustainable communities

This section sets out some of the current factors we have identified that will underpin community sustainability. It summarises the key outcomes from the Scenario Planning exercise and then sets out the desirable situation in fifteen to twenty years across a range of aspects that were identified. It also identifies some of the actions that agencies will need to focus on to achieve these outcomes.

8.1 Scenario planning

As part of our investigation into the drivers of population change in the Shetland Islands, we held a scenario planning session involving both members of the Community Planning Partnership (CPP) and a group of officers from public sector organisations in the Islands. The session therefore represented a broad spectrum of views and expertise allowing us to investigate a range of issues.

The scenario planning session involved a short exploration of key issues and drivers with the main CPP followed by more detailed scenario planning with the officers group. The participants had also been given the opportunity to contribute issues to a brief e-survey prior to the session taking place.

The aim of the scenario planning session was to identify the key drivers of change over the next 15-20 years and enable key players to engage in a detailed discussion on a range of alternative futures that may result. It allows people not only to identify what the main drivers might be, but also to look at the complexities that arise when they interact and the range of possible outcomes that are possible from different events and eventualities.

8.2 Identifying the drivers of change

Through the e-survey and the initial identification exercise we were able to define around thirty-six separate drivers of change that people felt would be important in the next 15-20 years. These issues were discussed individually and prioritised by relative certainty and uncertainty. By identifying the likely impact that certain issues will have and the degree of certainty attached to them we can begin to identify those issues which will be the key drivers of change. These issues are usually those predicted to have a significant impact but with a high degree of uncertainty.

In broad terms the issues fall into the following categories:

Economy	Economic drivers including business growth and economic activity.
Access	Access, communications and connectivity issues.
Politics	Global, political, social and economic drivers.
Society	Social factors including community integration and the demographic mix.
Community	Issues of civic pride and community esteem.
Environment	Uncertainty around climate change issues and the importance of natural environment

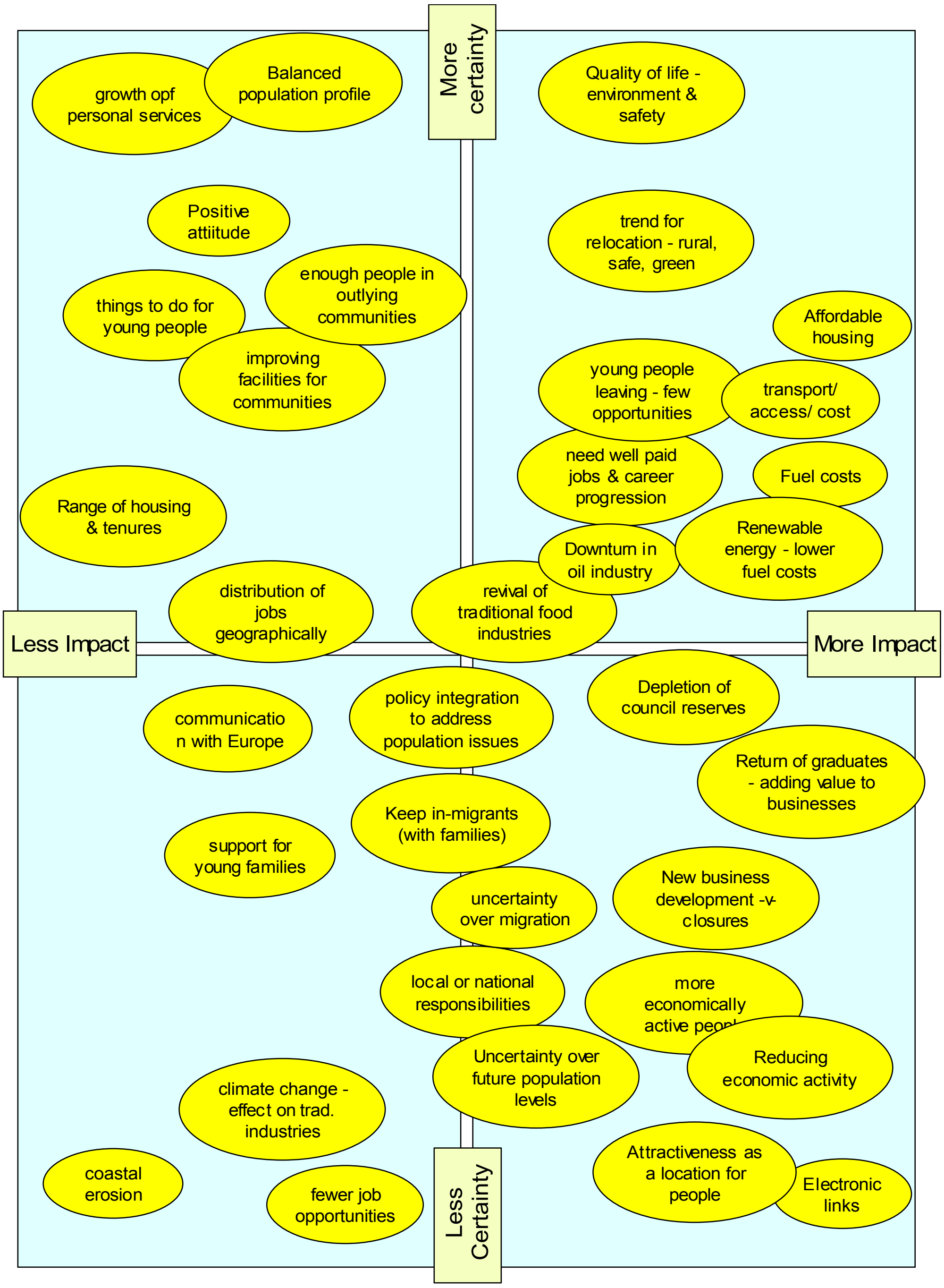
These issues were then analysed and mapped onto an impact and certainty grid to highlight what the potential impact they may have and the level of certainty about their occurring. Figure 36 shows the issues identified by the group mapped onto the Impact/ Uncertainty Grid. It was interesting that the CPP identified a large number of issues over which they felt they had some degree of control because of the availability of resources within the Islands. This is a level of empowerment we have not encountered in similar studies elsewhere in Scotland.

Those issues in the bottom right-hand quadrant are both uncertain and have high impact so will be of strategic importance when addressing population issues. These include:

Connectivity	electronic links and broadband
Business growth	the level of economic activity including opportunities for business growth
Being attractive	the attractiveness of the Islands for in-migration investment and tourism
Knowing the problem	the lack of knowledge about future population levels and its impacts
The albatross	the depletion of Council reserves
Skilled workers	the Islands' ability to keep its own graduates and to attract in-migrants in target sectors.

This analysis also identifies contextual issues over which people have some degree of control. These are those which although they have high impact they are less uncertain. These included community facilities, quality of life issues, housing, tenure, distribution of jobs and communications.

Figure 36 Impact/uncertainty grid developed by CPP members



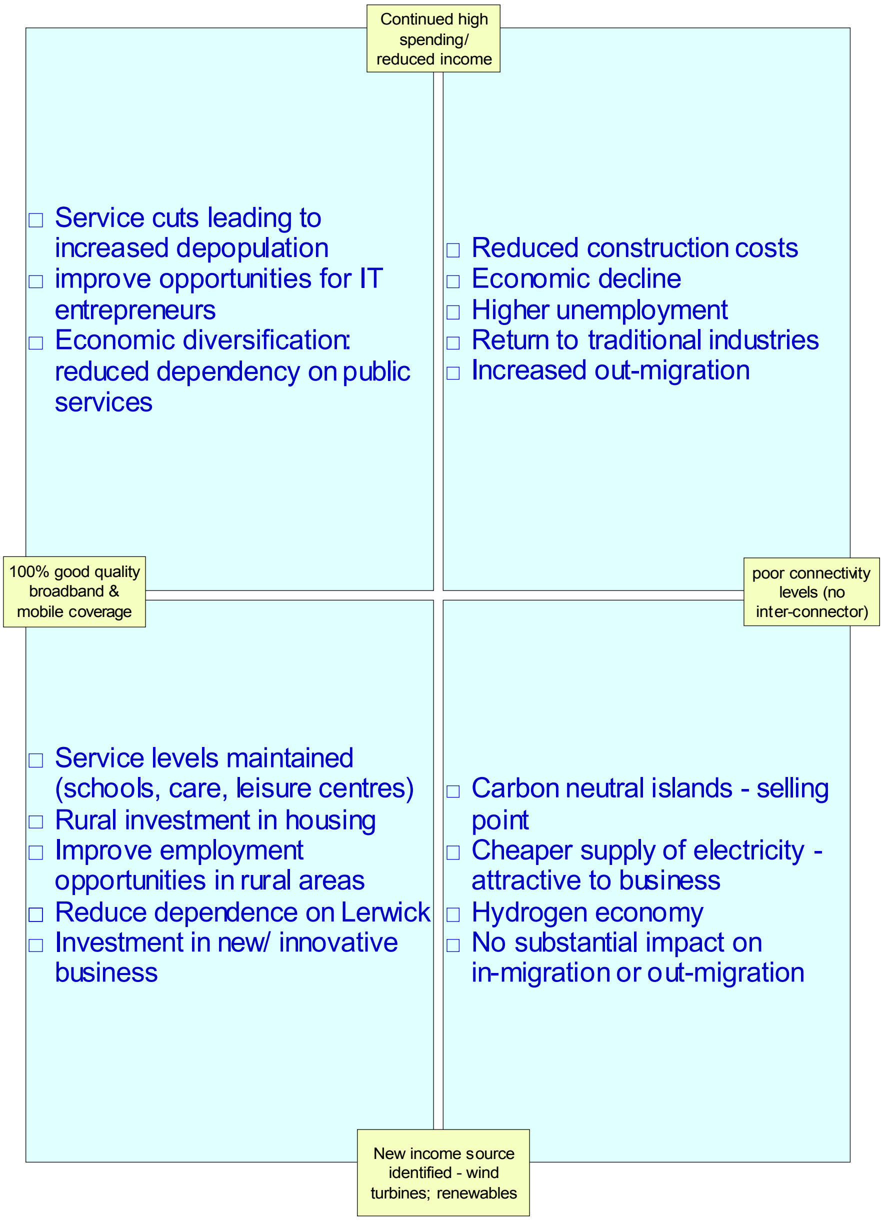
8.3 Alternative futures (scenarios)

We then took this information to the officers group to look in more detail at the inter-relationship between some of these high impact and high uncertainty issues. This involved a basic form of scenario planning and developed into a lively discussion covering a broad range of issues.

We looked at two sets of the most important issues and mapped different scenarios using different extremes of possible future outcomes. The value of doing this is that it allows us to test possible policy interventions against several possible scenario outcomes. These outcomes are based on looking at different ways that participants feel that uncertain issues will play out. The outcomes from these sessions are illustrated in Figure 37 and Figure 38.

In the first scenario looking at availability of resources and communication links there were positive scenarios based on re-investing the current oil fund. This would be in renewable energy enterprises that allow service levels to be maintained in terms of schools, care provision and leisure centres and enable additional investment in housing and creating employment opportunities in rural areas. This would reduce dependency on Lerwick among outlying communities.

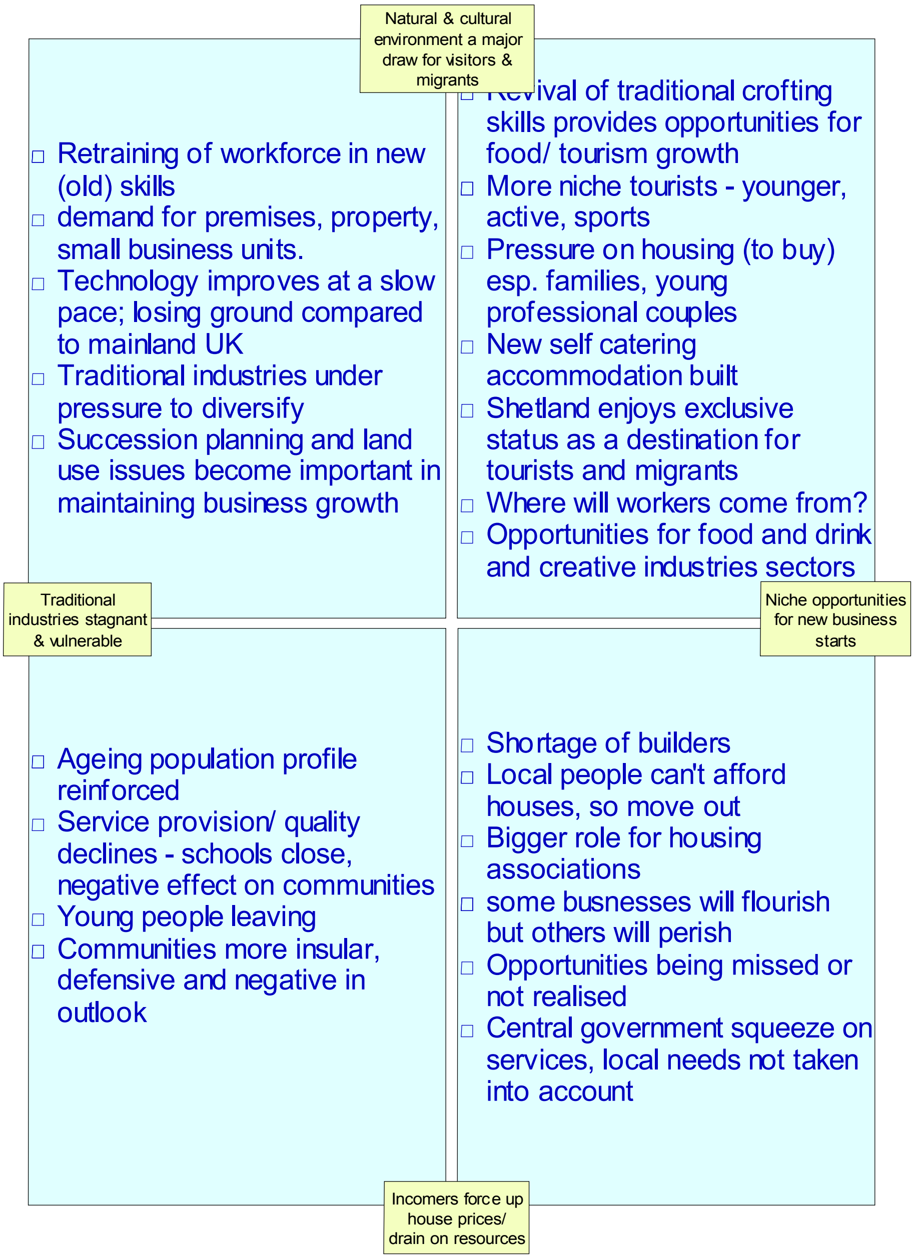
Figure 37 Scenario Grid 1



Alternative scenarios – with renewable energy resources being developed but poor connections - see the Islands as carbon neutral, a very big selling point, and a potential supplier of cheaper alternative electricity to businesses. But this may not have a substantial impact on either in-migration or out-migration.

The other scenarios look at the possibility of service cuts due to declining oil revenue which would lead to increased depopulation and particularly disadvantage rural areas. This would lead to higher unemployment, a return to reliance on traditional industries and increased out-migration. However the scenario with good electronic connectivity would enable some business diversification and new business start-ups, although this would not reverse the trend of depopulation.

Figure 38 Scenario Grid 2



In the second scenario planning group the two factors reviewed were the strength of traditional industries and the role of lifestyle migrants. This session considered that where the Islands' natural and cultural assets are used as a major draw for both visitors and migrants, and in an environment where businesses can grow, a range of opportunities could be identified for growing tourism products and for developing indigenous food industries and developing creative industries. These all have a very strong base in the Islands and would be expected to grow given the right conditions. It was also recognised that this scenario would create pressure on housing particularly for families and young professional couples and would also raise questions about where migrant labour might come from in the coming years. This scenario depends on the Islands becoming an exclusive destination (for tourists) to overcome the problems of the cost of access and the limited availability of accommodation. This equally applies to potential targets like inward investors, researchers and skilled workers.

An alternative scenario would show a situation where incomers may have an adverse affect on house prices and prove to be a drain on services and existing resources. Alternatively where the economic climate was not favourable to small businesses, we would see a decline in services, schools closing and a very negative effect on individual communities which would become less assertive and positive, more insular and defensive. The population would continue to age and the problem of demographic imbalance would worsen.

8.4 Broad direction needed

The scenario planning session concluded with a lengthy discussion on the implications of different scenarios and of how the key drivers could be manipulated to provide positive outcomes over the time-span we are looking at. The group came up with several issues that will be important in influencing population sustainability.

Virtuous circle	The first is a virtuous circle that involves growing businesses in the Islands linked to the need to create jobs. This involves a diversification of the economy but also involves supporting communities and aiming for support to outlying communities rather than driving the continued centralisation in Lerwick.
Barriers to in-migration	The second issue raised was the barriers to in-migration including housing which is a very obvious driver and whether housing can be used directly to influence both in-migration and economic growth. It was agreed that housing could be used for this but it required careful management. Other interesting issues include the availability of childcare given the increasing trend towards both partners in the household having jobs and also the issue of integration of in-migrants into communities to reduce feelings of isolation when entering a new society and, in the case of Shetland, a distinctly different culture. This applies to in-migrants coming from outside the UK.
Desirability and cachet	The third issue is the desirability of developing cachet for the Islands. Because of the distance from markets and the cost of access of the Islands, there is seen to be a need to develop exclusivity or a fashion desirability of the Islands that would allow Shetland to sell itself without having to go to extremes of subsidising travel for example. It would allow the Islands to target specific types of in-migrants and specific types of visitors that would in turn enable specific niche markets to be developed.
Environmental and cultural assets	Another key driver is the use of the Islands environmental and cultural assets as key drivers of population change. There is a feeling that the Islands have great strengths in terms of culture, environment and how people perceive the Islands and these can be used not only to drive business and jobs growth but also to be the drivers of changing the population towards the desired targets.
Review population targets	Related to this was a feeling that the currently agreed population target of 25,000 people is a blunt instrument and not sufficiently understood to be able to do anything about it. So the group recommended the targets be reviewed to better reflect the target demographic profile that is required to make the Islands sustainable.
A few catalytic interventions	They also agreed there was a need to concentrate on a few catalytic interventions to create change rather than attempt to be all things to all people. This may mean a focusing of expenditure on specific projects that will create the result that is needed rather than simply applying money evenly across the Islands. And the last issue was the need to balance academic vocational and entrepreneurial education for out-migrants to counter the in-built driver towards sending school-out-migrants to universities to complete their education.

8.5 Areas for future policy focus

Our interviews with service providers and other key stakeholders have highlighted several issues that need to be addressed by policy-makers. These are summarised below:

Living within our means

There is an overwhelming awareness among interviewees that the level of spend and service-provision is unsustainable. The Council is seen to be living beyond its means and 'squandering' the remaining oil revenue. Many people identify the need for tough decisions on prioritising expenditure in the very near future.

Re-adjusting services

The current expenditure on service provision will need to be reined in and this will clearly have an impact on the scale or quality of services the Council can fund. For example the cost of providing specialist care to all parts of the island is untenable in the medium to longer term meaning that some care services will need to be centralised. The impact on levels of service provision might make the Islands less attractive to some groups who are currently attracted by the quality of service.

Similarly school provision will need to be reviewed so services reflect the population. There needs to be a more realistic balance about what the Shetland population can sustain in terms of schools.

Balancing the population

There is a strong feeling the current target of increasing the population to 25,000 is unrealistic. This was the high point of population when Sullom Voe was at its peak and it would be difficult to imagine any future employment opportunities on this scale. Many felt that adjusting the level of service provision to match realistic population estimates makes better sense than trying to grow the population to justify unsustainable levels of service provision. The effort should be on attracting younger, working age households back to the Islands to balance the age profile of the population rather than growing the population per se.

Distributing population growth

There were mixed views about whether there should be positive steps taken to grow key settlements outside of Lerwick. Some stakeholders felt the drift of population towards Lerwick was inevitable and that policy should support market forces. Others thought that some effort should go towards sustaining growth centres where there had been significant investment in providing facilities such as schools and leisure centres.

However, the availability of jobs was seen to be the key driver behind population distribution. So any efforts to promote locations outwith Lerwick would need to be backed up by focused economic development activity. Given the dominance of the public sector this would require the Shetland Islands Council taking the lead in devolving jobs to these growth centres backed up by proper office facilities and broadband connection. These devolved centres could then be the focus for developing incubator units for business start-ups and affordable housing.

Promoting self-reliance

The level of public sector services provided for residents has undermined the traditional self-reliance of crofting communities. A greater focus on communities developing their own solutions to meet community service needs will make services more responsive and cost-effective.

However in some communities there is already a strong community sector and these could be developed and supported to take on more responsibility for local services.

Affordable housing

Housing was seen as a key issue in sustaining and growing the Shetland population. In particular affordable rented or shared equity housing for younger people wanting to move back or into the Islands is a priority. The majority of housing need is focused within the greater Lerwick area that is most attractive to people returning. However if the population is to be balanced and sustained in other parts of the Islands then housing needs to be provided alongside economic opportunities.

Some stakeholders considered that the Council and housing agencies could intervene more effectively in the housing market and possibly take a role in managing some of the holiday and second homes that are increasingly common.

Opportunities for renewable energy

Renewable energy is seen as one future opportunity to support the Shetland economy. There has been discussion about whether the oil revenue should be invested in renewable energy to create a more sustainable revenue stream in the longer term. However, even if the Council chooses this option the money will be tied up for a considerable time before any revenue comes in. And selling power to the grid will require considerable upfront investment in an interconnector to the mainland. The distance from the main energy markets makes this kind of investment less feasible for the private sector so some public investment will be required.

Marketing the Islands

Several stakeholders felt the oil boom had distracted agencies from making serious efforts to market the Islands in terms of local produce or tourism. They felt that some nationally significant resources were not being marketed and that the tourism product had considerable potential for development. Lessons could be learned from Orkney on how to effectively market Island goods and services.

Supporting enterprise

Several stakeholders identified the need for a more strategic approach to developing and growing businesses and this is a current priority for HIE. One interviewee felt that some investment was simply propping up hobby businesses rather than developing genuinely competitive enterprises. Some stakeholders considered that there were very few businesses that were globally competitive with most operating within a domestic market. The limited provision of broadband was seen as a key weakness in developing more globally competitive businesses.

Stronger collaboration between the Public sector, Education establishments (such as UHI) and the private sector would help to identify and support a small number of opportunities to develop competitive advantage. Attracting skilled researchers or graduate placements could also help to stimulate enterprise. Some sectors identified as having potential include renewable energy, creative industries, knitwear and music; in addition to current strengths such as fishing and aquaculture.

Providing incubator units or core business support services in association with better broadband access may help to stimulate business start-ups. However the low levels of risk-taking among the indigenous Shetland population is a major barrier to overcome.

Supporting the workforce

Problems in attracting staff in key sectors are predicted to get worse in the medium term suggesting a continued reliance on migrant labour. The growing burden of care emerging from the ageing population will require a larger and more flexible workforce, and this in turn will have implications for housing provision.

9 Recommendations

This section outlines some of the key longer term strategy objectives and policy areas that local agencies and communities will need to pursue to achieve the type of sustainable communities outlined in the previous section.

9.1 Overall aims

Our research suggests the overall aims for population sustainability by 2030 should be to:

- Sustain the proportion of the population that is of working age;
- Stabilise the school-age population;
- Sustain the number of females of childbearing age; and
- Retain the populations of the most fragile communities.

While this does not necessarily require the population to increase to 25,000 clearly significant population increase is needed to ensure a sustainable and balanced population in the longer term. However age and distribution of population are more important than overall totals.

9.2 Key issues impacting on population

Broadly this research has identified three key areas whish influence population change and which should therefore be the focus for any future measures aimed at addressing out-migration; these are:

- Economic development;
- Infrastructure; and
- Social issues.

We have summarised the key challenges around these below.

Sustaining the economy

The key challenges facing the Shetland economy are:

An over-reliance on public sector employment and an associated under-development of the private and community sectors. Outside of the public sector the prospects in traditional sectors such as crofting and fishing are questionable and outwith the control of the local agencies.

Most young people leaving Shetland's schools gain high levels of qualifications and are automatically encouraged to go to University on the Scottish mainland. However this fuels a brain-drain of potentially more enterprising members of the community and reduces the pool of people available for vocational training and skilled trades.

There are limited and declining opportunities for women and higher skilled workers. Most employment demand seems to be for lower skilled workers in the traditional industries, while the number and range of skilled opportunities in the oil sector has declined.

Employment opportunities are concentrated in Lerwick which has implications for trying to sustain some of the outlying Islands and communities.

Infrastructure

The key challenges around infrastructure are:

There is limited affordable housing of the right type and in the right locations to meet the needs of the labour market and to encourage greater in-migration. There appear to be an increasing number of second and holiday homes across Shetland while the existing housing stock is put under pressure by declining household sizes, a drift of population towards greater Lerwick and an influx of migrant workers.

While transport is generally considered good in Shetland, timings of public transport and cost of fuel will increasingly place barriers on travel to work areas. With most jobs based around the Lerwick area, transport connections are extremely important to support the local labour market.

Its peripheral location in the UK puts Shetland at an economic disadvantage and this is compounded by poor connectivity. Many businesses and self-employed people will rely on high-speed and reliable broadband connections but Shetland is at the trailing edge of broadband technology.

Social issues

The key challenges around social issues are:

Many outlying communities are strongly reliant on lifestyle in-migration to keep local services going and to sustain population levels. However some in-migrants are not fully engaged in the local life of the community and are not economically active. This needs to be addressed so the contributions of these skilled residents can be maximised.

With an increasing reliance on an international in-migrant workforce the level of integration of in-comers will be important to sustaining communities. While this has been a positive feature in Shetland so far, the scale of in-migration needed in the future will place a challenge on communities and agencies to maintain this.

9.3 Key priorities

Our research has identified key population drivers, the likely impacts of continuing trends and some of the challenges currently facing Shetland's communities. We have identified several areas where policy should focus on to promote a sustainable population in the medium to longer term.

Policy direction

Revising targets

While the target of 25,000 by 2025 provides an admirable level of ambition for policy-makers, it masks some more important issues around the balance and distribution of the population. We would therefore recommend the target should use the criteria outlined in 8.1 rather than setting a definitive population target.

Reviewing local public expenditure priorities

Clearly Shetland has been living beyond its means for some time and the current level of local public expenditure cannot continue. Difficult decisions will need to be made on:

- Prioritising local public expenditure; and

- A strategy for using the remaining oil fund.

Shetland has become accustomed to providing high-quality public services and facilities. But the investment made has not always been in the long-term interests of sustaining communities. The Council and its partners should start to scale back spending to levels in line with other similar sized authorities. Any additional spending from the oil fund or other reserves should be clearly focused on promoting a more sustainable economy in the medium to longer term, for example through:

- Promoting enterprise;
- Developing innovation or competitiveness;
- Generating revenue streams (for example, through renewables); or
- Developing business infrastructure (for example, broadband or incubator units).

However these issues are both sensitive and important so we would recommend a period of community consultation on which course of action to take.

Devolving jobs

If a strategy of supporting more self-reliant communities outside of Lerwick is to be successful this will require sufficient employment opportunities within these areas and the local spend these would generate. As the Council is one of the biggest employers it should take the lead in promoting this policy by devolving employment from Lerwick to the key settlements elsewhere in the Islands.

Marketing Shetland as a place to live and visit

It is clear that the quality of environment and strength of communities are what attracts people to Shetland. However there has been little effort to market these attributes in order to attract either visitors or to add value to locally produced produce. There is also an opportunity to develop niche tourism markets through branding and marketing.

Economic development

Developing the private sector

It is clear that there is a need for more business start-ups to address the weaknesses in the private sector. This will require investment in infrastructure that will support new businesses such as start-up premises, broadband and other IT facilities. Business facilities should also help to promote the policy of devolving employment opportunities out of Lerwick.

It will also require more focused awareness-raising of enterprise opportunities among key target groups such as school-leavers, women and in-migrants. Bringing in Shetlanders who have become successful businessmen and women is one way of doing this.

Adding value to natural assets

Our research has identified some potential for developing greater economic advantage from Shetland's natural assets including produce, culture and environment. This links closely with the issue of marketing outlined above. Partners could help to develop greater added value through supporting the private sector to build clusters around different sectoral groupings such as:

- Crafts;
- Creative industries;

- Eco-tourism; and
- Food and drink.

Added value could be generated through differentiating these products and marketing their quality and exclusivity.

Developing knowledge-intensive sectors

Increasingly economic development requires ways of using knowledge to create competitive advantage and add value to basic production. However this is often difficult to achieve in rural and peripheral areas where there are no large-scale Universities to promote research and development. However the North Atlantic Fisheries College already has international research specialisms in several areas and there are proposals for Shetland College (as part of UHI) to develop research programmes in specialist areas such as knitwear and music. Renewable energy will also present future research and development opportunities.

Public agencies should support the knowledge economy through identifying appropriate opportunities for research that link into Shetland's productive sectors. They can also assist through providing graduate placements and secondment opportunities and through joint ventures with research institutions.

Building community enterprise

Elsewhere in the Highlands and Islands community-based enterprises have developed innovative ways of meeting the different service needs of remote communities. With public service budgets likely to come under increasing pressure in Shetland, the community sector will need to play a greater role in maintaining and delivering local services.

Infrastructure

Housing to support economic growth

It is clear that the availability of housing is a key barrier to increasing in-migration. And there is evidence from elsewhere to suggest that housing provision can help stimulate economic and population growth. While the Council and its partners have made efforts to increase the number of house completions it will be critical that housing continues to support economic development. This will mean providing accessible and affordable housing opportunities in the various growth settlements in conjunction with the devolved jobs and business infrastructure previously discussed.

Improving broadband

In rural areas self-employment is generally more widespread than in urban areas and reliable high-speed broadband is increasingly important to running most types of business. So investing in broadband technology will be important for promoting Shetland as a location for self-employed lifestyle in-migrants and for developing indigenous business start-ups.

Community support

With an increasing need to attract in-migrants and the accompanying increased housing requirements, continued support for integrating the migrant community is essential. The efforts undertaken by the Council, Shetland College and the voluntary sector so far have been commendable. However it will be important that there are adequate resources to provide ESOL classes, language support for schools and translation services for public agencies. Support for community-based awareness raising and integration are also necessary to help the indigenous population to embrace these new Shetlanders.

Further examples of approaches taken to integrating in-migrants elsewhere are set out in Appendix B.

Appendix A – Research Questions

Factors such as age, gender, locality, qualifications and economic activity were considered at all times as well as ethnicity/disability

What has driven population change since 2001?

- What have been the trends for each locality in Shetland, Shetland as a whole and Scotland?

What are the factors influencing migration?

- What are the characteristics of in-migrants?
- What are the characteristics of out-migrants?
- What are the characteristics of returners?
- What influences their decisions to return, migrate in or out?
- What influences the decisions of those who choose to remain, particularly in fragile areas?

What are the necessary factors for sustainable communities?

- What are cultural, social, economic and infrastructure characteristics of a sustainable community?
- What is the level and type of population required for sustainable communities?
- Which localities are most vulnerable to population change?

How will the makeup of the population in 2030 affect Shetland society, economy and services?

- What are the implications of population trends continuing as is?
- What are the implications of policies that are moderately successful in influencing population change?
- What are the implications of meeting population targets?

What actions can public agencies take to foster population and service sustainability?

- Which vulnerable localities should policy makers particularly focus on?
- What policy and support mechanisms are likely to work to:
  - Reduce the vulnerability of these areas; and
  - Support population growth and retention.

Much attention has been paid in recent years to the development and implementation of policies that can encourage population growth in rural and remoter areas. Some of the conclusions and recommendations are presented below.

Retention of indigenous population

It has been argued that there is a close correlation between population growth and economic development. This can be shown in the Highlands and Islands, where structural developments since the 1960s have helped to reverse economic decline and, as a result, has reversed the long-term trend of out-migration from the area (Nicolson, 2004). Business growth requires labour and thus it is a pull factor for economic in-migration, yet it does not necessarily guarantee population retention. Some authors suggest the traditional pattern of out-migration and declining job opportunities does not hold in Shetland, as there is still net out migration, despite job growth (Blackadder, p. 17). The author suggests there could be a mismatch between available jobs and the employment people want or are trained for (p.18). A common characteristic of rural areas which makes them more susceptible for out-migration is that employment opportunities tend to require low skills levels, pay low wages, and do not offer progression within a career. The Outer Hebrides Migration Study provides evidence of a strong link between limited job and career opportunities and out-migration (p.22-27) and recommends that economic development policy should aim towards exploring the possibility of attracting businesses and activities in sectors that provide a wider range of opportunities for men and women (Hall Aitken and INI, 2007, p.97-98). Additionally, developing an electronic communications infrastructure and Broadband access, which are crucial to e-business, is seen as necessary to improve productivity and market expansion for rural businesses (Nicolson, 2004).

For many parts of rural Scotland, education has been recognised as a key driver of out-migration, affecting the younger age groups in particular (Stockdale, 2004). It might therefore be expected that regional educational institutions would be successful in retaining young people seeking further education. Lews Castle College (Outer Hebrides), for example, sees its future role as developing specialist courses and graduate programmes to attract back postgraduate students to carry out research (Hall Aitken, 2007).

It is evident from studies elsewhere that transport on islands and remoter areas can be an issue for both settled and migrant communities, in terms of availability and cost (Hall Aitken, 2007, p.29, p 60, 64-65, p70; Kociolek, 2007, p.16). Improving road, ferry and air services to make it easier and more affordable to get around the region is argued as essential, if communities in remoter locations are to be sustained (Nicolson, 2004).

There have been different policies and practices developed in response to the issue of rural depopulation across the world. Norway, for example, supports businesses in remote areas with grants and loans in addition to reduced personal and business taxation. In some parts of the country, graduates are offered reductions from student loan repayments for every year they spend working in a remote area (Hall Aitken and INI, 2007, p116). In Ireland, a proactive approach is taken by voluntary organisations such as Rural Resettlement Ireland, where field officers assist families to leave cities and resettle permanently in rural areas. Information on mainly housing, transport and education is provided (www.ruralresettlement.com). Also

Canada has developed a proactive approach to supporting its rural, remote and northern regions. The Canadian Rural Partnership works closely with the Canadian government to support rural communities through building community capacity, supporting rural agricultural communities with rural minority languages and youth-orientated actions (http://www.rural.gc.ca).

Retention of foreign migrant labour

One of the interesting characteristics of the recent Central and East European A8 migration wave consists of its fairly even distribution across the country with no indication of a preference for urban areas (CRC, 2007, p. 16). Rural areas which have been facing population ageing and decline and which are struggling to fill vacancies in some sectors have been beneficiaries of this phenomenon. In the attempt to attract and retain migrant labour, detailed research and project-work has been undertaken.

A survey of migrant workers in the Outer Hebrides revealed that most migrants did not have defined plans about their length of stay, and many left their decisions for the future undefined (Hall Aitken and INI, 2007a, p.40). This may suggest that, depending on their situation (housing, employment, feeling of being welcome etc.), they are open towards the prospect of resettlement.

The most common recommendations regarding action by public agencies are to focus on the following major issues (UHI and INI, 2005, p78-82; Hall Aitken and INI, 2007a, p. 52-58; Kociolek, 2007, p.24-27, Jentsch, 2007, p. 3):

- Access to information and access to independent advice and support – to families and to individual migrants;
- Promotion of good relations and community cohesion, for example, through interaction between different ethnic and cultural groups (see also below)
- Promoting inclusion – for example, through ESOL provision
- Addressing underemployment – through a strategy of matching skills with employment opportunities.

Given that 'integration' is commonly understood as requiring changes from migrants as well as from host communities, it needs to be noted that the latter also need support when the focus is often on the migrant population and their needs. Community support may include creating opportunities to interact with other cultures, and information about the new community members, including the benefits they can bring. At a policy level, 'integration' may refer to a type of engagement in which stakeholders from different ethnic and cultural groups participate, thereby promoting interaction. This can result in 'mainstreaming' so the development of policies and public provisions is inclusive of different ethnic and cultural groups, thus promoting equality (Jentsch, 2007, p. 3).

Many areas in Scotland have created multi-agency working groups, which aim to develop strategies and specific initiatives around the issue of migrant workers (for example, there are Migrant Worker Forums in Lochaber, Argyll, Dumfries and Galloway and a Highland-wide In-migration Action Group). These groups help to coordinate action by local agencies and provide a platform for information exchange.

The "Supporting Inward Migration" initiative could be given as an example of a multi-agency project within the Highland Council area. The project is aimed at migrant workers and employers who have migrant worker employees. It delivers services within four main areas of support: English classes, advice, family support and fire safety (Supporting Inward Migration [online]).

S.T.E.P, the "Migrant Worker Support Project" in Northern Ireland, operates on the basis of a similar idea. The Migrant Support Centre, that has been established to run the project, delivers its services in a range of languages, covering 9 different areas of expertise, including ESOL (provision, tutor training, quality checking), advice (citizen, employment rights, housing, immigration), interpretation and translation services, community development work and policy work.. The project – initially funded by public money – has been designed to be self-sustaining, with time (Migrant Workers Support Project [online]). This highlights opportunities and constraints of the role of the voluntary sector in promoting the integration of migrants: on the one hand, voluntary organisations are diverse and flexible, and thus well suited to identify and address migrants' needs. However, examples in Ireland have also demonstrated that unless the state co-ordinates such endeavours and facilitates a long-term strategy, an overly complex structure of programmes and initiatives may result. They may only be short-lived and project directed – a situation which obviously should be avoided (Jentsch 2007; Mac Éinri 2007).

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Version	Draft Final Report

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Shetland
Islands Council

REPORT

To:	Development Committee	5 June 2008
	Infrastructure Committee	10 June 2008
	Services Committee	12 June 2008

From: Head of Legal and Administration

Forums and Industry Panels – Remits and Membership
Report No. LA-29-F

1.0 Introduction

1.1 The Council, at its meeting on 14 May 2008 (Min. Ref. 66/08), agreed to adopt an amended Committee structure which saw the introduction of Forums and Industry Panels relating to specific functional areas.

1.2 The purpose of this report is to present the proposed remits and memberships of the Forums and Industry Panels for consideration, and subsequent approval as part of the Scheme of Delegation which will be presented to the Council on 25 June.

1.3 In addition, the Committee is asked to approve the terms of the Best Practice Guidelines for the operation of Forums and Advisory Panels.

2.0 Link to Corporate Priorities

2.1 The framework within which Council business will be carried out contributes to the aim of developing the Corporate aim of achieving a Council that is organised, efficiently run and sustainable.

3.0 Proposals

3.1 Extracts from the Council's Scheme of Delegations are attached. Following consideration by the Committees, the entire Scheme will be submitted to the Council meeting on 25 June.

3.2 The Development Committee is asked to approve the terms of Appendix 1 in terms of the role and remits of the Industry Panels. The Committee is further asked to recommend core membership, and Lead Officer, to be appointed at the Council meeting on 25 June.

3.3 The Services Committee is asked to approve the terms of Appendix 2 in terms of the role and remit of the Community Services Forum. The Committee is further asked to recommend the core membership, and Lead Officer, to be appointed at the Council meeting on 25 June.

3.4 The Infrastructure Committee is asked to approve the terms of Appendix 3 in terms of the role and remits of the Infrastructure and Environment Forum. The Committee is further asked to recommend the core membership, and Lead Officer, to be appointed at the Council meeting on 25 June.

3.5 Committees are asked to note that stakeholder or industry group representation will be invited to attend meetings, dependent upon the matters under discussion. The list of invitees will be agreed between the Chairperson and the Lead Officer.

3.6 In addition, Committees are asked to consider and agree the Best Practice Guidelines, attached as Appendix 4.

4.0 Financial Implications

4.1 There are no financial implications arising from the terms of this report.

5.0 Policy and Delegated Authority

5.1 In accordance with the current Scheme of Delegations, only the Council shall specify the terms of reference and delegations of any Committee or Forum. Therefore a decision of the Council is required, following consideration by the relevant Committees.

6.0 Recommendation

6.1 I recommend that the Committees consider the proposals contained in Section 3 above. Any recommendations will be contained in a report on the updated Scheme of Delegations and presented to the Council on 25 June 2008.

27 May 2008
AC

21.0 INDUSTRY PANELS

Role

The role of the Industry Panels, similar to Forums, is to initiate and develop proposals for policy formulation and to keep policies, within their remit, under review. The work of the Panels should encourage cross-departmental working and promote innovative thinking, partnerships and public consultation. In particular, the Panels must establish a framework for consultation and participation in external consultative mechanisms e.g. Community Councils, stakeholder groups or groupings.

Panels will be required from time to time to develop proposed policy submitted to them by either a Committee or by the Council.

All policy proposals will be presented to the appropriate Committee by report and supported by the Spokesperson. Subject to adoption of the initiatives by the Committee, the Panel's responsibility is then to implement the Council's consultation strategy ensuring maximum community participation in proposals which fall within the remit of the Forum.

Panels may conduct detailed examination of proposals in the taking of evidence, commissions, etc. from all interested parties.

To initiate and develop proposals for policy formulation or change, and to keep policies and the implementation of those policies within the remit of the Panel under review.

To support the work of Members who represent the Council on external organisations

To provide advice to the Development Committee and the Council on any matter which falls within the remit of the Panel.

The Panels may consider any matter appearing to fall within their remit if referred to it by any Panel Member including external stakeholders or members of the public, the Council, Committees, Executive Directors or the Chief Executive. Any items to be put on the Panel agendas will be discussed with the Head of Economic Development and Chairperson of the Panel.

Panel meetings may be held at any location and time to suit its work.

The Panels will report in each cycle of Council business by submission of its minutes and reports to the Council's Development Committee.

Remit

Fisheries

To provide a mechanism for facilitating discussion, consultation and understanding of all matters relating to fisheries related themes and issues affecting Shetland.

General Industry

To provide a mechanism for facilitating discussion, consultation and understanding of all matters relating to general industry related themes and issues affecting Shetland.

Tourism and Culture

To provide a mechanism for facilitating discussion, consultation and understanding of all matters relating to tourism and cultural related themes and issues affecting Shetland.

Agriculture

To provide a mechanism for facilitating discussion, consultation and understanding of all matters relating to agricultural related themes and issues affecting Shetland.

Delegation of Authority

The Panels may consider draft policy and make recommendations on any matter that falls within their remit.

The only decisions that a Panel may make are:

- a decision to recommend a particular course of action to Committee or Council
- a decision to invite individuals or organisations to attend the Panel for a particular item of business in order to hear views or seek expert advice.

Core Membership:

Vice-Chairperson, Development Committee [Chairperson]
Chairperson, Development Committee
European Spokesperson

Lead Officer:

Head of Economic Development

19.0 COMMUNITY SERVICES FORUM

Role

The role of Forums is to initiate and develop proposals for policy formulation and to keep policies, within their remit, under review. The work of Forums should encourage cross-departmental working and promote innovative thinking, partnerships and public consultation. In particular, Forums must establish a framework for consultation and participation in external consultative mechanisms e.g. Community Councils, stakeholder groups or groupings.

Forums will be required from time to time to develop proposed policy submitted to them by either a Committee or by the Council.

All policy proposals will be presented to the appropriate Committee by report and supported by the Spokesperson. Subject to adoption of the initiatives by the Committee, the Forum's responsibility is then to implement the Council's consultation strategy ensuring maximum community participation in proposals which fall within the remit of the Forum.

Forums may conduct detailed examination of proposals in the taking of evidence, commissions, etc. from all interested parties.

To initiate and develop proposals for policy formulation or change, and to keep policies and the implementation of those policies within the remit of the Forum under review.

To support the work of Members who represent the Council on external organisations.

To provide advice to the Services Committee on any policy matter which falls within the remit of the Forum.

The Forum may consider any matter appearing to fall within its remit if referred to it by any Forum Member including external stakeholders or members of the public, the Council, Committees, Executive Directors or the Chief Executive. Any items to be put on the Community Services Forum agenda will be discussed with the Executive Director and Chairperson of the Community Services Forum.

The Forum meetings may be held at any location and time to suit its work.

The Forum will report in each cycle of Council business by submission of its minutes and reports to the Council's Services Committee.

Remit

To ensure that the Council facilitates and understands stakeholders' views on matters relating to services for children and young people, community care, criminal justice, education, leisure and housing services. The Forum will provide recommendations to the Services Committee on policy matters pertaining to these areas.

For the purpose of this Forum, children and young people shall be considered to be anyone under the age of 25 years in need of care or assistance from the local authority and/or partner agencies involved in delivery of children's and young people's services.

For the purpose of this Forum, community care shall be considered to include any area of services to client groups coming under the Community Care plan agreed by NHS Shetland and the Council as defined by government guidelines.

Delegation of Authority

The Forum may consider draft policy and make recommendations on any matter that falls within the Forum remit.

The only decisions that a Forum may make are:

- a decision to recommend a particular course of action to Committee or Council
- a decision to invite individuals or organisations to attend the Forum for a particular item of business in order to hear views or seek expert advice.

Core Membership:

Vice-Chairperson, Services Committee [Chairperson]
Chairperson, Services Committee
Education, Children and Young People's Spokespersons (2)
Housing Spokesperson
Community Care Spokesperson
Culture and Recreation Spokesperson

Lead Officer:

Executive Director, Education and Social Work

20.0 INFRASTRUCTURE AND ENVIRONMENT FORUM

Role

The role of Forums is to initiate and develop proposals for policy formulation and to keep policies, within their remit, under review. The work of Forums should encourage cross-departmental working and promote innovative thinking, partnerships and public consultation. In particular, Forums must establish a framework for consultation and participation in external consultative mechanisms e.g. Community Councils, stakeholder groups or groupings.

Forums will be required from time to time to develop proposed policy submitted to them by either a Committee or by the Council.

All policy proposals will be presented to the appropriate Committee by report and supported by the Spokesperson. Subject to adoption of the initiatives by the Committee, the Forum's responsibility is then to implement the Council's consultation strategy ensuring maximum community participation in proposals which fall within the remit of the Forum.

Forums may conduct detailed examination of proposals in the taking of evidence, commissions, etc. from all interested parties.

To initiate and develop proposals for policy formulation or change, and to keep policies and the implementation of those policies within the remit of the Forum under review.

To support the work of Members who represent the Council on external organisations

To provide advice to the Infrastructure Committee and the Council on any matter which falls within the remit of the Forum.

The Forum may consider any matter appearing to fall within its remit if referred to it by any Forum Member including external stakeholders or members of the public, the Council, Committees, Executive Directors or the Chief Executive. Any items to be put on the Infrastructure and Environment Forum agenda will be discussed with the Executive Director and Chairperson of the Forum.

The Forum meetings may be held at any location and time to suit its work.

The Forum will report in each cycle of Council business by submission of its minutes and reports to the Council's Services Committee.

Remit

To ensure that the Council facilitates and understands stakeholders' views on matters relating to roads, planning, environment, public protection and health. The

Forum will provide recommendations to the Infrastructure Committee on policy matters pertaining to these areas.

Delegation of Authority

The Forum may consider draft policy and make recommendations on any matter that falls within the Forum remit.

The only decisions that a Forum may make are:

- a decision to recommend a particular course of action to Committee or Council
- a decision to invite individuals or organisations to attend the Forum for a particular item of business in order to hear views or seek expert advice.

Core Membership:

Vice-Chairperson, Infrastructure Committee [Chairperson]
Chairperson, Infrastructure Committee
Environment and Public Health Spokesperson

Lead Officer:

Executive Director, Infrastructure Services

APPENDIX 4

Shetland Islands Council

BEST PRACTICE GUIDELINES -

FORUMS

CONTENTS

Constitution

The Council shall establish the following Forums:

- Infrastructure and Environment Forum
- Community Services Forum

In addition, the Council shall establish the following Industry Panels, which will operate in the same way as Forums:

- Fisheries
- Agriculture
- General Industries
- Tourism and Culture

The Council may appoint such other Forums or Industry Panels as they may from time to time consider are required and in so doing shall specify the terms of reference of any such Forum or Panel.

Each Forum shall have, appointed by the Council, a core of Council Members, which must include the Vice-Chairperson of the relevant service Committee, who will be responsible for agenda-setting and for chairing meetings of the Forum, and its Spokespersons.
.

General Functions

The role of Forums is to initiate and develop proposals for policy formulation and to keep policies, within their remit, under review. The work of Forums should encourage cross-departmental working and promote innovative thinking, partnerships and public consultation. In particular, Forums must establish a framework for consultation through Council established Advisory Panels and participation in external consultative mechanisms e.g. Community Councils, stakeholder groups or groupings.

Forums will be required from time to time to develop proposed policy submitted to them by either a Committee or by the Council.

All policy proposals will be presented to the appropriate sponsoring Committee by report and supported by the Spokesperson. Subject to adoption of the initiatives by the Committee, the Forum’s responsibility is then to implement the Council’s consultation strategy ensuring maximum community participation in proposals which fall within the remit of the Forum.

Forums may conduct detailed examination of proposals in the taking of evidence, commissions, etc. from all interested parties.

Membership

All participants in Forum meetings (Members, officers, stakeholders and invitees) should be reassured of their equality of status and be encouraged to take part in the discussion. It is the responsibility of the Chairperson to ensure parity of esteem, and that the value of contributor is recognised.

Each Forum shall have, appointed by the Council, a core of Council Members, which must include the Vice-Chairperson of the relevant service Committee, who will be responsible for agenda-setting and for chairing meetings of the Forum, and its Spokespersons.

The key participating Services of the Council will also be identified and will be obliged to secure officer attendance at all meetings where the business requires officer input within their fields of expertise. Each Forum will identify a lead Service Head who will be responsible for facilitating the effective operation of the Forum.

Any person may be invited especially to attend a meeting of the Forum as a stakeholder, service user or adviser. The Head of Legal and Administration must be advised of all those invited to attend.

All Councillors are entitled to attend meetings of the Forums, and if not a core Member, may participate at the discretion of the Forum Chairperson.

Approved Duty/Payment of Expenses

Forums are appointed by Shetland Islands Council and the Spokesperson and other Member appointments are made by the Council. The Forum is expected to act as a key component in the Council's drive to ensure full community involvement in the affairs of the Council and as such the Council has ascribed approved duty status to the participation of individual Members in the work of the Forum. Expenses incurred by Members attending for the business of the Forum shall be met by the Authority under the statutory Regulations for payment of Members' expenses and allowances.

The application of approved duty status for Elected Members, applies only to Elected Members. The Council cannot reimburse any claims for expenses from other invited persons.

SIC Staff - Attendance as Stakeholders: Code of Conduct

SIC staff may attend Forum meetings as representatives of other organisations. In such instances, those persons should be aware of any information they may only have gleaned in their position as a member of staff, and have due regard to the SIC Employee Code of Conduct.

- Staff shall be allowed time off from their duties without loss of pay or holiday entitlement to attend Forum meetings as representatives of organisations other than the SIC.

Conduct of Meetings

Public Notice

Forums are intended to operate in as open a manner as possible, recognising any codes of confidentiality imposed on the Council and access to information constraints. In general, therefore, the business of the Forum will be conducted in public, and notice of meetings will be posted, and copies provided to the media. Only, in the event where the subject requires the matter to be considered in private, should the Forum resolve to exclude the public and in no circumstances should that be in cases other than those described under the Access to Information requirements which govern the affairs of the Council's formal Committees.

Formal meetings of Forums shall be called by the Head of Legal and Administration, in accordance with the schedule of meetings established by the Council. At least 14 calendar days public notice of the agenda items should be given.

Agendas

- Agendas for all meetings shall be agreed in consultation with the Forum Chairperson, Spokespersons, and Lead Officer before being issued by the Head of Legal and Administration. If necessary, the Committee Chairperson shall act as arbiter in cases of disagreement.

- Agendas shall be issued upon receipt of the final reports and circulated to all Core Members, Elected Members, Service Heads and the media.

- All agendas will include an item "Issues for Future Discussion". This will allow the Forum to highlight any issues which should be brought forward to a future meeting. Such issues may be raised with or without supporting papers, and a brief discussion should be embarked upon to ensure that the topic is the legitimate business of the Forum and to decide on information to be presented to the next meeting.

Joint Meetings

Chairpersons, , Lead Officers and Committee Chairman may agree to hold a joint Forum meeting where certain issues are within the remit of more than one Forum. In such cases, an agreement on chairmanship shall be reached between the Chairpersons and the Committee Chairman/Chairmen, but shall be otherwise be conducted in accordance with these guidelines.

<u>Cancellation of Meetings</u>

The Lead Officer shall advise the Head of Legal and Administrative Services of the decision to cancel a Forum meeting. At least **2 calendar weeks notice** in advance of the scheduled meeting date should be given in order that the Head of Legal and Administrative Services may issue a cancellation notice timeously. Lead Officers and Chairpersons should ensure that no business is forthcoming from Stakeholders before agreeing to cancel a scheduled meeting. Cancellation notices should contain an explanation, provided by the Lead Officer, as to what work is being undertaken in the meantime.

<u>Discussion Papers</u>

All items for discussion at a Forum meeting (except items for future discussion) should be accompanied by a discussion paper, and any relevant background material. Presentations should be used wherever possible.

Authors of papers for meetings shall ensure that appropriate advice from the Council's Proper Officers has been sought prior to discussion – i.e. the content should include, or take account of, the necessary technical, professional, legal, financial, etc. advice.

Stakeholders wishing to present a matter to the Forum should forward their papers to the appropriate Lead Officer, who will present the paper with a discussion paper, as referred to in the previous paragraphs. In some cases, such matters may be referred to "items for future discussion" only, and no covering discussion paper needs to be prepared.

All papers to Forums prepared by Officers shall begin with a statement confirming the purpose of referring the matter to the Forum by reference to the Forum's remit and any Council policies which apply. The emphasis on this policy consultation role should be highlighted by the inclusion of questions for debate, rather than recommendations.

<u>Timing and Venue</u>

Forum meetings shall be held in accordance with the schedule of meetings produced by the Head of Legal and Administration. However, the Lead Officer, in consultation with the Chairperson, and taking account of the views of the Forum, has delegated authority to alter the timing and venue of Forum meetings.

Forum meetings may be held at any location and time to suit its work. The Lead Officer shall liaise with the Head of Legal and Administration with regard to venue bookings, arrangements and servicing.

Chairperson

All Forum meetings shall be chaired by the Chairperson responsible for the Forum.

The Chairperson may delegate this role to a Spokesperson for the purpose of the meeting.

In the absence of the Chairperson, the Forum shall appoint an Interim Chairperson from amongst those Members present.

Quorum

Forum meetings shall require a quorum of at least two Core Elected Members.

The Quorum for joint Forum meetings shall be the same as if the Forum was not joint.

Discussion/Participation

- Chairpersons should try to achieve a consensus at meetings. In all cases, both sides of an argument will be recorded. Generally, therefore, no votes will be taken, except on the appointment of Core Stakeholders.

- If a consensus cannot be reached, the Chairperson should determine the process to follow and outcome of debate with a show of hands if necessary.

Publicity

- Where the Forum feels it is appropriate, the Chairperson, Spokespersons and Lead Officer should meet directly after the meeting to put together a short press release on the discussion.

- The Notes of meetings, having been confirmed for accuracy by the Chairperson and Lead Officer, shall include details on action required, and shall be circulated to all Core Members of the relevant Forum, any Invitees, all Service Heads and a copy placed in the Members' Room.

END
May 2008

Shetland
Islands Council

REPORT

To: **Inter Islands Ferries Board** **4 June 2008**
Infrastructure Committee **10 June 2008**

From: **Ferry Services Manager**
Transport
Infrastructure Services Department

EFFECT OF FUEL PRICE CHANGE ON FERRY SERVICES BUDGET 2008/09

1 Introduction

1.1 The purpose of this report is to advise Members of the shortfall in the Ferry Services Budget 2008/09 caused by the National escalation of fuel oil prices.

2 Links to Council Priorities

2.1 This report is consistent with the Corporate Plan 2008-2011 Section 2 "Sustainable Environment and Transport" has a target to "Contribute towards economic growth, sustainable communities and sustainable transport systems".

3 Background

3.1 Ferry Services participated in the 2008/09 budget setting exercise in October 2007. At this time the average fuel price paid, to that point, was £0.2911 per litre. Prudently Ferry Services set a budget using a futuristic average figure of £0.3618 per litre.

3.2 Since October 2007 the price of fuel oil has escalated beyond this figure and is now £0.5311 per litre. I consider it prudent to re-budget using an average figure of £0.59 for the year 2008/09.

3.3 The attached appendix shows the new calculation.

4 Financial Implications

4.1 It is anticipated that there will be a shortfall in the Ferry Fuel Oil Budgets of the magnitude of £1.014m as a direct result of escalating fuel oil prices given the present National trends.

4.2 It is also anticipated that there will also be a significant shortfall in the Ferry Services Lubricating Oil Budgets of the magnitude of £0.020 m if the present prices escalate in parallel to fuel oil prices.

4.3 Every opportunity will be taken to make savings to offset these costs, without impacting on service levels. However, the costs are inescapable and therefore additional resources will be required amounting to a draw on reserves of up to £1.034m.

5 Policy and Delegated Authority

5.1 The Inter Island Ferries Board has responsibility for operating the service in accordance with overall Council policy and agreed budgets as described in Section 17 of the Council's Scheme of Delegation.

5.2 The Infrastructure Committee has full delegated authority to act on all matters within its remit, "Section 12.0 of the Council's Scheme of Delegations" and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision. However an increase in budgets requires a decision of the Council.

6 Recommendations

6.1 I recommend that the Inter Island Ferries Board recommends that the Infrastructure Committee recommends to the Council that it increase the fuel budgets within Ferry Services by £1.034m in 2008/09.

TR-18-08-F

Effect of fuel price change on Ferry Service Budget 2007/08						
General Ledger	Code Description	Budget 08/09	@	Litres	@	New 08/09
VRY76611440	MV Bigga Transport Fuel	125,000	0.36	347,223	0.59	204,862
VRY76621440	MV Snolda Transport Fuel	29,500	0.42	70,238	0.59	41,440
VRY76631440	MV Fivla Transport Fuel	75,000	0.36	208,334	0.59	122,917
VRY76651440	MV Geira Transport Fuel	61,000	0.36	169,445	0.59	99,973
VRY76661440	MV Good Shephe Transport Fuel	12,000	0.42	28,517	0.59	16,857
VRY76681440	MV Hendra Transport Fuel	110,000	0.36	305,556	0.59	180,278
VRY76701440	MV Leirna Transport Fuel	71,000	0.36	197,222	0.59	116,361
VRY76721440	MV Thora Transport Fuel	15,000	0.42	35,714	0.59	21,071
VRY76731440	Linga Transport Fuel	266,000	0.36	738,889	0.59	435,945
VRY76751440	Filla Transport Fuel	194,000	0.36	538,889	0.59	317,945
VRY76761440	MV Daggri Transport Fuel	320,000	0.36	888,889	0.59	524,445
VRY76771440	MV Dagalian Transport Fuel	330,000	0.36	916,667	0.59	540,834
	Totals	1,608,500		4,445,583	7.08	**2,622,928**

Likely effect of price change on Ferry Service Lube Oil Budgets 2007/08				
Code Description	Budget 08/09	66% increase		
MV Bigga	3,500	5,810		
MV Snolda	600	996		
MV Fivla	3,000	4,980		
MV Geira	3,000	4,980		
MV Good Shepherd	500	830		
MV Hendra	3,000	4,980		
MV Leirna	2,000	3,320		
MV Thora	900	1,494		
Linga	4,800	7,968		
Filla	3,860	6,407		
MV Daggri	2,000	3,320		
MV Dagalian	2,000	3,320		
Terminals	5,690	9,445		
Totals	**34,850**	**57,850**		

Shetland
Islands Council

REPORT

To: **Infrastructure Committee** **10 June 2008**

From: **Head of Transport, Infrastructure Committee**

BRESSAY LINK STAG APPRAISAL – SUMMARY, FINDINGS AND RECOMMENDATIONS

1. Purpose

1.1. This report presents the key findings of the Scottish Transport Appraisal Guidance (STAG) appraisal of the Bressay Link, which has been undertaken by ZetTrans, Shetland Islands Council (SIC) and a team of consultants between August 2007 and May 2008. A summary of the study can be found at Appendix A and copies of the full report are available in the Members' Room.

1.2. It also provides a discussion of the key issues and implications of these findings to Bressay and the wider Shetland community, before making recommendations and setting out relevant timescales.

2. Links to Council Priorities

2.1 Shetland's communities are scattered and have a diverse set of needs. To best address those, we must have sustainable road, sea and air transport systems, both internal and external, that ensure everyone is able to access the places, services and opportunities they need.

3. Strategic Context and Background to the Study

3.1. Options for linking Bressay to Mainland Shetland have been considered by Shetland Islands Council (SIC) since at least the 1970s. The need to secure the option that, on balance, best meets the aspirations of stakeholders has been the subject of much debate on whether or not to build a bridge or tunnel, and the effects of this on other land uses, navigation and reliability of the new link.

3.2. The current Local Plan requires protection of a "corridor" for construction of a bridge at Point of Scatland. In 1998, the Council commissioned consultant engineers to carry out a technical feasibility study, following best practice, which concluded that a high level fixed bridge at this location was the preferred option.

3.3. In 2001, following a socio-economic study and a STAG-type[1] appraisal, the Council approved the construction of a high level bridge (min ref 06/01) and commissioned consultant engineers and others to develop the proposals in order to be able to promote the bridge through the

[1] The STAG process in its current form was only in development in 2001

consents process. The details were developed in consultation with stakeholders and this concluded that a bridge with principal dimensions of 40m air-draft by 160m main span would meet requirements (min ref 09/03).

3.4. In the consents process objections were received and not resolved or determined and this has led to SIC re-visiting the way forward within the context of Shetland's Regional Transport Strategy.

3.5. This strategy will be a statutory document, once approved by Scottish Ministers[2]. In this, ZetTrans is required to set out the transport priorities for Shetland over a 15 year period. The conclusions of the consultation process identified that resolving the ongoing issues of the transport link between Bressay and Mainland Shetland is a key priority.

3.6. To meet this objective, ZetTrans has undertaken an appraisal of the link, in accordance with best practice, set out in the Scottish Transport Appraisal Guidance (STAG).

3.7. A report to Infrastructure Committee on 19 June 2007 (Min. Ref. 27/07) gave details of the proposed approach to carrying out the STAG appraisal. A joint working group, the Bressay Link Group, was set up to oversee the process. This includes representatives from ZetTrans, SIC, LPA and Bressay Community Council. The Infrastructure Committee has received update reports throughout the study.

3.8. The overall aim of the study was defined at an early stage as *'To identify means of providing sustainable efficient transport links between Bressay and Mainland Shetland for the long term and identify the most appropriate measures to carry forward to implementation for the benefit of Shetland as a whole'.*

3.9. This aim fits well with the Council's recent Corporate Plan which states: "*Shetland's communities are scattered and have a diverse set of needs. To best address those, we must have sustainable road, sea and air transport systems, both internal and external, that ensure everyone is able to access the places, services and opportunities they need*".

4. Scottish Transport Appraisal Guidance (STAG)

4.1. STAG is the Government standard for appraisal of transport services and infrastructure projects and provides an evidence-based framework to use in the development and assessment of options against Government and local objectives. Since July 2003 it is a requirement of the Scottish Executive (now Scottish Government) that all projects for which it provides support or approval are appraised in this way. A summary of the process and the key findings of each stage is included in Appendix A.

[2] This strategy was produced was ZetTrans, and submitted to the Scottish Executive for approval in March 2007. It has been resubmitted to the Scottish Government, at their request and approval is anticipated imminently.

5. Main Issues to Address

5.1. The purpose of STAG is to identify the transport option which, on balance, best meets the issues relating to the current provision. The five Government Transport Objectives (of Environment, Safety, Economy, Accessibility and Integration) are also taken into account.

5.2. The detailed consultations which have underpinned the STAG study, have indicated the following key issues:

- the Bressay community is highly dependent on the ferry service to access employment, education, health, shopping and recreational facilities: some needing to use the service several times a day, and the timetable sometimes constrains access to essential services;

- the overall cost of the current service to travellers is considered to be high, particularly for those who need to use the service regularly. However the service and its centre-to-centre link is valued;

- business expansion and new business development on Bressay is being constrained; a fixed link could provide opportunities to sustain the Bressay community;

- the link should ensure that the LPA can continue to meet its statutory requirements to 'manage, maintain, and regulate the Port and Harbour of Lerwick, including the undertaking to improve and deepen the harbour area';

- a number of issues relating to development: for example, the need, or not, for additional land to develop Lerwick and in turn Shetland;

- uncertainties about the link affecting land development in Bressay;

- a fixed link could lead to a loss of island identity and associated social benefits;

- it is important to consider how any new infrastructure could affect the environment, including in terms of carbon emissions; and

- current transport integration is poor (for example there is limited public transport or taxi provision on Bressay and it is not possible to access early flights from Sumburgh without an overnight stay).

4.3 Local objectives for this study were developed to meet these issues nesting in the overall framework of the study aim and the Government transport objectives (see Appendix B).

6. Summary of STAG 1

6.1. The findings of the STAG Part 1 appraisal concluded that the following options, set out below were sufficiently consistent with the local planning objectives for the scheme, to warrant more detailed appraisal (Part 2 STAG):

- Option 1: Drill and Blast Tunnel
- Option 2: High Level Bridge

- Option 3: Reconfigured Ferry Service
- Option 4: Do Minimum (existing ferry service used for comparative purposes)
- Additional: Public Transport Measures, to support Options 1-3.

In all options walking and cycling measures have been taken into account.

6.2. During STAG 1, the following options were rejected because they did not meet the local objectives:

- Causeway
- Transporter Bridge
- Helicopter Service
- Chain Ferry
- Immersed Tube Tunnel
- Opening Bridge

6.3. On the basis that the 160m x 40m bridge did not meet some important planning objectives, the parameters of the high level bridge were subsequently redefined (to a 60m air draft and 260m wide main span between the centres of piers) in the STAG 2 study following consultation with the LPA on current and future harbour requirements.

7. STAG 2 Key Findings

7.1. The options were developed to an appropriate level of technical detail to allow detailed appraisal in the framework of the local planning and Government Transport objectives. In addition, costs to the Government were taken into account[3].

7.2. Appendix A of this report includes a summary of STAG 2. The key findings are:

- Option 1 (drill and blast tunnel) best meets the objectives (see Appendix B);

- this option requires significant capital outlay, but much reduced operational and maintenance funding;

- a fixed link generates traffic and does not provide a centre-to-centre link, and therefore would have negative effects unless a suitable level of enhanced public transport is provided;

- however, a fixed link provides 24 hour, ‘as and when’ access to facilities and opportunities located on the Mainland;

- it is considered, therefore, that on balance the Drill and Blast Tunnel provides best value to the public sector, as well as best addressing identified issues;

[3] Cost to Government refers to all costs incurred by the public sector as a whole, net of any revenues. The total net costs consist of investment costs, operating and maintenance costs, grants/subsidy payments, revenues and taxation impacts. It does not distinguish between local authority and central government.

- this option does not comply with current Council policy, which supports a bridge.

7.3. A high level bridge, designed to meet present day requirements (Option 2) provides many of the same benefits but the costs are much higher, and there would be a risk of closure in extreme weather conditions. In addition, the scale of the structure is considered to be out of keeping with Shetland's landscape and the bridge would therefore have significant adverse environmental effects.

7.4. Option 3 (the reconfigured ferry service) would provide improvements, but this would be dependent on the fare structure put in place, and the current lack of transport internal to the island would need to be addressed. The important centre-to-centre link would be retained, but timetable restrictions would remain.

8. Economic Appraisal Summary

8.1. Table 1, below, provides a summary of the costs for each of the options over a 60 year period, in compliance with Government guidance.

8.2. The capital costs in the table include the cost of any infrastructure required over the 60 years, including any road improvements (e.g. construction of fixed link, or 3 replacement ferries and 1 replacement berthing structure and 2 replacement link spans). The operating costs cover the annual cost of operating the option, over 60 years.

Table 1: Summary of Capital and Operational Costs for Each Option Over 60 years, expressed in today's prices (including additional public transport services and infrastructure)

	Tunnel	**Bridge**	**Reconfigured Ferry (existing fare structure)**	**Current Ferry (Do Minimum)**
Capital Costs	£26,339,000	£51,480,000	£27,780,000	£27,750,000
Operating Costs/annum	£195,000	£195,000	£1,095,364	£934,385

8.3. Table 2 summarises the findings of the economic appraisal using a recognised transport model. In the model all costs and benefits for each option are expressed in current day prices to allow for like for like comparison. The figures below are for the reconfigured ferry, using the existing fare structure. The main STAG report includes details for two further scenarios: no fares and a sample new fare structure.

8.4. Options 1-3 have been compared throughout the STAG process, with the Do Minimum. This is the current ferry service projected forwards for the next 60 years, taking account of any new infrastructure requirements during that time (see 7.2). In the economic model the Do Minimum is only used for comparative purposes and is not appraised itself. The costs and benefits of the current service are therefore taken as zero and the costs and benefits of the three other options are compared against this.

8.5. Net Present Value (NPV) is a measure of the quantifiable benefits minus costs. A positive NPV and Benefit Cost Ratio (BCR) demonstrate better value than the current situation.

Table 2: Summary of Costs and Benefits for Each Option, as generated by Transport Economic Efficiency Model (TEE) (including public transport)

	Tunnel	Bridge	Reconfigured Ferry (existing fare structure	Current Ferry (Do Minimum)
Present Value of Transport Benefits	£19,447,016	£19,379,131	£0	0
Present Value of Cost to Government	-£2,613,631	-£41,901,088	-£3,630,566	0
Net Present Value (NPV)	£16,833,385	-£22,521,957	-£3,630,566	0
Benefit-Cost to Government Ratio (BCR)	7.44	0.46	0	0

8.6. Table 2 clearly demonstrates that Option 1, Drill and Blast Tunnel, is the only option with a positive economic case. Including optimism bias at 66% and contingency of 20%, this option was found to have a BCR of 7.44 which means that for every £1 invested by the public sector a benefit of £7.44 is generated. In addition this option has an NPV of £16.8M. Explanations of the key terms relating to economic appraisal are given in Appendix C.

8.7. A number of sensitivity tests were undertaken but none of these were found to impact on the main conclusions from this work. These tests were to:
- assume no additional trips were generated;
- assume a ferry lifespan of 25 and 30 years; and
- assume optimism bias on all options (including the ferry) of 66%, 44% and 0%.

9. Discussion Of Key Issues Relevant to Council

9.1. There has been much discussion and speculation about this link over many years. The STAG study has revisited the issues and has identified clear recommendations for the future, see Section 10. However, with these come a number of implications, which are worthy of further consideration and are discussed here beginning with the previous bridge studies that led to the promotion of a 40m x 160m (13m between pier foundations) bridge.

Previous Bressay Bridge

9.2. Elected Members and members of the public have asked during the course of the STAG process to date, that a better understanding of the main issues relating to the previous bridge is given. To address this, the following briefly addresses the main issues raised.

9.3. Between 1999 and 2001 the Council carried out a technical feasibility study and applied the ”Choices for Scotland” principles (the forerunner to the STAG process as we currently know it) which appraised the various options against a range of criteria (Accessibility, Integration, Safety, Economy and Environment), following best practice. The studies and the appraisal concluded that a high level bridge of 40m air-draft and 160m main span, (ultimately concluding in 134m clear distance between pier foundations) was the most appropriate link, i.e. the best fit within the various constraints at that time.

9.4. The LPA has indicated that development in current and future vessel size now requires a greater air-draft and span than previously considered necessary if a bridge is not to impede transit of large vessels through the harbour. Consultation with the LPA concluded that to meet future needs a bridge with a main span of 260m and an air-draft of 60m would be a minimum requirement.

9.5. This is principally due to the perceived impacts on decommissioning and other harbour activity and the potential constraints on navigation for vessels which have a higher air draft than can be accommodated by a 40m bridge, thus potentially affecting the port’s opportunities to attract business.

9.6. A bridge of 260m x 60m is considerably more expensive than the 134m x 40m bridge option previously taken forward to consents due to the significant increases in height, length and span. To illustrate the difference Appendix D provides a comparison of the elevations of the two bridges. A 260m x 60m bridge did not perform as well in the appraisal process as the current tunnel option.

9.7. To enable Members and the public to make a comparison between the 134m x 40m bridge and the other options appraised in STAG2 the economic model was run for the bridge. This indicated that the bridge performed better than the tunnel option, in transport economic efficiency terms (see table 2 and section 9.6).

9.8. However, when compared against the specific objectives that were agreed for this STAG appraisal, the bridge did not perform as well as the tunnel option in overall terms.

9.9. For reference the key figures relating to the 40m bridge are as follows:

- Capital Costs: £26,224,000
- Operating Costs/annum: £145,000

- Total Operating Costs over 60 years: £8,700,000
- Present Value of Transport Benefits: £19,379,131
- Present Value of Cost to Government: -£2,196,670
- Net Present Value (NPV): £17,182,461
- Benefit-Cost to Government Ratio (BCR): 8.82

Port Related Issues

9.10. The preferred tunnel option would have some implications for the future of the harbour. However, discussions with the LPA have indicated that these are not considered significant because it would be unlikely that the channel would be dredged to deeper than -10m below Chart Datum because of the implications to other infrastructure in the harbour.

9.11. There remain some land issues which require to be resolved. These include:

- compensation for an LPA owned shed, which would need to be demolished;
- an issue relating to land ownership, if land was to be reclaimed at the marina;
- consents for land reclamation (to enable best use to be made of the rock from the tunnel).

9.12. There may be some uncertainty attached to gaining consents for a tunnel. It is considered that these would be resolved in the process of taking the tunnel option forward, if agreed.

9.13. LPA would prefer that the channel above a tunnel alignment be dredged to -10m, prior to construction. This would be a risk to the Council because a decision has not been made about the future link; funding has not been secured; an alignment for the tunnel has not been finalised; and the necessary consents have not been pursued.

9.14. The Bressay Link tunnel expert has advised that it is feasible to dredge to -10m above a tunnel once constructed.

Public Funding

9.15. STAG does not distinguish between central and local government funding for any costs associated with the options being appraised, such as capital costs, annual revenue costs and grants to operators. These issues are, however, of vital importance when the time comes for the Council to make a decision about whether or not to include a project in its Capital Programme.

9.16. At the current time the Council receives revenue funding from the Scottish Government to assist with the provision of ferry services in Shetland. This is figure is variable, but is currently 64% of total operating costs. A proportion of this is allotted to the Bressay service.

9.17. If a fixed link were to be built, it is not known what the effect would be on the calculation of the RSG (Revenue Support Grant). However, it is considered that the drill and blast tunnel option would have a strong case for Scottish Government funding support for a proportion of the capital cost, on the basis that there are significant revenue savings in public expenditure and benefits to society. This needs to be explored as a priority as well as resolving some other important unknowns and assumptions before the project proceeds much further.

Land Use Planning

9.18. The Planning Service is currently taking forward work to inform a future Local Plan, following a statutory process. This work will not be completed in time to inform the link study in any detail. However it will be possible for the planning study to take account of the findings of the STAG study.

9.19. The study has not found any definite need for land development on Bressay. However, if a tunnel was built consultation with the businesses tells us that the positive economic impacts would be expected to outweigh the negative economic impacts. The view expressed by consultees is that it seems intuitive that in the long-term there would be development in Bressay if a fixed link was created and it would be important that the Planning Service make provision for this in the new Development Plan.

Current Ferry Service

9.20. The current ferry service employs 18 people, most of who live in Bressay. In line with Council Policy, there would be no compulsory redundancies if a tunnel option was taken forward. The management of the tunnel would require engineering staff and the remainder of the SIC fleet is facing pressures in terms of attracting certificated and qualified staff. Therefore, through alternative opportunities and natural wastage, the aim would be to ensure that the entire complement of staff could be accommodated within either the ferry service or other opportunities within the Council or indeed Shetland

9.21. Therefore, with regard to the effects of ceasing the Bressay ferry service, the study has assumed that there will be neither a positive or negative impact to the Shetland economy overall.

10. STAG 2 Recommendations

The key recommendations from this study are that:

- Option 1, the Drill and Blast Tunnel is taken forward.
- Public transport enhancement measures should be detailed and put in place to support the fixed link.
- Walking and cycling measures are promoted as part of the package.
- Funding mechanisms are thoroughly researched and thought through for delivery of all proposals. This process should ensure absolute clarity on any potential impacts on SIC resources.
- Measures, such as enhanced public transport provision and the outcome of the current fares review should be taken forward in the short-term to address community needs.

- A working group is established, to include ZetTrans, SIC and LPA representatives to oversee the progression of the tunnel proposals.
- The legal issues surrounding development in the harbour are openly discussed to ensure the final proposals meet all parties' needs and aspirations.
- The legal framework for taking the proposals forward is defined and agreed.
- Land ownership issues are researched and detailed and the findings taken into account in the planning of the next stages of the project.
- Various further research and development work is progressed including:
    - further research on funding opportunities;
    - more work on utilities;
    - undertaking topographical surveys at portals and intrusive ground investigation on Lerwick approaches to allow confirmation of portal locations;
    - checks on extent of made ground at Gremista;
    - confirmation of tunnel design to approval in principle (AIP) stage;
    - reaching agreement with LPA on the shed to be demolished;
    - an environmental impact assessment (EIA) and identification of appropriate mitigation;
    - further research on appropriate levels of public transport provision;
    - checks on likely flood risks at the Lerwick portal;
    - confirmation of areas identified for reclamation in the harbour and identifying necessary consents;
    - effective consultations progressed with relevant statutory agencies, communities and relevant interests groups to ensure full understanding of constraints and opportunities; and
    - identifying timescales for all relevant work.

- As risks are investigated and better understood for the proposals, the level of optimism bias which has been applied (66% for the tunnel and 44% for the approaches) is re-assessed and used to help identify accurate budget figures for all parts of the project – a risk informed approach should be adopted in the development of a budget that is robust and auditable.
- SIC departments work together to identify the implications that a fixed link would present and identify potential issues which require to be addressed.
- Detailed discussions are progressed with affected parties (ferry staff, businesses, landowners and managers) following a Council decision to proceed.
- The SIC's Planning Service and others are engaged in effective pre-application discussions as required by forthcoming legislation.
- The role of the Bressay Link Group is considered and re-defined if found necessary.
- The impacts of major construction projects on Shetland are considered and if necessary that a staggered timetable is agreed.
- Regular updates on progress are given by the project team to SIC, the LPA, the community, the press and to all affected parties.

In addition it is recommended that:
- ZetTrans, in collaboration with the SIC's Ferry Service, should ensure data collection on the inter-island network is improved in order to provide data of a quality suitable for studies of this kind.
- The STAG model is developed for use in other project appraisals.

11. Financial Implications

11.1. It has been requested that the cost of the Bressay Bridge project to date is reported to the Members of the Infrastructure Committee. Appendix E contains a table of the costs of the Bressay Bridge project from financial year 1999/2000 to the end of financial year 2007/2008.

11.2. With regard to the financial implications of progressing with the recommendations of the Bressay STAG appraisal, the Council has already approved a budget of £250,000 in financial year to progress the Bressay Link project.

11.3. As can be seen from the section 9 of this report, the list of recommendations is extensive and it has not been possible in the time available to prepare a detailed work plan and therefore estimates of cost are not currently available.

11.4. Having said that, subject to approval of the recommendations, it is anticipated that the cost of the work to be carried out in 2008/09 will not exceed the budget currently approved by the Council and careful cost and scope control will be exercised throughout the course of the project.

11.5. Looking to the costs of implementing a tunnel option, the issue of affordability to the Council will certainly be a concern to Members, particularly when considered along other STAG findings as well as the overall Capital Programme.

11.6. Members can see from the report that the cost of the option is expressed as a range, broadly speaking £26 million to £44 million, i.e. a base estimate of £26.3 million which is uplifted to £44 million when optimism bias is taken into account) rather than a specific estimate at this time. The reason for this is that there are a number of assumptions and unknowns at the time of appraisal and these need to be addressed before a budget estimate can be reached. The next stage of development would refine this range to reach a budget figure and details of allowances that should be considered for various risks.

11.7. At this stage the only assessment of value for money has been in the context of the costs and benefits to “the public purse” i.e. STAG does not attempt to differentiate between the impacts on different funding sources. The next stage will need to include evaluation by the Council of the detailed benefits offered by the tunnel, and evaluation of the of the balance of costs between the Council, the Scottish Government and any other sources of funds (to essentially tease out the critical issues of who gains what, and who pays what).

11.8. It is reasonable to assume that a proportion of the funding could come from the Government on the basis that projects of this nature in local authorities throughout Scotland have historically been supported by central Government. The unknown at this stage is the extent of funding that could be secured. That unknown will need to become known before a decision is taken by the Council to proceed with any particular option. In practice the Council will need to negotiate and agree a settlement with the Scottish Government on what will happen to Ferries revenue support after closure of the Bressay Ferry, and will need to negotiate and agree Scottish Government capital support for the new fixed link.

11.9. Although Shetland no longer holds Objective One status, the project team intends to pursue any available funds from Europe. Again, no certainty is currently held with regard to the likelihood and scale of success.

11.10. The following bullet points summarise the financial implications: -

- The Capital Programme currently includes a budget of £250k in the current financial year for the Bressay Link. Works required in the next stage of development would be contained within this budget.

- The cost of a tunnel option (or any of the options for that matter) can only be expressed as a range at this time and broadly speaking is £26 million to £44 million.

- The STAG study does not attempt to differentiate between the impacts on different public sector funding sources. In practical terms it is not possible to do that until discussions have taken place with the Government and others to establish the commitments that could be made to funding.

12. Policy and Delegated Authority

12.1. The current Council policy is to provide a transport link between Bressay and mainland Shetland by means of a high level fixed bridge (principal dimensions 160m main span x 40m minimum air draft) at the point of Scatland within a capped budget of £19 million at 2003 prices. (min. ref. 3/01 & 15/03). Delivery of this project is delegated to the Infrastructure Committee as part of its remit as described in Section 12.0 of the Council's Scheme of Delegations, and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision.

12.2. As explained in section 9, due principally to the dredging works being undertaken by LPA to create the navigational channel at the site of the previously designed bridge, this policy can no longer be delivered.

12.3. Once approved, the Shetland Transport Strategy will be a statutory document and the Council, as a constituent Council of Zetland Transport Partnership, must perform its functions which relate to or which affect, or are affected by transport consistently with the transport strategy.

13. Recommendation

I recommend that: -

13.1. The Committee recommends to Council that the recommendations of the Bressay Link STAG appraisal be adopted as Council policy and the tunnel option is developed in further detail as the means of providing a transport link between Bressay and mainland Shetland.

13.2. The Committee recommends to the Council that the key question of who pays for a fixed link to Bressay (the Council, or the Scottish Government, or other funders, or a combination of these) needs to be explored and resolved before a decision is made to commit substantial sums to any particular option.

13.3. Subject to recommendation 12.1 the Committee sanctions the necessary expenditure within the currently approved budget on the development of the next stage of the project and that officers report progress, expenditure and emerging issues to each cycle of the Infrastructure Committee so the Committee can monitor expenditure and emerging information and therefore take any necessary decisions in relation funding or policy as matters progress.

Report No. TR-19-08-F

Appendix A: BRESSAY LINK STAG APPRAISAL – SUMMARY

1 INTRODUCTION

The project aim was to provide an affordable, efficient, flexible and sustainable transport link between Bressay and Mainland Shetland.

This document provides a summary of the STAG (Scottish Transport Appraisal Guidance) process which has been followed to identify the most appropriate option to meet this aim. The study has involved the community and other stakeholders at relevant stages as recommended by the guidance and to ensure that the process was informed by local input.

2 KEY ISSUES

The main issues identified by the stakeholders at the beginning of the study were:

- a belief that Bressay is not currently conducive to business expansion or new development;
- that employment based on Bressay is heavily reliant on the ferry;
- that it is unclear whether there are real constraints on the economic development of Lerwick at the current time, from lack of suitable land for development, as different perceptions were given by different people;
- some people considered that there were difficulties over land ownership in Lerwick and about the affordability of available land;
- that it was unclear whether opening up Bressay to development (by providing a fixed link) would be positive for Lerwick in the future or have a negative impact by, for example, leaving vacant properties on the Mainland;
- that previous debate over a long time period was detrimental to developments in the harbour area and was difficult for local residents;
- the lack of decision about the link (not the nature of the link itself) means that owners of land are not selling land and this is a barrier to development;
- a fixed link could provide opportunities to sustain the Bressay community but the design of this link would have to ensure that LPA would be able to continue to 'manage, maintain, and regulate the Port and Harbour of Lerwick, including the undertaking to improve and deepen the harbour area' in the interest of industries operating in the harbour, so as to ensure their business potential can be achieved;
- the overall cost of the current service to travellers is considered to be high. The ferry has to be used to access most opportunities off the island and can be expensive to visitors staying on Bressay;
- it was recognised that it is important to consider how any new infrastructure could affect the environment including in terms of carbon emissions and in retaining remote biologically diverse areas of the island and of neighbouring Noss;
- some stakeholders considered that a fixed link could lead to a loss of island identity and associated social benefits, such as knowing everyone in the community; feeling and being safe; and using the ferry as a social hub;
- there is heavy reliance on Lerwick and Mainland by Bressay residents for employment, services, leisure and learning as opportunities are relatively limited on the island itself;
- restricted access sometimes denies access to opportunities available on the Mainland (eg social activities; shift working etc);

- there is a lack of accessibility for those residents without access to a vehicle and who are unable to walk to the ferry as public transport and taxi provision is limited on Bressay and is not always convenient;
- there is an ageing population on Bressay and associated with this are difficulties in being able to provide adequate services: residents may not always get the service they need or equality of community care as service as compared with the rest of Shetland as services have to be planned to fit with the ferry timetable;
- there are some ongoing problems with recruiting staff for community posts because living in Bressay carries extra travel costs as compared with living in Lerwick;
- there are difficulties in accessing Bressay out-of-hours, unless the ferry is called out in a blue-light emergency;
- there is a lack of integration between the ferry service and bus services on the Mainland;
- some stakeholders queried whether the current service is sustainable and whether in terms of Shetland's finances the inter-island ferry service is sustainable in the long-term compared to fixed links; and
- the unresolved decision about a fixed link is resulting in other aspects of the community's development not being addressed, for example road improvements and public transport provision.

These issues were confirmed throughout the study and were used to underpin the team's understanding of problems with the current transport provision between Bressay and the Shetland mainland.

3 STAG PART 1 APPRAISAL

Strategic workshops assisted in the development of local planning objectives (Appendix B) and, with the help of the community, a long list of options was identified for further consideration.

These options were then appraised against the identified planning objectives. At an early stage the following options were sifted out:

- **Causeway**:
  - It was considered that this option could cause significant problems to operation of Lerwick Port, and the economic activities that it supports. For example the port would be split in two, not enabling boats to move around easily; requiring two sets of tugs to operate; and constraining activities such as decommissioning;
  - there were also safety issues: for example the lifeboat would be on one side, unable to quickly reach incidents in the other direction, and build up of shipping in one area, rather than another; and
  - there were environmental issues, as it would cause silting of harbour and increased fuel used of boats moving from one side of the harbour to the other, around Bressay.

- **Transporter Bridge**:
  - This option was rejected because of the increased journey time associated with it; potential constraints of use in poor weather; constraints on harbour activities; and potential visual impact.

- **Helicopter Service**:

- This option would be unable to take vehicles; unable to take many passengers or much freight and could have associated safety issues. It was recognised that the option could be used in combination with other options, but was likely to be too expensive to be sustainable.

The remaining options were taken through the Part 1 STAG appraisal, with the following being eliminated as a result of the findings:

- **Chain Ferry**

- This option would require higher levels of capital investment than the existing ferry service (operating the ferry and back up for overhaul/maintenance). Slipways would need to be constructed on either side at a new location and operational costs would not be significantly lower than the existing service (manning levels would be similar to current operation to ensure the ability to safely evacuate a vessel in an emergency situation);
- the Maritime and Coastguard Agency (MCA) code of practice will only consider issue of a certificate allowing a chain ferry to operate in Category A-C waters[1]; Bressay Sound is categorised as a Category D water;
- the ferry could cause a level of disruption to Lerwick Harbour operations, depending on the frequency of service, because the Master of the ferry generally has to ascertain that the way is clear, before leaving shore, and vessels less than 50m long have to give way to the ferry when it is crossing. Mariners also have to be warned not to pass directly in front of the chain ferry and the draught behind the ferry can also be restricted by the chain;
- the location would have to be from the Point of Scatland or Greenhead, in order to function effectively. The crossing time would be approximately three minutes, but the overall journey time would be slower, as the link would not be so central, and there would be additional time for embarking and disembarking. The Point of Scatland is being developed and land for a slip is now constrained;
- information from Sandbanks, via Tor Point, has highlighted the need to have an appropriate system of chains such that they would not get destroyed on the sea bottom, or interfere with boats using the Sound. This would require substantially more dredging of the navigation channel than for other options, to create a graded edge in order to prevent abrasion of the chain on the edge of the dredge channel. This would increase the costs of the option significantly;
- the ferry must travel in a straight line, along the chain, limiting manoeuvrability. The service could also be adversely affected by sea conditions, particularly waves; and
- there are some safety issues, because chain ferries have no means of steerage if the chain were to break.

- **Immersed Tube Tunnel:**

- The capital costs involved in building this option would be high compared to a drill and blast tunnel, because of the depth of dredging the trench required (up to 18m) and the cost of transporting tunnel sections to Shetland or of constructing holding ponds locally to construct the sections in Shetland;
- there is a potentially greater environmental impact, particularly during construction, because of the activities required to facilitate construction;
- there is a high degree of risk in floating or craning in sections of tunnel in Shetland's climate and sea conditions; and

[1] Category A: narrow rivers and canals where the depth of water is generally less than 1.5m; Category B: wider rivers and canals where the depth of water is generally more than 1.5m and where the significant wave height could not be expected to exceed 0.6m at any time; Category C: tidal rivers and estuaries and, large, deep lakes and lochs where the significant wave height could not be expected to exceed 1.2m at any time

- in excess of 250,000m^3 of rock would be removed and need to be disposed of with associated high costs (and if no reclamation site were found potentially adverse environment impacts).

- **Opening Bridge:**
- Operational costs would be higher than for other fixed link options, due to required maintenance and manpower costs;
- it would place some constraints on the current activities of Lerwick Harbour, for example, it would have to be opened to enable to allow any pelagic fishing boats to pass through;
- access would be unpredictable: from when the bridge begins to open it would require up to 30 minutes wait (opening and closing time of 5-15 minutes each way and time for the vessel to pass through). The frequency of opening is not known, but the unpredictability to those using the link could present access issues and could prevent integration with other transport services, including external connections. There would be a deterioration in level of provision of access for emergency services at these times; and
- under certain extreme weather conditions opening would be prevented.

4 STAG PART 2 APPRAISAL

4.1 OPTIONS FOR APPRAISAL

The options appraised at STAG 2 are as follows:

- **Option 1: Drill and Blast Tunnel**: Option covers the construction of a tunnel by drill and blast techniques in the rock beneath the Sound of Bressay on an alignment between Point of Scatland and Hoegan. The tunnel would allow bi-directional traffic movement with provision for a 2m cycle way/footpath and a 1.05m hard shoulder.

- **Option 2: High Level Bridge**: This option covers a high level bridge with an airdraft of 60m above MHWS over a 260m wide channel. The bridge would also be provided with wind shielding. It would allow two directional traffic and would have a 2m combined footway/cycleway on one side and a 0.6m wide verge on the other.

- **Option 3: Reconfigured Ferry Service:** This option is for an enhanced ferry service, which includes a lengthened operational day and some increase in the frequency of sailings at certain times of day to address issues raised in consultation about access and integration. The service would operate:

    - Sunday to Thursday: 0545 (depart Bressay) to 2400 (depart Lerwick) – 18.5 hour service;
    - Friday and Saturday: 0545 (depart Bressay) to 0145 (depart Lerwick) – 20.25 hour service;
    - In addition there would be an improvement in the service on a Sunday morning, returning to that prior to the introduction of Sunday maintenance and drill period.

Fare levels are considered to be a major issue by those using the ferry and thus Option 3 has been considered on the basis of three fare levels:

- Retaining the current fare structure;
- removal all fares;
- a more sophisticated structure reflecting issues raised during the first stage of consultation (see Section 7.5.3 for more information).

- **Option 4: Do Minimum (Existing Ferry Service, used for comparative purposes)**:
- The first service of each day departs Bressay at 0700 hours, and departs Lerwick at 0715 hours.
- Monday to Thursday there are twenty-one crossings each way, in the main on an hourly basis, but more frequently at peak times, including lunch time.
- On a Friday and Saturday there is an additional service at 2330 and 0045 departing Bressay and 2359 and 0100 departing Lerwick.
- On a Sunday there are fewer crossings during the morning, compared to other days, to enable maintenance and drill period.
- Passenger costs are as follows:

- Adult – return: £3.30
- 10 return journey ticket: £15.80
- Children, up to 16 – return: £0.40
- 10 return journey children's ticket: £2.80
- Concessionary SIC Pass Holders – no charge

- Vehicle costs (fares include driver) are as follows:

  - Motorcycles – return: £6.00
  - Vehicles up to and including 5.50m – return: £7.80
  - 10 return journey ticket: £62.00

- Limited post car service.

- **Additional: Public Transport Measures**
- Timetabled along main route, with options to phone on for service from the more minor routes.
- This would be for a midibus, suitable for 30 passengers with Options 1 and 2, and a 7-seater car, suitable for 6 passengers, for Option 3.
- Three sub-options have been considered in terms of frequency of the provided service.

4.2 FINDINGS

The options have been appraised against the Government's five transport objectives for environment, safety, economy, accessibility and integration. A detailed assessment has been made of the fit of each option with the Government and the local planning objectives and the scope and scale of the benefits and impacts associated with each option have been considered.

A summary of the key findings is provided below.

4.2.1 Community

- There are issues relating to the current ferry provision. These are mainly linked to the level of provision and fares.
- The ferry forms an important part of Bressay life.
- The community is dependent on the ferry to access basic facilities on the Mainland (doctor, retail and leisure facilities, childcare provision etc).
- Current public transport provision on the island is very limited.
- Annual spend on ferry fares can be considerable for some members of the community.
- If a fixed link is provided alternative jobs for the ferry crew would be found.
- There is an urgency to make a decision about the link, to relieve uncertainty, in particular for the community of Bressay, and an urgency to address the identified issues relating to the current link.

4.2.2 Environment

- Local planning policy supports a bridge and this would have to be changed if another option is taken forward.
- The ferry options (Options 3 and 4) would impact least on the local environment because no (or only limited) new infrastructure would be required.
- The fixed link options (Options 1 and 2) would generate traffic with associated increases in noise emissions etc.

- The tunnel (Option 1) would have less impact on the environment than a high level bridge because it would have less impact on surrounding land uses and less landscape and visual and related impacts.
- However, the tunnel (Option 1) would require the demolition of one shed belonging to LPA. Businesses using the property and others in the locality would be affected.
- No designated sites would be affected by any option.
- The tunnel option would have a smaller carbon footprint than a high level bridge or a reconfigured ferry service.

4.2.3 Safety

- No option has significant benefits or disbenefits in terms of safety although a fixed link may heighten community fears of crime.
- There is risk of more serious effects from fire in a tunnel (Option 1). The risk of accidents in a tunnel however has been demonstrated to be less than on the connected road network[2].
- There would be some risks working at height on a high level bridge (Option 2) in an exposed location during construction.

4.2.4 Economy

- The bridge (Option 2) could be perceived by some as a constraint in the harbour which could impact on a fragile economy and one in which competition for port related activities is high.
- Construction of a tunnel under the Sound would place some restriction on very deep dredging in the future but not on the planned -10m below CD dredge. LPA has confirmed that this is acceptable because a dredge to below -10m would require replacement of existing quays which would be very expensive.

- A fixed link option could lead to development on Bressay but no demand has been identified in the short term. LPA has indicated that it may have a requirement for a further deep water quay in the longer term but has no pressing need to do so because plans exist to develop quayside and jetties on the Lerwick side of the harbour.

4.2.5 Accessibility and Integration

- Fixed link options (Options 1 and 2) provide significant benefits in terms of access and integration because of the convenience of 24 hour access and the costs to users as long as improved public transport measures are included to address the needs of non-vehicular users.
- Enhanced public transport measures would be an essential part of any fixed link option to ensure that access was as possible for those without vehicular transport as at present.
- The ferry provides centre to centre access. This would only be possible with a fixed link for some people with good public transport links.
- The tunnel provides access at all times. Option 2 (the high level bridge) could have restricted access in times of bad weather even with effective wind shielding.
- It has been calculated that on the basis of the following assumptions: a drive time of 50kmph[3] (tunnel) and 65kmph (bridge), cycling at 30kmph

[2] Ongoing work by Faber Maunsell for SIC
[3] Kilometres per hour

(but some cyclists would have to get off and walk up the incline on each) and walking at 5kmph, the 1200m of fixed link would take the following times to cross:

- 1.2km @ 50km/hr would take 0.024hrs = 1.44 min = 1 minute and 26.4 seconds
- 1.2km @ 65km/hr would take 0.018hrs = 1.11min = 1 minute and 6.5 seconds
- 1.2km @ 30km/hr would take 0.04hrs = 2.4 min = 2 minutes and 24 seconds
- 1.2km @ 5km/hr would take 0.24hrs = 14.4 minutes = 14 minutes and 24 seconds.

4.3 APPRAISAL

- Option 1, the drill and blast tunnel, is the option, which on balance is most able to address the issues associated with the current Bressay Link and best meets the project objectives. This finding is based on feedback from consultations and also from the detailed studies undertaken for STAG 2. Various sensitivity tests have been undertaken to test these findings in terms of the option's economic value but the findings remain the same.
- Option 1 would provide best value as demonstrated by the cost benefit analysis, and the appraisal of costs to Government over a 60 year appraisal period.
- The construction cost of the tunnel would be £26,339,000; operational costs would be £100,000 each year; the net present value (NPV) would be £16,833,385 and benefit to cost ratio 7.44.
- This finding is different from that made in the original bridge study because the 60m x 260m bridge is considerably more expensive than a bridge with a 40m air draft and 134m span and current standard tunnelling techniques have reduced tunnel costs.

4.4 FUNDING

- It is not clear at this stage how a fixed link could be funded and further work and discussions would be required to clarify this.

Table 1: Summary Appraisal of Options

Key:

✓✓✓ Good fit with objective
✓✓ Moderate fit with objective
✓ Fit with objective
- Neutral
× Minor non compliance with objective
× × Moderate non compliance with objective
× × × Major non compliance with objective

Aim, Government and Local Planning Objectives	Option 1 – Drill and Blast Tunnel	Option 2 – High Level Bridge	Option 3 – Reconfigured Ferry	Option 4 – Do Minimum
Aim: To provide an affordable, efficient, flexible and sustainable transport link between Bressay and Mainland Shetland	✓✓✓Tunnel provides 24hour link and with enhanced public access would be improved for all. Option generates traffic but is flexible and affordable	✓✓ Bridge provides 24hour link, apart from in most extreme weather conditions, and with enhanced public access would be improved for all. Option generates traffic and has high cost. Perceived risk to Port activities	✓ Provides improvements in transport provision. High capital and operating costs	× Issues will remain and high capital and operating costs
Economy: Promote economic growth by building, enhancing, managing and maintaining transport services, infrastructure and networks to maximise their efficiency	✓✓✓ Tunnel provides 24 hour link. Provides opportunities for economic development in Bressay	✓✓ Bridge provides 24 hour link. Provides opportunities for economic development in Bressay, could create perceived constraint on Port activities	✓ Improvement over Do Minimum, but does not meet all issues raised	- No change
Ec1: To enhance the transport infrastructure between Bressay and Mainland Shetland to ensure the long-term sustainability of the Bressay community	✓✓✓ Tunnel provides 24 hour link. Public Transport measures required to ensure effective link for everyone within the community	✓✓ Bridge provides 24 hour link, apart from in most extreme weather conditions. Public Transport measures required to ensure effective link for everyone within the	✓ Better provision than current service. Public Transport measures required. Option remains susceptible to future changes in ferry fares and prices	× No change so no improvement

Aim, Government and Local Planning Objectives	Option 1 – Drill and Blast Tunnel	Option 2 – High Level Bridge	Option 3 – Reconfigured Ferry	Option 4 – Do Minimum
		community		
Ec2: To provide a link which does not constrain Lerwick Harbour's current activities or its future expansion	✓✓ Tunnel could restrict dredging below -10m in the future (current LPA plans are only to dredge to -10)	× 60m airdraft and 260m main span mitigates main constraints. Perceived constraints remain	✓✓✓ Additional vessel movements, could be incorporated in existing harbour management	✓✓✓No change
Ec3: To provide and promote a link which supports a stable and sustainable economy and enhances employment opportunities	✓✓ 24 hour access could affect local business on Bressay. This could be positive or negative. Improved opportunities to access employment	✓✓ 24 hour access could affect local business on Bressay. This could be positive or negative. Improved opportunities to access employment for Bressay	✓ Improved access to employment, but still restricted by timetables	××No change – constraints to access
Ec4: To provide a link which is affordable for users	✓✓ No direct cost, but increase in vehicle operating costs. Improved public transport	✓✓ No direct cost, but increase in vehicle operating costs. Improved public transport	× ×✓ ✓Would depend on fare structure implemented. Improved public transport	× ×Community consider costs are high relative to distance travelled and need to travel
Ec5: To provide a link which is sustainable for funders and value for money	✓✓✓Sustainable for funders and value for money (capital outlay required)	✓ Sustainable for funders in long term (high capital outlay required)	× × ×High annual operational cost and additional replacement costs	× × ×High annual operational cost (less than option 3) and additional replacement costs
Accessibility: Promote social inclusion by connecting remote and disadvantaged communities and increasing the accessibility of the transport network	✓✓✓24 hour access to and from island. However, could increase social exclusion if adequate public transport measures are not provided	✓✓✓24 hour access to and from island. However, could increase social exclusion if adequate public transport measures are not provided	✓ Better provision than current service, dependent on fare structure. Public Transport measures required to address issues	× Inclusive nature of centre to centre link and social hub provided by ferry. However, lack of public transport internal to Isle increases social exclusion
Ac1: To provide and maintain an accessible, efficient,	✓✓✓ Tunnel provides 24 hour link. Public Transport measures required to ensure	✓✓ Bridge provides 24 hour link, apart from in most extreme weather conditions.	✓ Better provision than current service, dependent on fare structure. Public	- No change

Aim, Government and Local Planning Objectives	Option 1 – Drill and Blast Tunnel	Option 2 – High Level Bridge	Option 3 – Reconfigured Ferry	Option 4 – Do Minimum
cost effective transport network for Bressay	effective link for everyone within the community	Public Transport measures required to ensure effective link for everyone within the community	Transport measures required	
Ac2: To provide a link which enables the Bressay community equal opportunities to access employment, services and facilities as other communities in Shetland	✓✓✓ Tunnel provides 24 hour link to employment, services, and recreation. Public Transport measures required to ensure equality of access	✓✓ Bridge provides 24 hour link to employment, services, and recreation, apart from in most extreme weather conditions. Public Transport measures required to ensure equality of access	✓ Better opportunities than current service, but some restrictions by timetable and cost. Public Transport would improve access to the ferry	✗ Current service does not meet Bressay's requirement to access opportunities on Mainland Shetland, because of cost and timetable constraints
Ac3: To provide a link which does not restrain opportunities for housing in Bressay	✓✓✓24 hour access to the island	✓✓✓24 hour access to the island	✓ Improvement over Do Minimum	- No change
Ac4: To maintain and improve accessibility and response times for emergency services and other service providers, including out-of-hours needs.	✓✓✓ Tunnel provides 24 hour link, enhancing provision for non-blue light emergencies and others	✓✓ Bridge provides 24 hour link, enhancing provision for non-blue light emergencies and others	- No change. Adequate emergency cover	- No change. Adequate emergency cover
Environment: Protect our environment and improve health by building and investing in public transport and other types of efficient and sustainable transport which minimise emissions and consumption of resources and energy	✗✗ Option would create emissions through traffic generation. Public transport measures are key to delivery of the option. Smallest carbon footprint of three options. Potential decrease in walking and cycling across the link might have negative impact on health	✗✗ Option would create emissions through traffic generation. Public transport measures are key to delivery of the option. Second smallest footprint of options. Potential decrease in walking and cycling across the link might have negative impact on health	✗✗Increased use of fuel for additional services. Some improvement in public transport. Greatest carbon footprint of the three options	- No change
Env1: To develop a link to Bressay that recognises and	✓✓✓ Minimal environmental intrusion	✓ Landscape intrusion from major structure. Piers could affect sedimentation patterns	✓✓✓No change	✓✓✓No change

Aim, Government and Local Planning Objectives	Option 1 – Drill and Blast Tunnel	Option 2 – High Level Bridge	Option 3 – Reconfigured Ferry	Option 4 – Do Minimum
protects Shetland's unique environment and safeguards the natural, cultural and social heritage of the island				
Env2: To provide a link that seeks to minimise carbon emissions and the use of finite resources	✓✓Link would generate traffic but carbon footprint smallest of options	✓✓ Link would generate traffic. Carbon footprint second smallest of options	✓✓Less traffic generated than fixed link options. High carbon footprint	- No change
Env3: To promote a link that can accommodate current and future patterns of development and land use in Bressay	?✓✓24 hour access provided to and from island. Land use planning required to address patterns of development in Bressay, car park needs etc. Decision would resolve current uncertainties	?✓✓24 hour access provided to and from island. Land use planning required to address patterns of development in Bressay, car park needs etc. Decision would resolve current uncertainties	?✓✓ Enhanced access from present service. Decision would resolve current uncertainties	×× No change. Current uncertainties about future link unresolved
Safety: Improve safety of journeys by reducing accidents and enhancing personal safety of pedestrians, drivers, passengers and staff	× Tunnel would generate traffic which could lead to increase in accidents. 2m segregated footway/cycleway provided through tunnel. Further consideration required about measures to ensure safety of non vehicular users	× Bridge would generate traffic which could lead to increase in accidents. 2m segregated footway/cycleway provided over bridge. Further consideration required about measures to ensure safety of non vehicular users	- No change from current provision	- No change
S1: To ensure the link continues to maintain and enhance community safety and health	-/× Unable to determine any potential change in crime. However, community perception of increased fear of crime. Potential decrease in walking and cycling across the link might have negative impact on health	-/× Unable to determine any potential change in crime. However, community perception of increased fear of crime. Potential decrease in walking and cycling across the link might have negative impact on health	✓✓✓ Ferry provides constraint to open access to Bressay. Ferry enables people to not rely on a private vehicle	✓✓✓ Ferry provides constraint to open access to Bressay. Ferry enables people to not rely on a private vehicle

Aim, Government and Local Planning Objectives	Option 1 – Drill and Blast Tunnel	Option 2 – High Level Bridge	Option 3 – Reconfigured Ferry	Option 4 – Do Minimum
S2: To ensure the link does not compromise maritime safety or road safety	✓✓ Increase in road traffic could lead to increased numbers of accidents. No effects on maritime safety	✓ Increase in road traffic could lead to increased numbers of accidents. Perceived effects on maritime safety	- No significant effects	- No change
Integration: Improve integration by making journey planning and ticketing easier and working to ensure smooth connections between different forms of transport infrastructure, including air, ferry, bus, cycling and walking opportunities	✓✓✓Combination of 24hour access and enhanced public transport provision improves integration	✓✓ Combination of 24hour access and enhanced public transport provision improves integration, apart from in most extreme weather conditions	✓ Better opportunities for integration than current service, but some restrictions by timetable and cost. Improved public transport to access ferry, required	×× Does not integrate well with the wider Shetland transport system, but centre to centre link is an advantage
Int1: To provide a link which integrates with all Shetland's transport services	✓✓ Tunnel provides 24hour access, but reliance on private transport and not centre to centre. Public transport provision required to meet the needs of the whole community	✓✓ Bridge provides 24hour access, but reliance on private transport, apart from in most extreme weather conditions, and not centre to centre. Public transport provision required to meet the needs of the whole community	✓ Better opportunities for integration than current service, but some restrictions by timetable and cost. Improved public transport to access ferry, required	×× Does not integrate well with the wider Shetland transport system, but centre to centre link is an advantage
Int2: To promote a transport link that facilitates the delivery of other committed plans and strategies	?/✓✓ Planning issues paper underdevelopment, but option helps deliver commitments in the Regional Transport Strategy	?/✓ Planning issues paper underdevelopment, but option helps deliver commitments in the Regional Transport Strategy. Does not meet all LPA objectives	- No significant effects	- No change

5 RECOMMENDATIONS

The key recommendations from this study are that:

- Option 1, the Drill and Blast Tunnel is taken forward.
- Public transport enhancement measures should be detailed and put in place to support the fixed link.
- Walking and cycling measures are promoted as part of the package.
- Funding mechanisms are thoroughly researched and thought through for delivery of all proposals. This process should ensure absolute clarity on any potential impacts on SIC resources.
- Short-term measures, such as enhanced public transport provision and a fares review should be taken forward in the short-term to address community needs.
- A working group is established, to include ZetTrans, SIC and LPA representatives to oversee the progression of the tunnel proposals.
- The legal issues surrounding development in the harbour are openly discussed to ensure the final proposals meet all parties' needs and aspirations.
- The legal framework for taking the proposals forward is defined and agreed.
- Land ownership issues are researched and detailed and the findings taken into account in the planning of the next stages of the project.
- Various further research and development work is progressed including:
    - further research on funding opportunities;
    - more work on utilities;
    - undertaking topographical surveys at portals and intrusive ground investigation on Lerwick approaches to allow confirmation of portal locations;
    - checks on extent of made ground at Gremista;
    - confirmation of tunnel design to approval in principle (AIP) stage;
    - reaching agreement with LPA on the shed to be demolished;
    - an environmental impact assessment (EIA) and identification of appropriate mitigation;
    - further research on appropriate levels of public transport provision;
    - checks on likely flood risks at the Lerwick portal;
    - confirmation of areas identified for reclamation in the harbour and identifying necessary consents;
    - effective consultations progressed with relevant statutory agencies, communities and relevant interests groups to ensure full understanding of constraints and opportunities; and
    - identifying timescales for all relevant work.

- As risks are investigated and better understood for the proposals, the level of optimism bias which has been applied (66% for the tunnel and 44% for the approaches) is re-assessed and used to help identify accurate budget figures for all parts of the project – a risk informed approach should be adopted in the development of a budget that is robust and auditable.
- SIC departments work together to identify the implications that a fixed link would present and identify potential issues which require to be addressed.
- Detailed discussions are progressed with affected parties (ferry staff, businesses, landowners and managers) following a Council decision to proceed.
- The SIC's Planning Service and others are engaged in effective pre-application discussions as required by forthcoming legislation.

- The role of the Bressay Link Group is considered and re-defined if found necessary.
- The impacts of major construction projects on Shetland are considered and if necessary that a staggered timetable is agreed.
- Regular updates on progress are given by the project team to SIC, the LPA, the community, the press and to all affected parties.

In addition it is recommended that:

- ZetTrans, in collaboration with the SIC's Ferry Service, should ensure data collection on the inter-island network is improved in order to provide data of a quality suitable for studies of this kind.
- The STAG model is developed for use in other project appraisals.

Appendix B: Bressay STAG, Local Objectives

Economy: Promote economic growth by building, enhancing, managing and maintaining transport services, infrastructure and networks to maximise their efficiency

- Ec1: To enhance the transport infrastructure between Bressay and Mainland Shetland to ensure the long-term sustainability of the Bressay community.
- Ec2: To provide a link which does not constrain Lerwick Harbour's current activities or its future expansion
- Ec3: To provide and promote a link which supports a stable and sustainable economy and enhances employment opportunities
- Ec 4: To provide a link which is affordable for users
- Ec 5: To provide a link which is sustainable for funders and is value for money

Accessibility: Promote social inclusion by connecting remote and disadvantaged communities and increasing the accessibility of the transport network

- Ac1: To provide and maintain an accessible, efficient, cost effective transport network for Bressay
- Ac2: To provide a link which enables the Bressay community equal opportunities to access employment, services and facilities as other communities in Shetland
- Ac3: To provide a link which does not restrain opportunities for housing in Bressay
- Ac4: To maintain and improve accessibility and response times for emergency services and other service providers, including out-of-hours needs

Environment: Protect our environment and improve health by building and investing in public transport and other types of efficient and sustainable transport which minimise emissions and consumption of resources and energy

- Env1: To develop a link to Bressay that recognises and protects Shetland's unique environment and safeguards the natural, cultural and social heritage of the island
- Env2: To provide a link that seeks to minimise carbon emissions and the use of finite resources
- Env3: To promote a link that can accommodate current and future patterns of development and land use in Bressay

Safety: Improve safety of journeys by reducing accidents and enhancing personal safety of pedestrians, drivers, passengers and staff

- S1. To ensure the link continues to maintain and enhance community safety and health
- S2. To ensure the link does not compromise maritime safety or road safety

Integration: Improve integration by making journey planning and ticketing easier and working to ensure smooth connections between different forms of transport

- Int1: To provide a link which integrates with all Shetland's transport services and infrastructure, including air, ferry, bus, cycling and walking opportunities
- Int2: To promote a transport link that facilitates the delivery of other committed plans and strategies

Appendix C: Key Terms

Do Minimum
The “Do Minimum” (Option 4 in the appraisal) is what the Council would have to do to continue the provision of a ferry link to Bressay into the future. In essence it means replacing the ferry when it needs to be replaced and replacing terminal infrastructure and equipment when it needs to be replaced. It also assumes that funding provision would continue at current levels.

Cost to Government
For the purposes of STAG, Cost to Government means the cost to the public sector. Therefore, it does not distinguish between central and local government. For example, capital costs, annual revenue costs, grants to operators, etc.

Costs and Benefits
The assessment of costs and benefits is done both quantitatively (i.e. by measurement e.g. journey times) and qualitatively (by description, e.g. social benefits such as increased accessibility).

However, only certain benefits are “monetised” (i.e. the value in £s is calculated) and used in the economic analysis and comparison of cost and benefits of options.

Examples are: -
- Journey time savings
- Savings in running and operating costs
- Increases/ decreases in fares
- Increases/ decreases in cost to the private sector, etc.

Net Present Value (NPV)
Net Present Value is regarded as the best measure of the absolute ranking of economic welfare, for comparable proposals. NPV is the sum of the present value of all costs and benefits of the proposal. A positive figure represents a net benefit compared to the current situation.

Benefit Cost Ratio (BCR)
The Benefit Cost Ratio provides a measure of the value of the option to the government. In this a comparison is made between total benefits to society of the option with the cost to Government. This is defined as:

$$\frac{\text{Present Value of Benefits}}{\text{Present Value of Cost to Government}}$$

A BCR value of 1 implies that every £1 invested generates a benefit of £1. Therefore if the BCR is greater than 1 it means that society is gaining more than is being invested by the public sector. If the BCR is less than 1 the public sector is investing more than is being gained by society.

Risk Contingency

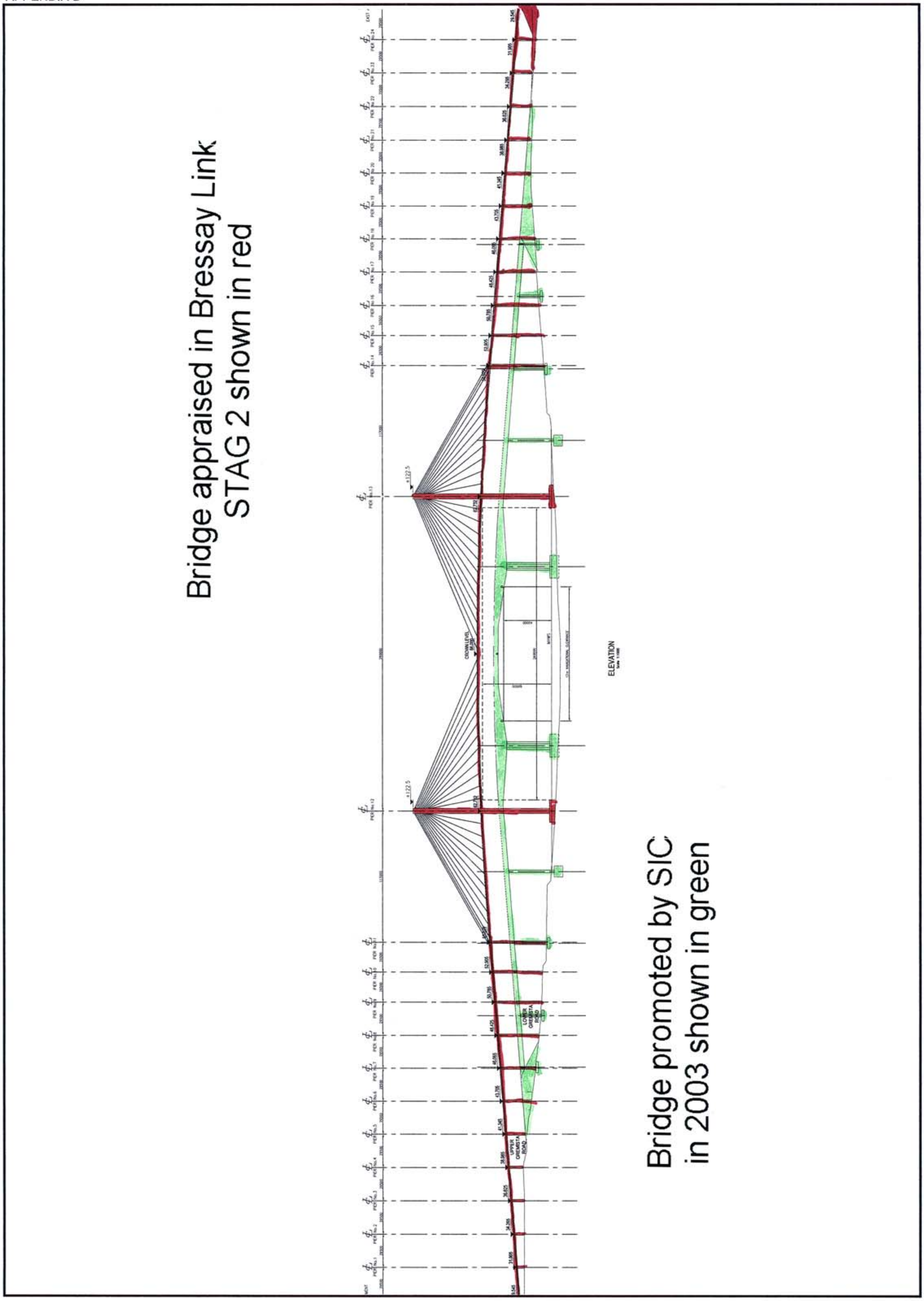
20% is added to the base cost capital costs to account for risk within any infrastructure project.

Optimism Bias
Government advises[1] that 'optimism bias' is included in the costings for major transport infrastructure projects. Optimism bias is the demonstrated systematic tendency for people to be over-optimistic about the outcome of planned actions. Optimism bias arises in relation to estimates of costs and benefits and duration of tasks. It should be accounted for explicitly in appraisals, if these are to be realistic. The recommended percentage cost to be added to cover optimism bias ranges between:

- Standard Civil Engineering 3% to 44%
- Non Standard Civil Engineering 6% to 66%

At present there is no requirement from Government to include optimism bias on new ferry options despite the unknown risks of what a ferry could cost some 60 years on. The two fixed link options, which have been appraised, would be classed as Non Standard Civil Engineering Projects.

[1] Treasury Green Book on Transport Project Appraisal, 2003 and associated guidance


Bridge appraised in Bressay Link
STAG 2 shown in red
ELEVATION
Bridge promoted by SIC
in 2003 shown in green

Appendix E

Bressay Bridge Expenditure

Subjective					Financial Year					Totals
	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	
Bressay Bridge O/T APT&C Perm				1,798.20	8,057.47	4,941.37	4,565.33	8,762.57		**28,124.94**
Bressay Bridge Works Contract	6,500.00				288,720.71	77,505.74	42,393.35	77,979.16	3,528.66	**496,627.62**
Bressay Bridge Hire/Rent Prop							140.00	82.35	233.28	**455.63**
Bressay Bridge Property Insur					823.47					**823.47**
Bressay Bridge Equipment Purch					1,317.39	1,496.11				**2,813.50**
Bressay Bridge Books/Publicns									282.44	**282.44**
Bressay Bridge Miscellaneous				161.56	8,479.03	2,495.77	5,816.94	2,500.00		**19,453.30**
Bressay Bridge Travel Costs				2,447.57	5,724.10	8,063.80	9,859.20	12,739.32	860.20	**39,694.19**
Bressay Bridge Ferry Fares				6.50		6.80				**13.30**
Bressay Bridge Printing					197.60	917.79	42.60			**1,157.99**
Bressay Bridge Advertising		158.80		2,616.37	6,316.50	3,742.84	1,822.47	93.31		**14,750.29**
Bressay Bridge Postage						46.48	84.87	8.14		**139.49**
Bressay Bridge Photocopier						114.20	357.38			**471.58**
Bressay Bridge All Train Costs								3,078.79		**3,078.79**
Bressay Bridge Subsistence								495.18		**495.18**
Bressay Bridge Ext Consultant		9,285.00	2,050.00	74,734.15	56,756.61	5,367.98	1,167.97	5,004.53	2,063.94	**156,430.18**
Bressay Bridge Legal Fees						155.02	27,209.76	152,284.81	120,567.12	**300,216.71**
Bressay Bridge Other Works				1,750.00						**1,750.00**
Bressay Bridge Other Prof Fee					3,150.00	28,921.12	43,129.01	26,560.41	10,169.21	**111,929.75**
Bressay Bridge P/Fee Strc Eng	3,550.00				185,900.00	65,771.66	37,400.65	65,259.96	2,309.70	**360,191.97**
Bressay Bridge Other Works					21,942.28					**21,942.28**
Bressay Bridge Misc Income					-111.06					**-111.06**
Bressay Bridge Legal Services						16,703.31				**16,703.31**
Bressay Bridge Contract Stdrs					3,096.37					**3,096.37**
Bressay Bridge Roads Network							8,450.93		8,800.88	**17,251.81**
Bressay Bridge Roads Design				6,000.00	8,760.11	31,242.20	12,413.16	11,590.66		**70,006.13**
Bressay Bridge Laboratory						4,974.29	3,509.59		2,100.96	**10,584.84**
Bressay Bridge Cap Proj Unit						63,857.63	75,771.89	54,075.89	2,058.19	**195,763.60**
Bressay Bridge Asset Srv Man				88.74		5,820.54				**5,909.28**
Bressay Bridge Proj&Purch				4,468.22						**4,468.22**
Bressay Bridge Proj Co-ord			4,466.41		57,744.53					**62,210.94**
Bressay Bridge Property				327.94	2,226.93					**2,554.87**
Bressay Bridge Land Surveyor				1,473.19						**1,473.19**
Totals	**10,050.00**	**9,443.80**	**6,516.41**	**95,872.44**	**659,102.04**	**322,144.65**	**274,135.10**	**420,515.08**	**152,974.58**	**1,950,754.10**

Shetland
Islands Council

REPORT

To: **Infrastructure Committee** **10 June 2008**

From: **Head of Transport**

WHALSAY STAG 2 APPRAISAL – SUMMARY, FINDINGS AND RECOMMENDATIONS

1. Introduction

1.1 This report is to present the findings of the STAG 2 Whalsay appraisal to the Infrastructure Committee Members. The appraisal was undertaken by Faber Maunsell on behalf of ZetTrans. The Executive Summary of the appraisal is attached to this report as Appendix 1. The full report is available in the Members' Room.

1.2 A similar report was considered by the ZetTrans meeting on 26 May 2008. The ZetTrans Members accepted the recommendations made in this report.

2. Links to Council Priorities

2.1 Shetland's communities are scattered and have a diverse set of needs. To best address those, we must have sustainable road, sea and air transport systems, both internal and external, that ensure everyone is able to access the places, services and opportunities they need.

3. Background to the Study

3.1 The Whalsay STAG 1 was considered by the Infrastructure Committee at its meeting on 16 June 2005, as report IFSD-CPU-02-05-F (Min. Ref. 34/05).

3.2 Shetland's Regional Transport Strategy, presented to Scottish Ministers in March 2007, includes the following intervention as paragraph 6.23:

"In line with the findings from the STAG 1 Report, ZetTrans recommends the following option:

a) Finalisation of option appraisal work for the Whalsay terminal, with a specific focus on the feasibility and costs of a new terminal at North Voe, relative to an extension of Symbister Harbour.

b) Replacement of the existing terminal at Laxo. In addition, further appraisal and possible construction at Vidlin as a diversionary port.

c) Replacement of existing terminal on Whalsay – either Symbister Harbour extension or a new terminal at North Voe.

d) Simultaneous or phased procurement of two replacement vessels, similar to *MV Daggri* and *MV Dagalien. MV Linga* could be disposed of or utilised elsewhere in the network."

3.3 Faber Maunsell were asked to carry out the STAG 2 appraisal in mid 2007.

4. Scottish Transport Appraisal Guidance (STAG)

4.1 STAG is the Government standard for appraisal of transport services and infrastructure projects and provides an evidence-based framework to use in the development and assessment of options against Government and local objectives. Since July 2003 it is a requirement of the Scottish Executive (now Scottish Government) that all projects for which it provides support or approval are appraised in this way.

5. Issues to Address

5.1 The main issues requiring address for the ongoing provision of the link to Whalsay are as follows:

5.1.1. Planning for the Replacement of Existing Vessels

5.1.2. Changing Vessel Legislation

5.1.3. Renewal and Replacement of Ferry Terminals

5.1.4. Managing Vehicle Demand

5.1.5. Management of Heavy Goods Vehicles

5.1.6. Sustaining the Socio-Economic Prospects of Whalsay

5.1.7. Harbour Congestion Issues

5.1.8. Affordability

5.1.9. Operational Reliability

5.2 In summary, the range of problems and opportunities that have been considered in this study are:

5.2.1. Focus has concentrated primarily on vehicle capacity problems aboard the ferries. There is also an issue with the restricted capacity for HGVs and high vehicles on MV 'Linga'. Due to competition for space on the vehicle deck, there can be lengthy delays for larger vehicles.

5.2.2. Other identified problems relate to ageing vessels, changing legislation with regard to ferry design standards, and marine congestion in Symbister Harbour.

5.2.3. Concerns about the condition of the ferry terminals were identified in terms of the increasing berthing pressures and increasing rate of wear and tear on the terminal infrastructure, which will lead eventually to failure of the structures.

5.2.4. Stakeholders have expressed concern regarding affordability, both in terms of fares as well as the importance of finding an affordable solution for funding bodies. There were also concerns expressed over the operational reliability of the ferries with regard to operation in inclement weather as well as continuation of service during times of repair and routine maintenance.

6. Study Objectives

6.1 Objectives identified in STAG Part 1 are six-fold:

- To deliver a solution that is affordable (for funding bodies);
- To deliver a solution that is operationally sustainable;
- To at least maintain the current level of accessibility to the island;
- To reduce conflict between ferry and other harbour users;
- To better match supply and demand; and
- To ensure that the socio-economic characteristics of the island are not constrained.

7. Summary of STAG 1

7.1 The following is a summary of the outcome from the STAG 1 appraisal:

7.1.1. Fixed links – A fixed link could provide an attractive long-term solution. However, a fixed link to Whalsay cannot be considered in isolation and must be prioritised against possible fixed links to Bressay, Unst and Yell. The ferry service must continue until a fixed link could be provided.

7.1.2. Mainland terminal(s) – The STAG 1 appraisal assumes that Laxo be provided as the principal mainland terminal with Vidlin as a diversionary port.

7.1.3. Island terminal – The STAG 1 appraisal did not identify a clear preference between a new terminal in North Voe and an extension to Symbister Harbour

7.1.4. Vessels – The STAG 1 appraisal identified two options for vessels. The first option was to procure two new 31 vehicle vessels. The second was to procure one new 31 vehicle vessel to operate alongside the existing m.v. “Linga”.

8. STAG 2 Options

8.1 The seven options arising out of the STAG Part 1 appraisal, detailed in Chapter 8 of the full report, are:

8.1.1. Option 1 – Do-Minimum. Replace existing vessels with similar capacity replacements when life expired. Carry out maintenance required to maintain the three existing terminals;

8.1.2. Option 2 – Symbister Harbour with inward extension, plus one new, larger ferry;

8.1.3. Option 3 – Symbister Harbour with inward extension, plus two new, larger ferries;

8.1.4. Option 4 – New North Voe ferry terminal, plus one new, larger ferry;

8.1.5. Option 5 – New North Voe ferry terminal, plus two new, larger ferries;

8.1.6. Option 8 – Grunna Voe Mainland terminal, Symbister Harbour with inward extension, plus one larger ferry vessel and retention of *MV 'Linga'* (replaced on a like-for-like basis at end of operational lifespan)

8.1.7. Option 9 - Grunna Voe Mainland terminal, North Voe terminal, plus one larger ferry vessel and retention of *MV 'Linga'* (replaced on a like-for-like basis at end of operational lifespan)

8.2 The complete consideration of Costs and Benefits is given in Chapter 16 of the full report but is summarised in the following table:

Monetised Summary of Costs and Benefits (£millions, 2002 values and prices)

30 year appraisal period	PVB	PVC	NPV	BCR*
Option 1 – Do-Minimum	0	0	0	0
Option 2 – Symbister with extension, plus upgraded Laxo terminal, Vidlin upgraded plus one new 31-vehicle ferry vessel and MV '*Linga*'	£593,613	(£29,584,909)	(£28,724,693)	0.02
Option 3 – Symbister with extension, plus upgraded Laxo terminal, Vidlin upgraded plus two new 31-vehicle ferry vessels	£763,094	(£38,564,678)	(£37,461,256)	0.02
Option 4 – North Voe terminal, with Laxo terminal, Vidlin upgraded plus one new 31-vehicle ferry and MV '*Linga*'	£593,613	(£26,305,170)	(£25,444,955)	0.02
Option 5 – North Voe terminal, with Laxo terminal, Vidlin upgraded plus two new 31-vehicle ferries	£763,094	(£35,284,939)	(£34,181,517)	0.02
Option 8 – Grunna Voe, plus one new 31-vehicle ferry and MV '*Linga*', plus Symbister terminal with extension	(£442,995)	(£29,636,971)	(£29,813,364)	-0.01
Option 9 – Grunna Voe, plus one new 31-vehicle ferry and MV '*Linga*', plus North Voe terminal	(£442,995)	(£26,357,233)	(£26,533,626)	-0.02

*Ratio not monetary value

The Net Present Value (NPV) is calculated as the Present Value of Benefits (PVB) minus the Present Value of Costs (PVC). It therefore calculates the net benefit to society. In an ideal world, any scheme with a positive NPV would be implemented, as society gains. However, as funds are scarce, another indicator is required. The Benefit to Cost Ratio (BCR) is the Present Value of Benefits divided by the Present Value of Costs multiplied by negative one. This therefore presents the amount of benefit society gets from each pound spent on the project.

The options all produce negative NPV and BCRs of less than 1. This is reflective of the rural nature of this project and many benefits, which arise out of such a project, cannot be monetised.

9. STAG 2 Conclusions

9.1 Considering the ferries alone, it is recommended that the option to retain *MV 'Linga'* and introduce a larger-sized ferry vessel onto the route provides the best way to address the problems identified through the STAG process.

9.2 It is therefore recommended that when considering the mainland terminal that Laxo be upgraded in order to accommodate the larger-sized ferry vessels.

9.3 It is recommended that, subject to further analysis and technical modelling, the option of developing a ferry terminal at North Voe on Whalsay be progressed as the preferred option. In the event that a North Voe option is no longer considered preferable or feasible, it is recommended that an upgraded terminal at Symbister with an inward extension is then considered.

9.4 It is recommended that Vidlin is retained as a diversionary port and upgraded to accommodate the larger ferry vessels.

9.5 The STAG analysis examined the benefits and disadvantages associated with each of the option packages. Through careful appraisal against the study objectives and against the five national transport strategic outcomes, the recommended preferred Option comprises the following elements:

- Retention and maintenance of *MV 'Linga'*
- Introduction of one larger-sized ferry vessel (31 vehicle capacity)
- Upgrading of Laxo ferry terminal to accommodate larger-sized ferries
- Construction of a new North Voe ferry terminal on Whalsay.
- Upgrade of Vidlin to remain as diversionary port capable of accommodating the larger ferry and MV '*Linga'*.

10. Issues to be progressed

10.1 The issues identified from the appraisal to be addressed are as follows:

10.1.1 Modelling for North Voe terminal

10.1.2 Detailed design for all terminals

10.1.3 Explore funding mechanisms. At this stage the only assessment of value for money has been in the context of the costs and benefits to "the public purse" i.e. STAG does not attempt to differentiate between the impacts on different funding sources. The next stage will need to include evaluation by the Council of the balance of costs between the Council, the Scottish Government and any other source of funds.

10.1.4 Establish lead time for procurement of new vessel

10.1.5 Consider the future role of the Whalsay Ferry and Terminal Working Group.

11. Financial Implications

11.1 There are no immediate financial implications other than the cost of completing the Whalsay STAG 2 study, which is budgeted for.

12. Policy & Delegated Authority

12.1 The Infrastructure Committee has full delegated authority to act on all matters within its remit, Section 12.0 of the Council's Scheme of Delegations, and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision. However a decision of the Council is require in order to progress to the next stage.

12.2 Once approved, the Shetland Transport Strategy will be a statutory document and the Council, as a constituent Council of Zetland Transport Partnership, must perform its functions which relate to or which affect, or are affected by transport consistently with the transport strategy.

13. Recommendations

I recommend that the Infrastructure Committee:

13.1 endorses the preferred option from the Whalsay STAG 2 appraisal summarised in paragraph 9.5 above (Option 4 in the full report and in Appendix 1 of this report); and

recommends to Council that:

13.2 it agrees that the option summarised in paragraph 9.5 be adopted as the means of providing a transport link between Whalsay and Mainland Shetland,

13.3 funding be identified within the Council's Capital Programme to progress the issues identified in section 10 above; and

13.3 the key question of who pays for a new vessel and the upgraded / new terminals (the Council, or the Scottish Government, or other funders, or a combination of these) needs to be explored and resolved before a decision is made to commit substantial sums to any particular option.

Report Number: TR-17-08-F

Appendix 1

Prepared by: .... Joanne Casey Principal Consultant

Approved by: .... Paul Finch Associate Director

Whalsay Transport Link

Rev No	Comments	Date
1	Final for circulation	13.05.08

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Job No 55280/601 Reference Executive Sum Date Created May 2008

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Executive Summary

Introduction

ZetTrans commissioned Faber Maunsell to undertake a detailed examination of options with regard to the transport link between Whalsay and the Mainland. The analysis follows Scottish Transport Appraisal Guidance (STAG[1]). This note summarises the STAG process undertaken in order to reach a preferred option to be considered for funding.

The 'Do Nothing' option is considered to be unacceptable. Currently the route suffers capacity constraints at peak times which is reported to be hampering the commuter base of the island. Almost one quarter (22% or 160 residents) of the working population on Whalsay commute to the Mainland and depend on a regular and reliable ferry service. Current issues with capacity lead to uncertainty about being able to travel which can cause personal stress to people and potentially make continued commuting to the mainland untenable. Added to this is the uncertainty regarding the state of the infrastructure and the vessels serving the route. The infrastructure is currently operating at its limit in terms of berthing pressures with ever increasing maintenance costs required to keep the service operational. The route is served by two vessels, MV '*Linga'* and MV '*Hendra'.* MV 'Hendra' was recently refurbished to extend her serviceable life but it is not anticipated that this could be extended further and she will need to come out of regular service use in approximately 2014; waiting time on new ferries is three years and can be potentially up to five years.

These factors all combine to provide a bleak future picture for Whalsay under the 'Do Nothing' scenario with ongoing capacity constraints hampering access to economic activity for residents of the island and increasing likelihood of service disruptions due to the aging infrastructure and vessels. All of this could serve to make living on Whalsay and commuting to the mainland untenable which could in turn generate population decline on the island as people move off in search of employment opportunities.

Whalsay is the most populated of the Shetland Islands and the Whalsay route is the third busiest on the Shetland network. The route has been experiencing sustained and continued growth in passenger and vehicle numbers.

Problems and Opportunities

Analysis of the problems and opportunities has been undertaken and found the key problems to be:

- Aging vessels and changing legislation with regard to ferry design standards which affects the medium term use of MV 'Hendra;'
- Aging infrastructure and increasing berthing pressures and increasing rate of wear and tear on the terminal infrastructure;
- Vehicle capacity problems aboard the ferries, particularly during peak commuting times, as well as problems related to the booking system and service gaps - commuting to the mainland is essential for 22% of the working population on Whalsay (approximately 160 people);
- Restricted capacity for HGVs and taller vehicles on MV 'Linga'; due to competition for space the vehicle deck, there can be lengthy delays for larger vehicles;
- Marine congestion in Symbister Harbour;
- Concern regarding affordability, both in terms of affordability of fares as well as the importance of finding an affordable solution for funding bodies; and
- Concerns expressed over the operational reliability of the ferries with regard to operation in inclement weather as well as continuation of service during times of repair and routine maintenance.

[1] STAG is the official appraisal framework developed by the Scottish Government to aid transport planners and decision-makers in the development of transport policies, plans, programmes and projects in Scotland.

Statutory Context and Planning Objectives

National, regional and local policies have been reviewed as part of this study and common theme is the emphasis on the importance of efforts to sustain island communities, and accept that local and central funding will be central to the sustaining of these, often isolated, populations.

Following assessment of the problems, opportunities and statutory context for the study a list of planning objectives was prepared. These objectives are six-fold:

- To deliver a solution that is affordable (for funding bodies);
- To deliver a solution that is operationally sustainable;
- To at least maintain the current level of accessibility to the island;
- To reduce conflict between ferry and other harbour users;
- To better match supply and demand; and
- To ensure that the socio-economic characteristics of the island are not constrained.

Option Generation and Sifting

A long list of options was generated and sifted to produce a list of options for appraisal. The following list shows those that were appraised at STAG Part 1 and Stag Part 2 and the outcome of this appraisal:

- ***Option 1 ('Do minimum' option)*** *– This option would see Laxo and Vidlin, renewed or replaced on a like-for-like basis and the current location of the Whalsay terminal within Symbister Harbour, renewed or replaced on a like-for-like basis; MV 'Linga' and MV 'Hendra' would be retained until life expiry, then replaced on a broadly like-for-like basis.*

This option provides an essential benchmark against which the other options can be compared. It performs only marginally better that the Do Nothing scenario however as it does not address the capacity constraints and would see the uncertainty involved with commuter travel continue. Congestion issues at Symbister would continue and the socio economic prospects for Whalsay would be compromised. The option has little impact on the environment, safety, integration or accessibility.

- ***Option 2*** *- Laxo is retained as mainland terminal, with Vidlin retained as diversionary terminal. Both terminals are replaced with new, larger terminals capable of accommodating 31 vehicle capacity vessels. Symbister remains the Whalsay Ferry terminal but is extended to be capable of accommodating 31 vehicle capacity vessels. One new 31 vehicle capacity vessel is introduced to operate alongside MV 'Linga'*

This option sees the capacity constraints addressed in the medium term and allows the route to grow whilst also removing the current uncertainties with commuter travel. The terminal upgrades would improve their reliability. Two options were investigated for extending Symbister; an outward and inward extension. The outward extension allows greater separation of the marine traffic and better addresses the issue of congestion at Symbister but the risks involved with constructing a breakwater in deep water and the risks involved with the construction (whereby the existing northern breakwater would have to be removed thus leaving the harbour exposed) have been deemed too significant to take this option forward. The outward extension was therefore dropped following STAG Part 1 appraisal. The inward extension of Symbister allows the larger ferries to make use of the harbour but does not fully address the congestion issues within the harbour. This option has little impact in terms of the environment, accessibility, integration or safety.

- ***Option 3*** *– Option 3 is the same as option 2 in infrastructure terms but sees two new 31 vehicle capacity vessels introduced onto the route*

As above with option 2, the outward extension of Symbister is ruled out due to technical risks; the inward extension is retained but does not fully address the congestion issues at the harbour. The introduction of two new 31-vehicle vessels onto the route addresses the capacity constraints but is significantly more expensive in the early years when compared with option 2. The introduction of two new larger vessels is therefore considered unnecessary when one new larger vessel operating alongside MV 'Linga' addresses the capacity constraints and this option has been dropped after STAG part 2 appraisal.

- ***Option 4*** *- Laxo is retained as mainland terminal, with Vidlin retained as diversionary terminal. Both terminals are replaced with new, larger terminals capable of accommodating 31 vehicle capacity vessels. The Whalsay Ferry Terminal is relocated to North Voe with a new terminal constructed capable of accommodating 31 vehicle capacity vessels. One new 31 vehicle capacity vessel is introduced to operate alongside MV 'Linga'*

This option sees the capacity constraints addressed in the medium term and allows patronage on the route to continue to grow whilst also removing the current uncertainties with commuter travel. The terminal upgrades would improve their reliability. Developing North Voe addresses the congestion issues at Symbister and provides a more efficient operational arrangement. Due to developing an undeveloped voe, this option, has negative environmental impacts in terms of landscape and visual impacts. It has little impact on safety, integration or accessibility.

- ***Option 5*** *– Option 5 is the same as option 4 in infrastructure terms but sees two new 31 vehicle capacity vessels introduced onto the route*

As above with option 4, the relocation of the ferry terminal to North Voe has environmental impacts but addresses the issues of congestion at Symbister harbour an, through the introduction of larger vessels addresses the capacity constraint issues. The introduction of two new larger vessels is therefore considered unnecessary when one new larger vessel operating alongside MV 'Linga' addresses the capacity constraints and this option has been dropped after STAG part 2 appraisal.

- ***Options 6 and 7*** *– These were the fixed link options of a bridge and tunnel respectively*

Fixed links would provide a long term solution to capacity issues and remove uncertainty for commuter traffic. It would address the issues of congestion at Symbister. However, in light of the relative urgency to provide a solution for the Whalsay transport link and the timescales involved in constructing such a fixed link and the competing demand for fixed links from other islands within Shetland it is not considered that a fixed link is a feasible solution in the medium term for Whalsay.

- ***Option 8*** *– Grunna Voe is developed as the mainland terminal and Vidlin is not upgraded as diversionary terminal since the attraction of Grunna Voe is more sheltered berthing conditions and therefore an anticipated reduction in the number of diversions that would be required. Symbister is retained as the Whalsay Ferry Terminal and is upgraded to be capable of accommodating 31 vehicle capacity vessels. One new 31 vehicle capacity vessel is introduced to operate alongside MV 'Linga'*

This option addresses the capacity constraints in the medium term. However, following detailed assessment of weather records, etc. concern exists about the performance of this option in inclement weather since Vidlin would not be upgraded and would therefore not be capable of accommodating the larger vessel. At these times the service would reduce to being served by only MV '*Linga'*. In this sense, the option does not address the uncertainty issues which affect commuter traffic. Additionally, this option sees a largely undeveloped area at Grunna Voe developed to provide a ferry terminal with the associated visual and landscape impacts. The option also introduces additional journey time for vehicles accessing / egressing Grunna Voe compared with Laxo with associated negative TEE and safety impacts. The option has little impact on accessibility and integration. Due to the poor performance of this option in economic terms and the environmental impact and the inability of the option to address the uncertainty issues affecting commuter traffic, this option has been dropped following STAG Part 2 appraisal.

- ***Option 9*** *– Grunna Voe is developed as the mainland terminal and Vidlin is not upgraded as diversionary terminal since the attraction of Grunna Voe is more sheltered berthing conditions and therefore an anticipated reduction in the number of diversions that would be required. The Whalsay Ferry Terminal is relocated to a new ferry terminal at North Voe capable of accommodating 31 vehicle capacity vessels. One new 31 vehicle capacity vessel is introduced to operate alongside MV 'Linga'*

As above, this option addresses the capacity constraints in the medium term, however it does not address the uncertainty issues which affect commuter traffic. This option has negative impacts on TEE and safety associated with increased length of journey accessing / egressing Grunna Voe and has the negative environmental impacts of developing North Voe. The option has little impact on accessibility and integration. Due to the poor performance of this option in economic terms and the environmental impact and the inability of the option to address the uncertainty issues affecting commuter traffic, this option has been dropped following STAG Part 2 appraisal.

A full appraisal has been undertaken for the options and the key monetary summaries are provided in the table below.

30 year appraisal period	PVB	PVC	NPV	BCR*
Option 1 – Do-Minimum	0	0	0	0
Option 2 – Symbister with extension, plus upgraded Laxo terminal, Vidlin upgraded plus one new 31-vehicle ferry vessel and MV '*Linga'*	£593,613	(£29,584,909)	(£28,724,693)	0.02
Option 3 – Symbister with extension, plus upgraded Laxo terminal, Vidlin upgraded plus two new 31-vehicle ferry vessels	£763,094	(£38,564,678)	(£37,461,256)	0.02
Option 4 – North Voe terminal, with Laxo terminal, Vidlin upgraded plus one new 31-vehicle ferry and MV '*Linga'*	£593,613	(£26,305,170)	(£25,444,955)	0.02
Option 5 – North Voe terminal, with Laxo terminal, Vidlin upgraded plus two new 31-vehicle ferries	£763,094	(£35,284,939)	(£34,181,517)	0.02
Option 8 – Grunna Voe, plus one new 31-vehicle ferry and MV '*Linga'*, plus Symbister terminal with extension	(£442,995)	(£29,636,971)	(£29,813,364)	-0.01
Option 9 – Grunna Voe, plus one new 31-vehicle ferry and MV '*Linga'*, plus North Voe terminal	(£442,995)	(£26,357,233)	(£26,533,626)	-0.02

* ratio not monetary value

Taking this information along with the assessment of the performance of the options against the planning objectives, the government objectives and technical and deliverability issues, the preferred option has emerged as Option 4.

Summary and Conclusions

The STAG analysis examined the benefits and disadvantages associated with each of the option packages. Through careful appraisal against the study objectives and against the five national transport strategies, the recommended preferred Option comprises the following elements:

- Retention and maintenance of *MV 'Linga'*
- Introduction of one larger-sized ferry vessel (31 vehicle capacity)
- Upgrading of Laxo ferry terminal to accommodate larger-sized ferries; and
- Development of North Voe as a replacement ferry terminal on Whalsay.
- Upgrade of Vidlin to remain as diversionary port capable of accommodating the larger ferry and MV '*Linga'*.

The next steps for this study would be to finalise designs for each of the terminals in order that the works can be procured. For this, North Voe requires a degree of testing to determine the position of the breakwaters and to ensure the facility can be built in the Voe as anticipated.

The STAG study outputs should be revised following such works to ensure the preferred option is still the preferred option and stacks up against the others in terms of delivering against the objectives.

Shetland
Islands Council

REPORT

To: **Infrastructure Committee** **10 June 2008**

From: **Energy Manager**
Planning
Infrastructure Services Department

SIC CARBON MANAGEMENT STRATEGY

1 Introduction

1.1 This report introduces the Carbon Management Strategy undertaken as part of the Carbon Trust's Carbon Management Programme. The aim of which is to present a Strategy, agreed across the Project Team (representatives of Council Services) with clear actions and targets for the short, medium and long term. This will be updated annually or in response to changes in relevant local or national policy. This will lead to a coordinated approach to carbon management thereby helping to raise the profile both within the Council and across the Community.

1.2 The Strategy may be subject to a Strategic Environmental Assessment (SEA) and as such tabling of a draft report to Council will depend on the timescales associated with completing the SEA process. The aim is that if the Council adopts the Strategy it will replace the Council's Energy Policy (November 2006).

1.3 This will remain a live document and will be subject to change in some aspects including targets and the proposed projects to reach those targets.

2 Links to Council Priorities

2.1 Priority Area 7 – We will be world renowned for being clean and green islands, decreasing our CO^2 emissions by 30% by 2020.

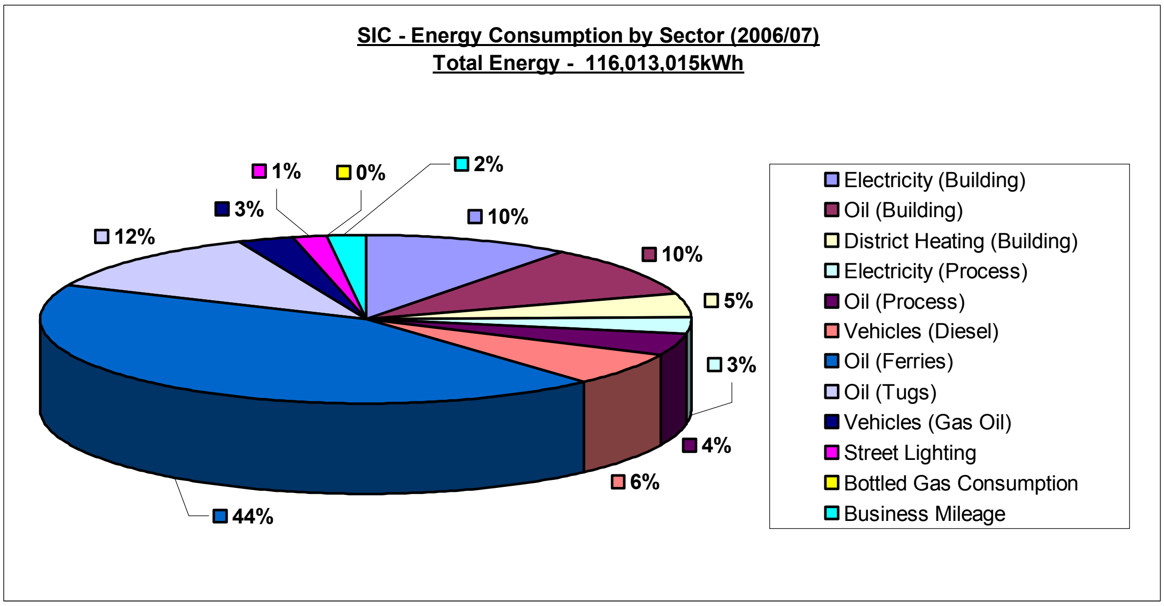
3 Background

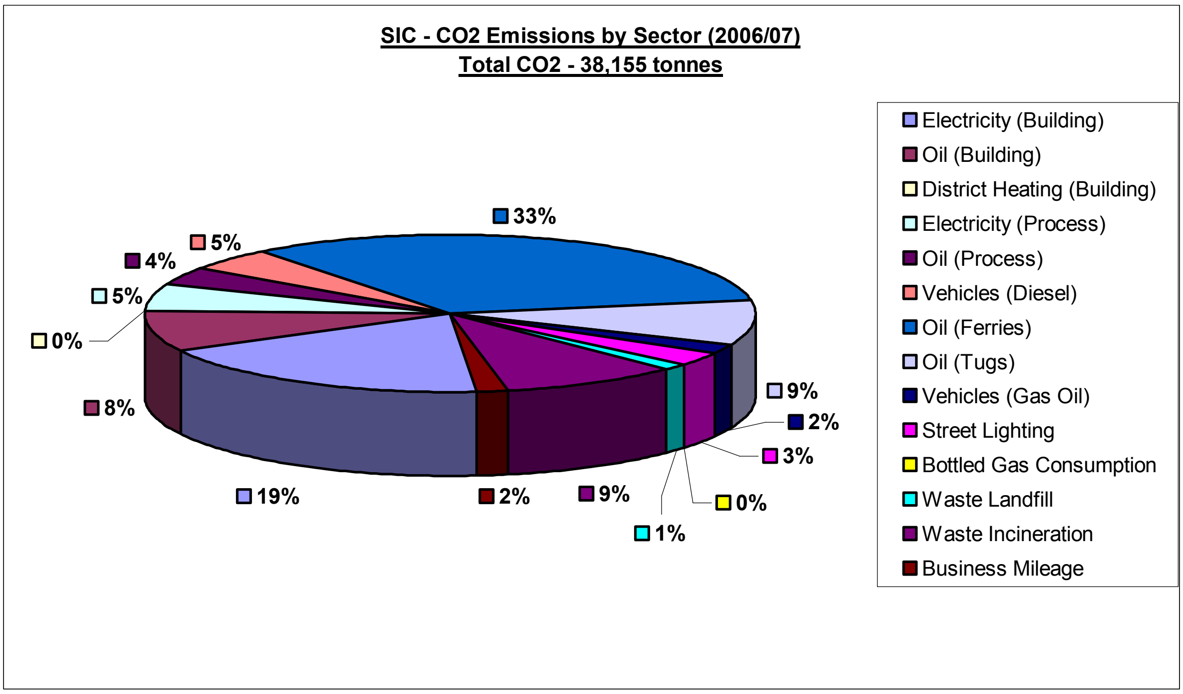
3.1 The Convenor signed the Scottish Climate Change Declaration in January 2007. One of the main commitments is as follows:

'Produce and publicly declare a plan, with targets and time-scales, to achieve a significant reduction in greenhouse gas emissions from our own operations. This will include our energy use and sourcing, travel and transportation, waste production and disposal, estate management, procurement of goods and services, and improved staff awareness'

4 Council Consumption/Emissions and Cost

4.1 To enable targets to be set baseline consumption and carbon dioxide emission figures were produced which provide a breakdown across the majority of the energy consuming sectors within the Council. The baseline year is 2006/07. It is hoped that figures for travel outside Shetland and commuting will be incorporated in the near future.



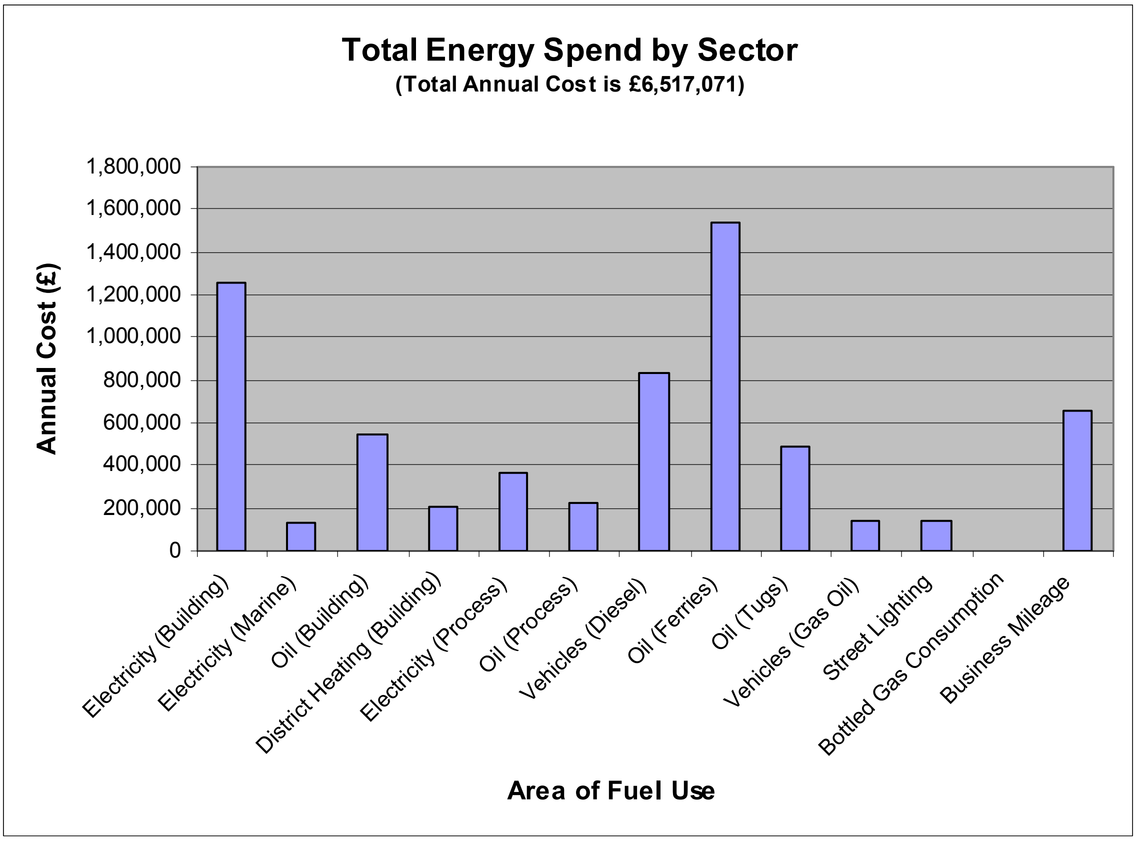


4.2 Due to the high emissions factor for electricity (0.6kgCO_2/kWh compared with on average 0.26kgCO_2/kWh for oils) the share of the emissions compared with consumption almost doubles.

5 Council Costs

5.1 Energy consumption has risen and this is largely due to either an increase in operations e.g. Waste Management (however, whilst this is attributed as a Council energy consumption, the Strategy report will show that it is far outweighed by the community benefits), and transfer of operations e.g. the Sellaness tug fleet, the former Welfare Trust properties and also the two Islesburgh buildings.

5.2 The total bill increased from £4.5m to £5.9m to £6.5 million over the past 3 years and the breakdown for 2007/08 is presented in the following graph.



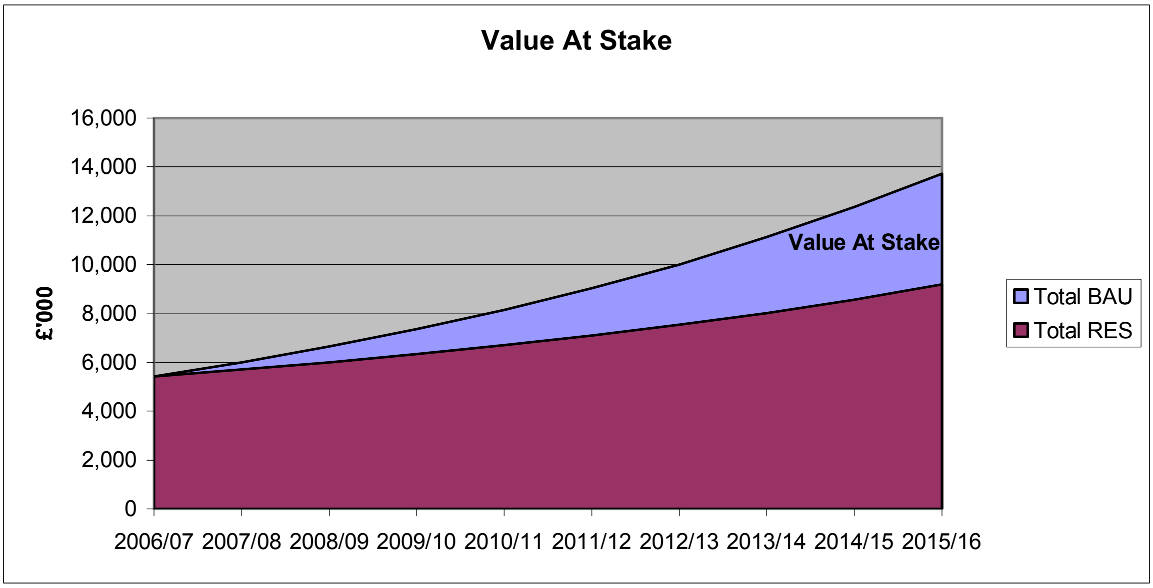
6 Initial Targets and Projections

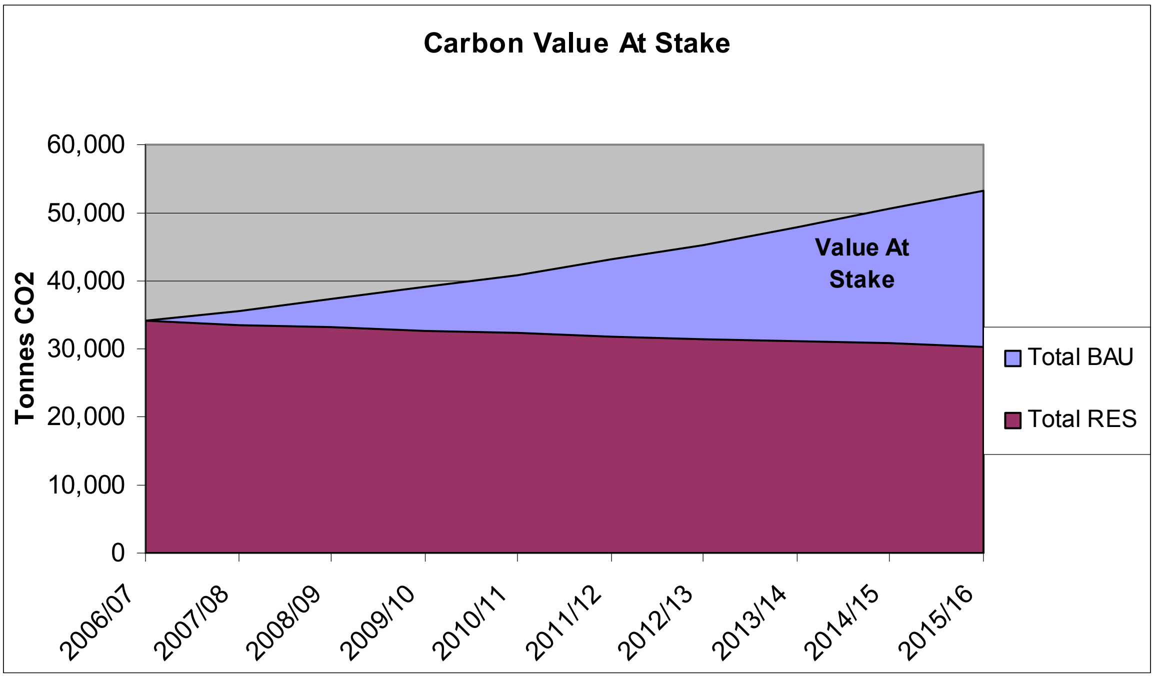
6.1 There has been significant achievements made over the last 10-years in carbon reduction through changes in waste management and as such it is proposed that these savings (total for the community) are included on top of the future target figures. Up to the baseline year the saving was estimated at 8,825 tonnes of carbon dioxide or 23.1% of the total baseline figure. For new carbon reduction opportunities the initial target set was a 20% reduction on the baseline figure by 2020. The total initial target for 2020 (including past savings) would be 43.1%.

6.2 Further to this the Strategy includes links to the community through some of the ongoing projects. This wider community scope for larger scale projects will be more beneficial with respect to acceptance of proposals, local control, funding potential as well as being a Shetland wide approach to carbon management. This will also have direct impacts on other areas of Council Policy e.g. affordable warmth (fuel poverty). As with past achievements, any Council project that leads to a direct impact within the community then it is proposed that those savings are reported on. This will link in to the current Community Plan targets.

6.3 The following estimated projections are based on applying the same level of price and consumption increase in the period 1998/99 (pre-district heating) to 2006/07 going forward to give a business as usual (BAU) estimate. The reduced emissions scenario (RES) applies the energy saving estimates in each area against the same cost increase estimates.

6.4 Whilst there is a higher level of estimation used for the 1998/99 energy consumption figures and therefore a less accurate business as usual projection the RES is based on the baseline consumption information and is therefore fairly robust. Projected costs are more difficult to estimate and as an example the current unit rates in 2008/09 are higher than the projected rate for 2008/09.





7 Actions and Emission Reduction Opportunities

7.1 A range of measures has been suggested/implemented and the target figure will be based on these estimated savings. The projects range from district heating connections to fluorescent lighting conversions to larger scale projects such as the Energy Recovery Plant Project.

7.2 The Strategy also provides a longer list of projects either ongoing or proposed that could increase the target savings or provide alternative saving areas where projects do not reach a successful conclusion.

7.3 A significant proportion of the savings is based on good housekeeping. 2007/08 was the first year that energy reduction targets were set at Service Manager level. Energy monitoring files have been produced for each site and are available on the intranet. The site is developing with further information being supplied and there is also a need to provide feedback information for each site and also more robust monitoring information for areas that fall outside standard building use. Currently the information is broken down by building/user, total Service area by site and total Council by Service area so that users can choose the information they need to access. The site can be accessed at http://www.sic.gov.uk/services/heritage/.

7.4 As an example, there was a proactive effort to try and reduce consumption at the Montfield Offices and comparing the consumption in 2007/08 with 2006/07, their efforts produced savings of 15.7% and 17.6% for electricity and district heating respectively.

7.5 Whilst there are other issues that can hinder savings being made such as poor/faulty controls, increases in number of personnel in buildings etc it is clear that major savings can be achieved through a combination of user-friendly systems and a small effort from building occupants. In light of rising fuel costs all departments should continue to make an effort to reduce their energy consumption, which will in turn reduce our carbon emissions.

8 Budgets

8.1 Energy Revenue Budgets. There is an opportunity to use energy budgets where the payback on measures is less than a year and the use of fuel additives is one such measure.

8.2 Public Sector Energy Efficiency Initiative (PSEEI). The PSEEI has established 'invest to save' funds, managed at a local level, which has allowed local authorities to implement long term energy efficiency strategies within their estates. The Council has received £116,000 and the funding will be allocated on specific projects that comply with the requirements of the grant. As an 'invest to save' initiative funding is accrued from one financial year to the next.

8.3 Other Budgets. The current PSEEI budget could be combined with existing maintenance, capital or other budgets where the works are identified as achieving energy savings thereby reducing Council outlay.

8.4 CPRT. Feasibility studies have been and will continue to be assessed for funding through the CPRT. Larger scale capital projects will also be reported through the CPRT although it is recognised at the current time that external funding is essential if large-scale projects are to have any chance of being implemented. One of the suggested Project Team proposals was for an emissions factor to be introduced as part of the project criteria for CPRT assessment.

8.5 External Funding. Feasibility studies have been to date supported by outside bodies e.g. the Highlands and Islands Community Energy Company (HICEC) and ZetTrans. External funding sources will also be assessed for larger scale projects.

8.6 Energy Conservation Capital Budget. Unfortunately, the energy conservation budget didn't achieve priority status for 2008/09.

9 Financial Implications

9.1 None at this stage

10 Policy and Delegated Authority

10.1 The Infrastructure Committee has full delegated authority to act on all matters within its remit and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision as described in Section 12 of the Council's Scheme of Delegations. However, the Committee does not have authority to approve policy and, therefore, a decision of the Council would be required when the draft Strategy is tabled.

11 Recommendation

11.1 I recommend that the Infrastructure Committee note this report.

Report Number: PL-30-08-F

Shetland
Islands Council

REPORT

To: Infrastructure Committee 10 June 2008

From: Building Services Manager
Environment & Building Services
Infrastructure Services Department

STRATEGIC OVERVIEW OF BUILDING MAINTENANCE

1 Introduction

1.1 This report has been provided in response to a request by Members at the Performance Review Session, held on 15 May 2008, for more information on the main issues affecting building maintenance.

2 Link to Council Priorities

2.1 This report links to the council priorities to 'live within our means'; 'ensure that we are being efficient in everything we do' and 'base all our decisions on evidence'.

3 Background

3.1 The functions and responsibilities of Building Services were changed in 2001 to include (among others):

- Planning, programming and procurement of maintenance works for Council buildings;
- Delivery of planned maintenance, alterations and minor building works; and
- Delivery of responsive repairs service including emergency and urgent works.

3.2 The range of work and services covered by building maintenance is described in more detail in the Building Services Service Plan available on the Internet at http://www.shetland.gov.uk/performance/documents/BuildingServicesServicePlan1.pdf

3.3 A list of the buildings which are maintained is provided in appendix A.

3.4 There are currently four significant factors creating pressure on delivery of the maintenance service:

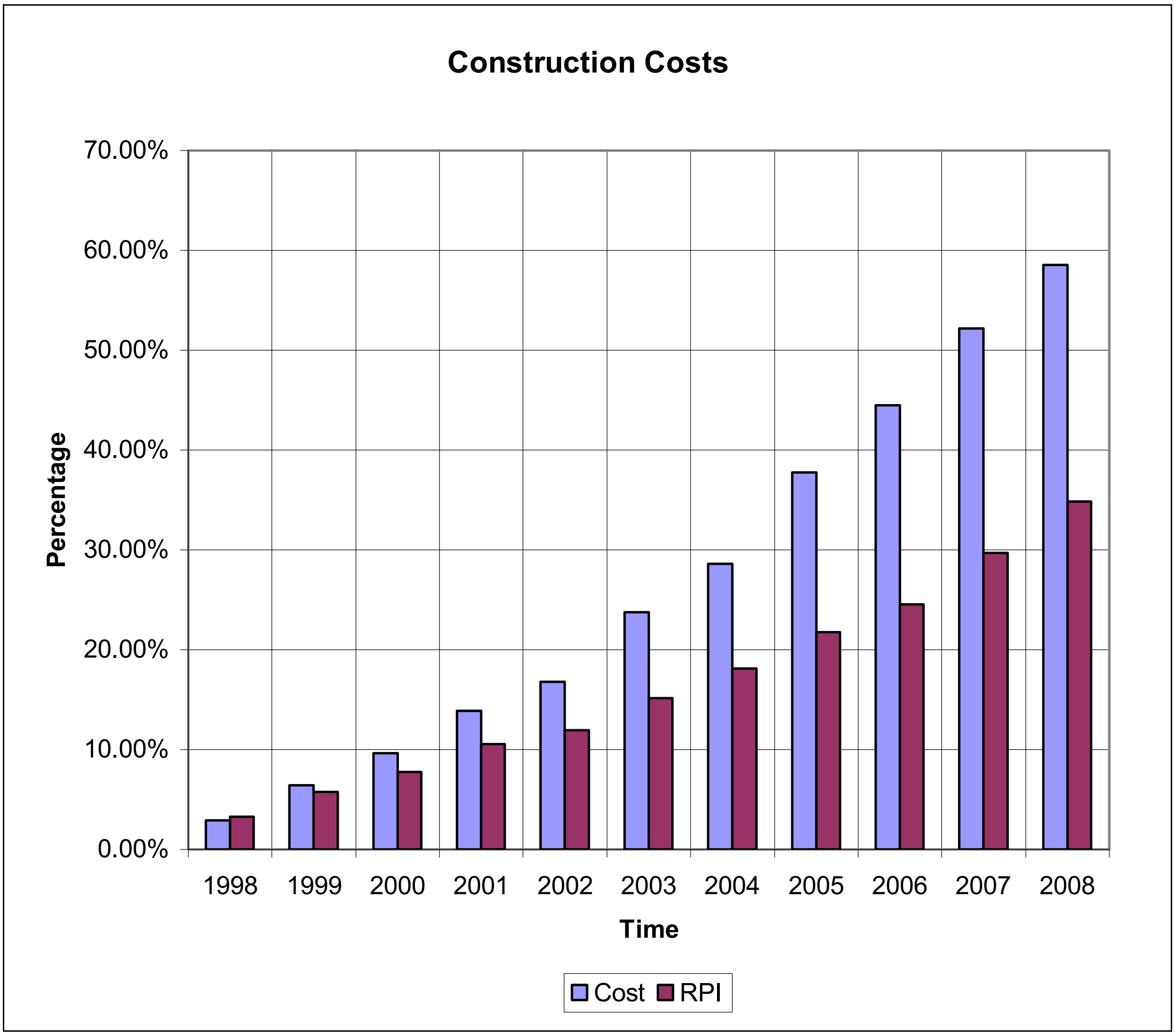
- High construction cost inflation
- Increasing number of properties
- More onerous legal requirements; and
- Lack of smooth continuous flow of work

3.5 Each of these is now considered in turn.

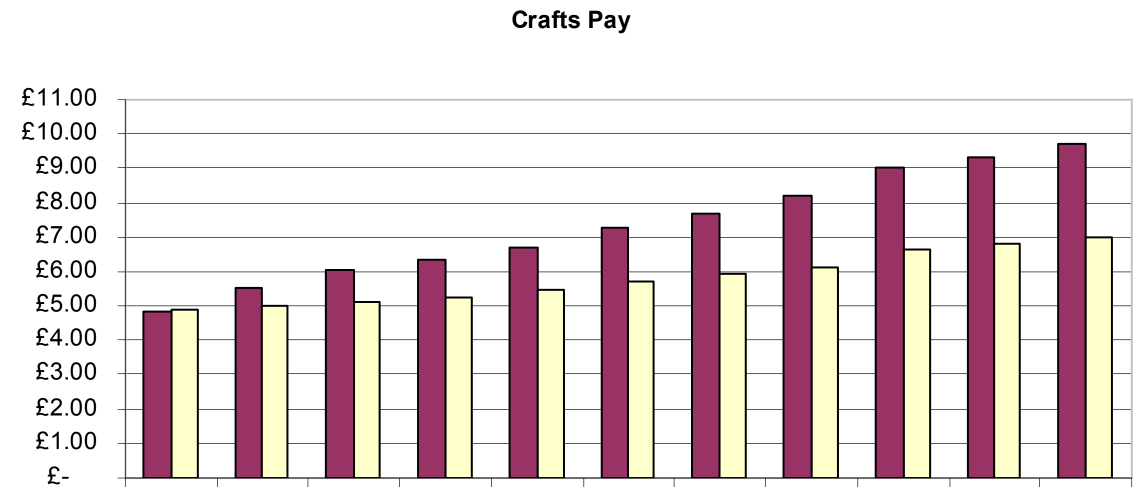
4 Issues

Inflation

4.1 Construction Costs have been running ahead of general inflation for the last nine years. The cumulative effect of this is shown in the graph below which compares the Building Costs Information Service (BCIS) Construction Cost Indices against the (all items) Retail Price Index over the last decade. It is also worth noting that the maintenance budgets increases have been less than RPI over the period.



4.2 One of the main driving forces behind this increase in cost has been the Construction Industry Joint Council national wage agreements for Construction workers pay in the private sector. The graph below shows the increase in basic pay over a ten-year period and gives a comparison with public sector Craft employees. This does not take account of any other payments or allowances.



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Private	£4.83	£5.50	£6.05	£6.35	£6.70	£7.30	£7.67	£8.21	£9.00	£9.32	£9.72
Public	£4.86	£5.00	£5.15	£5.25	£5.47	£5.71	£5.92	£6.12	£6.64	£6.80	£6.97

4.3 The disparity in basic wages, obviously, causes a high level of dissatisfaction among Council Craft employees. This can only be addressed through Single Status. Of equal concern is the fact that the same pay differences apply at the management and technical levels and skilled technical staff are leaving the Council to work in the private sector.

4.4 The cost of raw materials has also increased significantly over the last few years. The cost of oil based products; metals, glass and the like are increasing because of the rising price of the basic commodities. There are also increases due to improved environmental standards in production and disposal of by-products for many of the components used in construction.

4.5 Another cause of high construction costs is the number and scale of projects various clients wish to have carried out at the same time. The number of skilled workers in the local construction industry does not vary to any great extent but the demand for these skills does. These ‘peaks and troughs’ in demand tend to drive up prices. This is not just a local phenomenon - it applies nationally.

Size of the Estate

4.6 Yet another real cost pressure on the maintenance service is the increase in the number of properties to be maintained. The table below shows how the maintenance budget (actual costs are historically within 1.5% of budget) per square metre has decreased in recent years as a result of the greater number of buildings being maintained.

Year	Area	Budget	Rate per m²
2005/6	101,029	£2,318,317	£22.95
2006/7	108,445	£2,404,165	£22.17
2007/8	111,314	£2,278,791	£20.47
2008/9	120,604	£2,256,003	£18.71

4.7 Benchmarking data indicates that Social Care Facilities cost more to maintain than schools which in turn cost more to maintain than offices. This is largely attributable to the amount the building is used but also to the scale and complexity of mechanical and electrical services in the buildings. It costs more per square metre to maintain a small building compared to a large building. This is also true of cleaning and energy costs. A large proportion of the Council estate is made up of comparatively small properties.

4.8 One effect of having a reduced budget in proportion to the area of buildings to be maintained is that more and more lower priority work cannot be carried out because there is no funds available. This causes a backlog of work to build up which increases responsive repairs creating a vicious circle where an ever increasing proportion of work is inefficient unplanned work. In theory user departments can undertake virements if they wish work to be carried out however in practice this has not been the case. An appropriate revenue budget is needed in order to avoid this situation occurring and a balance struck with capital expenditure to keep overall spending on property to a minimum.

Legal Requirements

4.9 Recent changes to the Control of Asbestos Regulations, Fire Regulations and Construction (Design & Management) Regulations (among others) have expanded the workload for everyone involved in delivering the maintenance service but especially the technical staff.

4.10 An action plan was drawn up recently on the management of asbestos in response to concerns raised by HSE Inspectors on how well we were meeting the new requirements introduced in 2006. This prompted a programme of property surveys to get accurate and up to date drawing information (in electronic format) and record the location and condition of asbestos in the buildings.

4.11 This also prompted us to accelerate the procurement of a Computer Aided Facilities Management (CAFM) package to allow us to hold comprehensive property data in one place and give us the ability to make this information available to property managers. This includes information on the location of asbestos. The CAFM system, which has just been selected, will provide several benefits to the service from fault reporting to budget monitoring.

4.12 Changes to the Fire Regulations which took effect in 2006 meant that all properties had to have a Fire Risk Assessment. This replaced the old system of Fire Certificates. While much of the Fire Risk Assessment relates to management of the building there are also sections that require technical construction knowledge so this had to be done by trained technical staff.

4.13 Staff had to be trained and others re-trained so that we could demonstrate the necessary level of competence required to act as Client, Project Co-ordinator and/or Principal Contractor under the Construction (Design & Management) Regulations 2007.

4.14 The Control of Vibration at Work Regulations 2005 is yet another piece of legislation we have had to gear up to meet by testing all the tools and equipment we use and having the operatives record how long they use each item. This is to avoid any employee exceeding the maximum exposure limit and so prevent them running the risk of developing hand arm vibration syndrome.

Flow of Work

4.15 As indicated in paragraph 4.5 above, peaks and troughs in the flow of work cause increased cost because demand outstrips supply. It also creates inefficiencies in the use of direct resources. The number of direct Craft employees in Building Services was geared to meet the needs of the maintenance service and part of the programme of refurbishment works, office alterations and the like. This created economies of scale for this group as an operational unit. Changing requirements and changes to the capital programme have had a knock on effect and made it much more difficult to ensure the best use of in-house resources.

4.16 The greater complexity of building services to be maintained coupled with a reduced budget (per m^2) means that more electricians and plumbers are required but there is less joiner work because this tends to be of a lower priority. There is a legal requirement to carry out periodic electrical testing, lift inspections, water treatment (among many others) but not for joiner works. This is leading to an imbalance in the number of each trade we employ. We are trying to address this by, for example, creating opportunities for re-training and taking on capital works.

4.17 Recently Building Services have taken the lead role in developing the programme of capital works on schools despite a lack of technical staff to deal with this. Much of the capital work needed for the upkeep of Council buildings is identified by the Building Maintenance Officers when they carry out regular surveys on the buildings to identify maintenance works. It is logical, therefore, that the programme of capital works is developed at the same time as the planned maintenance programme but this is placing a significant burden on the technical section to manage. This should be extended to cover the entire estate, not just schools, but at present there is insufficient technical staff to take this on within Building Services.

4.18 This is, of course, only dealing with capital works to retain the functionality and value of existing assets rather than the creation of new assets or complete replacement of existing assets to meet the Council's strategic objectives (although these will have ongoing maintenance costs). Building Services, in consultation with Assets and Property Services, will be better placed to inform the programme of capital maintenance once the CAFM system is in place and the results of condition surveys have been uploaded.

5 Financial Implications

5.1 This report has no direct financial implications.

6 Policy & Delegated Authority

6.1 The Infrastructure Committee has full delegated authority to act on all matters within its remit, Section 12.0 of the Council's Scheme of Delegations, and for which the overall objectives have been approved by the Council, in addition to appropriate budget provision.

7 Conclusion

7.1 Despite the fact that revenue expenditure on building maintenance has been kept within 1.5% of budget and the trading account has consistently achieved the break even target the economic pressures on the service are high and increasing.

7.2 Work to manage these pressures and improve the quality of service is ongoing. Some examples of this are:

- The Computer Aided Facilities Management system for better property information;
- Improved processes and quality management systems leading towards ISO9001: 2000 accreditation;
- Improvement workshops with staff to identify better working practices; and
- Develop a programme of capital maintenance work based on condition ratings of buildings to improve the flow of work.

It is recognised, however, that there are a number of factors that the Service cannot control such as overall budgetary (capital and revenue) constraints and staff pay.

8 Recommendations

I recommend that the Committee:

8.1 Note the content of this report.

Name	Type	Gross Internal Area (m^2)
13 Hill Lane	Children’s Panel	58.20
	Children’s Panel Total	**58.20**
Laburnum	Children's Service	280.60
Leog	Children's Service	448.70
Old Bruce Hostel	Children's Service	1325.2
	Children's Service Total	**2054.5**
4 Havragord	Community Development	92.50
Clickimin Store	Community Development	38.80
Gilbertson Park	Community Development	675.60
Islesburgh Community Centre	Community Development	2,447.80
Islesburgh House	Community Development	880.00
Jubilee Park (Bowlers Hut)	Community Development	110.50
King George V Park	Community Development	28.20
Seafield Pavilion	Community Development	188.70
St. Sunniva Street Store	Community Development	274.90
	Community Development Total	**4,737.00**
Old Library Centre	Community Services	946.70
St Ringans Library	Community Services	664.40
	Community Services Total	**1,611.10**
FE College Gremista Phase 1	Further Education	1,949.80
FE College Gremista Phase 2	Further Education	1,020.90
North Atlantic Fisheries College	Further Education	2,810.70
Train Shetland	Further Education	606.20
Train Shetland (Lovers Loan)	Further Education	159.9
	Further Education Total	**6547.5**
6 Hillhead	Genealogy Society	83.00
	Genealogy Society Total	**83.00**
Gremista - Depot Buildings	Infrastructure	4,800.00
Incinerator Plant	Infrastructure	1,800.00
Mid Yell - Depot Buildings	Infrastructure	280.00
New Landfill Site	Infrastructure	3,000.00
Rova Head	Infrastructure	2,000.00
Tingwall Airstrip and Offices	Infrastructure	721.50
Viking Bus Station	Infrastructure	188.70
Wethersta Depot	Infrastructure	130.00
	Infrastructure Total	**12,920.20**
11 Hill Lane	Office	127.20
2 & 4 Bank Lane	Office	204.00
20 Commercial Road	Office	242.50
32 Hillhead	Office	168.60
32 Hillhead Organisational Development	Office	168.60
4 Market Street	Office	638.30
64 St. Olaf Street	Office	194.70
91/93 St Olaf Street	Office	495.40
92 St. Olaf Street	Office	430.30
Charlotte House	Office	606.60
County Buildings	Office	74.70
Fort Road (Housing)	Office	435.80
Garthspool ICT	Office	518.80

Grantfield Offices	Office	1,404.40
Greenhead Base (CPS)	Office	690.20
Gremista Building Services	Office	374.80
Hayfield House	Office	1,618.10
Montfield Offices	Office	852.90
Old Infant School (TVEI)	Office	406.30
Quarff Additional Support Base	Office	244.40
Quendale House	Office	434.10
	Office Total	**10,330.70**
Lystina House	Office (Civic Building)	346.30
Town Hall	Office (Civic Building)	917.30
	Office (Civic Building) Total	**1,263.60**
Bells Brae Primary School	School Service - Primary	4,477.70
Brae Primary School	School Service - Primary	2,161.90
Bressay Primary School	School Service - Primary	682.50
Burravoe Primary School	School Service - Primary	352.70
Cullivoe Primary School	School Service - Primary	321.30
Cunningsburgh Primary School	School Service - Primary	670.10
Dunrossness Primary School	School Service - Primary	1,970.90
Fetlar Primary School	School Service - Primary	310.70
Hamnavoe Primary School	School Service - Primary	971.30
Happyhansel Primary School	School Service - Primary	765.50
Lunnasting Primary School	School Service - Primary	580.20
Mossbank Primary School	School Service - Primary	1,543.80
Nesting Primary School	School Service - Primary	593.90
North Roe Primary School	School Service - Primary	332.90
Ollaberry Primary School	School Service - Primary	650.30
Olnafirth Primary School	School Service - Primary	537.50
Sandness Primary School	School Service - Primary	268.40
Skeld Primary School	School Service - Primary	736.10
Skerries School	School Service - Primary	390.80
Sound Primary School	School Service - Primary	2,907.20
Symbister Primary School	School Service - Primary	1,744.40
Tingwall Primary School	School Service - Primary	825.40
Urafirth Primary School	School Service - Primary	501.40
Uyeasound Primary School	School Service - Primary	212.80
Whiteness Primary School	School Service - Primary	1,442.60
	School Service - Primary Total	**25,952.30**
Aith Junior High School	School Service - Secondary	2,617.30
Anderson High School	School Service - Secondary	13303
Baltasound Junior High School	School Service - Secondary	3,015.60
Brae High School	School Service - Secondary	3,584.60
Sandwick Junior High School	School Service - Secondary	4,976.40
Scalloway Junior High School	School Service - Secondary	4,706.10
Symbister Junior High School	School Service - Secondary	1,643.30
	School Service - Secondary Total	**33,846.30**
ASN Gressy Loan	School Service - Specialist	981.00
Blydehaven Nursery	School Service - Specialist	91.9
Janet Courtney Hostel	School Service - Specialist	4026.9
New Bruce Hostel	School Service - Specialist	1140.9
	School Service - Specialist Total	**6240.7**
Brae Rural Care Centre	Social Work	1,025.60
Bressay Laundry	Social Work	39.00

Edward Thomason House	Social Work	1,374.00
Eric Gray Centre	Social Work	998.70
Fernlea Rural Care Centre	Social Work	798.80
Freefield Centre	Social Work	189.60
Isleshavn Rural Care Centre	Social Work	743.70
New Craigielea	Social Work	813.60
Nordalea Rural Care Centre	Social Work	1,082.90
Overtonlea Rural Care Centre	Social Work	1,101.50
Seaview	Social Work	407.20
Taing House	Social Work	1,695.30
Viewforth Care Home	Social Work	1,145.20
Wastview Rural Care Centre	Social Work	1,063.40
	Social Work Total	**12,478.50**
Bigton W.C.	Toilets	24.60
Bixter Toilets	Toilets	22.20
Bressay-Mail Beach	Toilets	16.70
Grantfield Toilets	Toilets	26.00
Grutness Toilets-Sumburgh	Toilets	5.30
Hamnavoe Toilets	Toilets	22.10
Hamnavoe W.C. (Meal Beach)	Toilets	22.30
Hermaness Toilets	Toilets	25.10
Hillswick Toilets	Toilets	22.00
Hillswick Toilets	Toilets	22.00
Knab Toilets	Toilets	28.70
Lochside	Toilets	28.50
Sandness Toilets	Toilets	36.60
Sandwick Toilets	Toilets	23.30
Scalloway Toilets	Toilets	33.30
Skeld Toilets	Toilets	62.00
Skerries Toilets	Toilets	14.90
Toft Toilets	Toilets	41.30
Uyeasound Toilets	Toilets	27.10
Voe Toilets	Toilets	23.20
Walls Toilets (Scaw)	Toilets	37.60
West Burrafirth	Toilets	67.10
	Toilets Total	**631.90**
Belmont-Ferry Toilets	Toilets (Ferry)	39.40
Belmont-Ferry Toilets	Toilets (Ferry)	39.40
Cullivoe-Ferry Toilets	Toilets (Ferry)	42.10
Cullivoe-Ferry Toilets	Toilets (Ferry)	42.10
Gutcher Toilets-Ferry	Toilets (Ferry)	43.30
Gutcher Toilets-Ferry	Toilets (Ferry)	43.30
Gutcher Toilets-Ferry	Toilets (Ferry)	43.30
Gutcher Toilets-Ferry	Toilets (Ferry)	43.30
Ulsta Toilets (Ferry)	Toilets (Ferry)	29.20
Ulsta Toilets (Ferry)	Toilets (Ferry)	29.20
Whalsay Toilets (Pier)	Toilets (Ferry)	43.10
Whalsay Toilets (Pier)	Toilets (Ferry)	43.10
	Toilets (Ferry) Total	**480.80**
	Grand Total	**121388.70**

MINUTE

"A&B"

Zetland Transport Partnership
Council Chamber, Town Hall, Lerwick
Monday 26 May 2008 at 10am

Present:

A S Wishart
R S Henderson
Dr S Taylor
A T Doull
F A Robertson

Observer/Adviser:
S Laurenson, Chief Executive, Lerwick Port Authority
J G Simpson, Chairman, Development Committee
J L B Smith, Chairman, Sumburgh Airport Consultative Committee
J Dickson, General Manager, Ports and Harbours Operations

Apologies:
Mrs I J Hawkins
Mrs C H J Miller

In attendance (Officers):
M Craigie, Lead Officer
K Duerden, Transport Development Manager
B Hill, Acting Divisional Manager, Legal
B Robb, Management Accountant, Finance
L Gair, Committee Officer

Chairperson
Mr A S Wishart, Chairperson of ZetTrans, presided.

The Chairperson welcomed Mr J L B Smith to his first meeting of ZetTrans.

Circular
The circular calling the meeting was held as read.

Declarations of Interest
None

Minutes
The note of the meeting held on 22 April 2008 was confirmed.

Members' Attendance at External Meetings
There was nothing to report.

21/08 **Lead Officer's Report**

The Partnership considered a report by the Lead Officer (Appendix 1).

The Lead Officer and Transport Development Manager gave a brief update on the items in the report.

Resubmission of RTS

The Partnership noted that the Regional Transport Strategy was resubmitted on 26 May and were advised that the deliverables had been removed from the document and would be presented separately at the next ZetTrans meeting.

Fuel Prices in Scottish Islands – A Case to be made to the Chancellor of the Exchequer

The Lead Officer advised that HITRANS had written to the Chancellor of the Exchequer regarding the effects on the economy and sustainability of communities and said that Shetland was paying the highest fuel charges in the world. He advised that Loganair were to increase their airfares by £4 per sector, which was the second increase totalling £9 in 2 months and stated that this was a significant amount and may not be the last. The Lead Officer said that as suggested the Partnership should take the opportunity to strongly express its concerns, and it was unanimously agreed that the Lead Officer prepare a letter to the Chancellor of the Exchequer, as soon as possible.

The Chairperson advised that fuel costs were an issue for the Council's Ferry Service and Orkney Ferries are estimating a projected a budget overspend of £300,000. It was stated that the Shetland Islands Council's Ferry Service is currently calculating the impact of fuel price increases. The Lead Officer added that last year there had been an overspend of £100,000 as the budget was prepared at 32p/litre but that went up to 44p/litre. He added that a quarter of the Ferries costs went on fuel.

Mr J Dickson, General Manager, Ports and Harbours Operations advised that the cost of crude could not be altered, but the duty could be changed.

The Chairperson read from a letter received by Mr D McIntyre of HITRANS, from the Scottish Government's Transport Directorate which indicated that although Mr Swinney had written to the Chancellor regarding this issue, MH Treasury had replied that there was no interest in introducing a fuel duty regulator.

Landing Slots at Heathrow

The Lead Officer advised that the letter from Nestrans suggested that Heathrow were facing greater competition for slots and that one airline had paid £30m for one daily slot at Heathrow. He said that Inverness, Aberdeen and Belfast could not compete. The Lead Officer said that Heathrow was still the main gateway to the UK for many travellers and as Aberdeen was aspiring to be a world leading Energy Centre of Excellence, it was important to argue the link and build the strongest case for slots at Heathrow.

The Partnership unanimously agreed that a letter be written in support of Nestrans.

Mr J G Simpson, Chairman of Development Committee, advised that he encountered a problem at Heathrow stating that the boarding pass issued at Sumburgh was not valid in Heathrow. He said the time spent going back to check in and through security again meant that he almost missed his flight. He asked if anything could be done to rectify this problem to ensure that valid boarding passes were issued. Mr J L B Smith, Chairman, Sumburgh Airport Consultative Committee said that he was writing to Loganair on other matters, and would include this problem in the letter. The Chairperson said that the ticketing system should be international and that ZetTrans would also write a letter.

Mr F A Robertson moved that the Partnership approve the recommendations contained in the report, Mr R S Henderson seconded.

22/08 **Implementation of Shetland Transport Strategy**

The Partnership noted a report by the Transport Development Manager (Appendix 2).

The Transport Development Manager drew attention to paragraph 2.11 and advised that Northlink had attended the Shetland External Transport Forum (SETF) on 21 May 2008 and Mr Bill Davidson had given a presentation. He said that the presentation included the availability of cabins and a lot of work had been done to provide a good breakdown of data regarding times when cabins would not be available and these included flight disruptions, school holidays and the height of the season. He said that, excluding dates when cabins could be expected to be sold out, there had been only 30 other occasions out of 656 sailings when all cabins had been sold.

The Transport Development Manager advised that the SETF meeting had identified items for discussion at the Tier 2 Meeting, to be held in Shetland on 18 June, that included dry dock arrangements for 2009, RET Pilot, shipping livestock, freight shipments on passenger ships, age of freight ships and investigate whether the 2012 contract could include a link to Bergen.

Mr R S Henderson said that the Partnership needed to press on the turnaround of ships (2 sailing each way in 24 hours) 1-2 nights of the week when this was required. He said that the data provided during the presentation had not identified how many passengers had been turned away once the ship was full. The Chairperson said that the presentation had advised that the extra cost in fuel was significant to carry out a turn around service.

23/08 **Whalsay STAG 2 Appraisal – Summary, Findings and Recommendations**

The Partnership noted a report by the Transport Development Manager (Appendix 3).

The Transport Development Manager drew attention to paragraph 7.2 and advised that this information had been presented differently to the information in the executive summary and tables in the full report. He advised that the outcome ranking was the same but that it was a different interpretation.

Mr F A Robertson advised that a lot of work had gone into the following the STAG Guidelines and said that a lot had been considered to find a good solution. He said that every single option had been looked at both on Whalsay and the mainland, and what came out of that was the most sensible option from the STAG 1 process and that STAG 2 would quantify the designs.

Mr J G Simpson referred to the North Voe and asked whether tank testing would be carried out. Following some discussion, the Lead officer advised the Partnership that this would be considered after the computer modelling had been carried out.

Mr A T Doull asked whether a fixed link was being considered. The Lead Officer advised that a tunnel study was being carried out alongside all STAG processes. He advised the Partnership that a fixed link to Whalsay, which would be the longest tunnel, was estimated at approx £111m, as opposed to £47m for Bluemull Sound and £75m for Yell Sound. He added therefore that a ferry solution for Whalsay had been confirmed for the foreseeable future, and in the absence of detailed costs, was the right priority.

In response to a further query, the Lead Officer advised that the Vidlin Road upgrade was considered under the Council's Roads Capital Programme and therefore the two were independent of each other.

Mr A S Wishart moved that the Partnership approve the recommendations contained in the report, seconded by Mr F A Robertson.

24/08 **Bressay Link STAG Appraisals – Summary, Findings and Recommendations**

The Partnership considered a report by the Lead Officer (Appendix 4)

The Lead Officer briefly introduced the report.

Ms S Laurenson drew attention to Section 8 and was concerned that this added confusion to the report stating that the economic model mention at paragraph 8.5 for a 40mx134m high level bridge had not been through the Bressay Link Group. The Lead Officer advised that Section 8 provided the full context of the project since 1998 and showed the development of the project under the STAG Process. The Chairperson said that he could see her concern and that paragraph 8.5 in isolation was a bold statement, but felt however that 8.6 brought it into context. Ms Laurenson suggested that another meeting of the Bressay Link Group be organised before the next Infrastructure meeting.

In response to a query regarding funding, the Chairperson advised that funding would depend on the Council Capital Programme and that work had to be done on external funding and added that an approach to the Transport Ministers had already been done.

Mr F A Robertson moved that the Partnership approve the recommendations contained in the report, seconded by Mr A S Wishart.

The Chairperson said that the STAG was very detailed and had been carried out with the consultation of interested parties and said the consultants and staff should be commended for their work, and the STAG process could be adopted for other non-transport projects.

25/08 **<u>Progress of Recommendations of Whalsay and Bressay STAG Appraisals</u>**

The Partnership considered a report by the Lead Officer (Appendix 5).

The Lead Officer briefly introduced the report and the Partnership discussed the importance of moving all STAG appraisals forward together, and the Lead Officer advised how this would be done.

Mr F A Robertson said that it was important that all Council Members understood the long-term procedures that led to the point of construction. Mr A S Wishart moved that the Partnership approve the recommendations contained in the report. Mr F A Robertson seconded.

The meeting ended at 10.50 am.

A S Wishart
CHAIRPERSON

Shetland
Islands Council

NOTE

Infrastructure and Environment Forum
Visit to Sumburgh Head, followed by a
meeting at the Sumburgh Hotel at 11.30am
Wednesday 3 June 2008 at 10.00am

Councillors:
I J Hawkins
J H Henry

Stakeholders:
J Uttley, Scottish Natural Heritage
J Blackadder, Shetland Field Studies Group
P Ellis, RSPB
D Okill, SEPA
A Blain, Shetland Amenity Trust
J Moncrieff, Shetland Amenity Trust
H Towll, Shetland Amenity Trust
Nathalie Pion, SCFWAG

In Attendance (Officers):
S Cooper, Head of Environment & Building Services
J Grant, Waste Services Manager
A Taylor, Heritage Manager
L Gair, Committee Officer

Apologies:
Cllr. R C Nickerson
M Huebeck, RSPB
G Fraser, Scottish Agricultural College
H Black, Shetland Fishermen's Association
H Mackenzie, National Farmers Union
R Eunson
A Stevens, VisitShetland
R Henderson, Seafood Shetland
I Napier, North Atlantic Fisheries College
K Massie, Association of Community Councils
D Sandison, Shetland Aquaculture
Sgt. F MacBeath, Northern Constabulary
B Kelman, Scottish and Southern Power

Chairperson:
Mrs I J Hawkins, Chairperson, presided.

The Chairperson thanked Mr Ellis, RSPB and his staff for the Nature Walk observing seabirds and Mr Moncrieff, Shetland Amenity Trust and his staff for the tour of the Sumburgh Head Project, held prior to the meeting.

Circular
The circular calling the meeting was held as read.

Minutes
The Forum noted that the minutes of the meeting held on 16 April 2008 had been omitted from the agenda, therefore would be presented at the next meeting.

10/08 **Sumburgh Head Project**

The Forum noted a report by the Head of Environment and Building Services (RECORD Appendix 1).

Mr J Moncrieff advised the forum that the total cost for the Sumburgh Head Project was £3.9m. He advised the work included a number of buildings to be renovated, and the office accommodation and the self-catering accommodation would be moved and improved within the facility and added that onsite interpretative works would include a marine interpretative centre. He added that the Wartime remains would also be interpreted and displayed.

Mr Moncrieff confirmed that access and the car park would be improved and stone dykes rebuilt and said that it was also proposed that the road between the car park and the project would be moved. Mr Moncrieff said that this was a 3 year project. In response to a query he advised that in addition to Heritage Lottery Funding, which had been approved in principle, funding would be sought from Historic Scotland, Economic Development Unit, Leader and ERDF. He confirmed that they were progressing to stage 2 of the lottery fund, and that the deadline was February 2009.

The Forum discussed the project and Mrs Blackadder suggested a water-driven lift be investigated instead of a shuttle bus, as it would be more environmentally friendly with zero energy costs.

The Forum noted that the RSPB intended to enhance the facility with a meet and greet service, and Mr Ellis advised that they were looking into employing 2 additional staff.

The Forum discussed the success of the self-catering accommodation and Mr Moncrieff confirmed that the accommodation was busy off-season as well as peak season. He said that it generated approx. £5-6,000 income each year.

The Forum discussed that it was possible that the Sumburgh Head Project, Jarlshof and the Scatness Broch together would attract visitors who were more likely to spend the day visiting all three sites rather than one in isolation. Mr Moncrieff said that RSPB report 20,000 visitors/year, and using that as a benchmark, he hoped that with the Sumburgh Head Project that would increase to 25-30,000 visitors over a 5 year period, and that this would include an expected increase in local visitors.

11/08 **Change to Shetland Seabirds**

The Forum noted a report by the Head of Environment and Building Services (RECORD Appendix 2).

Mr P Ellis, RSPB provided a presentation (slides attached as Appendix 2A) on the Changes to Shetland Seabird populations. The Forum noted the information provided by Mr Ellis. The Forum discussed the issues raised from the presentation and these included the poor food supply; effect of sand eel fishing and effect of rise in sea temperature.

12/08 **Rural Development Contracts – Rural Priorities**

The Forum noted a report by the Head of Environment and Building Services (RECORD Appendix 3).

Mr John Uttley, Scottish Natural Heritage gave a verbal report and provided a brief history to the rural development contracts. Mr Uttley advised that the new scheme was online based and the reason for that was that it was complex and it also covered old funding schemes and as these had been brought together it was easier to navigate on line. He said another reason was that it was easier and cheaper for the Government to administer and guidance could be updated and be available immediately, when it was changed.

Mr Uttley advised that the scheme was a two stage process and the first was a statement of intent that registered interest in a particular part of the scheme. He said that would be assessed and was a relatively short application so feedback was expected to take 3-4 weeks. The feedback would indicate whether the application would get the go ahead or if it was unlikely to be successful. He said that the priorities were area specific with the Northern Isles incorporating Shetland and Orkney and applicants would have to ensure the priorities were addressed. Mr Uttley added that this scheme was open to land users and community groups including community halls, and was on line at the end of April 2008.

Mr Uttley advised that the Proposal Stage would require more information on the project and the costs involved and guidance had been issued last week with final online information for making an application due to be available in July.

The Forum discussed the issues around online applications, and that some applicants may miss out on funding due to their inexperience with computers. It was noted that assistance would be provided and FWAG and workshops were being organised to help crofters understand the scheme. Work was also being done with the Shetland College and in September the Community Learning Centres would be available to help with the online facilities. Mr Uttley said that there would be limited and targeted paper information produced.

Mr Uttley advised that the first round of approvals was expected around early autumn as this had been delayed because the online system was still being developed.

Mr Okill, SEPA, advised the Forum that the huge amount of money behind the scheme was not ring fenced and there was no guarantee that it would come to Shetland. He said nor was the money ring fenced for a particular industry but that it was a Scottish Rural Development Programme and was available to a whole range or industries including forestry, tourism, fish farming and applicants had to beat the priorities. He said that there was a lack of funding available that was geographically specific or industry specific and if the right application was not made or the priorities were not met, there would be no money.

In response to a query Mr Uttley advised that the Rural Development Programme fund amounted to £400m.

The Forum discussed the issues at length and were advised that applications should be made soon and that Shetland had to act fast and fight for funding.

13/08 **Items for Future Discussion**

- Marine Spatial Plan (to be reported before Christmas)

- Support Agricultural Land and Rig Systems

14/08 **Date of Next Meeting**

The Forum were advised that they would be informed of a date for the next meeting, but it was anticipated that a meeting would be held in late summer and another before Christmas.

The meeting concluded at 12.50 pm.

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Mrs I J Hawkins
CHAIRPERSON

Shetland
Islands Council

MINUTE 'A & B'

Inter-Island Ferries Board
Boardroom, Lystina House, Lerwick
Wednesday 6 June 2008 at 2.15pm

Present:

L F Baisley	R S Henderson
J H Henry	A J Hughson
C H J Miller	R C Nickerson
F A Robertson	J G Simpson

Apologies:
A T J Cooper

In Attendance (Officers):
M Craigie, Head of Transport
K Duerden, Transport Development Manager
A Christie-Henry, Ferry Services Manager
B Robb, Management Accountant
L Gair, Committee Officer

Chairperson:
Mr R S Henderson, Chairman of the Board, presided.

Circular:
The circular calling the meeting was held as read.

Declarations of Interest
None.

Minutes
The minute of the meeting held on 22 February 2008, having been circulated, was confirmed.

Members' Attendance at External Meetings
There was nothing to report.

04/08 **Ferry Fares Study**

The Board considered a report by the Transport Development Manager (Appendix 1).

The Transport Development Manager briefly introduced the report. Mr J G Simpson, Mrs C H J Miller and Mr F A Robertson expressed their deep regret and frustration that the study would not progress at this time.

Members said they hoped that the study would be considered at some time in the future.

Mr R C Nickerson supported the sentiments of his colleagues. In response to a query from Mr Nickerson, the Transport Development Manager advised that the period of validity of the 20 journey ticket for Skerries, Papa Stour, Fair Isle and Foula, referred to in page 2 of the detailed proposal would be decided after the proposed consultation. Mr Nickerson referred to tourist fare and was of the opinion that it could be increased.

The Chairperson said that it was unfortunate that nothing more could be done and that the matter was now in a state of "limbo".

Mrs C H J Miller moved that the Board approve the recommendations contained in the report. Mr F A Robertson seconded.

05/08 **Effect of Fuel Price Change on Ferry Services Budget 2008/09**

The Board considered a report by the Ferry Services Manager (Appendix 2).

The Head of Transport introduced the report. Mr R C Nickerson moved that the Board approve the recommendation contained in the report with the addition that in 2008/09 the Council consider the estimated shortfall and propose what options would be needed to address the problem.

Mr J G Simpson moved as an amendment that the Board approve the recommendations contained in the report as the stood. He requested that a report to Infrastructure be presented to its meeting in August, setting out how the gap in budget could be addressed. He said that would require an immense amount of work and consultation while the report was being prepared, but that in order to move forward the recommendation should be approved as they stood. Mrs C H J Miller seconded.

Members discussed the issues at length and Mr F A Robertson said that this was a global increase and it affected all areas of the Council. He said that the matter had to be referred to Council to decide whether they wished to underwrite the cost or to see what economies needed to be made.

Mr J H Henry said that a system was required that could be firm enough to deal with changes in the future and not just for the immediate situation, and Mrs L F Baisley added that this should include when prices came down and that it be flexible enough to deal with changes if fuel costs were reduced.

Mrs L F Baisley seconded Mr R C Nickerson's motion.

Following further consideration and after summing up, voting took place with a show of hands with the results as follows:

Amendment (J G Simpson) 5
Motion (Mr R C Nickerson) 3

The meeting closed at 2.40pm

CHAIRPERSON