



MINUTE

Shetland Islands Council A & B

**Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Wednesday 19 May 2004**

Present:

A J Cluness	L Angus
C B Eunson	R G Feather
F B Grains	B P Gregson
L G Groat	I J Hawkins
J A Inkster	J C Irvine
W H Manson	G G Mitchell
J P Nicolson	W A Ratter
F A Robertson	J G Simpson
W Tait	

Apologies:

B J Cheyne	E J Knight
T W Stove	W N Stove

In attendance (Officers):

M Goodlad, Chief Executive
D Bell, Personnel Manager
G Johnston, Head of Finance
D Lamb, Senior Special Projects Manager
J R Riise, Head of Legal and Administration
A Drummond-Hunt, Asset and Properties Manager
A Rolfe, Property Manager
G Spall, Executive Director Infrastructure Services
A Hamilton, Head of Service – Planning
J Watt, Executive Director Community Services
C Ferguson, Community Care Manager
A Jamieson, Head of Education
C Medley, Head of Housing
G Smith, Head of Community Development
J Goddard, Financial Controller, SCT
L Adamson, Committee Officer
L Geddes, Committee Officer

Chairperson

Mr A J Cluness, Convener of the Council, presided.

Circular

The circular calling the meeting was held as read.

53/04 **Shetland Islands Council – 17 March 2004**

The Minute of the Shetland Islands Council held on 12 February 2004 was confirmed, on the motion of Mr A J Cluness.

54/04 **Shetland Islands Council – 31 March 2004**

The Minute of Shetland Islands Council held on 31 March 2004 was confirmed, on the motion of Mr A J Cluness.

55/04 **Members Attendance at External Meetings**

The Convener advised he had been invited to attend the 100th anniversary celebrations of Scheveningen Harbour. As he would be unable to attend, Mr J H Henry would attend in his absence.

56/04 **Petitions**

The Convener advised that a petition had been received from pupils of Baltasound and Mid Yell Junior High Schools, expressing concern at the possibility of funding being withdrawn from Summer Playschemes.

He informed Members that the Head of Community Development had advised that no cuts had been implemented in the budgets for playschemes for this year, and therefore staff were being recruited to run playschemes throughout Shetland and grants would be available to assist playscheme committees with programme costs.

Letters to this effect would be issued to the petitioners.

57/04 **Infrastructure Committee – 4 May 2004**

The Council confirmed the minute of the Infrastructure Committee held on 4 May 2004, on the motion of Mr J C Irvine.

58/04 **Services Committee – 6 May 2004**

The Council confirmed the minute of the Services Committee held on 6 May 2004, on the motion of Mrs F B Grains.

59/04 **Executive Committee – 11 May 2004**

The Council confirmed the minute of the Executive Committee held on 11 May 2004, on the motion of Mr A J Cluness.

60/04 **Civic Government Licensing Sub-Committee – 31 March 2004**

The Council confirmed the minute of the Civic Government Licensing Sub-Committee held on 18 March 2004, on the motion of Mr J P Nicolson.

61/04 **Civic Government Licensing Sub-Committee – 14 April 2004**

The Council confirmed the minute of the Civic Government Licensing Sub-Committee held on 14 April 2004, on the motion of Mr J P Nicolson.

- 62/04 **Marine Development Sub-Committee – 8 April 2004**
The Council confirmed the minute of the Marine Development Sub-Committee held on 8 April 2004, on the motion of Mr W H Manson.
- 63/04 **Marine Development Sub-Committee – 6 May 2004**
The Council confirmed the minute of the Marine Development Sub-Committee held on 6 May 2004, on the motion of Mr W H Manson.
- 64/04 **Harbour Board – 15 April 2004**
The Council confirmed the minute of the Harbour Board held on 15 April 2004, on the motion of Mr J G Simpson.
- 65/04 **Inter Islands Ferries Board – 16 April 2004**
The Council confirmed the minute of the Inter Islands Ferries Board held on 16 April 2004, on the motion of Mr B P Gregson.
- 66/04 **Planning Sub-Committee – 22 April 2004**
The Council confirmed the minute of the Planning Sub-Committee held on 22 April 2004, on the motion of Mr F A Robertson.
- 67/04 **Planning Sub-Committee – 7 May 2004**
The Council confirmed the minute of the Planning Sub-Committee held on 7 May 2004, on the motion of Mr F A Robertson.
- 68/04 **Anderson High School Feasibility Report**
The Council considered a report by the Head of Education (Appendix 1) and on the motion of Mr W H Manson, seconded by Mrs F B Grains, the Council approved the recommendations contained therein.

Members spoke in support of this project, reiterating the need for a new school building as soon as possible.

However concern was also expressed by some Members that the costs of the project would mean that there was no flexibility in the capital programme, and that other capital projects would be unable to progress. A Member commented that it was local government policy to ensure an even distribution of funding across the region, and he felt that this was not the case at the moment. Approval of this project would mean that there was little scope for this in the immediate future, and this would exacerbate uneven distribution of resources across Shetland. He requested that a report be brought forward to explain what the project would mean in these financial terms.

Agenda Item No. (c) - Public Report

The Chief Executive confirmed that a report would be presented regarding a new financial strategy in respect of the funds available.

A Member commented that it had been difficult to get appropriate cost comparisons, but that he felt it would be useful to see comparative costs.

Another Member commented that Members should ensure that they were satisfied that AHS pupils would not be disadvantaged by not having access to leisure facilities that were available at the other junior high schools in Shetland. He also questioned whether the phasing of this project would have any effect on the Mid Yell JHS project.

Mr W H Manson, Education Spokesperson, said that he felt there would not be any compromises on quality. Proper games facilities would be available at the AHS and access to swimming facilities would continue as at present. With regard to cost comparisons, he assured Members that the figures would be transparent and that there would be value for money. He also confirmed that the new AHS project would not affect the Mid Yell JHS project.

In response to a query, he also confirmed that a meeting with residents would be organised, so that they could view the proposals.

A Member commented that the costs were higher than anticipated, and said that she hoped that there would be no duplication with the Junior High Schools. She referred to the requirement for the building to be designed to accommodate 20% more pupils, and asked if external funding would be available to meet these additional costs.

Mr W H Manson said that external funding would be sought in general, but that it would not be available specifically for this purpose.

A Member enquired if any consideration had been given to alternative methods of funding.

The Head of Finance said that all options had been considered in outline, but that Members were committed to the Council policy which aimed to minimise future burdens. It would be necessary to consider different ways of structuring reserves to get the right balance of capital and revenue.

The Chief Executive added that a report would be presented soon, and that other funding options had been considered.

However the Council could fund the project out of its own capital resources.

69/04

Proposed Closure of Quarff Primary School

The Council considered a report by the Head of Education (Appendix 2).

Mr R G Feather said that whilst he had reservations regarding the closure of the school, parents had decided that it would be best for their children to continue attending Cunningsburgh School.

He accordingly moved that the Council approve the recommendation in the report, and Mr W H Manson seconded.

70/04

Services for People with Disabilities in Shetland; Developing a Multi-Agency Strategy

The Council noted a report by the Executive Director – Community Services (Appendix 3).

During the discussion that followed, Members commented that they felt the Council had failed this group of people in the past, and that it was now time to ensure that action was taken to address this.

Mr L G Groat said that whilst the needs of this group of people had been recognised, he felt that nothing constructive had been done to address their needs. In order to ensure involvement of Elected Members, he moved that a working group of parents, members and officers should be set up, to meet on a regular basis, to address these issues.

Mr J C Irvine seconded.

The Executive Director – Community Services explained that the Disability Strategy Group had been meeting to look at pulling together all the different strands of disability work across agencies in Shetland. A draft Disability Strategy had been produced, and this would be the subject of consultation over the summer. It was hoped that this would result in clear recommendations.

She went on to speak about the allocation of resources, and said that if Members wished to shift resources to deal with these issues, this would have to be considered within the overall Community Services budget or wider Council budget.

A Member referred to paragraph 2.6 of the report, and enquired how the people affected by more than one of these disabilities would be dealt with.

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The Executive Director – Community Services said that this would be explained further in the draft Disability Strategy, but that definitions in the report had been based on the Disability Discrimination Act definitions. People affected by more than one would be considered to have “complex needs”.

Mr W A Ratter referred to the membership of the Disability Strategy Group, and suggested that Elected Members could sit on this Group.

After some further discussion, Mr L G Groat, with the consent of his seconder, agreed to amend his motion to state that “membership of the Disability Strategy Group, referred to in paragraph 2.5 of the report, should be extended to include Elected Members”.

Members agreed that the following should be appointed to the Group:

Mr L G Groat
Mr C B Eunson
Mr W Tait
Mr W H Manson

71/04

Quoys Housing Development and Adults with Learning Disabilities

The Council considered a report by the Community Care Manager (Appendix 4) and on the motion of Mr W A Ratter, seconded by Mr A J Cluness, the Council approved the recommendations contained therein.

A Member referred to the housing development at Hjaltland Place which had been approved, despite objections, as there would be special needs housing incorporated. However the housing had ended up being used for general needs provision, and he said that he hoped the Council would insist that this housing development was used for what it was intended for.

72/04

School Leavers with Additional Support Needs

The Council considered a report by the Community Care Manager (Appendix 5).

Mr W H Manson said that he hoped provision included in the new AHS would help alleviate some of the problems, although provision would have to be made for 19+ age group as the needs were greater than could be catered for. Whilst the Eric Gray Resource Centre (EGRC) did an excellent job, they were now catering for people with more profound needs and the building was now unsuitable and in need of much work.

He went on to move the recommendations in the report, and Mr B P Gregson seconded.

Some discussion took place regarding the EGRC, and it was noted that it would probably require to be completely rebuilt. It was currently urgently in need of attention, and would be a difficult building to adapt.

A Member referred to paragraph 3.8 of the report, and said that the cost of specialist placements on the mainland alone should be an argument in favour of extending the amount of money spent on school leavers with ASN.

Another Member commented that the Council should attempt to get NHS Shetland to pay some of the costs, as they had not been contributing in the past.

In response to a query, the Convener said that it was apparent that Members all shared the concerns of parents. He hoped that the Disability Strategy Group, discussed earlier, would be able to come up with a strategy for the Council to consider. He felt that things were now starting to change and were moving forward in the right direction.

Mrs F B Grains suggested that a progress report should be presented to each Services Committee, and Members agreed.

73/04

Housing Service – Strategic Options

The Council considered a report by the Head of Housing (Appendix 6).

Captain G G Mitchell, Housing Spokesperson, said that it would have been more appropriate for this report to be considered at Services Committee. He felt that to review the situation in five years time would not be appropriate, as this would mean that the Repairs and Renewals Fund would continue to be drained. In order to closely consider all the options available, and as there was no immediate urgency for a decision to be made, he moved that the report should be deferred and considered at the next Services Committee meeting.

Mr J C Irvine seconded.

Mr W A Ratter said that government policy had not changed recently, and was unlikely to in the near future. There was scope for the situation to be reviewed as necessary, and he felt that it was important that tenants were not left feeling insecure. He therefore moved that recommendation 10.1.3 be approved, and Mrs I J Hawkins seconded.

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

Amendment (Mr W A Ratter)	3
Motion (Captain G G Mitchell)	13

74/04

Grass Cutting – Non SIC Housing Tenants

The Council considered a report by the Community Care Manager (Appendix 7). The Community Care Manager tabled further information regarding community service placements (Appendix 7a).

Mr L Angus said that whilst it had been the decision of Shetland Charitable Trust (SCT) to reduce this expenditure, the way in which it had been done was a mistake. He had received a number of representations, and it was apparent that there were a number of vulnerable people in the community who had no-one to cut their grass. He went on to say that he felt it was also a logical step for the scheme to be extended to deal with properties under the ownership of Communities Scotland and that private homeowners, who have been assessed as being in need, should also have the service restored to them. However, he did not feel that the service should come under the auspices of Social Work, and accordingly moved that the grass cutting service should be moved to Infrastructure Services, and that money should be vired accordingly to pay for the service.

Mr W Tait seconded.

A Member referred to paragraph 1.1 of the report, and said that it was actually SCT that had decided that it was not part of the Shetland Amenity Trust's core business.

Mr J C Irvine pointed out that Shetland Amenity Trust had the facilities to carry out this service, and had done it very well in the past. However he did not feel that the Service should be moved to Infrastructure Services.

He moved, as an amendment, that Shetland Amenity Trust be asked to continue the service for this year. However his motion did not receive a seconder.

The Executive Director – Infrastructure Services, said that any proposal to shift the service to Infrastructure would mean that £50,000 would have to be found to provide the service. Grass cutting was not under the remit of Infrastructure Services, but the Head of Environment was going to carry out a review and it could be considered in future. However, he felt that to carry the service out under a Council contract would cost more than £50,000.

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The Executive Director – Community Services, confirmed that it had never been intended that Social Work should pick up the service. A review of grass cutting contracts was ongoing, and Members could request non-SIC tenants to be included. However, as there was no budget, this would be considered as a growth item. It had been agreed to respond to requests received by Social Work this year, as the numbers did not amount to those who had previously received the service.

The Chief Executive said that any request from Members to make money available would be on top of existing budgets, so it would have to be taken out of reserves.

After discussion, and with the consent of his seconder, Mr L Angus amended his motion to read “that the grass cutting service should be moved to Shetland Islands Council, and that money should be vired accordingly to pay for the service”.

75/04 **Natwest Island Games – Shetland 2005 – Development of Facilities**

The Council considered a report by the Head of Community Development (Appendix 8) and on the motion of Mr J P Nicolson, seconded by Mrs F B Grains, approved the recommendations contained therein.

76/04 **Interim Job Evaluation Scheme**

The Council considered a report by the Personnel Manager (Appendix 9), and approved the recommendations contained therein on the motion of Mr L Angus, seconded by Mr J A Inkster.

77/04 **Revised Electronic Communications Policy**

The Council considered a report by the Personnel Manager (Appendix 10), and approved the recommendation contained therein on the motion of Mr W A Ratter, seconded by Mr L Angus.

78/04 **Grievance Procedure**

The Council considered a report by the Personnel Manager (Appendix 11) and approved the recommendation contained therein on the motion of Mrs I J Hawkins, seconded by Mr J C Irvine.

79/04 **Transfer of Employment of Staff: Shetland Fisheries Training Centre Trust**

The Council considered a report by the Economic Development Co-ordinator (Appendix 12) and approved the recommendation contained therein on the motion of Mr L Angus, seconded by Mr J P Nicolson.

80/04 **Refurbishment of Brentham Place/Brentham House**

Agenda Item No. (c) - Public Report

The Council considered a report by the Head of Legal and Administration (Appendix 13) and approved the recommendation contained therein on the motion of Mr W A Ratter, seconded by Mr J C Irvine.

81/04 **Modernising Government Fund – Round 3**

The Council noted a report by the Senior Special Projects Officer (Appendix 14).

82/04 **Local Governance (Scotland) Bill**

The Council considered a report by the Head of Legal and Administration (Appendix 15).

On the motion of Mr L Angus, seconded by Mr J G Simpson, the Council approved the recommendations contained therein and appointed the following Members to the Working Groups:

Mr W A Ratter
Mr J C Irvine
Mr W N Stove

83/04 **Committee Structure Review - Update**

The Council noted a report by the Head of Legal and Administration (Appendix 16).

Mr L Angus, seconded by Mr J C Irvine, moved that the Council note the report.

A Member commented that he hoped the review would be ongoing as there were still some problems with the implementation of the existing structure. He questioned where decisions were being made, as many reports were being presented for information rather than decision.

The Chief Executive pointed out that Members had previously endorsed the structure and that a review should be carried out within a year. A decision to accept the report would mean that the Forum structure was accepted, that a Planning protocol was accepted, and that the role and remit of the Executive Committee would remain under review.

Mrs I J Hawkins referred to paragraph 3.7 of the report, and said that she felt that the Council should be listening to the Community Council stakeholders with regard to the number of Forums. She accordingly moved, as an amendment, that the suggestion of the ASCC should be taken onboard, and that there should be six Forums rather than three.

Mr W Tait seconded.

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A Member commented that as there were now three Forum meetings, this meant that an official, alongside members, of the ASCC was able to attend Forum meetings and report back to community councils. This had not happened in the past.

Another Member pointed out that a liaison group had been set up between the ASCC and the Council, and he questioned whether this was an issue that should be remitted to this group.

Mrs I J Hawkins, with the consent of her seconder, said that she also wished to include this in her amendment.

The Head of Legal and Administration said that the Working Group would continue, but that they had done the job they had been requested to do. The Group were continuing to look at the way in which the Committee structure was operating, and a number of issues required strengthening including training in ethical standards, developing delegation and effective scrutiny in the form of monitoring. These were all aspects within the role and remit of the Executive Committee. The role of Spokespersons would also be considered, and there were a number of evolving items of business, such as the Committee's function as an Audit Committee, which still required to be further developed.

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

Amendment (Mrs I J Hawkins)	7
Motion (Mr J C Irvine)	8

84/04 **Asbestos Management Policy**

The Council considered a report by the Building Services Unit Manager (Appendix 17) and on the motion of Mr B P Gregson, seconded by Mr W H Manson, approved the recommendations contained therein.

85/04 **Citizenship Ceremonies**

The Council considered a report by the Head of Legal and Administration (Appendix 18), and on the motion of Mr W H Manson, seconded by Mr A J Cluness, the Council approved the recommendations contained therein.

Members confirmed that they were happy for the arrangements for the ceremony to be discussed with the Spokesperson for Culture and Recreation.

86/04 **Nominations to Lerwick Port Authority**

The Council considered a report by the Head of Legal and Administration (Appendix 19).

Agenda Item No. (c) - Public Report

On the motion of Mr A J Cluness, seconded by Mr J C Irvine, the Council approved the recommendations contained therein and nominated the following Members for consideration by LPA:

Mr E J Knight
Mr J H Henry
Mr L G Groat

In order to avoid the disclosure of exempt information, the Council resolved, on the motion of Mr A J Cluness, seconded by Mr W A Ratter, in terms of the relevant legislation, to exclude the public during consideration of the following items of business.

(Representatives of the public and media left the meeting.)

87/04 **Minute of Employees Joint Consultative Committee – 13 April 2004**

The Council noted the minute of the Employees Joint Consultative Committee held on 19 April 2004 (Appendix 20).

88/04 **Updating Fare Collection Systems**

The Council considered a report by the Ferry Services Manager (Appendix 21) and on the motion of Mr W A Ratter, seconded by Mrs F B Grains, the Council approved the recommendations contained therein.

89/04 **Shetland Business Innovation Centre**

The Council considered a report by the Economic Development Manager (Appendix 22) and approved the recommendations contained therein on the motion of Mr W A Ratter, seconded by Mr L Angus.

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A J Cluness
Convener



Shetland Islands Council

MINUTE

‘A’ & ‘B’

Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Tuesday 25 May 2004 at 10.00 a.m.

Present:

A J Cluness	C B Eunson
R G Feather	B P Gregson
I J Hawkins	J H Henry
E J Knight	W H Manson
W N Stove	T W Stove
W Tait	

Apologies:

B J Cheyne	F B Grains
L G Groat	J A Inkster
J C Irvine	Capt G G Mitchell
J P Nicolson	F A Robertson

In Attendance (Officers):

H Sutherland, General Manager, Shetland Charitable Trust
J Goddard, Financial Controller, Shetland Charitable Trust
D Fiedler, Chief Accountant
C Bain, Treasury Accountant
D Haswell, Committee Officer

Also:

G Urquhart, The WM Company
A Tait, Baillie Gifford and Co
T Wright, Baillie Gifford and Co
J Williams, Henderson Global Investors
R Wyatt, Henderson Global Investors

Chairman:

Mr A J Cluness, Convener of the Council, presided.

Circular:

The circular calling the meeting was held as read.

90/04 **Management of Miscellaneous Equity Fund by Baillie Gifford and Co**

The Council considered a report by the Head of Finance (RECORD Appendix 1).

Mr G Urquhart introduced the Performance Review report on behalf of the WM Company (attached as Appendix A). Mr A Tait and Mr T Wright presented a report on behalf of Baillie Gifford and Co. (Attached as Appendix B). Mr Tait and Mr Wright then answered Members' questions which included a brief discussion on the present oil crisis and the war in Iraq and Members noted the information provided.

The Council noted with extreme satisfaction the performance of Baillie Gifford and Co in 2003/04, on the motion of Mr W N Stove, seconded by Mr B P Gregson.

91/04 **Management of Miscellaneous Equity Fund by Henderson Global Investors**

The Council considered a report by the Head of Finance (RECORD Appendix 2).

Mr G Urquhart introduced the Performance Review report on behalf of the WM Company (attached as Appendix A). Mr J Williams and Mr R Wyatt presented a report on behalf of Henderson Global Investors (attached as Appendix B) following which Mr Williams and Mr Wyatt answered questions from a Member and the Financial Controller.

The Council noted the performance of Henderson Global Investors in 2003/04, on the motion of Mr W N Stove, seconded by Mr B P Gregson.

The Council adjourned at 11.40 a.m.

The Council reconvened at 12 p.m.

Present:

A J Cluness	C B Eunson
R G Feather	B P Gregson
I J Hawkins	J H Henry
E J Knight	W H Manson
W N Stove	W Tait

Apologies:

B J Cheyne	F B Grains
L G Groat	J A Inkster
J C Irvine	Capt G G Mitchell
J P Nicolson	F A Robertson
T W Stove	
Ms V Nicolson (invited)	

In Attendance (Officers):

H Sutherland, General Manager, Shetland Charitable Trust

Shetland Islands Council - Wednesday 30 June 2004
Agenda Item No. (c) - Public Report
J Goddard, Financial Controller, Shetland Charitable Trust
D Fiedler, Chief Accountant
C Bain, Treasury Accountant
D Haswell, Committee Officer

Also:

G Urquhart, The W M Company
P Armitage, Capital International
A Watson, Capital International

Invited to attend:

A Taylor, Pension Fund Management Consultative Committee
A Williamson, Pension Fund Management Consultative Committee

92/04 **Management of the Pension Fund by Capital International**

The Council considered a report by the Head of Finance (RECORD Appendix 3).

Mr G Urquhart introduced the Performance Review report on behalf of the WM Company (attached as Appendix A). Mr P Armitage and Ms A Watson presented a report on behalf of Capital International (attached as Appendix B). Mr Armitage answered questions from Members in relation to the pension problems in the UK and why some large insurance companies had been cutting the level of equity. Members noted the information provided.

Mr A Taylor said that Capital International should be applauded for providing a presentation that was very clear for lay people to understand. Also, the presentation had been very straightforward and honest.

The Council noted with satisfaction the performance of Capital International in 2003/04, on the motion of Mr W N Stove, seconded by Mr B P Gregson.

The Council adjourned at 12.55 p.m.

The Council reconvened at 2.15 p.m.

Present:

R G Feather	B P Gregson
I J Hawkins	J H Henry
W H Manson	W N Stove
W Tait	

Apologies:

B J Cheyne	F B Grains
L G Groat	J A Inkster
J C Irvine	E J Knight
Capt G G Mitchell	J P Nicolson
F A Robertson	

In Attendance (Officers):

H Sutherland, General Manager, Shetland Charitable Trust
J Goddard, Financial Controller, Shetland Charitable Trust
D Fiedler, Chief Accountant
C Bain, Treasury Accountant
D Haswell, Committee Officer

Also:

G Urquhart, The W M Company
R Gall, Insight Investment Management
G Jordan, Insight Investment Management

After a period of 15 minutes had elapsed, the Committee Officer advised that the meeting was inquorate. Members were advised that the Council could hear the presentation from Insight Investment Management on an informal basis but the meeting would require to be reconvened in order for the Council to take a formal decision on the recommendation in the report.

CONVENER



Shetland Islands Council

MINUTE

‘A’ & ‘B’

**Adjourned Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Tuesday 25 May 2004 at 3 p.m.**

Present:

R G Feather	B P Gregson
I J Hawkins	J H Henry
E J Knight	W H Manson
J G Simpson	W N Stove
W Tait	

Apologies:

B J Cheyne	F B Grains
L G Groat	J A Inkster
J C Irvine	Capt G G Mitchell
J P Nicolson	F A Robertson

In Attendance (Officers):

J Goddard, Financial Controller, Shetland Charitable Trust
D Fiedler, Chief Accountant
C Bain, Treasury Accountant
D Haswell, Committee Officer

Also:

G Urquhart, The W M Company
G Brown, Baillie Gifford and Co
T Wright, Baillie Gifford and Co

Chairman:

In the absence of the Convener and the Vice-Convener, Mr W H Manson was appointed as Chairperson on the motion of Mr B P Gregson, seconded by Mr W N Stove.

93/04 **Management of Miscellaneous Bond Fund by Insight Investment
Management**

The Council considered a report by the Head of Finance (RECORD Appendix 4).

The Council noted with satisfaciton the performance of Insight Investment Management in 2003/04, on the motion of Mrs I J Hawkins, seconded by Mr W N Stove.

94/04 **Management of the Capital Fund by Baillie Gifford and Co**

The Council considered a report by the Head of Finance (RECORD Appendix 5).

Mr G Urquhart introduced the Performance Review report on behalf of the WM Company (attached as Appendix A). Mr G Brown and Mr T Wright presented a report on behalf of Baillie Gifford and Co. (attached as Appendix B).

The Council noted with satisfaction the performance of Baillie Gifford and Co in 2003/04, on the motion of Mrs I J Hawkins, seconded by Mr W N Stove.

The Council also approved recommendation 7.2 of the report on the motion of Mrs I J Hawkins, seconded by Mr W N Stove.

In relation to recommendation 7.2 and how long Baillie Gifford's mandate would be extended, the Treasury Accountant and the Financial Controller, Shetland Charitable Trust advised that the new investment legislation was not expected to come into force until April 2005 at the earliest.

Chairman

47/04

Date of Next Meeting

21 August 2004 at 2.15 pm.

47/04

Date of Next Meeting

21 August 2004 at 2.15 pm.



Shetland Islands Council

MINUTE

'A' & 'B'

Infrastructure Committee

Council Chamber, Town Hall, Lerwick

Tuesday 15 June 2004 at 10.30 a.m.

Present:

J C Irvine	J A Inkster
L Angus	B J Cheyne
C B Eunson	R G Feather
B P Gregson	I J Hawkins
E J Knight	W H Manson
Capt G G Mitchell	J P Nicolson
W A Ratter	F A Robertson
J G Simpson	W N Stove
T W Stove	W Tait

Apologies:

A J Cluness	F B Grains
L G Groat	J Henry

In Attendance (Officers):

G Spall, Executive Director, Infrastructure Services
A Hamilton, Head of Planning
B Barron, Planning Officer (Development Plans)
M Dunne, Service Manager, Environmental Health
J Grant, Waste Services Manager
I Halcrow, Head of Service - Roads
V Hawthorne, Planning Officer (Implementation)
N Robertson, Network Engineer
A Cogle, Service Manager, Administration

Chairperson:

Mr J C Irvine, Chairperson of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

The Chairperson advised that Professor Bill Ritchie, Director of SOTEAG, had been delayed, and his presentation, scheduled as the first item of business, would take place later in the meeting.

Minutes:

The minute of meeting held on 4 May 2004, having been circulated, was approved.

Members' Attendance at External Meetings

The following Members provided a brief synopsis of their attendance at the following meetings:

J C Irvine	-	24 May 2004 Planning Development Conference, Scotland
G G Mitchell	-	11 June 2004 HITRANS, Inverness

25/04

Orkney and Shetland Ferry Services – Re-tendering Exercise

The Committee considered a report by the Executive Director, Infrastructure Services (Appendix 1).

The Executive Director advised that since the report was written, a special meeting of the Environment and Transport Forum had been called for 17 June, a livestock meeting was being held in Orkney on 29 June, and CoSLA was also meeting on 29 June. The Executive Director said that these meetings would provide an opportunity for all the issues to be discussed, prior to submission of representations. He added that the Council's policy in this matter had been determined in 1999/2000, the basis of which was that the Council required no change to the ports, and daily sailings. He said that the remainder of the tender related to freight and livestock, and accordingly consultation was required with those sectors involved, and who would provide sources of advice and support for the Council's representations.

Members agreed that the Council wanted nothing less than was provided at present. However, there were concerns mooted regarding the continuing problems with entry to Aberdeen harbour, possible reduction in subsidy and increases in general freight charges, which were of concern to the community, as well as livestock.

The Executive Director Infrastructure Services reassured Members that the tender specification was the same as the service being provided at the present time, and there was no indication of any reduction in subsidy. He said that the only difference was in relation to the shore side arrangements, which were now included in the service specification. Regarding freight costs, Members acknowledged that there would continue to be annual increases in charges. In relation to Aberdeen Harbour, the Committee noted that a meeting would be arranged with Aberdeen Port Authority on recent problems and possible solutions, and that a report would be presented back to the Committee in due course.

The Committee otherwise approved the recommendations contained in the report, on the motion of Capt G G Mitchell, seconded by Mr W N Stove.

26/04 **Roads Maintenance and Minor Improvement Works – Proposed Extension Review and Retendering of Contracts and In-House Arrangements**

The Committee considered a report by the Head of Roads (Appendix 2).

Mr J P Nicolson referred to paragraph 2.2 of the report, and questioned whether a two year period was required to revise this contract. In addition, Mr Nicolson asked what the process was for Members raising issues regarding barriers in their areas. With regard to paragraph 7.3, Mr Nicolson said that £150k was a significant piece of spending, and asked that officers be aware of perceptions and the need to be open and accountable in the processes. Mrs B Cheyne referred to paragraph 7.4, and asked whether £50k would be enough to maintain the current standards. Referring to paragraph 2.8, Mr L Angus asked what the annual cost of the Met Office service was.

In response, the Head of Roads Service advised that the Council was still in negotiation with the Met Office for the forecasting service, but the annual cost was in the region of £20k. Regarding the £50k limit on minor improvement works, the Head of Roads advised that this figure was deemed to be sufficient, but could be augmented if necessary. He added that if a larger scheme was to be included, the Department would proceed to a full tendering exercise.

The Executive Director added that requirements and problems with barriers were normally picked up through consultation with Community Councils, but he asked that Members report any particular problems directly to the Head of Roads.

On the motion of Mr F A Robertson, seconded by Mr J P Nicolson, the Committee approved the recommendations contained in the report.

27/04 **Roads Authority Permissions and Charges Review**

The Committee considered a report by the Network Manager (Appendix 3) and approved the recommendations contained therein, on the motion of Mr L Angus, seconded by Mr B P Gregson.

The Committee noted that the charge shown in Appendix 1 for Permission for Minor Road Works Consent should be £90, not £130. In response to a question, the Executive Director confirmed that administration of this new system would not result in any increase in staffing.

28/04 **Capital Rolling Programmes – Roads and Fleet Management Unit – Schemes and Purchases 2004/05**

The Committee considered a report by the Network Manager (Appendix 4).

Regarding the Bells Road Scheme, the Head of Roads confirmed that the Department was hopeful that the Scheme would be completed this

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Summer. Mr A Inkster said that this Scheme had also been discussed by the Member/Officer Working Group, and it was noted there had been some delay because of other Utility works. However the Group were satisfied that it would be completed this Summer, on the basis of the information provided.

A question was raised regarding the number of vans being used by Roads staff. The Head of Roads advised that this was always being monitored with a view to reducing the number of vans being used, but this was sometimes difficult due to the location of works, and health and safety issues regarding the transporting of workers to locations. Later, the Executive Director confirmed that the colour of Roads' vans was a health and safety precaution.

In response to questions regarding the landslide preventative measures at Sandwick, the Head of Roads confirmed that those areas affected were being monitored by gauges, in order to determine any likely recurrence. Whilst it was noted that there were some theories as to the cause of the landslides, there was no conclusive evidence at this time. The Committee noted that there had not yet been any payment in terms of the claim made by the Council.

The Committee otherwise approved the recommendations contained in the report, on the motion of Mrs B Cheyne, seconded by Mr B P Gregson.

29/04 **Dounreay: Statement of Policy**

The Committee considered a report by the Head of Planning (Appendix 5).

Mrs B Cheyne said that, in her view, the subject of this report was not a matter for this Council, but a matter for SEPA. However, Mr B P Gregson said that Dounreay covered a wide range of environmental and social issues, and that the Council should be responding robustly to consultation documents and, accordingly, moved that the recommendations be approved. Mrs I J Hawkins seconded.

30/04 **Naming Thoroughfares**

The Committee considered a report by the Executive Director, Infrastructure Services (Appendix 6) and approved the recommendation contained therein, on the motion of Mr E Knight, seconded by Mrs B Cheyne.

The Committee agreed that the Member for the area should be consulted on such proposals in future.

31/04 **Shetland Local Plan: Review of Housing Zones**

The Committee considered a report by the Head of Planning (Appendix 7).

On the motion of Mr J C Irvine, seconded by Mr B P Gregson, the Committee approved the recommendations in the report, subject to the Mrs I J Hawkins, as Spokesperson for Planning, being appointed to the Working Group.

32/04 **Sullom Voe Oil Terminal Advisory Group**

The Committee considered a report by the Executive Director, Infrastructure Services (Appendix 8A)

The Committee welcomed Professor Bill Ritchie and Ms Linda King to the meeting.

Professor Ritchie gave a detailed Powerpoint presentation (Appendix 8B) which covered a range of matters including; layout of the Terminal, the production process, monitoring, preventative measures, improvements, contingency planning, SOTEAG structure, Wildlife Response Centre, and future developments.

The Committee noted the presentation and agreed, on the motion of Mr B P Gregson seconded by Mr J P Nicolson, to minute its appreciation and commendation of the ongoing work of SOTEAG towards achieving and maintaining international standards.

(Professor Ritchie and Ms King left the meeting.)

33/04 **Making Development Plans Deliver: Scottish Executive Consultation**

The Committee considered a report by the Head of Planning (Appendix 9) and approved the recommendations contained therein, on the motion of Mr F A Robertson, seconded by Mr B P Gregson.

34/04 **Part 1 Land Reform (Scotland) Act 2003 – Scottish Executive Consultation: Draft Guidance for Local Authorities and National Park Authorities**

The Committee considered a report by the Head of Planning (Appendix 10) and approved the recommendation contained therein, on the motion of Mr L Angus, seconded by Mr B P Gregson.

35/04 **National Planning Framework for Scotland**

The Committee considered a report by the Head of Planning (Appendix 11) and approved the recommendation on the motion of Mr F A Robertson, seconded by Mr L Angus, subject to reference being made in the response to the Scottish Executive regarding Shetland's indigenous industries and developing industries such as wind power, fish farming and communications.

36/04 **Satellite Dishes and Other Antennas – Scottish Executive Consultation**

The Committee considered a report by the Service Manager, Development Plans (Appendix 12) and approved the recommendations

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contained therein, on the motion of Mr L Angus, seconded by Mrs I J Hawkins.

- 37/04 **Rights of Appeal in Planning – Scottish Executive Consultation**
The Committee considered a report by the Head of Planning (Appendix 13) and approved the recommendation and the terms of the response, on the motion of Mr F A Robertson, seconded by Mr I J Hawkins.
- 38/04 **Conservation Grant – Sand Haa and Midden Court, Whalsay**
The Committee considered a report by the Conservation Manager (Appendix 14) and approved the recommendations contained therein, on the motion of Mr J G Simpson, seconded by Mr L Angus.
- 39/04 **Home Energy Conservation Act (HECA) Progress Report**
The Committee considered a report by the Energy Manager (Appendix 15) and approved the recommendations contained therein, on the motion of Mr L Angus, seconded by Mr J P Nicolson.
- 40/04 **Grant One Stop Shop**
The Committee considered a report by the Service Manager, Environmental Health (Appendix 16).

Mrs I J Hawkins and Capt G G Mitchell each declared non-pecuniary interests in this matter.

The Committee approved the recommendations in the report, on the motion of Capt G G Mitchell, seconded by Mr B P Gregson.
- 41/04 **Anti-Litter Campaign**
The Committee considered a report by the Waste Services Manager (Appendix 17A). Copies of various posters were tabled (Appendix 17B).

The Committee approved the recommendations contained in the report, and the various posters, on the motion of Mr W Tait, seconded by Mr B P Gregson.
- 42/04 **Memorial Safety**
The Committee considered a report by the Burial Services Manager (Appendix 18) and approved the recommendation contained therein, on the motion of Mrs B Cheyne, seconded by Capt G G Mitchell.

Mrs I J Hawkins and Mr J C Irvine recorded their thanks to TRAC Ltd for their excellent work on the Tingwall Churchyard car park.

Mr L Angus expressed concern regarding the state of the wall surrounding Lerwick Old Cemetery. The Committee noted that the Department would investigate.
- 43/04 **Strategic Waste Fund Grant Offer**
The Committee considered a report by the Waste Services Manager (Appendix 19) and approved the recommendation contained therein, on the motion of Mr B P Gregson, seconded by Mrs I J Hawkins.

44/04 **Strategic Environmental Assessment**

The Committee noted a report by the Head of Planning (Appendix 20).

The meeting concluded at 12.55 p.m.

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J C Irvine
CHAIRPERSON



Shetland Islands Council

MINUTE

‘A’ & ‘B’

Special Infrastructure Committee
Council Chamber, Town Hall, Lerwick
Friday 18 June 2004 at 11.05 a.m.

Present:

J C Irvine	L Angus
B J Cheyne	R G Feather
F B Grains	L G Groat
J H Henry	J A Inkster
E J Knight	Capt G G Mitchell
J P Nicolson	F A Robertson
J G Simpson	T W Stove
W Tait	

Apologies:

A J Cluness	I J Hawkins
W H Manson	

In Attendance (Officers):

M H Goodlad, Chief Executive
J Watt, Executive Director, Community Services
B C Hill, Acting Divisional Manager, Legal Services
A Hamilton, Head of Planning
M Dunne, Service Manager, Environmental Health
J Wylie, Community Safety
D Haswell, Committee Officer

Also

Chief Inspector A Cowie
Sergeant F Macbeath

Chairperson:

Mr J C Irvine Chairperson of the Committee, presided.

Circular:

The circular calling the meeting was held as read.

45/04

Alcohol Bye-Law

The Committee considered a report by the Executive Director, Community Services (Appendix 1). Tabled at the meeting was a copy of the decision

of the Resources Committee when this issue was discussed at its meeting on 10 October 2001 (Appendix 1a).

The Chairperson said that Chief Inspector Cowie had previously provided the Services Committee, Lerwick Community Council and a recent Licensing Board Forum which included a number of licensees, with a presentation on The Case for an Alcohol Bye-Law in Lerwick. He said that, in his view, it was now time for a political decision on this issue.

Against the bye-law, Mr L Angus said that it was clear that there was a problem with Anti Social Behaviour (ABS) in Shetland, particularly Lerwick, and which occasionally resulted in violence. A lot of the ABS was alcohol related but, in his view, tackling this issue with the introduction of a bye-law was the wrong focus. Over the years, Lerwick Community Council had requested that CCTV should be installed on Commercial Street which, he said, would have had the effect of gathering hard evidence. However, the Police had advised that they did not have the staff to police CCTV. Whilst he recognised that ABS in Lerwick reaches an alarming proportion, there was no evidence to suggest that ABS was caused by people drinking in the town centre. Although he agreed that the Police should be supported as much as possible, he felt that the introduction of a bye-law would not have a serious impact on ABS problems in Lerwick or Shetland. The bye-law would be unenforceable unless there were much more Police Officers on the beat.

Mr Angus said he was also concerned about the consultation process. When this issue had been considered previously, all Community Councils had been consulted but, in this instance, only Lerwick Community Council were consulted. He had not been consulted either. Further, the Community Safety Partnership meeting that had discussed this issue had been held in private.

Accordingly, Mr L Angus moved that the Committee recommend to the Council that consideration of this issue should be deferred to allow for full and proper consultation, similar to that undertaken when this issue was previously considered and that Chief Inspector Cowie should deploy his new Special Constables in order to see what effect a higher profile Police presence had on ABS. Mr J A Inkster seconded.

In support of the bye-law, Mr B P Gregson said that it would ensure that drinking took place in properly licensed premises and would help to tackle the problem with under-age drinking. In his view, underage drinkers drank in public so that they could be seen by their peers. He said that a lack of Police Officers would always be a problem but the Police should be provided with the tools required to do their work. There was no evidence whatsoever that a bye-law increased public disorder and it was clear that all the national evidence suggests that a bye-law decreases public disorder.

Mr B P Gregson moved as an amendment that the Committee approve the recommendations in the report. Mr E J Knight seconded.

In response to a question from a Member, Mr T W Stove, current Chairman of the Licensing Board, advised that at the recent Licensing Forum, licensees had unanimously been in support of a bye-law.

Mr L G Groat said that he had been very surprised that the Council had not previously agreed to the proposal to introduce a bye-law. He said that if people wanted to drink, they should drink in pubs. Often, on a Saturday afternoon in the town centre, there were people drinking and some of them used foul, filthy language and acted in a disgusting behaviour. This gave off a bad image for tourists to Shetland.

Mr E J Knight said that it was his ward that suffered the most ABS at the moment. The majority of his constituents were in favour of a bye-law. With regard to the installation of CCTV, he said that this was a bigger intrusion than a bye-law. It was a minority of people creating ABS but it was those people who should be legislated against. The introduction of a bye-law would mean that elderly people would feel safe going to the town centre, rather than feeling scared and intimidated.

Mr J P Nicolson said that ASB in town and city centres seemed to be a phenomenon at the moment. There was more finance around and alcohol was a very cheap product. Action was being taken with regard to Police manpower but the Police had to be provided with the tools they were requesting. He reminded Members that if a bye-law was implemented and it was evident that it was not having any benefit, it could be withdrawn. During one of his presentations, Chief Inspector Cowie had said that one of the forces for change was that revellers wanted to enjoy themselves without fear of becoming a victim.

Mr J H Henry said he felt uneasy about the proposal for a bye-law and questioned what it was exactly that was that was being tackled. If it was teenage drinking, he said that this was a national problem and questioned if a bye-law would tackle teenage drinking in the long-term. Mr Henry said that a lot of barbeques were held at the Sands of Sound beach and asked if the implementation of a bye-law would prevent people drinking at such barbeques. Chief Inspector Cowie confirmed that the bye-law would encompass the whole Lerwick Community Council area and, therefore, the Sands of Sound would be included.

Mr J A Inkster acknowledged that there was a problem with ABS in Shetland but ABS problems on mainland Scotland were far more acute. He felt that people were trying to apply mainland criteria to a small place. In his view, the introduction of a bye-law was not the best way to deal with ABS and it should be considered in perspective and dealt with on a community friendly basis. A bye-law would infringe civil liberties and ordinary people would be criminalised. The whole Shetland community should be fully and properly consulted.

Mr J G Simpson sought a guarantee that the introduction of a bye-law would not require Lerwick to be policed by Police Officers from other

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areas of Shetland. In response, Chief Inspector Cowie advised that there was a problem with ABS and public disorder in the town centre of Lerwick and the Community Safety Partnership felt that this should be addressed. It would be an integrated package and his commitment would be to provide more police resources. The increase in the number of Special Constables to 16 would result in double the Police presence than at present. The benefit of this would allow police resources to be spread throughout Shetland and there would be sufficient resources were a bye-law to be introduced. He concluded by saying that when people recognised that a bye-law was in place, they would learn to enjoy themselves.

Mr F A Robertson said that if a bye-law could help clear the image of the town centre and stop people drinking in public, this would be beneficial.

The Executive Director said that if Members approved the introduction of a proposed bye-law, Members should advise Officers as to how consultation should proceed. In response to a question, she confirmed that consultation should take place with all Community Councils. Members agreed that consultation should proceed on the basis of the proposals in Appendix 5.

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

Amendment (Mr B P Gregson)	11
Motion (Mr L Angus)	5

CHAIRPERSON

47/04

Date of Next Meeting

21 August 2004 at 2.15 pm.

47/04

Date of Next Meeting

21 August 2004 at 2.15 pm.



Shetland Islands Council

MINUTE

‘B’

Civic Government Licensing Sub-Committee
Council Chamber, Town Hall, Lerwick
Tuesday 15 June 2004 at 9.30 a.m.

Present:

J P Nicolson
E J Knight

R G Feather
W Tait

Apologies:

W N Stove

In Attendance (Officers):

I Bruce, Service Manager, Transport Operations
B C Hill, Acting Divisional Manager, Legal Services
L Adamson, Committee Officer

Also:

Inspector F MacBeath, Northern Constabulary

Circular

The circular calling the meeting was held as read.

Chairperson

Mr J P Nicolson, Chairperson of the Sub-Committee, presided.

Minutes

The minute of meeting held on 14 April 2004, was confirmed.

On the motion of Mr J P Nicolson, seconded by Mr W Tait, the Sub-Committee resolved, in terms of the relevant legislation, to exclude the public during consideration of the following item of business.

5/04

Application for Grant/Renewal of Taxi Drivers Licences

The Sub-Committee considered a report by the Service Manager, Transport Operations. The Sub-Committee also decided to admit for consideration observations from the Police concerning previous convictions of the applicant. Copies of the Police observations were then circulated to Members.

After some discussion, the Sub-Committee agreed to grant the licence for a period of one year. The Service Manager, Transport Operations advised that normally taxi drivers licences are granted for a period of three years, but it is usual procedure when an applicant has previous convictions to grant the licence

for an initial period of one year at the end of which time the applicant can come back for renewal.

CHAIRPERSON



Shetland Islands Council

MINUTE

‘B’

Harbour Board

Meeting Room, Port Administration Building, Sella Ness

Thursday 3 June 2004 at 10.30 a.m.

Present:

J G Simpson

J C Irvine

I J Hawkins

E J Knight

C Smith

Apologies:

Capt D C Gray

J Smith

W Tait

R Watt

In Attendance (Officers):

J T Dickson, General Manager, Ports & Harbours Operations

P Bryant, Deputy Port Operations Manager

S Summers, Administration Manager

D Haswell, Committee Officer

Chairperson:

Mr J G Simpson, Chairperson of the Board, presided.

Circular:

The circular calling the meeting was held as read.

Minutes:

The minute of meeting held on 15 April 2004, having been circulated, was confirmed.

Members' Attendance at External Meetings

The Chairperson advised that himself, Mrs I J Hawkins and the Deputy Port Operations Manager had attended the fishing exhibition in Glasgow. He said that the Shetland stand at the exhibition had been a very worthwhile exercise and it was important that Shetland was promoted because there were very good facilities available. The Chairperson said he would like to mention Neil Henderson and Kevin Moreland for the work they had put into the Shetland stand. Mrs I J Hawkins said that she had attended the fishing exhibition for a number of years and, in her view, this year's Shetland stand had been the best so far. She said that she wished to commend Paul Bryant and Alastair Rendall for the work they had put in.

Members agreed that it was important that Shetland continued to be represented at the fishing exhibition.

The General Manager advised that he had attended an International Harbour Masters Association meeting where the main topic had been the implementation of the ISPS Code which deals with port security. The Automatic Implementation System (AIS) had also been discussed.

11/04 **Marine Debris**

The Board noted a report by the Deputy Port Operations Manager (Appendix 1).

The Chairperson said that it was important the Roads Department kept on top of the marine debris at the Burn Beach.

Mrs I J Hawkins said that there was debris at the Burn Beach every year. The area was very close to where tourist buses stopped and, if the area was messy, it was not a good advertisement for Shetland. In her view, during the summer months, the area should be cleaned more than once.

In response to comments, the General Manager said it was impossible to take a small boat into the Burn Beach. However, he confirmed that if there were a piece of major debris floating in the harbour area, it would be recovered by the "Lyrie".

The Deputy Port Operations Manager advised that the Ports and Harbours Operations staff would liaise with staff from the Infrastructure Services Department and the Burn Beach would be monitored on a regular basis.

The Board approved the recommendation in the report, on the motion of Mr J C Irvine, seconded by Mr E J Knight.

12/04 **Port Operations Report**

The Board noted a report by the General Manager (Appendix 2).

Following the discussion on the fishing exhibition in Glasgow, a Member was of the view that it was important that small ports in Shetland were properly marketed. In this regard, Mrs I J Hawkins moved that a Member/Officer Working Group should be established in order to determine how small ports could be marketed to their full potential. Mr J G Simpson seconded and added that everything should be done to attract business to Shetland.

The General Manager advised that representatives of the Board and Ports and Harbours Operations staff participated in the Shetland stand at the fishing exhibition every year and at the oil exhibition when it was held in Aberdeen. In response to the proposal of establishing a Member/Officer Working Group, he suggested that it might be worthwhile involving a representative of OBC Hay because they dealt with the major players of the oil industry.

The General Manager said it would be useful for the Head of Development Resources to attend the next meeting of the Board as oil industry issues fell within his remit. Members agreed.

Mrs I J Hawkins said that the small new pier at Scalloway was very much appreciated.

The General Manager advised that the TTF site was being kept back for development of a possible new project and it was hoped that it would not remain dormant for too long.

At this stage of the meeting, the General Manager provided Members with a PowerPoint presentation on Ship-to-Ship transfer and Members noted the information provided. Mr C Smith said that a lot of interest had been expressed following this first Ship-to-Ship transfer.

On the motion of Mr J G Simpson, seconded by Mr J C Irvine, the Committee resolved, in terms of the relevant legislation, to exclude the public during consideration of Appendix B to the following item of business.

(The representative of the media left the meeting).

13/04 **Ports Project Monitoring Report**

The Board considered a report by the General Manager and, following a brief discussion, approved the recommendations in the report, on the motion of Mr J C Irvine, seconded by Mrs I J Hawkins.

CHAIRPERSON



Shetland Islands Council

MINUTE

‘B’

Inter-Island Ferries Board
Council Chamber, Town Hall, Lerwick
Friday 18 June 2004 at 10.30 a.m.

Present:

B P Gregson	E J Knight
Capt G G Mitchell	J P Nicolson
F A Robertson	J G Simpson

Apologies:

There were no apologies.

In Attendance (Officers):

K Duerden, Ferry Services Manager
D Haswell, Committee Officer

Chairperson:

Mr B P Gregson, Chairperson of the Board, presided.

Circular:

The circular calling the meeting was held as read.

Minutes

The minutes of meeting held on 16 April 2004, having been circulated, were confirmed.

The Chairperson said that a formal tribute would be paid to former Councillor Stuart Gray who had recently passed away. He added that during his time as a Councillor, Mr Gray had been instrumental in bringing forward ro-ro ferries to Shetland.

The Chairperson said that the Board should record its appreciation and admiration to 2 ferry men who were involved in the Aid to Albania trip and Members should be proud that these ferry men were willing to be involved in this. Members concurred.

The Chairperson said he wished to acknowledge the arrival of m.v. “Daggri” in Shetland for the Yell Sound route and thanked the Ferry Services staff and those from other Council departments for their work. He congratulated Northern Shipyard in Gdansk for producing such a well-finished vessel.

7/04 **Foula Ferry Service**

The Board considered a report by the Ferry Services Manager (Appendix 1).

After hearing the Ferry Services Manager briefly introduce the report, the Chairperson said that, as indicated in section 3.1, he, Mr J G Simpson and Mr F A Robertson had recently attended a public meeting in Foula to discuss the community's hopes, wishes and concerns. It had come as no surprise that the overwhelming wish of the community was to continue to have the ferry based in Foula and crewed by islanders. However, there were other issues that the Board, as responsible ferry operators, had to consider. As indicated in the report, it was proposed to hold an organised meeting with the Foula residents once they had proposed their solutions for the sustainable delivery of the service.

Mr F A Robertson said that the next stage was to fully consult with the whole Foula community. It was proposed that the community should be provided with a copy of the report and, as requested specifically by the community, they would be given at least 2 weeks notice prior to the organised meeting to allow residents to discuss the report and provide solutions. He said that the timescale for the consultation process was fairly tight and, in this regard, it was important that the report is issued to the community as soon as possible.

The Board agreed that Mr Robertson should liaise with the Chairperson, the Ferry Services Manager and the community regarding the mechanics of the meeting to ensure that the meeting was held at a time suitable to the community.

The Board approved the recommendations in the report, on the motion of Mr J P Nicolson, seconded by Capt G G Mitchell.

The Chairperson said that this was a new way of consulting and, in response to a question from Mr J G Simpson, agreed that this form of consultation would also be carried out in other islands.

On the motion of Mr B P Gregson, seconded by Capt G G Mitchell, the Sub-Committee resolved, in terms of the relevant legislation, to exclude the public during consideration of the following item of business.

(Representatives of the media left the meeting).

8/04

Vessel Manning and Relief Crew

The Board considered a report by the Ferry Services Manager.

In introducing the report, the Ferry Services Manager advised that the Employees JCC had supported the proposals in the report with the caveat that the situation is reviewed after one year to see if the new structure was achieving savings. This, he said, was consistent with his view and,

therefore, he was happy to do this. He added that the TGWU Liaison Group were also in support of the proposals.

In response to concerns from a Member, the Ferry Services Manager clarified the position and Members noted the information provided.

The Board approved recommendations 9.2.1, 9.2.2, 9.2.3 and 9.2.4 in the report, on the motion of Capt G G Mitchell, seconded by Mr J P Nicolson.

CHAIRPERSON



Shetland Islands Council

MINUTE

‘A’ & ‘B’

Planning Sub-Committee
Council Chamber, Town Hall, Lerwick
Wednesday 2 June 2004 at 10.30am

Present:

F A Robertson	I J Hawkins
T W Stove	J H Henry
L Angus	J C Irvine
B J Cheyne	E J Knight
C B Eunson	W H Manson
R G Feather	J P Nicolson
F B Grains	J G Simpson
B P Gregson	W N Stove
L G Groat	

Apologies:

A J Cluness	W Tait
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Captain G G Mitchell

In Attendance (Officers):

A Hamilton, Head of Planning
I McDiarmid, Planning Control Manager
J Atkinson, Planning Officer
M Finnie, Capital Projects Unit Manager
C Gair, Traffic Engineer
L Adamson, Committee Officer

Chairman:

Mr F A Robertson, Chairperson of the Sub-Committee, presided.

Circular:

The circular calling the meeting was held as read.

Minutes:

The minutes of the meeting held on 22 April 2004 and the special meeting held on 7 May 2004, having been circulated, were confirmed.

07/04 **Planning Applications for Decision**

The Sub-Committee considered reports by the Head of Planning (RECORD Appendix 1).

1. 2003/220/PCD - To Develop Whisky Distillery with Visitor Centre, Warehouse and associated external works, Catfirth, South Nesting by Blackwood Distillers Ltd

(Mr L Angus and Mr J G Simpson declared a non-pecuniary interest in this item).

The Planning Control Manager advised Members that this is a complex application which has undergone extensive consultations and modifications.

Mr J C Irvine moved that the application be approved conditionally as recommended in Section 10 of the report. He commended the Planning Service and Blackwood Distillers for the work undertaken to ensure that the application adhered to the stringent conditions necessary. The Chairman complimented the architects on the fitting design of the distillery complex. Mr B P Gregson seconded and the Sub-Committee agreed.

In referring to the letter of representation received in response to this application, and the concern regarding the health of a family member who suffers from cystic fibrosis, a Member enquired whether the Planning Service had sought advice on whether the construction period could be detrimental to the child's health. The Chairman stated that steps should be taken to ensure that debris and dust is kept to a minimum during the construction period. The Committee noted Condition 15 in the report, whereby a construction work method statement has to be submitted to the Planning Authority for written approval, prior to commencement of the development.

Mr T W Stove referred to a further point in the letter of representation where the objector states he had to locate his business to an industrial estate in another district, when the distillery project is allowed to locate at his preferred site at Catfirth. Members noted that generally industrial developments are located to existing industrial estates, but Blackwood Distillers had come forward with highly specific criteria for their development proposal.

2. 2004/19/PCD - To erect dwellinghouse, site to the west of Easthouse Cottage, South Whiteness by Scott Pottinger and Ingrid Hunter

Members were minded that this application had been deferred from the April meeting to allow for a site visit to be carried out.

Mr L Angus referred to the powerpoint display system used at Marine Development Sub-Committee meetings which illustrates the works licence locations. He suggested that some similar system should be utilised at Planning Sub-Committee meetings to illustrate controversial planning applications. Members were in agreement to this suggestion.

Mr J C Irvine stated that the site visit had given Members a better indication of the area. Taking into account that technical concerns had been addressed regarding the septic tank and the road, and the design of the house would enhance the area rather than detract from it, he moved that the application be approved conditionally. Mrs F B Grains seconded and the Sub-Committee agreed.

3. 2004/68/PCD - To erect dwellinghouse adjacent to North Virkie/A970 Junction, Virkie, Dunrossness by Mr and Mrs S Malcolmson

The Head of Planning explained the background to this application and that a site visit had taken place.

Mr J C Irvine moved that a decision on this application be deferred until the Member for the Area is present in order that he can give his views on this issue. Mr C B Eunson seconded.

In response to a query from a Member regarding the time limit for a decision on this application, the Head of Planning explained that the applicant would have to agree to extend the period for consideration.

In considering the background to this application, referring to her findings from the site visit, the information given to the applicants and the general approval from the Community Council, Mrs F B Grains moved that the application be approved. She added that the zoning system should be revisited. Mrs B J Cheyne seconded.

(Mr W H Manson gave notice of a further amendment).

A Member stated that it was evident that an urgent review of the zoning system is required. The Head of Planning reported that the review was about to begin with a report on the zoning system being discussed at the Infrastructure Committee in two weeks' time.

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

Amendment (Mrs F B Grains)	10
Motion (Mr J C Irvine)	6

Mr W H Manson moved as an amendment that this application be refused in order to adhere to Policy. He added that the vast majority of planning applications adhere to policy, and the zoning system had been determined in agreement with Community Councils and members of the public. Mr W N Stove seconded.

The Chairman referred to the follow up letter received from the Dunrossness Community Council dated 28 April, which stated that the findings of the Community Council on this planning application were no longer unanimous.

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

Amendment (Mr W H Manson)	5
Motion (Mrs F B Grains)	10

4. 2004/71/PCO - To erect dwellinghouse (in outline), Swinister, Sandwick by Mrs Sylvia Williamson

The Planning Control Manager summarised the report and stated that the Roads Service do not support the objection on safety grounds.

Mr T W Stove said that he was aware that the site is susceptible to flooding and moved that the application be deferred to allow for the Member for the Area to be present. Mr F A Robertson seconded, and the Sub-Committee agreed.

5. 2004/79/PCD - To erect dwellinghouse, Garderhouse, Sand by Mr and Mrs Waugh

The Sub-Committee resolved, on the motion of Mr F A Robertson, seconded by Mr L Angus, to approve the application conditionally as recommended in Section 10 of the report.

6. 2004/89/PCD - To erect dwellinghouse and garage, adjacent to Primrose Bank, Saltness, Walls by Mrs J Laing

The Planning Control Manager summarised the report and referred to the one objection received in response to this application. Mr F A Robertson confirmed that the applicant had amended the location of the dwellinghouse to allow for land to be purchased for the proposed road widening.

On the motion of Mr W H Manson, seconded by Mr F A Robertson, the Sub-Committee resolved to approve the application conditionally, as recommended in Section 10 of the report.

7. 2004/131/PCD - Erect Extension, Strandheim, Gulberwick by Mr and Mrs Wood

Mr R G Feather said that he had met with both the applicants and the objectors in this case and referred to a further letter he had received from the objectors, dated 31 May, and moved that the decision be deferred to allow the Planning Service to further consider the issues regarding the turning area and the site boundaries. Mr T W Stove seconded.

Mr L G Groat moved that that application be approved conditionally, as recommended in Section 10 of the report. Mr W N Stove seconded.

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

Amendment (Mr L G Groat)	7
Motion (Mr R G Feather)	8

8. 2004/134/PCD - To change use from shop (Class 1) to hot food takeaway (Sui Generis) and paint shop front, 84 Commercial Street, Lerwick by Mr G Marshall

(Mr W N Stove declared a non-pecuniary interest).

Mr E J Knight, Member for the Area, referred to the six letters of objection received in response to this application, and moved that the application be

refused on the grounds of loss of amenity for the area. Mr L G Groat seconded, and the Sub-Committee agreed.

9. 2004/147/PCD - To erect dwellinghouse, adjacent to Skeotaing, Busta, Brae by Mr Philip Robertson

Mr W H Manson, in acting as an advocate for the applicant, noted the recommendation for refusal as the site lies within a Local Protection Area. He wished Members to take into consideration that the Community Council has no objection to the proposal, the application is for an immediate family member, who wishes to relocate to a rural area, to build on the family croft ground. The proposed dwellinghouse is also very much in keeping with the other buildings in the area.

(Mr W H Manson left the meeting)

Taking into consideration the views of the Member for the Area, Mrs B J Cheyne moved that the application be approved. Mr L Angus seconded, and the Sub-Committee agreed.

(Mr W H Manson returned to the meeting)

10. 2004/155/PCD - To erect dwellinghouse, close to the Uyeasound Junction, Uyeasound, Unst by Ms Carol M Sutherland

Letters in support of the application, from the Unst Community Council (attached as Appendix 1a) and from the Baltasound Police Station (attached as Appendix 1b) were tabled at the meeting.

Mr B P Gregson, Member for the Area, said that he was of the view that the area of road in question is not a place readily identified for overtaking and taking into account the views of the Community Council and the local policeman, he moved that the application be approved. Mr W H Manson seconded.

Mr J C Irvine moved that the application be refused as recommended in Section 10 of the report. Mr W N Stove seconded.

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

Amendment (Mr J C Irvine)	2
Motion (Mr B P Gregson)	13

11. 2004/186/PCD - To erect dwellinghouse, South Voxter, Cunningsburgh by Mr G McLatchie

The Sub-Committee noted that this application had been withdrawn due to an administrative problem.

12. 2004/187/PCD - To extend a dwellinghouse, Hamelea, Pier Road, Walls by Ms Bessie Barron

Agenda Item No. (g) - Public Report

Members noted that this application is presented to the Planning Sub-Committee for consideration, as the applicant is an employee of the Planning Service.

The Sub-Committee resolved, on the motion of Mr F A Robertson, seconded by Mr W H Manson, to approve the application as recommended in Section 10 of the report.

08/04

Notice of Intention to Develop

The Sub-Committee considered a report by the Head of Planning (RECORD Appendix 2).

13. 2004/015/NID - To construct respite and permanent accommodation units for social care (9 bedroomed respite unit and 4 bedroomed permanent unit), Kantersted, Lerwick by Shetland Islands Council

Mr J H Henry, Member for the Area, stated that although a number of meetings had been held with the objectors, they still maintain their objections to this proposed development. He accordingly moved that the Sub-Committee agree to Option 1 in the report, for the case to be referred to the Scottish Ministers for consideration. Mr L G Groat seconded, and the Sub-Committee agreed.

CHAIRPERSON



REPORT

**To: Special Executive Committee
Shetland Islands Council**

**28 June 2004
30 June 2004**

From: Head of Finance

CAPITAL PROGRAMME – REVIEW – JUNE 2004 **Report No: F-029-F**

1. Introduction

- 1.1 This report includes the year end adjustments described in report F-028-F. The Capital Programme Outturn 2003/04.
- 1.2 There are some minor additions to the current year 2004/05 that are recommended by CPMT. These are in Appendix A.
- 1.3 The latest estimates for the New AHS and Hostel together with those from the recent review to the Music and Cinema Venue are also included. The combination of these together with all other projects presently in the programme can be funded, if the proposals described in the AHS Feasibility Report to Council in May 2004 are adopted.
 - Exhaust the Capital Receipts Reserve by 31 March 2007
 - Exceed self sustainable use of the Capital Fund in certain years (but more than repay it in others) and, additionally
 - Make full use of Reserve Fund self sustaining resources up to 31 March 2010.

2. Year End Charges

- 2.1 The net effect of these were as follows as detailed in report F-028-F mentioned in Section 1.1

£000

Carry Forward	101
Budget Increases	<u>52</u>
	<u>153</u>

3. Minor Additions Recommended by CPMT

These are described in Appendix A.

4. Major Revisions

4.1 Anderson High School New Build

4.1.1 These proposals, based upon the latest feasibility study were presented to Council on 19 May 2004 in the Anderson High School Feasibility Report. In that report it was stated that funding would be viable provided the proposals set out in Section 1.3 above were approved. That remains the case.

4.1.2 The new school is estimated to cost some £29.3 million in the period 2004 to 2011 and the Hostel some £10 million in the period 2008 to 2014. However, the results of the BVSR may significantly alter the final requirements.

4.1.3 These figures have been included in the Capital Programme in those periods to the annual capital funding requirements presented in the above report.

4.2 Cinema and Music Venue

4.2.1 Proposals to build a cinema and music venue in Lerwick have been developed over the years and presented to Council. The concept has remained an unfunded aspiration within the Capital Programme.

4.2.2 Recently, (on 17 June 2004) a revised feasibility study was submitted to CPMT for consideration. The Stage 1 application to the Scottish Arts Lottery Fund will be presented to Services Committee for approval prior to submission.

4.2.3 The feasibility study has reviewed the community's needs for such a venue during extensive consultation with interested parties.

4.2.4 That study included a socio-economic analysis that indicated that a new venue could generate additional benefit to the local economy of some £1.3 million p.a.

4.2.5 Net present value analyses over a 40 year span, (including capital and revenue costs), show that the project will not provide a return to the Council but would break even in the

context of the wider community somewhere between 7 and 14 years.

- 4.2.6 The proposals now comprise a reduced overall capacity by deleting the second cinema and separate ground floor bar with the intention also that the music hall can double as a second cinema.
- 4.2.7 There has also been extensive analysis of probable operating regimes and revenues that indicate potential annual bottom line positions of between a pessimistic £37,000 deficit to an optimistic £110,000 surplus.
- 4.2.8 The option presented to CPMT was to pursue lottery funding. That proposal is for Council to provide £25,000 funding for a Stage 1 lottery application in 2004/05 and should that be successful, a further £260,000 for a Stage 2 lottery application in 2005/06 and to undertake to at least match any lottery funding in the longer term. This approach would allow the Council to pursue external funding but give no absolute commitment to continue should that fail.
- 4.2.9 The Capital Cost estimated at 2004 prices is as follows: (£000's)

	2001 Study	2004 with Lottery
Construction,		
Fees, Fitting Out	6035	5600
Irrecoverable VAT	Non Allowed	500
Land	Non Allowed	120
Inflation	1025*	400**
Lottery	0	2000
Total	7060	4620

* Inflation applied to bring to 2004 prices

** Inflation for delay due to lottery application (18 months)

- 4.2.10 Overall, allowing for inflation, the cost with lottery funding is estimated as follows: (£000's)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	TOTAL
SIC							
Funding	25	260	327	2210	2288	85	7,170
Lottery	0	0	100	935	935	30	
Total	25	260	427	3145	3223	115	7,170

- 4.2.12 The closure date for the Stage 1 application is 4 October 2004 with a decision expected in March 2005. Thereafter the lottery fund will not be accepting any further applications for three years after that date.

- 4.2.13 The proposal, including lottery funding has been included in the Capital Programme Funding model and is affordable within the parameters described in Section 1.3 above.

4.3 Kantersted New Build

- 4.3.1 This project has been delayed due to objections received to the Notice of Intention to Develop. The matter has now been referred to the Scottish Executive for a decision. Consequently, funding this has been deferred to allow for a three month delay, but it may well take longer than that to resolve.

£000	2004/05	2005/06	2006/07
Original	1,940	160	0
Revised	<u>1,792</u>	<u>335</u>	<u>0</u>
	(148)	175	0

4.4 New Funding – Landfill

- 4.4.1 The Scottish Executive has recently awarded the Council additional grant aid in respect of recycling projects. £200,000 of that has been allocated in each 2004/05 and 2005/06 in support of landfill, thus releasing equal amounts to support of other capital projects.

5. Financial Implications

- 5.1 These are as follows in 2004/05

	£000
Carry Forwards	101
Minor Budget Increases	52
Revision to AHS Estimates	(52)
Cinema & Music Venue	25
Train Shetland Relocation	55
Peerie Dock, Symbister	104
Public Toilets Rolling Prog.	40
Ferry Ticketing System	0
Landfill Grant	(200)
Integra Upgrade	17
Roads Plotter	15
Kantersted New Build - delay	<u>(148)</u>
	14

5.2 From Section 1.3 it will be noted that the revised programme including the AHS New Build, including the Hostel, and the Music and Cinema Venue can be funded over the next 10 years or so. This is based upon present estimates of resources and the financial markets performance during that period. However, under the present funding regime that is likely to mean that no significant other projects, e.g. roads, social care, etc. can be introduced in that period unless others are discarded or deferred.

5.3 Constraints and Policy (Financial)

5.3.1 At present there is a policy constraint on draw down of the Capital Receipts Reserve to the extent of £25M, leaving a balance of some £8M. The creation of a funded Programme to include the AHS and Hostel project and the Cinema/Music Venue requires this constraint to be removed, allowing the use of the £8M balance to provide necessary funding. That is, the Capital Receipts reserve would be completely exhausted if this were to be agreed.

5.3.2 At present the Reserve Fund contributes substantially to the Capital Programme out of annual profits from the port of Sullom Voe, but with the predicted diminution of revenues from Sullom Voe as the decade progresses, it is anticipated that that source of funding will cease later this decade. It should be noted that the new AHS and Hostel and Music/Cinema Venue project will therefore consume, on a once and for all basis, a large part of the resources during the last foreseeable period of high funding for the General Fund Capital Programme.

5.3.3 The cash flow requirements for the new school and hostel and the Cinema/Music Venue are such that there will be peaks in the capital requirement in particular years that could not be met from the usual funding sources, and that would require temporary draw down from the Capital Fund. It is considered that the overall funding could be balanced to have a zero net effect on the capital base of that Fund, but Council would need to sanction the use of the Capital Fund in that fashion.

5.3.4 All of this is predicated on certain assumptions that build in reasonably prudent expectations as regards recovery in the financial markets, and even then it is just affordable with the variations in current policy described above. But that means there is little or no margin for error in this approach that could require further revision to agreed projects were the improvement in the market position to be less than forecast.

6. Delegated Authority

- 6.1 Matters relating to the Capital Programme stand addressed to Council (min. ref. 122/03).

7. Conclusion

- 7.1 The construction of a Music/Cinema venue is a long held aspiration of the Council. That now seems within reach with lottery funding although that would stretch the Capital Programme to the limit over the next decade with the inclusion of the new AHS in it's most recent form. (The BVSR will no doubt influence that). CPMT proposes however that the Council should support the application for lottery input and provide the commitment to match funding in excess of £2 million from that source should that eventually be successful. Should that not be forthcoming then CPMT would recommend that continuance of the project be reconsidered at a later date.

8. Recommendations

I recommend that Council:

- 8.1 Note this report in particular Sections 1.3, 5.2 and 5.3 regarding programme funding and affordability over the next 10 years.
- 8.2 Approve Appendix A to this report.
- 8.3 Approve £25,000 from the Feasibility Studies Budget (GCF4700) to progress the first stage lottery application for the Cinema/Music Venue Project. That application would be subject to approval by Council prior to its submission to the Heritage Lottery Fund.

Shetland Islands Council - Wednesday 30 June 2004

Agenda Item No. 01 - Public Report

Date: 21 June 2004

Ref: ICM/DS

Report No: F-029-F

Report No: F029-F
Appendix A

- 1.1 Accommodation for Train Shetland: Train Shetland is relocating from Gressay Loan to the Shetland Business Innovation Centre (SBIC) at Gremista to make way for the Additional Support Needs Unit planned for Gressay Loan. The estimated cost of this move is £55,000. This includes for moving Shetland Development Trust from SBIC to the OIL office site, Train Shetland to SBIC and some minor accommodation works internally at the latter site. It is suggested that this amount be added to the Accommodation Budget GCB6002 in 2004/05. These changes do not involve any significant expenditure at the OIL offices nor additional space for Train Shetland at Gremista. These matters are subject to separate study/analysis.
- 1.2 Peerie Dock Symbister: This structure suffered significant storm damage and a feasibility study by Arch Henderson & Partners estimate the cost of reinstatement at £218,000. When a request for funding was made in November 2003, CPMT was unable to identify any. Since then, the Scottish Executive has offered £109,000 in grant aid provided the Council match that. At this review funding has been identified to that extent from the Reserve Fund and CPMT recommends that the reinstatement work proceed.
- 1.3 Public Toilets: An application was presented to CPMT in March 2003 seeking funding of £100,000 per year over the next five years starting in 2004/05. At that time CPMT identified funding for a Rolling Programme to start in 2005/06 but were unable to do so for 2004/05. However, due to slippage on Kantersted this year £40,000 has been identified to start the programme in 2004/05. This has been agreed with the Head of Environment service and will be used to grant aid improvements and for the production of a standard design for toilets throughout the Islands. This will allow the rolling programme to start in earnest in 2005/06.
- 1.4 Ferry Ticketing System: The Ferry Operations Manager submitted a proposal to CPMT in April 2004, recommending the installation of a new ticketing system for the ferry service. The new ferries are capable of carrying more passengers and vehicles and have faster crossing times but no additional crew to collect fares. The current ticketing machines are over 8 years old and have become unreliable. New equipment will allow more efficient fare collection and thus generate increased revenue. Proposals to lease new equipment had been shown to be uneconomic. The purchase price of the system is £136,000 of which £100,000 is needed in 2004/05 and the balance in 2005/06. It was noted that an increase of some £97,000 was estimated in revenue in a full year with the new system. CPMT propose that £50,000 of that be converted into capital with a further £50,000 taken from the ferries rolling programme to enable the new system to be put into service in 2004/05. The balance required next year can be funded from that year's rolling programme.

- 1.5 Accounts Integra System Hardware: Integra from Torex, was implemented in April 1999 to provide Nominal, Sales and Purchase ledgers for the Council. It is an Oracle database system that runs on an IBM RS6000 system. It is six years old and obsolete. It is difficult and expensive to purchase spares and the system has failed at fairly critical times recently. Provision of £25,000 was made in the ICT PC & LAN budget for new hardware. However, a further £17,000 is required for additional support, fees and training. CPMT recommends this item be supported from current year slippage.
- 1.6 Replacement Equipment (Plotter) – Roads Service: The Roads service is presently split across three sites: Toll Clock, Gremista Gritter Shed and Gremista Office block. It is planned that all roads staff will consolidate at one site in 2005. There are large format copiers/plotters at Toll Clock and Gremista Office block but spares and consumables are difficult to obtain due to their age. The one at Toll Clock has failed while the one at Gremista operates only intermittently. There is a large format colour plotter and monochrome scanner/copier in the Grantfield office but that is inconvenient. It is also of some vintage and is not always reliable. A new machine will cost £15,000 and CPMT recommends the purchase, funded from current year slippage.



Shetland Islands Council

REPORT

To: **Special Executive Committee
Shetland Islands Council**

**28 June 2004
30 June 2004**

From: **Head of Finance**

2003/04 OUTTURN Report No: F-030-F

1.0 Introduction

- 1.1 The purpose of this report is to inform Members of the 2003/04 provisional outturn (i.e. still to be subject to audit) in relation to the 2003/04 revised budget.

2.0 Format of the Report

- Section 1 - Introduction
- Section 2 - Format
- Section 3 - 2003/04 Outturn compared to budget for: -
 - Support and Recharged Services
 - General Fund
 - Reserve Fund
 - Housing Revenue Account
 - Harbour Account
- Section 4 - Policy and Delegated Authority
- Section 5 - Conclusions
- Section 6 - Recommendations

3.0 2003/04 Outturn Compared to Budget

3.1 Support and Recharged Services

- 3.1.1 The Support Services ledger comprises the costs of Executive, Community and Infrastructure Service Departments and the Ports

& Harbours Operations' support functions that are ultimately recharged out to particular services and funds leaving a zero balance. The Recharged ledger is for engineering services related to Harbour and Ferry Operations, which is likewise recharged out leaving a zero balance.

- 3.1.2 The following table compares the 2003/04 Support and Recharged Services provisional outturn against the revised budget.

Table 1 Support & Recharged Services	2003/04 Revised Budget £'000	2003/04 Provisional Outturn £'000	2003/04 Variance Fav/(Adv) £'000
Employee Costs	14,871	14,660	211
Operating Costs	9,762	9,589	173
Transfer Payments	0	0	0
Income	(259)	(526)	267
Net Departmental Expenditure	24,375	23,723	651
Capital Financing Costs	456	716	(260)
Net Recharges	(24,831)	(24,439)	(391)
Total Net Expenditure	0	0	0

- 3.1.3 The Net Departmental Expenditure on controllable items is £0.7m better than the budget. The main reasons for the underspends are, unfilled vacancies £0.2m, unexpected income not budgeted for £0.3m and over budgeting for the full year lease cost of the Mv Filla, when only 50% related to 2003/04, of £0.2m.

3.2 General Fund

- 3.2.1 The table below compares the 2003/04 General Fund provisional outturn against the revised budget. The Chief Executive undertook a re-shaping exercise in December 2003; this was carried out to better match budget to actual spending patterns. This re-shaping exercise resulted in a need to draw £1.0m from General Fund Revenue Balances. Budget Responsible Officers were exhorted to constrain spending in the last quarter to meet this predicted deficit.

Table 2 General Fund	2003/04 Revised Budget £000	2003/04 Provisional Outturn £000	2003/04 Variance Fav/(Adv) £000
Employee Costs	38,696	39,474	(779)
Operating Costs	28,632	29,228	(597)
Transfer Payments	8,570	8,594	(24)
Income	(15,392)	(16,072)	680
Net Dept Expenditure	60,505	61,224	(719)
Capital Financing Costs	105	213	(108)
Net Recharges	17,052	16,397	655
Total Net Expenditure	77,663	77,834	(171)
Financed by:			0
RSG/NNDR	(68,325)	(68,364)	39
Interest Revenue Balances	(736)	(2)	(734)
Council Tax	(6,373)	(6,478)	105
Trading Undertakings (DLO/DSO)	(1,227)	(1,275)	48
General Fund Revenue Balances	(1,002)	(1,714)	712
			0
Total General Fund	0	0	0

Note:

A breakdown on the variance on Employee costs shows Community Services (£0.3m) and Infrastructure Services (£0.5m) when you compare the outturn to the Original budget this shows an overspend of £1m by Community Services and £0.5m by Infrastructure Services.

A breakdown on the variance on Operating costs shows Community Services (£0.1m) and Infrastructure Services (£0.4m) when you compare the outturn to the Original budget this shows an overspend of £1m by Community Services and £1m by Infrastructure Services.

- 3.2.2 However, the overall position on the 2003/04 General Fund revenue outturn is different from the forecast in December 2003. The outturn position is a draw on General Fund Balances of £1.7m.
- 3.2.3 Net Departmental Expenditure has increased by £0.7m in a number of areas. Firstly there has been an increase in Ferry Service employee costs amounting to £0.4m. This is due to the need to fill posts, which have become vacant due to sickness, and where members of staff have been working on the new ferries in Poland. Staffing budgets have also been overspent in Social Work due to sickness mainly in the Care Homes (£0.2m). The remaining major variance is due to emergency repairs caused by the landslides/flooding at Sandwick and Channerwick (£0.5m). A claim has been submitted to the Scottish Executive "Bellwin Scheme" for the eligible elements of this overspend amounting to £0.2m. This additional expenditure has partially been offset by increased grant income in respect of "Supporting People" and other government grants.

- 3.2.4 The Interest on Revenue Balances budget was not achieved due to a number of factors. When setting the budget the opening balance was more than twice the final closing balance at the end of 2003/04, in addition to this low interest rates and the omission of this budget from the re-shaping exercise has resulted in the adverse variance of £0.7m. Income from this source has in the past normally surpassed expectations, but given the financial pressures the Council now faces, Finance will endeavour to find ways to monitor and estimate future interest more closely.
- 3.2.5 A report on the outturn position and carry forward on Quality of Life is the subject of a separate report to this meeting. The proposed carry forward amounts to £0.08m.
- 3.2.6 In summary, the situation on the General Fund needs to be addressed with greater focus. All budget responsible officers will have to improve performance in 2004/05 and the provision of management information throughout the year will have to significantly improve in order that corrective decisions can be taken early thus avoiding management by post analysis.

3.3 Reserve Fund

- 3.3.1 Table 3 sets out the 2003/04 Reserve Fund provisional outturn against the revised budget.

Table 3 Reserve Fund	2003/04 Revised Budget £000	2003/04 Provisional Outturn £000	2003/04 Fav/(Adv) Variance £000
Employee Costs	0	0	(0)
Operating Costs	642	612	30
Transfer Payments	5,641	4,465	1,176
Income	0	(143)	143
Net Departmental Expenditure	6,283	4,935	1,348
Capital Financing Costs	0	0	0
Net Recharges	434	501	(67)
Reserve Fund Funding	(6,717)	(5,436)	(1,281)
Total Reserve Fund	0	0	0

- 3.3.2 The above table shows that the provisional outturn for the Reserve Fund is £1.3m under budget, mainly due to general underspending of grants. There are requests for two grant carry forwards.

- 3.3.3 Community Development have requested a carry forward for New Marinas of £0.2m to cover outstanding commitments in relation to the Skeld, Aithsvoe and Voe Pier Trust capital projects.
- 3.3.4 Economic Development Unit have requested a carry forward to meet the capital commitment of the Voe Pier Project amounting to £0.2m.
- 3.3.5 The Council approved a report on 16 May 2004 to re-profile the capital budgets for the Island Games (£0.3m). This has not been reflected in the budgets in the table above as it occurred after the year-end but will require a draw on balances in 2004/05.

3.4 Housing Revenue Account

- 3.4.1 Table 4 below sets out the 2003/04 Housing Revenue Account provisional outturn against the revised budget.

Table 4 Housing Revenue Account	2003/04 Revised Budget £000	2003/04 Outturn Actual £000	2003/04 Fav/(Adv) Variance £000
Employee Costs	203	176	27
Operating Costs	2,304	2,407	(103)
Transfer Payments	34	28	6
Income	(7,422)	(6,824)	(598)
Net Departmental Expenditure	(4,881)	(4,214)	(668)
Capital Financing Costs	4,527	3,676	851
Net Recharges	659	587	73
Housing R & R Fund Contribution	(305)	(49)	(256)
Total Housing Revenue Account	0	0	0

- 3.4.2 The above table shows that the provisional outturn for the Housing Revenue Account requires a contribution of £0.05m from the Housing Repairs and Renewals Fund to balance. This is £0.25m less than budgeted which is welcomed. The reduction in income and capital financing costs is mainly due to Council Housing Stock reduction throughout the year through Right to Buy.

3.5 Harbour Account

- 3.5.1 Table 5 below sets out the 2003/04 Harbour Account provisional outturn against the revised budget.

Table 5 Harbour Account	2003/04 Revised Budget £000	2003/04 Outturn Actual £000	2003/04 Outturn Fav/(Adv) £000
Employee Costs	2,378	2,348	30
Operating Costs	1,910	1,409	501
Transfer Payments	8,662	8,579	82
Income	(12,781)	(11,081)	(1,700)
Net Departmental Expenditure	169	1,256	(1,087)
Capital Financing Costs	864	815	49
Net Recharges	3,364	3,349	15
Funded by Equalisation Accounts	(4,397)	(5,420)	1,023
Total Harbour Account	0	0	0

3.5.2 The above table shows that the provisional outturn for the Harbour Account requires a contribution of £5.4m from the Equalisation Accounts to balance. This is £1m more than the budget even though good managerial cost savings were achieved of £0.5m. The fall in income is a direct result of reduced oil throughput at Sullom Voe. Problems have been experienced offshore on Brent Bravo and Brent Charlie and the Schiehallion field has been producing less oil.

4.0 Policy and Delegated Authority

4.1 There are no delegated powers for Executive Committee to determine the level of carry forward of budgets required to meet the Council's commitments. The ultimate decision lies with the Council.

5.0 Conclusions

5.1 In summary this report sets out the provisional outturn position for the General Fund, Reserve Fund, Housing Revenue Account and the Harbour Account for 2003/04.

5.2 The General Fund has overspent by £1.7m, to meet this overspend and to write off the accumulated SCOFÉ deficit of £1.7m will use up approximately 50% of the remaining General Fund balances leaving only £4m to cover unforeseen eventualities in the current year. It will be necessary to tighten up on revenue spend considerably and to achieve the proposed savings for 2004/05 in order not to exhaust this balance.

5.3 The Reserve Fund has underspent by £1.3m this benefit is offset by the carry forwards of £0.4m, leaving a net improvement in the Reserve Fund position of £0.7m.

- 5.4 The Housing Revenue Account has underspent by £0.25m, which means that instead of drawing £0.3m as originally anticipated from the Housing Repairs and Renewals Fund there is only a need to draw £0.05m.
- 5.5 The Harbour Account has overspent by £1m, due to reduced income, this adds to the pressure already placed on the Equalisation Accounts to balance the account as oil business reduces at the Port.

6.0 Recommendations

- 6.1 I recommend that Executive Committee recommends that the Shetland Islands Council:-
 - a) note the Outturn as detailed in Section 3 and the effect on balances in Section 6,
 - b) approve the budget carry forwards on the Reserve Fund as set out in Section 3.

Date: 23 June 2004
Our Ref: HKT/E/1/AA

Report No: F-030-F



Shetland Islands Council

REPORT

To: **Special Executive Committee**
Shetland Islands Council

28 June 2004
30 June 2004

From: **Head of Finance**

GENERAL FUND REVENUE ESTIMATES 2004/05 **Report No: F-032-F**

1.0 Introduction

- 1.1 The Council meeting on 12 February 2004 considered the 04/05 budget in report F-005-F that identified a £4.5 million General Fund deficit. They called for a further report that would set out options for them to consider in order to reduce the level of this budget deficit.. That further report., report F-12-F, was presented to Council on 31st March 2004. At that meeting, Members came to the view that it would be more appropriate to consider the many individual proposals offered up in an informal seminar that would be dedicated to the task. And so, a decision on the 04/05 budget position was deferred. Following the seminar, Budget Responsible Officers (primarily Heads of Service and the Executive Management Team), revisited the proposed budget cuts in the light of the guidance provided by the Seminar.
- 1.2 This report brings together the amended set of proposed cuts in General Fund revenue expenditure put forward by those Budget Responsible Officers and seeks Members approval for those cuts together with approval of the necessary use of Revenue Fund balances to balance the budget.

2.0 Proposed Budget Cuts

- 2.1 Appendix A shows, for information, the original list of proposals arising from the March report and considered at the Seminar. The budget cuts put forward this time by Budget Responsible Officers (BROs), for consideration by Council, are summarised in Appendix B and for convenience, Appendix C highlights the changes made.

- 2.2 It should be noted that the implementation of these proposed cuts, if approved, will follow the normal due processes for undertaking such initiatives and in particular, any proposals involving a reduction in staff will require to go through the established consultation processes.
- 2.3 The total of budget cut proposals is £1.88 million. Whilst less than was put forward originally (some £1,174,000 less), this still makes substantial progress towards eliminating the deficit of £4.5 million leaving, if all cuts are approved, a remaining deficit of £2.62 million.

3.0 Proposed Budget Additions

- 3.1 In addition to the proposed cuts, the report presented in March put forward proposals for funding transfers back from Shetland Charitable Trust to Council of £1.013 million. In circumstances where the Council's General Fund is still in deficit it is the Executive Management Team's view that the Council should not consider accepting the £0.746 million of proposed transfers which the Shetland Charitable Trust is willing to reconsider funding in 2004/05. That view remains, and this report reiterates that advice.
- 3.2 This leaves proposals for transfer (of responsibility, but not budget) totalling £0.267 million, (See Appendix D) which the Shetland Charitable Trust have agreed to cease funding in 2004/05. These have been considered by BROs, and they recommend accepting these transfers in their entirety
- 3.3 There are also additional items for inclusion in the 2004/05 budget (see Appendix E) which were not picked up in the 12 February report and a decision on these was also deferred in March. These total £112,000.
- 3.4 The net effect of the amended proposals for reductions in budget, together with the proposed budget additions brings the remaining deficit to £3.0 million.

4.0 Further Proposals for Managing the Deficit

- 4.1 The Council on 12 February agreed that such deficit as remains after this exercise will be funded by General Fund revenue balances, leaving the reserves of the Council untouched by General Fund revenue requirements for 2004/05. The 02/03 Outturn, which is reported separately on this agenda, showed an overall requirement for funding from Revenue balances of £3.45 million (including the £1.7 million deficit for the College), leaving a reduced revenue Fund Balance brought forward of just over £4 million. The budgeted deficit of £3.0 million proposed here (assuming the identified cuts are all approved) will reduce remaining General Fund revenue balances by approx. 75%, leaving only £1.0 million at the 31st march 2005. On this trend, these

balances will be exhausted in the next year or less, unless a fundamental adjustment in approach is made.

- 4.2 It is clear, therefore, that more work needs to be done in the immediate future to balance the General Fund in the medium to long term. As General Fund Revenue Balances are likely to soon run out, and it is the policy of the Council to not use Council reserves to meet these deficits, future cuts in General Fund demands for finance are still required, and required with some urgency.
- 4.3 A number of proposals will help address this requirement.
 - 4.3.1 The Education Best Value Service Review report indicates that there is potential to deliver significant reductions in Education service spending in the order of £250,000-£500,000 per annum.
 - 4.3.2 Further Best Value Service Reviews will be undertaken during 2004/05, and these will be required to further reduce expenditure levels.
 - 4.3.3 There is also a Member Officer Working Group of the Shetland Charitable Trust which is looking at what are generally agreed to be expensive management models for delivering services through third party trusts and external bodies. The findings of that group should also identify potential savings.
 - 4.3.4 The 2004/05 budget allows for no vacancy levels on Education staff, whereas it is expected that in practice the Council will run at an employment level below establishment in most areas. Work will be done to identify a realistic vacancy factor and savings to be made which will be written into the budget.
 - 4.3.5 Executive Management Team will continue consideration of potential budget cuts with Heads of Service during 2004/05. In particular, a number of cuts proposed for this year in the March report had to be foregone, due to the delay resulting from the postponement of the decision until after the Seminar, as the need to make the expenditure early in the financial year was pressing. These will be re-examined for appropriateness in making a contribution to this process and brought forward for Members approval for the 2005/06 budget.
- 4.4 The Chief Executive proposes to consult with Members to actively engage them in the detailed implementation of this important corporate exercise.

5.0 Conclusions

- 5.1 The budget cuts exercise has not wholly eliminated the budget deficit, and to that extent has failed to meet the entire requirement set by Council

on 12 February. However, significant progress has been made in a relatively short space of time if Council agrees these proposals today.

- 5.2 It was always recognised that such large cuts in such a short timescale might not be possible in their entirety. However, there are, encouragingly, ongoing proposals to continue to bear down on the deficit (see 4.3), and it is for Council to consider whether these proposals represent a sufficient response to the remaining deficit of £3.0 million.
- 5.3 In the longer term the General Fund budgetary challenges facing us mean that it is important that service delivery standards and models across all service areas are reviewed with a view to increasing efficiencies. A change programme to support budget setting in years to come to assist this, and the work of the SCT in reviewing its expenditure, is also important in this regard.
- 5.4 The role of the Budget responsible Officers in all of this will be crucial, requiring a degree of attention to budget management that is at a higher level than ever before achieved in this Council. Management Accounting too will further extend their already active collaboration with BROs to help ensure success in this endeavour.

6.0 Policy and Delegated Authority

- 6.1 The ultimate decision on approving the General Fund budget lies with the Council.

7.0 Recommendations

- 7.1 I recommend that Shetland Islands Council:-
- a) consider and approve the 2004/05 budget cuts summarised in Appendix B;
 - b) consider and approve the recommended transfers of funding responsibility from Shetland Charitable Trust contained in Appendix D;
 - c) consider and approve the additional items for inclusion in the 2004/05 General Fund revenue budget contained in Appendix E;
 - d) note the remaining General Fund budget deficit for 2004/05 of £3.0 million, and confirm the decision to fund this from General Fund Revenue balances;
 - f) note the initiatives referred to in 4.3.1 to 4.3.5 which may further bear down on the General Fund deficit.

Shetland Islands Council - Wednesday 30 June 2004
Agenda Item No. 03 - Public Report

Date: 23 June 2004
Our Ref: SH/DS

Report No: F-032-F

SHETLAND ISLANDS COUNCIL

Original proposals for Budgets Reductions for 2004/05

APPENDIX A

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

Description of Proposed Cut	Budget Cuts (Service Related) £	Budget Cuts (Other) £	Budget Cuts (Total) £	Total Budget £	Budget Cuts %
EXECUTIVE SERVICES DEPARTMENT					
Directorate (Morgan Goodlad)					
Vacant Clerical Assistant post will not be filled		(19,609)	(19,609)		
Headquarters overheads: reduce variable costs (overtime, travel, subsistence, training, etc.)		(6,171)	(6,171)		
	0	(25,780)	(25,780)	732,111	4
Council Members					
	0	0	0	515,479	0
Finance (Graham Johnston)					
Staff: delete clerical post		(18,373)	(18,373)		
Staff: skillseeker instead of temporary cover for maternity leave		(12,325)	(12,325)		
Corporate staff subsidy schemes: delete old schemes now in little use		(2,100)	(2,100)		
Community Council Grants: 25% reduction of exceptional SIC funding	(81,911)		(81,911)		
Shetland Council of Social Services Grant: 5% reduction in line with SIC cuts	(1,164)		(1,164)		
Headquarters overheads: reduce variable costs (overtime, travel, subsistence, training, etc.)		(47,421)	(47,421)		
	(83,075)	(80,219)	(163,294)	2,568,767	6
Legal and Administration (Jan Riise)					
Staff: delete solicitor post		(38,597)	(38,597)		
Secretariat: reduce staffing levels, costs		(26,421)	(26,421)		
Safety and Risk: reduce variable costs		(5,600)	(5,600)		
External income for elections and support to SCT		(30,000)	(30,000)		
Headquarters overheads: reduce variable costs (overtime, travel, subsistence, training, etc.)		(11,200)	(11,200)		
Properties: reduce variable costs (maintenance, leasing, etc.)		(49,706)	(49,706)		
	0	(161,524)	(161,524)	3,462,056	5
Organisational Development (John Smith)					
Consultants: reduce use (Job Evaluation, Staff Welfare)		(16,000)	(16,000)		
External Recruitment: reduce level of external recruitment		(19,000)	(19,000)		
Printing and communications: reduce		(10,000)	(10,000)		
	0	(45,000)	(45,000)	878,997	5
Information and Communications Technology (Stuart Moncrieff)					
Reduce minor acquisitions		(50,000)	(50,000)		
	0	(50,000)	(50,000)	1,451,128	3
Development (Douglas Irvine)					
Staff: delete Industrial Development Officer post		(33,278)	(33,278)		
Lime and Fertiliser Grants: delete subsidy schemes	(140,000)		(140,000)		
Development: reduce consultants budget for promoting the Shetland Brand by 33%		(25,000)	(25,000)		
Reduce research.business advice (more now done by NAFC/SDT)	(55,000)		(55,000)		
	(195,000)	(58,278)	(253,278)	2,649,589	10
DEPARTMENTAL TOTAL	(278,075)	(420,801)	(698,876)	12,258,127	6

SHETLAND ISLANDS COUNCIL

Original proposals for Budgets Reductions for 2004/05

APPENDIX A

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

Description of Proposed Cut	Budget Cuts (Service Related) £	Budget Cuts (Other) £	Budget Cuts (Total) £	Total Budget £	Budget Cuts %
COMMUNITY SERVICES DEPARTMENT					
Directorate (Jacqui Watt)					
Delete MIS post		(23,008)	(23,008)		
Reduce use of external consultants		(11,000)	(11,000)		
	0	(34,008)	(34,008)	1,545,787	2
Education (Alex Jamieson)					
Quarff Primary School: closure	(76,985)		(76,985)		
Eliminate travel payments for supply teachers		(25,000)	(25,000)		
Staff: reduce cluster technicians by 2		(56,795)	(56,795)		
Brae High: delete 0.5FTE Home Economics Teacher	(18,521)		(18,521)		
Delete Knitting Instructors	(29,386)		(29,386)		
Delete Assistant Adviser post	(34,842)		(34,842)		
General Materials and Staff evelopment in Schools: 5% cut	(36,711)		(36,711)		
Improvement Plan/Anti-Bullying/EDO: 5% cut in operational costs	(3,686)		(3,686)		
SETT (In Service): 5% cut	(600)		(600)		
ASN Provision: 5% cut acceptable for 2004/05 but with Gressy Loan may not be possible for 2005/06	(13,175)		(13,175)		
Best Value Service Review of Education (cuts to be announced)	0	0	0		
Staff reductions (8 posts, three quarter year effect in 2004/05)	(240,000)		(240,000)		
Predicted end of year staff saving (vacancies during the year)		(340,000)	(340,000)		
	(453,906)	(421,795)	(875,701)	28,719,115	3
Housing (Chris Medley)					
Homelessness: core costs to be funded from homeless strategy money		(21,700)	(21,700)		
Reduce repairs to staff and education houses		(4,500)	(4,500)		
	0	(26,200)	(26,200)	1,399,710	2
Social Care (Christine Ferguson)					
Staff: Service Manager/Management Older People joint arrangements with NHS Shetland		(65,986)	(65,986)		
Close Laundries	(16,392)		(16,392)		
Meals on Wheels: use SIC staff for delivery, reduce all areas to 3 days per week	(80,445)		(80,445)		
Meals on Wheels: Lerwick to reduce to 3 days per week	(18,447)		(18,447)		
CSD phones: put all disabled on Home Link		(2,800)	(2,800)		
King Erik House: Seniors to replace Manager/Assistant Manager		(1,125)	(1,125)		
Mill Lane to be funded by Scottish Executive under Criminal Justice		(4,550)	(4,550)		
Efficiency savings from local recruitment		(9,805)	(9,805)		
Blue badges fees for medicals to be paid by client		(300)	(300)		
DSS Top Ups: limit Shetland Welfare Trust charge increases to inflation only	(61,880)		(61,880)		
DSS Top Ups: variance on normal occupancy to Block Purchase	(54,884)		(54,884)		
Social Care: close Freefield and transfer lunch club to Residential Homes	(26,995)		(26,995)		
Childrens' Services: some new money to fund existing core services (not new developments)	(112,761)		(112,761)		
	(371,804)	(84,566)	(456,370)	11,711,518	4
Community Development (George Smith)					
Library: reduce book purchases	(15,150)		(15,150)		
Sports and Community Development Grants	(40,000)		(40,000)		
Shetland Council of Social Services: remove grant assistance; stop grant funding "New Shetlander" .	(30,386)		(30,386)		
Sports Development: no provision of summer holiday sports activities	(6,500)		(6,500)		
Play schemes: no appointment of paid staff to deliver holiday activity programmes in rural areas	(14,907)		(14,907)		
Playschemes: stop funding visiting artists	(7,841)		(7,841)		
Reduce variable costs (overtime, travel, subsistence, training, supplies, etc.)		(42,748)	(42,748)		
	(114,784)	(42,748)	(157,532)	3,629,841	4
DEPARTMENTAL TOTAL	(940,494)	(609,317)	(1,549,811)	47,005,971	3

SHETLAND ISLANDS COUNCIL

Original proposals for Budgets Reductions for 2004/05

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

APPENDIX A

Description of Proposed Cut	Budget Cuts (Service Related) £	Budget Cuts (Other) £	Budget Cuts (Total) £	Total Budget £	Budget Cuts %
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INFRASTRUCTURE SERVICES DEPARTMENT

Directorate (Graham Spall)

Hold Head of Transport post vacant

	(50,000)	(50,000)			
	0	(50,000)	(50,000)	1,342,976	4

Planning (Alastair Hamilton)

Hold Energy Assistant post vacant

	(28,204)	(28,204)			
	0	(28,204)	(28,204)	586,956	5

Transport (Ian Bruce)

Stop paying for taxi stances at Victoria Pier and Sumburgh Airport

Review Unst/Yell bus services (through service?)

Review School bus service provision

Income from SCT for Bus Services not included in original budget

	(20,812)		(20,812)		
	(10,314)		(10,314)		
	(26,200)		(26,200)		
		(33,000)	(33,000)		
	(57,326)	(33,000)	(90,326)	3,305,251	3

Ferries (Ken Duerden)

Purchase road vehicles instead of lease

Improve ferry income

Cancel running Yell Ferry through the night

Dispose of 1st relief ferry (Grima)

		(5,000)	(5,000)		
		(92,000)	(92,000)		
	(27,500)		(27,500)		
		(60,379)	(60,379)		
	(27,500)	(157,379)	(184,879)	10,857,123	2

Roads (Ian Halcrow)

Delete one Engineer post

	(30,000)	(30,000)			
	0	(30,000)	(30,000)	6,641,265	0

Environmental Services (Stephen Cooper)

Enforcement Officer seconded and not replaced

Communities Scotland to fund one-stop shop for grant allocation

	(24,488)	(24,488)			
		(30,000)	(30,000)		
	0	(54,488)	(54,488)	6,697,916	1

Trading (David Williamson)

	0	0	0	330,271	0
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DEPARTMENTAL TOTAL

	(84,826)	(353,071)	(437,897)	29,761,758	1
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SHETLAND ISLANDS COUNCIL

Original proposals for Budgets Reductions for 2004/05

APPENDIX A

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

Description of Proposed Cut	Budget Cuts (Service Related) £	Budget Cuts (Other) £	Budget Cuts (Total) £	Total Budget £	Budget Cuts %
OVERALL SUMMARY					
EXECUTIVE SERVICES DEPARTMENT	(278,075)	(420,801)	(698,876)	12,258,127	6
COMMUNITY SERVICES DEPARTMENT	(940,494)	(609,317)	(1,549,811)	47,005,971	3
INFRASTRUCTURE SERVICES DEPARTMENT	(84,826)	(353,071)	(437,897)	29,761,758	1
CORPORATE REVIEW (all departments)					
Reduce supplies and services overheads, including travel and subsistence		(370,000)	(370,000)		
COUNCIL TOTAL	(1,303,395)	(1,753,189)	(3,056,584)	89,025,856	3

SHETLAND ISLANDS COUNCIL

Latest proposals for Budgets Reductions for 2004/05

APPENDIX B

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

Description of Proposed Cut	Budget Cuts (Service Related) £	Budget Cuts (Other) £	Budget Cuts (Total) £	Total Budget £	Budget Cuts %
EXECUTIVE SERVICES DEPARTMENT					
Directorate (Morgan Goodlad)					
Vacant Clerical Assistant post will not be filled		(19,609)	(19,609)		
Headquarters overheads: reduce variable costs (overtime, travel, subsistence, training, etc.)		(6,171)	(6,171)		
	0	(25,780)	(25,780)	732,111	4
Council Members					
	0	0	0	515,479	0
Finance (Graham Johnston)					
Staff: delete clerical post		(18,373)	(18,373)		
Staff: skillseeker instead of temporary cover for maternity leave		(12,325)	(12,325)		
Corporate staff subsidy schemes: delete old schemes now in little use		(2,100)	(2,100)		
Headquarters overheads: reduce variable costs (overtime, travel, subsistence, training, etc.)		(47,421)	(47,421)		
	0	(80,219)	(80,219)	2,568,767	3
Legal and Administration (Jan Riise)					
Staff: delete solicitor post		(38,597)	(38,597)		
Secretariat: reduce staffing levels, costs		(26,421)	(26,421)		
Safety and Risk: reduce variable costs		(5,600)	(5,600)		
External income for elections and support to SCT		(30,000)	(30,000)		
Headquarters overheads: reduce variable costs (overtime, travel, subsistence, training, etc.)		(11,200)	(11,200)		
Properties: reduce variable costs (maintenance, leasing, etc.)		(49,706)	(49,706)		
	0	(161,524)	(161,524)	3,462,056	5
Organisational Development (John Smith)					
Consultants: reduce use (Job Evaluation, Staff Welfare)		(16,000)	(16,000)		
External Recruitment: reduce level of external recruitment		(19,000)	(19,000)		
Printing and communications: reduce		(10,000)	(10,000)		
	0	(45,000)	(45,000)	878,997	5
Information and Communications Technology (Stuart Moncrieff)					
Reduce minor acquisitions		(50,000)	(50,000)		
	0	(50,000)	(50,000)	1,451,128	3
Development (Douglas Irvine)					
Development: reduce consultants budget for promoting the Shetland Brand by 33%		(25,000)	(25,000)		
Reduce research.business advice (more now done by NAFC/SDT)	(55,000)		(55,000)		
	(55,000)	(25,000)	(80,000)	2,649,589	3
DEPARTMENTAL TOTAL	(55,000)	(387,523)	(442,523)	12,258,127	4

SHETLAND ISLANDS COUNCIL

Latest proposals for Budgets Reductions for 2004/05

APPENDIX B

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

Description of Proposed Cut	Budget Cuts (Service Related) £	Budget Cuts (Other) £	Budget Cuts (Total) £	Total Budget £	Budget Cuts %
COMMUNITY SERVICES DEPARTMENT					
Directorate (Jacqui Watt)					
Delete MIS post		(23,008)	(23,008)		
Reduce use of external consultants		(11,000)	(11,000)		
	0	(34,008)	(34,008)	1,545,787	2
Education (Alex Jamieson)					
Quarff Primary School: closure	(76,985)		(76,985)		
Eliminate travel payments for supply teachers		(25,000)	(25,000)		
Staff: reduce cluster technicians by 2		(56,795)	(56,795)		
Brae High: delete 0.5FTE Home Economics Teacher	(18,521)		(18,521)		
Delete Assistant Adviser post	(34,842)		(34,842)		
General Materials and Staff development in Schools: 5% cut	(36,711)		(36,711)		
Improvement Plan/Anti-Bullying/EDO: 5% cut in operational costs	(3,686)		(3,686)		
SETT (In Service): 5% cut	(600)		(600)		
ASN Provision: 5% cut acceptable for 2004/05 but with Gressy Loan may not be possible for 2005/06	(13,175)		(13,175)		
Best Value Service Review of Education (cuts to be announced)	0	0	0		
Staff reductions (8 posts, three quarter year effect in 2004/05)	(240,000)		(240,000)		
Predicted end of year staff saving (vacancies during the year)		(340,000)	(340,000)		
	(424,520)	(421,795)	(846,315)	28,719,115	3
Housing (Chris Medley)					
Homelessness: core costs to be funded from homeless strategy money		(27,000)	(27,000)		
Reduce repairs to staff and education houses		(4,500)	(4,500)		
	0	(31,500)	(31,500)	1,399,710	2
Social Care (Christine Ferguson)					
Staff: Service Manager/Management Older People joint arrangements with NHS Shetland		(65,986)	(65,986)		
Meals on Wheels: use SIC staff for delivery, reduce all areas to 3 days per week	(80,445)		(80,445)		
Meals on Wheels: Lerwick to reduce to 3 days per week	(18,447)		(18,447)		
CSD phones: put all disabled on Home Link		(2,800)	(2,800)		
King Erik House: Seniors to replace Manager/Assistant Manager		(1,125)	(1,125)		
Mill Lane to be funded by Scottish Executive under Criminal Justice		(4,550)	(4,550)		
Efficiency savings from local recruitment		(9,805)	(9,805)		
Childrens' Services: some new money to fund existing core services (not new developments)	(112,761)		(112,761)		
	(211,653)	(84,266)	(295,919)	11,711,518	3
Community Development (George Smith)					
Reduce variable costs (overtime, travel, subsistence, training, supplies, etc.)		(42,748)	(42,748)		
	0	(42,748)	(42,748)	3,629,841	1
DEPARTMENTAL TOTAL	(636,173)	(614,317)	(1,250,490)	47,005,971	3

SHETLAND ISLANDS COUNCIL

Latest proposals for Budgets Reductions for 2004/05**APPENDIX B**

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

Description of Proposed Cut	Budget Cuts (Service Related) £	Budget Cuts (Other) £	Budget Cuts (Total) £	Total Budget £	Budget Cuts %
INFRASTRUCTURE SERVICES DEPARTMENT					
Directorate (Graham Spall)					
Hold Head of Transport post vacant		(50,000)	(50,000)		
	0	(50,000)	(50,000)	1,342,976	4
Transport (Ian Bruce)					
Stop paying for taxi stances at Victoria Pier and Sumburgh Airport		(20,812)	(20,812)		
Review School bus service provision	(26,200)		(26,200)		
Income from SCT for Bus Services not included in original budget		(33,000)	(33,000)		
	(26,200)	(53,812)	(80,012)	3,305,251	2
Ferries (Ken Duerden)					
Purchase road vehicles instead of lease		(5,000)	(5,000)		
	0	(5,000)	(5,000)	10,857,123	0
Roads (Ian Halcrow)					
Delete one Engineer post		(30,000)	(30,000)		
	0	(30,000)	(30,000)	6,641,265	0
Environmental Services (Stephen Cooper)					
Enforcement Officer seconded and not replaced		(24,488)	(24,488)		
	0	(24,488)	(24,488)	6,697,916	0
Trading (David Williamson)					
	0	0	0	330,271	0
DEPARTMENTAL TOTAL	(26,200)	(163,300)	(189,500)	29,174,802	1

SHETLAND ISLANDS COUNCIL

Latest proposals for Budgets Reductions for 2004/05**APPENDIX B**

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

Description of Proposed Cut	Budget Cuts (Service Related) £	Budget Cuts (Other) £	Budget Cuts (Total) £	Total Budget £	Budget Cuts %
OVERALL SUMMARY					
EXECUTIVE SERVICES DEPARTMENT	(55,000)	(387,523)	(442,523)	12,258,127	4
COMMUNITY SERVICES DEPARTMENT	(636,173)	(614,317)	(1,250,490)	47,005,971	3
INFRASTRUCTURE SERVICES DEPARTMENT	(26,200)	(163,300)	(189,500)	29,174,802	1
COUNCIL TOTAL	(717,373)	(1,165,140)	(1,882,513)	88,438,900	2

SHETLAND ISLANDS COUNCIL

Proposed changes from original proposals for Budgets Reductions for 2004/05

APPENDIX C

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

Description of Proposed Cut	Original			Proposed now		
	Budget Cuts (Service Related)	Budget Cuts (Other)	Budget Cuts (Total)	Budget Cuts (Service Related)	Budget Cuts (Other)	Budget Cuts (Total)
	£	£	£	£	£	£
EXECUTIVE SERVICES DEPARTMENT						
Finance (Graham Johnston)						
Community Council Grants: 25% reduction of exceptional SIC funding	(81,911)		(81,911)	0		0
Shetland Council of Social Services Grant: 5% reduction in line with SIC cuts	(1,164)		(1,164)	0		0
	(83,075)		(83,075)	0		0
Development (Douglas Irvine)						
Staff: delete Industrial Development Officer post		(33,278)	(33,278)		0	0
Lime and Fertiliser Grants: delete subsidy schemes	(140,000)		(140,000)	0		0
	(140,000)	(33,278)	(173,278)	0	0	0
DEPARTMENTAL TOTAL	(223,075)	(33,278)	(256,353)	0	0	0
COMMUNITY SERVICES DEPARTMENT						
Education (Alex Jamieson)						
Delete Knitting Instructors	(29,386)		(29,386)	0		0
	(29,386)		(29,386)	0		0
Housing (Chris Medley)						
Homelessness: core costs to be funded from homeless strategy money		(21,700)	(21,700)		(27,000)	(27,000)
		(21,700)	(21,700)		(27,000)	(27,000)
Social Care (Christine Ferguson)						
DSS Top Ups: limit Shetland Welfare Trust charge increases to inflation only	(61,880)		(61,880)	0		0
DSS Top Ups: variance on normal occupancy to Block Purchase	(54,884)		(54,884)	0		0
Close Laundries	(16,392)		(16,392)	0		0
Blue badges fees for medicals to be paid by client		(300)	(300)		0	0
Social Care: close Freefield and transfer lunch club to Residential Homes	(26,995)		(26,995)	0		0
	(160,151)	(300)	(160,451)	0	0	0
Community Development (George Smith)						
Library: reduce book purchases	(15,150)		(15,150)	0		0
Sports and Community Development Grants	(40,000)		(40,000)	0		0
Shetland Council of Social Services: remove grant assistance; stop grant funding "New Shetlander"						
"	(30,386)		(30,386)	0		0
Sports Development: no provision of summer holiday sports activities	(6,500)		(6,500)	0		0
Play schemes: no appointment of paid staff to deliver holiday activity programmes in rural areas	(14,907)		(14,907)	0		0
Playschemes: stop funding visiting artists	(7,841)		(7,841)	0		0
	(114,784)	0	(114,784)	0		0
DEPARTMENTAL TOTAL	(304,321)	(22,000)	(326,321)	0	(27,000)	(27,000)

SHETLAND ISLANDS COUNCIL

Proposed changes from original proposals for Budgets Reductions for 2004/05**APPENDIX C**

(General Fund, Support Services, Recharged Services: employee costs, operating costs, transfer payments, controllable income (excl. charge levels))

Description of Proposed Cut	Original			Proposed now		
	Budget Cuts (Service Related)	Budget Cuts (Other)	Budget Cuts (Total)	Budget Cuts (Service Related)	Budget Cuts (Other)	Budget Cuts (Total)
	£	£	£	£	£	£
INFRASTRUCTURE SERVICES DEPARTMENT						
Transport (Ian Bruce)						
Review Unst/Yell bus services (through service?)	(10,314)		(10,314)	0		0
	(10,314)	0	(10,314)	0		0
Ferries (Ken Duerden)						
Improve ferry income		(92,000)	(92,000)		0	0
Cancel running Yell Ferry through the night	(27,500)		(27,500)	0		0
Dispose of 1st relief ferry (Grima)		(60,379)	(60,379)		0	0
	(27,500)	(152,379)	(179,879)	0	0	0
Planning (Alastair Hamilton)						
Hold Energy Assistant post vacant		(28,204)	(28,204)			
	0	(28,204)	(28,204)	586,956	5	
Environmental Services (Stephen Cooper)						
Communities Scotland to fund one-stop shop for grant allocation		(30,000)	(30,000)		0	0
	0	(30,000)	(30,000)		0	0
DEPARTMENTAL TOTAL	(37,814)	(210,583)	(248,397)	0	0	0
OVERALL SUMMARY						
EXECUTIVE SERVICES DEPARTMENT	(223,075)	(33,278)	(256,353)	0	0	0
COMMUNITY SERVICES DEPARTMENT	(304,321)	(22,000)	(326,321)	0	(27,000)	(27,000)
INFRASTRUCTURE SERVICES DEPARTMENT	(37,814)	(210,583)	(248,397)	0	0	0
CORPORATE REVIEW (all departments)						
Reduce supplies and services overheads, including travel and subsistence		(370,000)	(370,000)		0	0
COUNCIL TOTAL	(565,210)	(635,861)	(1,201,071)	0	(27,000)	(27,000)

Note: Other than the items listed above, all other cuts proposed initially (Appendix A) have been maintained in the current proposals (Appendix B).

APPENDIX D

PROPOSED SHETLAND CHARITABLE TRUST FUNDING TRANSFERS TO COUNCIL 2004/05

(Items which SCT have agreed to not fund in 2004/05 but wish the SIC to take over responsibility for funding and delivering)

Project	Purpose	2004/05 Bid £	Budget Responsible Officer	RECOMMENDATION
Seasonal Grass Curring (Shetland Amenity Trust)	Free grass cutting service for frail and elderly.	50,000	Christine Ferguson	Transfer funding
School Visits (Shetland Arts Trust)	Transport and accommodation for pupils to visit theatre, art colleges and orchestras.	6,000	Alex Jamieson	Transfer funding
Music Festival (Shetland Arts Trust)	Festival costs	17,000	Alex Jamieson	Transfer funding
Transport to Leisure Centres	Pupil transport costs	28,000	Alex Jamieson	Transfer funding
Educational Use of SRT Facilities	PE use of SRT Centres	80,000	Alex Jamieson	Transfer funding
Young Enterprise Board	Transport costs	2,000	Alex Jamieson	Transfer funding
Old school Centre Lease	Lease payment to SLAP (to be renegotiated)	37,000	George Smith	Transfer funding
Sports Development Initiatives	Hire SRT premises	6,000	George Smith	Transfer funding
Bridge End Outdoor Centre	Running costs deficit grant	5,000	George Smith	Transfer funding
Unst Youth Centre	Running costs deficit grant	5,000	George Smith	Transfer funding
Youth Initiatives	No draw down since 1997?	15,000	George Smith	Transfer funding
Archaeology Service Level Agreement (Shetland Amenity Trust)	Costs on planning matters	16,000	Alastair Hamilton	Transfer funding
TOTAL TRANSFERRED FUNDING		<u>267,000</u>		

APPENDIX E

ITEMS TO BE INCLUDED IN 2004/05 GENERAL FUND BUDGET (not included in 12 February Report)

Cost Centre Description	Code	Revised 2004/05 Budget £	Description of Proposed Cut & Impact on Service Delivery (please ensure that you specify effects on staffing/services/community - if none then state none)	One off/ Ongoing
Museum	GRL	24,000	Extend contract of Photo Digitisation Project Manager for 8 months from April-November 2004 to meet Council obligation to employee and to meet further work requirements of the Project.	One-off
Organisational Development	SRX41010001	87,717	4 Job Analysts for 9 months to complete Job Evaluation for all posts involved in Single Status project, to enable Council to meet its target of 1 April 2005 implementation.	One-off
TOTAL		111,717		One-off



REPORT

**To: Special Executive Committee
Shetland Islands Council**

**28 June 2004
30 June 2004**

From: Head of Finance and Chief Executive

Financial Restructure Proposals Report No: F-031-F

1.0 Background

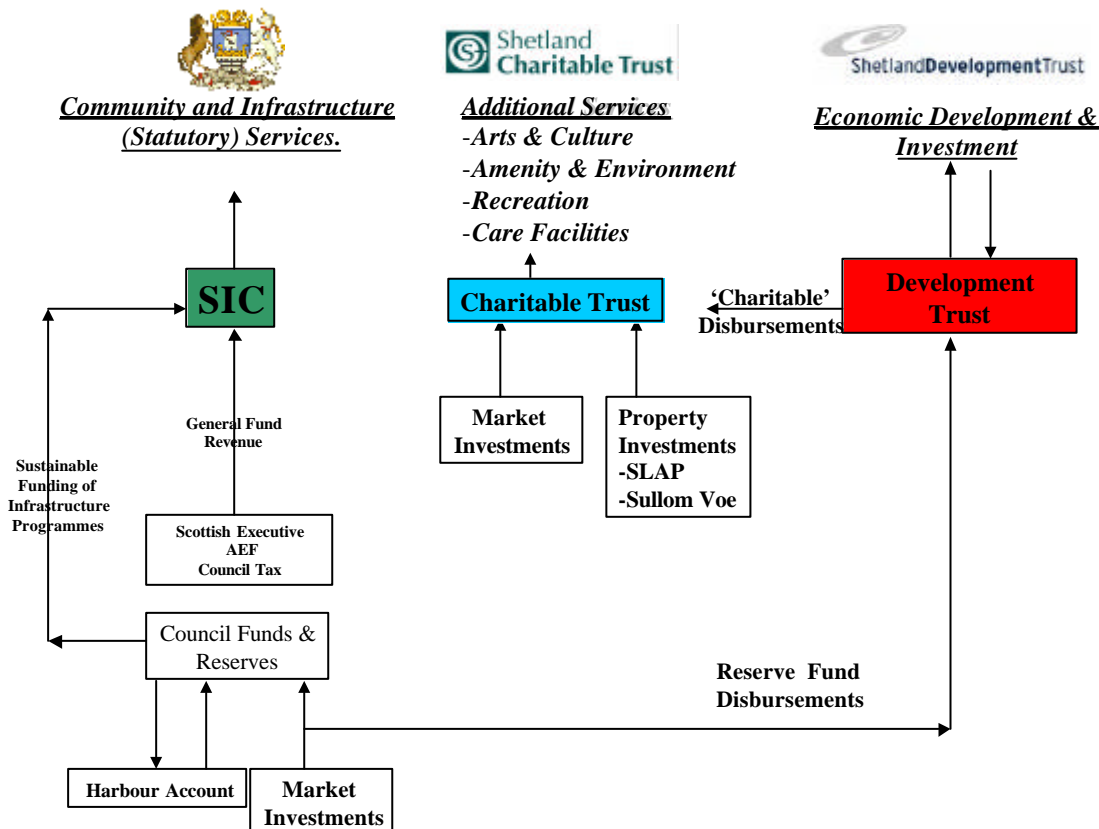
- 1.1 The Council is fortunate that as a result of very long term planning and a very prudent approach over the years a healthy level of financial reserves have been accumulated.
- 1.2 The policy of seeking to ensure self-sustainability of the funds by limiting spending to the forecast level of future investment returns has put us in a solid financial position.
- 1.3 The policy of restraints on revenue spending over the past few years has added to the position we have reached today. Slippage on the Capital Programme has also inadvertently helped.
- 1.4 All of these factors have seen the Council through the worst stock market collapse (2000-2003) in decades in much better financial shape than would have been the case otherwise.
- 1.5 The re-positioning of the near Council related trusts, particularly the specifying of the roles and remits of Development and Charitable Trusts and subsequently the setting up of their own managerial structures, has clarified their own financial structures and requirements as distinct from the Council.
- 1.6 Furthermore the winning of the Clair pipeline for Sullom Voe and the continuation of transhipped oil from West of Shetland provides a longer term framework for oil related income for the Council and Charitable Trust than was previously anticipated.
- 1.7 It is against this background and cognisant of the highly Council-dependent nature of Shetland's economic health (currently in difficulty due to a struggling private sector economy, particularly in the dominant fisheries sectors) that we are proposing an internal financial restructuring exercise.

1.8 The overall intent is to enable:

- a) The Council to make a number of planned investments in capital infrastructure projects. These infrastructure investments create economic activity in themselves, whilst enhancing the framework for future economic prosperity as a result.
- b) The Shetland Development Trust to consolidate its position financially such that it can develop in its economic investment role, which is critical to restoring the local economy to one that can sustainably grow.
- c) The Shetland Charitable Trust to rebuild its capital base such that it can generate sufficient surpluses to meet its ongoing support programmes and in the future possibly enable an expansion in its role of providing additional services to benefit the Shetland Community.

2.0 The Organisational Framework

2.1 Organisationally we have now reached the target structures below, that were proposed in 2000/2001:

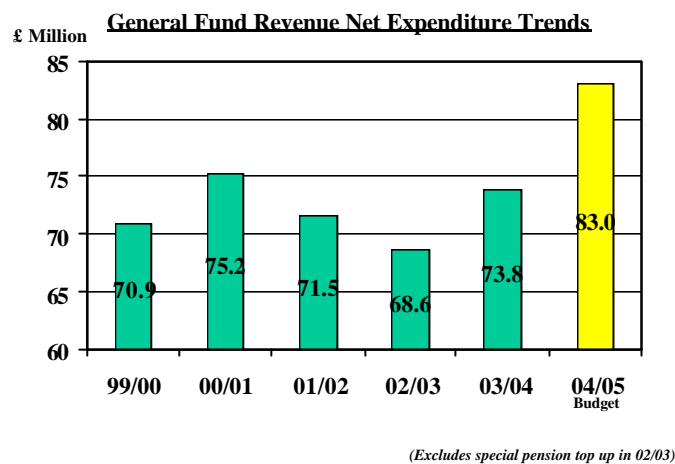


3.0 Financial Strategies and Progress

3.1 The Council

Revenue

3.1.1 The Council has a policy of achieving a General Fund revenue account which does not rely on top up finances from its own discretionary reserves but only spends annual income, mainly derived from central government support. This has provided constraints on the General Fund expenditure over the past few years as follows:



3.1.2 The net drawing on discretionary reserves to support revenue spend as a result of this policy has been £1 million over the period 1999 to 2003, thus almost achieving the strategic objective.

3.1.3 This result has been achieved through a set of organisational re-structures, streamlining much of the Council's previous top-heavy and complex managerial processes into the more rational structure that is in place today. And with that a more corporate management approach to budget setting and spending has developed, moving away from the parochial budget defence mechanisms of the past. However, there have been shifts to higher levels of spending on front line services and in particular the employment of more front line direct service delivery staff, especially in Social Work, which has been reflected in increased staff figures, even though spending constraint has been pursued up to 2004/2005.

3.1.4 The predicted outturn of 2003/2004 account requires possibly £1.7 million contribution from revenue balances but the ongoing reduction exercise for the initially predicted overspend of £4.5 million in 2004/2005 should, with continued focus and increased elected member commitment and

involvement, restore a balanced situation (if not this year then for 2005/2006).

- 3.1.5 The constrained revenue spending has been achieved in spite of assimilating additional revenue burdens resulting from leasing ferries rather than buying them outright (an extra £2 million annually), cessation of recharging for development support services to SLAP and Shetland Development Trust (£0.6 million annually) and recharging to Shetland Charitable Trust (£1.2 million annually). The Council has also had to absorb additional spending burdens imposed by the Scottish Executive's agenda on, for example, teachers' remuneration and social inclusion, not all of which have been wholly funded by the Executive.

- 3.1.6 **It will be an absolute requirement of implementing these proposals that revenue spend continues to be kept in firm managerial control and driven continually downwards. The onus is upon Budget Responsible Officers as never before to contain spending within approved budgets and to drive spending down further wherever possible. In addition I will be proposing greater member involvement in budget management in the future.**

Capital Expenditure

- 3.1.7 The Council remains in the favourable position of being debt free on its General Fund capital spend and has maintained a policy of self sustainability of its discretionary reserves, only committing predicted earnings from the capital base in a particular year to fund the ongoing Capital Programme.

- 3.1.8 A consequence of that policy in the past was that should particular spends not occur in the year they were planned those amounts became locked within the capital base of the funds and were not carried forward into future years. This has had a beneficial effect on our funds in that often our project expectations have in the past been too ambitious in execution terms and this slippage has maintained the funds at higher base levels than would have been achieved had all the various projects been delivered on time. This approach has contributed much to the often-presented unbalanced Capital Programme in that available predicted surpluses have not been sufficient to fund a log jamb of past, current and future capital projects but has of course resulted in fairly healthy growth in the capital base of our funds in spite of recent poorer performances resulting from investment market downturns.

- 3.1.9 During 2002/2003 predicted returns from fund investments ran into negative figures in the wake of 9/11 and subsequent market collapses. Capital spend was then financed from the useable Capital Receipts Reserve which had been accumulated following the sale of the Sullom Voe terminal to

the Charitable Trust and also the sale of a number of Council properties to SLAP. This step further aided the recovery of invested funds to current levels.

3.1.10 With the advent of the Local Government in Scotland Act 2003 and with this a new prudential regime for capital expenditure there is an opportunity to reconsider the previous strictures on capital spending as outlined above, and thus we now have greater flexibility should we wish to use it.

3.1.11 The investment of the Council's Reserves is restricted by legislation to the Loans Pool (effectively cash) and 'Trustee' investments as defined by the Trustee Investment Act 1961 (TIA 1961). This over forty year old Act places restraints on the range of investment classes and choice of individual shares/bonds etc which impact negatively on the expected performance of the funds. The Council has sought the lifting of these restrictions for many years, firstly through Westminster, and more recently through the Scottish Parliament.

3.1.12 The route is to change the Local Authority legislation to replace the link to the TIA 1961 with a link to the more modern Local Authority Pension Scheme Investment Regulations. Progress has occurred, albeit seemingly slowly. The first step was changes in the primary legislation by means of the Local Government in Scotland Act 2003 to permit new regulations. New investment regulations have been drafted after suitable consultation with local authorities and CIPFA and these are moving through the consultation phase and the Parliamentary process. The best estimate is that they will be in place and effective from 1st April 2005.

3.1.13 Any unwelcome investment restriction will reduce long run expected returns and all the Council Funds are affected. The Capital Fund is particularly adversely constrained and can only be invested in certain bonds and cash. The ability to flexibly manage the spread of council reserves between bonds, equities etc to suit particular financial market conditions should enhance the opportunity to increase investment returns in the future. It is expected that being able to invest the Capital Fund under the Pension Scheme Regulations rather than the TIA 1961 restrictions could generate an extra £3 to £4 million per annum.

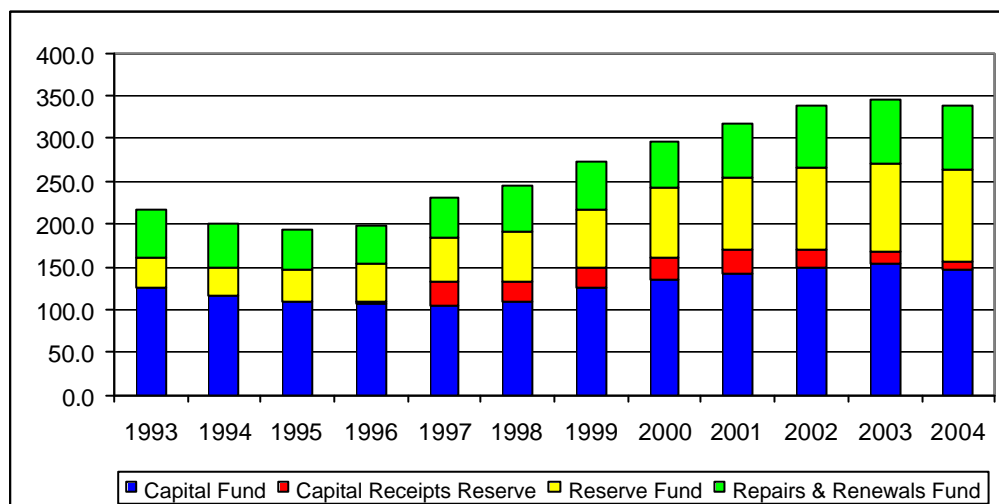
3.1.14 The likely outcome, once the restrictions are lifted, will be the opportunity to merge the Council's discretionary reserves into a single, expanded Reserve Fund whose investments will only be constrained by the Pension Fund regulations. We consider that there are a number of opportunities resultant from such a move related to our Reserve Powers under the ZCC Act for future investment and deployment of funds within our

community. However there are also a number of detailed issues to be considered.

3.1.15 The future of the Port of Sullom Voe is critical in considering the proposals above. An integrated port services operation (combining Towage, Pilotage and other Port Services) which will reduce costs and thus assist in extending Port viability. In addition we are engaged in detailed discussion with BP, the Terminal operators, to secure a viable basis for the Ports extended future.

Status of Council Discretionary Reserves

3.1.16 The total of Council discretionary reserves at the end of March 2004 was just over £339 million, representing a growth of £43 million since 2000 and £146 million since 1995. These do not include specific Sullom Voe related funds required for ongoing sustainable operations at the Port, in particular Equalisation Account and Pilot Boat and Marine Funds.



3.1.17 This represents real growth in the discretionary funds of over 15% since 1993 (i.e. since the Council went debt-free), despite all the considerable levels of capital and revenue spending and the ups and downs in investment markets in the meantime.

3.1.18 This conclusion is based on the Consolidated Balance Sheet value of these funds, which is prudently taken at book value (i.e. cost of investments) rather than at current market value. This valuation approach damps out short term fluctuations in markets and better reflects our intended long term management and use of these reserves.

3.1.19 It is a matter for the Council to decide at what level the capital base for all these funds should now be set to determine the floor level on which to base future policy in relationship to self sustainability and future spend levels. Unlike in the past, where the floor level adjusted itself according to actual returns

and spending, it is intended that the Council should keep this level under active and ongoing review as a crucial plank in future financial planning. This active management approach is more appropriate to the new phase which the Council is entering (with oil revenues drying up, and the infrastructure and economic investment demands of the economy being of paramount importance). More active management of the size of our reserves will also provide the best defence against further external criticism of their magnitude.

3.1.20 The choice of a floor level for Council funds is a very big, and largely political, judgment for the Council to take. The choices (and my comments upon them) are set out below:

3.1.20.1 The Council could choose to preserve reserves at the current level or could choose to try and increase them (there is no particular significance in their present level, in my view, and the withholding of resources from the economy at this point in a very adverse economic cycle would be damaging, and contrary to the intention to use these reserves to stabilise and enhance the economic prospects).

3.1.20.2 The Council could choose to make once and for all investments in infrastructure (which would be in my view consistent with present circumstances and the long term aims of the Council in having these reserves, but which would obviously reduce the amounts available for future use).

3.1.20.3 The Council could also choose to use reserves to prop up the currently high levels of revenue spending (which would be imprudent, in my view, in that using capital to sustain revenue means we'll be using long term assets for short term support, which is akin to selling off the family silver to temporarily make ends meet).

3.1.21 My view is, therefore, that the Council should consider applying a portion of Council reserves at this time to invest in infrastructure not having significant ongoing increased revenue implications, as a support to the current economy and a foundation for future prosperity, recognising that to do so means making once and for all choices on which there can be no going back.

3.1.22 I would recommend that a minimum total level of Council reserves of £250 million be set (1998 levels) thus providing a base upon which future sustainable spend can start to be planned. This would allow a substantial injection of funds based on current levels (taking into account the imminent boost to the reserves from the sale of the two Yell ferries to SLAP) into the economy over the next few years (over and

above the present policy limit of self sustainable use of reserves).

3.1.23 Adoption of such a policy, together with the additional financial proposals made in this report, would most likely enable the currently defined General Fund Capital Programme to be funded. Phasing of the spend, limited by operational timescale to execute the programmes on the existing capital programme, including those within existing policy (as set out to Council on 30 June 2004) already enables the funding of the New Anderson High School and Hostel, the Bressay Bridge, and the Cinema/Music Venue.

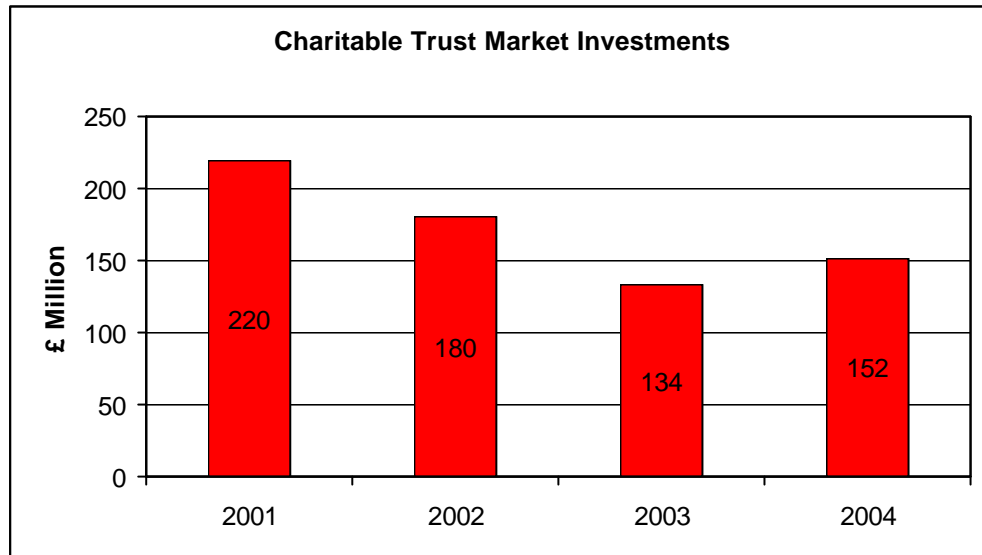
3.1.24 Additional member aspirations could most likely be included within this programme, in particular:

1. New build, day care facilities for adults with learning disabilities.
2. Additional Roads Network.
3. Remaining Community Marina Provision

3.1.25 I believe that to go beyond this commitment at this stage would breach the limits I am currently recommending. Should the members approve the recommendations contained in this report I would request a closure of the capital programme beyond what is currently defined (including the above expansion), subject to annual review on income and spend profiles in particular the balance achieved between revenue and capital.

3.2 Shetland Charitable Trust

- 3.2.1 The Trust has suffered much more than the Council from the collapse of the international investment markets following 9/11, due to having been much more exposed to the decline in equities. Investment returns are now the Trust's main source of income and as such its ability to continue disbursements at the levels of the past has been severely curtailed.



- 3.2.2 The Trust has embarked on a programme of necessary reductions in its level of disbursements to enable it to stabilise its position and to reduce its current annual deficit such that it can return to a sustainable position. A target of £6 million of spending reductions and/or increase in income per annum by March 2006 is the current budget objective. Some progress has been made on reducing expenditure but it is unlikely that the target can be fully achieved without considerably impacting on the beneficiaries of Trust spending, in particular via the service related Trusts.

- 3.2.3 Therefore, in order to achieve the aim of self-sustainability it is going to be necessary to increase considerably the contributions from local investments. The future of the annual rental income from Sullom Voe is reasonably secure for the foreseeable future, although declining with oil throughput. The Trust will dispose of ownership of the now loss-making Shetland Towage Ltd in the near future and Shetland Leasing and Property Developments Ltd (SLAP) has made a decision in the wake of significant earlier losses to withdraw from investments in local businesses. Significant write-offs have taken place on the District Heating Scheme infrastructure and SHEAP is now funded only with small annual tranches on a commercial return basis.

- 3.2.4 In an earlier decision it was agreed that SLAP's portfolio of economic development investments would be transferred in due course to Shetland Development Trust. Some transfers have already been made and it is proposed as part of this

restructuring exercise that this is completed and most of the remaining SLAP investments are transferred. The largest component of this transfer is the ownership of White Fish Quota, purchased at a price of £16.2 million. Other recent transfer transactions have taken that holding up to £17 million. It is proposed that the Quota will be transferred at cost so that SLAP's financial position is not adversely affected by this diversion away from SLAP's now defined primary purpose.

3.2.5 There is in addition a remaining local business loans and hire purchase portfolio of £12 million (after provisions), potentially all of which it would be desirable to transfer to the Development Trust as they lie more clearly within their remit. SLAP also holds various preference shares of insignificant value which it would be logical to include in the transfer to the Development Trust. It is proposed that this whole portfolio be transferred at current valuation.

3.2.6 Equity holdings in Shetland Oiltools Ltd and Shetland Seafish Ltd are now held without additional financial exposure and plans are in hand for SLAP to exit from these operations.

3.2.7 SLAP has begun to purchase from, and lease back to the Council, new build inter-island ferries. Investments in Filla and Linga amount to £9.2 million which generate an income to the company of £0.9 million annually. The two new ferries for the Yell Sound service (which will come into service this year) are currently funded from Council capital funds and a sale and lease back via SLAP is also intended for these. As such it will be necessary for SLAP to find the purchase price of £13 million and we do not consider it best use of available resources to draw down additional share capital from the Charitable Trust to fund this. It is proposed that SLAP raises the required capital for purchase of the ferries through the sale of its remaining local business assets (primarily to Shetland Development Trust as outlined above).

3.2.8 It is estimated on this basis that SLAP would be in a position to provide a return to the Charitable Trust of upwards of £4 million annually from its then safe and secure investments.

3.3 Shetland Development Trust

3.3.1 The Trust operates by the provision of Reserve Fund grants by the Council. The history of these since inception of the Trust in 1995 are as follows:

Financial Year	Reserve Fund Grant	Fishing Shareholder Scheme	High Risk Unsecured Loans Scheme	
	£	£	£	£
1995/96	3,130,000			3,130,000

1996/97	1,267,500	16,679,000	17,946,500
1997/98	1,935,635	57,500	1,993,135
1998/99	1,530,000	80,000	1,610,000
1999/00	1,584,000		1,584,000
2000/01	3,157,888		3,157,888
2001/02	0		0
2002/03	0		0
2003/04	900,000		900,000

Total 'Grant'	30,321,523
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3.3.2 The previously-run High Risk Unsecured Loan Scheme was folded into the Trust as was the small First Time Fishing Vessel Shareholding scheme.

3.3.3 The funding to the Trust is by grant and thus investment returns to the Reserve Fund are not possible. In order to avoid payment of high levels of corporation tax the Trust has an agreed policy of donating its operational surplus to a charitable body. £4.7 million has been donated to the Shetland Charitable Trust in the past from the Development Trust's earned surpluses, a current level of £1.3 million is being decided on by the Trust for disbursement in this way.

3.3.4 The current prudent valuation of the Development Trust's portfolio of investments stands at £17 million taking into account a high level of provisions amounting to £7 million on potential bad debt.

3.3.5 The Development Trust has presented an outline plan of what it sees are funding requirements for 2004/2005 for the various sectors of the industry set against the existing elements of the Shetland 2012 economic development strategy as follows:

	£ Million
Aquaculture	2.5
Fish Catching & Processing	5.5
Shellfish Catching	0
Agriculture	0
Tourism	0.3
Fishing Ancillary	0.5
Knitwear	0
Service Industries	0.2
Renewable Energy	0
Total Budget	9.0

N.B. In addition, depending on Smyril Line achieving a satisfactory outcome with the financiers of the new 'Norrøna' to reduce loan repayments, an additional injection of equity capital of around £1million may be proposed to the Trust.

3.3.6 It is currently clear that the heavy emphasis placed by the Trust in significant investments in Fisheries & Aquaculture

projects are not realisable in the short term set against the current state of the industry as salmon prices remain resolutely below production costs. The politics of fish catching, as well as little evidence of price improvements, prevents industry recovery. It is thus unlikely that the Council can or should support a grant to the Trust at this proposed level in the shorter term set against these outline proposals until a more comprehensive strategy for the future of aquaculture development is in place and a hoped-for revival occurs, through increases in fish quotas combined with more flexible catching regimes.

3.3.7 I am therefore proposing that the Development Trust in the shorter term consolidates its overall investment portfolio with the transfer of the SLAP investments, particularly fish quota, and that Reserve Fund funding is made available for that purpose (in effect transferring those funds indirectly to SLAP). This will require a transfer of £29 million from Reserve Fund to Shetland Development Trust. The existing projections of the Development Trust's investment fund requirements, (noting comments in 3.3.6) are likely to be met from these transfers and the proceeds that these will produce.

3.3.8 Considerable call is made on the Reserve Fund annually from the Shetland Fisheries Training Centre Trust, running the North Atlantic Fisheries College. The dominant proportion of Development Trust annual surpluses are derived from the Fisheries Industries. It makes eminent sense in the future that the Trust donates a significant part of its annual surplus to the NAFC and with that significantly reduces the requirements for ongoing support directly from the Reserve Fund. Trust surpluses can additionally be utilised to grant fund other charitable bodies such as the other trusts in a similar manner, thus reducing support needs from the Reserve Fund or the Charitable Trust. This approach should be used in areas where it simplifies funding arrangements.

4.0 Financial Implications

4.1 The proposals in this report involve a maximum reduction in the Council's level of reserves to £250 million over a period of years. This comes in the form of Reserve Fund financing to the Shetland Development Trust of £29 million to acquire by transfer SLAP investments, and a substantial additional injection of our capital committed to as yet unspecified infrastructure investments contained within the existing capital programme.

4.2 This will ultimately reduce the annual revenue to the Council from its reserves by about £7 million per annum (to the detriment of funding for the future Capital Programme), but will immediately provide revenue raising investments for the Shetland Development Trust and capital for SLAP to invest (to the benefit of the Shetland Charitable

Trust). It will also in the medium term provide improved infrastructure and stimulate private enterprise for the wider benefit of the economy and the Shetland community.

4.3 This represents, in my view, a balanced and far-sighted approach to the difficulties, challenges and opportunities we are currently facing.

4.4 This report, however, goes no further than to set out the strategic outline of a new long term financial plan. Obviously more detail will be required if these outlines are accepted, and will be the subject of future reports before resources are actually committed.

5.0 Policy and Delegated Authority

5.1 Matters of long term financial policy are for Council decision, having heard from the Executive Committee.

6.0 Conclusions

6.1 The consolidation of the Council's reserves into an expanded Reserve Fund with investment restrictions lifted improves local discretion and holds out the prospect of improved returns for the Council.

6.2 The time is right, in our view, for a portion of these reserves to be expended in the fields of infrastructure creation in the interests of providing short term economic stimulus and long term enhancement of the Shetland economy. This report proposes a financial stimulus over the next few years to be the subject of political debate.6.3

The proposals in this report, in addition to pursuing the broad goals described above, will complete the restructuring of SLAP and the Shetland Development Trust, and will be of assistance to the Shetland Charitable Trust in improving its local returns in support of its over-subscribed programmes of charitable disbursement.

7.0 Recommendations

7.1 It is recommended that the Council approves:

7.1.1 detailed examination of the consolidation of all discretionary Council reserves into a single, expanded Reserve Fund, when the change in statute and regulation by the Scottish Executive permits;

7.1.2 a new active approach to the setting and ongoing review of the future magnitude of such a Reserve Fund;

7.1.3 the immediate setting of a minimum floor level of £250 million for a Council discretionary reserves such that:

7.1.3.1 £29 million is immediately advanced to the Shetland Development Trust to acquire SLAP's non-property investments;

- 7.1.3.2 an additional sum is made available over the next few years for infrastructure investment as defined in paragraphs 3.1.23, 24 and 25 subject to specific draw down reports.

Date: 24 June 2004
Ref: MG/GJ/DS

Report No: F-031-F



REPORT

**To: Special Executive Committee
Shetland Islands Council**

**28 June 2004
30 June 2004**

From: Principal, Shetland College

Report No: DV052-F

Shetland College Budget Estimates 2004/2005

1.0 Introduction

- 1.1 This report provides information on the sources of funding for the academic year 2004/2005 and recommends approval of the proposed budget for Shetland College (Appendix A).

2.0 Sources of Funding

- 2.1 Funding detailed below from the Scottish Further Education Funding Council has been confirmed and accepted.

	£
4865 WSUMs @ £170.25	828,364
(less assumed fee income)	(183,108)
Remoteness Element	290,143
Widening Access and Inclusion	22,643
Improving Achievement	7,890
Implementation of Beattie Report	7,661
Increased contribution to STSS	47,598
Capital Grant Allocation	36,792
Fee Waiver Funding	24,401
Total:	<hr/> 1,082,384

- 2.2 Funding from the Scottish Higher Education Funding Council is made to UHI and then distributed to academic partners. The allocation to Shetland College has not been confirmed but is assumed to be £288,000. Any variance, and resultant adjustment in

expenditure, will be reported to the Board of Management and to Shetland Islands Council.

- 2.3 In 2003 Shetland Islands Council agreed to award Shetland College an annual grant of no more than £368,000 to meet its property and leasing costs.
- 2.4 Details of other income from course fees, training grants etc are outlined at Appendix A.

3.0 Background

- 3.1 It is intended that the proposed budget will support the priorities detailed in the recently agreed Strategic Plan for Shetland College, namely:

- 1. To promote broad based Further and Higher Education, Life Long Learning and Social Inclusion, through the identification of the training, education and vocational needs in Shetland and delivery of provision to meet them.
- 2. To promote, and meet the needs of, indigenous industries and support new and sustainable industries.
- 3. To promote social and cultural development and Shetland's heritage.
- 4. To maintain a position of financial health and stability.
- 5. To strengthen the governance and management arrangements.
- 6. To develop the physical environment and IT infrastructure through continued investment and use of ICT and maintenance of the College properties.
- 7. To promote the achievement of excellence through commitment to quality standards and continued investment in staff development.

- 3.2 Student activity within the College has increased significantly in Health and Care programmes of study. Projected enrolments indicate that almost 25% of the targeted WSUMs for the College will be gained in this section. Staff will continue to develop and deliver a range of courses to support the work of local employers including NH Shetland and the local authority.

- 3.3 There will be new activities in the Construction Section of the College. Some emphasis will be placed on the development and implementation of short courses to support the increasing interest in renewable energies. In addition there will be the introduction of Vocational Pathways for some secondary school pupils, who will

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attend college for a half-day each week. The Construction Industry Training Board have also indicated that they would welcome the introduction of a SVQ Level 2 qualification for building operatives.

- 3.4 UHI Academic Planning Committee has recently approved the development of the successful DipHE Contemporary Textiles into a course leading to a degree qualification. It is anticipated that UHI will identify funding to support this development.
- 3.5 Support from the European Social Fund and the Adult Literacy and Numeracy Partnership will ensure the continuing development of Community Learning courses and outreach work in Community Learning Centres.

4.0 Staffing Implications

- 4.1 To support this growth and development it is proposed that the following posts are created at Shetland College.
 - 1 Lecturer Health and Care
 - 1 Lecturer Construction
 - 1 Post to progress cross-college initiatives such as flexible learning and widening access and inclusion.
- 4.2 It is proposed to establish the two temporary posts of Lecturer Community Learning and Lecturer General Studies.
- 4.3 It is proposed that a training opportunity is created for a Skillseeker within the Colleges' IT Technician Service. This will be arranged through Train Shetland.

Provision for these posts is included in the proposed budget. Staffing changes within the budget will be the subject of further reports, to be brought forward for consultation with the College Lecturers JCC and for approval by the Board of Management.

5.0 Financial Implications

- 5.1 The proposed budget summarised below and detailed at Appendix A is within the funding available.

	£
Income	(2,463,927)
Employee Costs	1,487,605
Supplies and Services	506,968
Property Costs	368,000
Proposed Additional Staff	101,354

Total Expenditure:

2,463,927

6.0 Policy and Delegated Authority

- 6.1 The Board of Management has delegated authority and responsibility for the financial and other affairs of the College. Funding was not confirmed in time to report to the Board of Management on 7th June and, following consultation, this report is seeking approval from Shetland Islands Council.

7.0 Recommendation

I recommend that Council approves:

- 7.1 the proposed budget for Shetland College for the academic year 2004/2005.
- 7.2 the introduction of three FTE lecturer posts (4.1)
- 7.3 that two temporary lecturer posts become established (4.2)
- 7.4 that a training opportunity for an IT Technician Skillseeker is created (4.3)

Ref: ES

Date: 21 June 2004

Report No: DV052



REPORT

To: Shetland Islands Council

30 June 2004

**From: Head of Finance
Executive Services Department**

ABSTRACT OF ACCOUNTS 2003/04: PROGRESS REPORT REPORT NO: F-033-F

1. Introduction

- 1.1 The deadline for submitting the 2003/04 Abstract of Accounts to the Controller of Audit at Audit Scotland is 30 June 2004. The Local Authority Accounts (Scotland) Regulations 1985, as amended, also require that the Abstract is submitted to the authority.
- 1.2 This report gives an update on the progress to date on the 2003/04 Abstract of Accounts, this being the meeting of the Council closest to the 30 June 2004 deadline for submission of the Abstract.

2. 2003/04 Abstract of Accounts

- 2.1 The Abstract of Accounts represents the maximum possible compliance with the current Code of Practice on Local Authority Accounting in the United Kingdom, consistent with the overriding requirement to present fairly the financial affairs of the Council.
- 2.2 The Abstract is the only document which is subject to external audit after submission by the 30 June 2004. The Controller of Audit has instructed that the audit of the Abstract should be complete by 30 September 2004.
- 2.3 As in previous years, I will report to the Executive Committee and the Council at the end of the external audit process, commenting on the external audit findings and enclosing a final, certified version of the 2003/04 Abstract of Accounts.

3. Commentary on Draft 2003/04 Abstract of Accounts

3.1 The consolidated revenue account shows a deficit for the year of £3.45 million, which includes the already approved write off of the accumulated Shetland College deficit of £1.7 million. This leaves a surplus of £4.05 million to be carried forward.

3.2 The financing of the capital programme has reduced the Usable Capital Receipts Reserve to £3.9 million. This should be enhanced in 2004/05 with the anticipated sale of the new ferries to SLAP.

4. Financial Implications

4.1 This report does not contain proposals relating to the incurring of expenditure and therefore has no direct financial implications.

5. Policy and Delegated Authority

5.1 Stewardship of audit and service performance matters normally rests with the Executive Committee.

5.2 Due to the timing of the Executive Committee meeting, the Abstract of Accounts is not available to put to that meeting. This report is therefore submitted directly to the Council for the attention of all Members.

6. Conclusions

6.1 The 2003/04 draft Abstract of Accounts has been completed, allowing it to be submitted for external audit by the deadline of 30 June 2004.

6.2 I wish to record my thanks to the staff in all Departments of the Council who have contributed to the completion of the document within the overall deadline.

7. Recommendations

7.1 It is recommended that the Council should note this progress report, approve the Abstract of Accounts and await the presentation of the final, audited version of the 2003/04 Abstract of Accounts in due course.

Date: 22 June 2004
Ref: DAH/DS/A/9/26

Report No: F-033-F



REPORT

To: Shetland Islands Council

30 June 2004

**From: Conservation Manager
Planning
Infrastructure Services Department**

SCOTTISH EXECUTIVE PUBLIC SECTOR ENERGY FUND

1 Introduction

- 1.1 This report recommends that the Council delegate authority to the Executive Director of Infrastructure Services to ensure that the Council meet the criteria that will release this Council's share of the Scottish Executive Public Sector Energy Fund.
- 1.2 This report is being reported directly to the Council rather than to the Infrastructure Committee because the letter from the Scottish Executive was received after the Committee date and, in order to maximise the potential savings in the current financial year action is required as soon as possible. In any event, because the proposed course of action and the commitment that is required amounts to new policy a decision of the Council is required.

2 Background

- 2.1 The Council has been actively involved with energy issues for over a decade since adopting the Shetland Islands Energy Charter in 1993. In 1995 the European funded Shetland PERU project saw the establishment of the Energy Unit within the Council with the remit to undertake energy management tasks and produce specific documents including the Shetland Energy Plan. There was also established an Energy Forum to oversee and review the work of the Energy Unit. . The Energy Plan included an action to develop a "local authority policy and strategies for promoting energy efficiency". The Council adopted the Energy Policy on 28 November 2001.
- 2.2 All these previous initiatives have contributed to the current good performance of the Council on energy issues and substantial savings in both energy and money have accrued to the Council as the result.
- 2.3 The Council is also committed to implementing Home Energy Conservation Act (HECA) strategies and the most recent report on progress in that area was presented to the Infrastructure Committee on 15 June 2004.

- 2.4 These reviews of past performance show that further significant savings in energy use and cost can be made if all of the actions set out in the Energy Policy are implemented.

3 Scottish Executive Public Sector Energy Fund

- 3.1 The Scottish Executive has created what it terms an energy efficiency investment scheme for the public sector in Scotland that covers local authorities, health boards, and Scottish Water. The funding is intended to provide the upfront investment needed for the public sector to implement energy efficient initiatives in schools, hospitals, offices and other public buildings.
- 3.2 The purpose of the scheme is to establish a revolving fund that will enable an “invest to save” programme managed at a local level, which will enable the Council to implement long-term energy efficiency strategies within its estate. The benefits that are envisaged by the Scottish Executive are:
- Reduced energy bills;
 - Reduced carbon emissions;
 - Improved service delivery through reinvesting savings in front line services.
- 3.3 The Scottish Executive has estimated that the scheme will enable local authorities to make annual savings on energy bills in the region of 20% after 5 years.
- 3.4 Funding has been set aside for every local authority in Scotland and Mr Jim Wallace, MSP has invited the Council to participate in the scheme. The indicative funding allocation for the Council is £116,000, which will be spread over 2 financial years; half the funding being available this year and the second half in 2005/06.
- 3.5 In order to access the funds, the Council must show that it is meeting a set of criteria, which are attached as an Annex.

4 Energy Efficiency Planning

- 4.1 The Council has already made significant progress in reducing energy consumption in its own buildings and in helping to increase energy efficiency among businesses and the wider community. Accordingly, it is unlikely that the Council will be able to reduce its consumption by a further 20% over the next five years. Taking account of existing savings and targets, I have estimated that it is reasonable to achieve an additional 5% savings, *over and above* existing Energy Policy targets and the savings already made since 1993.
- 4.2 To access the Scottish Executive funds, the Council will need to meet all the criteria set out in the Annex to this report. I believe that they can all be met in five main ways, as follows:

- The Council's Energy Policy provides the basic framework within which action is presently being taken and within which additional initiatives may be developed and implemented.
- It will be necessary to develop an Energy Management Strategy, in line with the requirements set out in the Annex. Some aspects of such a strategy are already being implemented, following on from initiatives that the Council has either completed or undertakes as part of its Energy Policy. However, of those that are being met most have arisen as part of separate initiatives, and there is no overall statement of strategy that relates them all to each other.
- The Scottish Executive grant is to establish a revolving fund that will provide intra-Council loans that will offset the cost of providing energy efficiency measures across the Council estate. Savings are to be repaid to the fund to enable it to continue beyond the initial two years grant funding. It will be necessary to agree the details of how this will work in practice with the Scottish Executive and with the Head of Finance Services. The fund must have a nominated energy efficiency champion for the organisation (in senior management) in place for duration of fund and I recommend that that person be the Executive Director of Infrastructure Services because the Council's Energy Manager is based within his Department.
- A small proportion of the fund (which will be capped at no more than 10% of the fund's annual value) may be used to support the fund's operation. However any such costs will also have to be recovered from projects receiving investment from the fund, in the form of a pro-rata charge added to the sum to be repaid. I intend that such monies be used for the purposes of training, improving energy management information and buying in specialist expertise or management tools or software.
- As already noted the Council employs an Energy Manager and I expect him to take the lead on progressing this initiative. However, the Energy Assistant post has not been filled since it became vacant in 2002. As a result the Energy Manager has undertaken the routine administrative and monitoring work previously done by the Energy Assistant with significantly less time available for the development and implementation of policy. In particular, it has not been possible to establish the Works Coordinating Group that was envisaged by the Energy Policy in 2001. This Group was intended to oversee the design and implementation of energy efficiency measures in existing and new buildings. Even with redistribution of the Energy Manager's administrative workload to administrative staff – something that I am pursuing in any case - I do not believe that it will be possible to realise the worthwhile savings that this initiative offers without devoting the necessary time to the task. Provided that the Council wishes to pursue the Public Sector Energy Fund initiative and, on the clear understanding that the financial savings made will substantially outweigh the costs of filling the post, I would intend to fill that post, the cost being met from established budget SRY84000000.

5 Financial Implications

- 5.1 The total SIC energy costs are estimated to be £1,305,872 per annum excluding oil costs for ferries (transport measures are excluded from the fund).
- 5.2 The Scottish Executive guidelines state that a realistic estimate for cost savings after 5 years is 20% on current total annual energy bills. However, taking into consideration that the Council has had an in house Energy Unit operating since 1995, a more realistic figure for the Council would be a 5% saving equating to savings of £54,000 per annum after 5 years. This is based on the cost saving works achieving a 3-year payback.
- 5.3 I would intend filling the Energy Assistant post at grade AP4 on a permanent basis, for which the present salary is £21,726 including Islands Allowance. This cost can be met from existing budget SRY84000000. I had offered the savings resulting from the non-filling of this post as part of the Infrastructure Services Department's contribution to the current Council-wide exercise and I indicated that the post would only be filled if it could be demonstrated that the savings would exceed the cost of filling the post. Given the Scottish Executive's initiative and the likelihood that we can save £54,000 per annum by filling the post, that condition is now met. If Members decide not to accept the recommendation in this report the savings resulting from the non-filling of this post will be added back into the savings proposed by my department in the current review.
- 5.4 Although not an implication arising from this report, it is worth noting that savings in the region of £350,000 (cumulative) had already been made in the period up to the adoption of the Energy Policy in November 2001. This sum includes energy efficiency measures and favourable renegotiation of existing supplier contracts.

6 Policy and Delegated Authority

- 6.1 Matters concerning energy conservation fall within the remit of the Infrastructure Committee. However, given the timescale involved, and that the proposed course of action and the commitment that is required amounts to new policy a decision of the Council is required. In this regard, it is recommended that the Council determine that authority be delegated to the Executive Director Infrastructure, or his nominee, to progress the necessary action.

7 Conclusion

- 7.1 The Scottish Executive has invited the Council to participate in a scheme to establish a revolving fund to provide inter-Council loan finance to cover the costs of providing energy efficiency measures across the Council estate. After start-up funding, it is envisaged that the Fund will be self-financing.

- 7.2 The Council has already made very substantial savings as a result of previous energy efficiency measures and initiatives. However, there are still significant potential cost reductions available to be made and this funding opportunity will help to realise them.

8 Recommendation

8.1 I recommend that the Council

- a) Agrees to participate in the Scottish Executive Public Sector Energy Fund and comply with its terms and conditions.
- b) Delegates authority to the Executive Director of Infrastructure Services to take all necessary steps, including those described in this report, to enable the Council to participate in the Fund.
- d) Instructs the Head of Planning to bring forward a progress report on the work done, and estimated savings achieved, one year after the scheme has been brought into full operation and annually thereafter.

Report Number : PL-27-04-F

ANNEX

KEY CRITERIA FOR PARTICIPATION

To qualify for the energy efficiency fund local authorities must provide evidence and/or statements that they comply with the following conditions:

1. A commitment by the Chief Executive to use the fund for the designated purposes and in accordance with the rules set by the Executive – ie improving the energy efficiency of the organisation.
2. A nominated energy efficiency champion for organisation (in senior management) in place for duration of fund.
3. A designated energy manager for organisation in place for duration of fund – with energy efficiency forming all or a major part of the post's duties..
4. A source of professional energy efficiency advice (either internal or external) in place for duration of the fund.
5. An energy management strategy for the organisation. Energy management strategies must feature the following elements (as a minimum):
 - An overall description of energy use of energy use by the organisation (showing total energy input, total energy cost, and total carbon emissions). Energy use must be analysed by – major energy using activities/locations, fuel type, etc.
 - A statement of the organisation's commitment to reducing energy use in a way that is consistent with delivering high quality services.
 - A description of the organisation's strategy for reducing energy use, reducing energy costs, optimising existing use of energy.
 - The main potential opportunities for improving energy efficiency in the organisation should be clearly identified.
 - A description of how information on future energy use by the organisation will be captured and distributed.
 - A description of when and how the energy management strategy will be updated.
 - Strategies may also consider wider issues concerning the environmental impact of the organisation's energy use, opportunities to link with other organisations, links with the wider community etc.
6. A description of how use of the fund will be promoted and developed in the organisation.
7. A description of how individual projects will be developed.
8. A description of who (individual, group, or committee) will take decisions on projects applying for funding and the main criteria that will be used to decide which projects will receive funding.
9. A commitment that the financial mechanisms necessary are in place to control the fund and to control payments to and from the fund.

- 10.A commitment to provide the Executive with financial and energy monitoring information relevant to the fund (overall and by project).
- 11.A commitment to allow audits by the Executive of the fund and individual projects.
- 12.A commitment to sharing information about projects with other organisations in order to spread best practice.
- 13.A commitment to participating in training, advice, and support provided by the Executive to facilitate running of the scheme.
- 14.A commitment that significant projects in public buildings supported through this funding will advertise that they have been funded from this source.



REPORT

To: Shetland Islands Council

30 June 2004

**From: Coastal Zone Manager
Marine Development Department**

REPORT NO: DV050-F

CONSULTATION ON DEVELOPING A STRATEGIC FRAMEWORK FOR SCOTLAND'S MARINE ENVIRONMENT

1. Introduction

- 1.1 This report presents a draft response to the Scottish Executive's consultation paper on developing a strategic framework for Scotland's marine environment. The full text of the SEERAD document is attached as Appendix 1 to this report with the draft response attached as Appendix 2.
- 1.2 Given the importance of the marine environment to Shetland's socio-economic prosperity, it goes without saying that there is a need for a close involvement in the development of any Scottish strategic framework.

2. Background

- 2.1 It has long been recognised that Scotland's (and Shetland's) marine and coastal waters support a diverse range of wildlife and habitats as well as providing food, recreation and energy for its people. This is recognised by the Council through its commitment to sustainable development that seeks to balance environmental and socio-economic factors.
- 2.2 The Scottish Executive has developed a number of initiatives either to address some of the pressures on the marine environment or to give effect to EU and international obligations. Examples include the Scottish Sustainable Marine Environment Initiative, extension of planning controls into the sea for aquaculture, Water Environment and Water Services Act 2003, a review of inshore fisheries management and the Strategic Framework for Scottish Aquaculture.

- 2.3 The purpose behind this consultation is to seek opinion on whether there is a need for a strategic framework for the marine environment that would aim to bring greater clarity to how current activities interrelate and their policy objectives and what strategic issues need to be addressed. The deadline for responses to SEERAD is 30 July 2004.

3. Report

- 3.1 The first four sections of the consultation paper establish the devolved responsibilities of the Scottish Executive in respect of the marine environment, give an indication of its intrinsic value to the Scottish economy, summarises the main drivers for change and pressures and reviews the existing and ongoing initiatives that seek to protect it.
- 3.2 Thereafter the paper briefly describes how a strategic framework might improve the current situation and seeks the comments of stakeholders through a series of questions. The impression given is that the Executive has no preconceived ideas as to how sustainable marine management can be best achieved and is looking for stakeholder guidance.
- 3.3 It is accepted by most of the agencies and interests involved in the marine environment that the available management tools have developed along sectoral lines in a seemingly haphazard manner. There is currently in excess of 80 pieces of legislation and associated regulations relating to marine activities. The need to rationalise this in a co-ordinated and cohesive is well recognised.
- 3.4 As the draft response attached at Appendix 2 to this report indicates it is contended that many of the proposals suggested by the Executive, whilst meeting their objectives, will only help to continue sectoral development and heighten potential conflict between them. There is perhaps a need for a more radical approach either through a marine spatial planning system, some statutory provision for Integrated Coastal Zone Management or amalgamating all existing marine legislation into a single 'Marine Act'. These issues are raised in the response but not in any great detail as it is felt that the Executive will be consulting further on marine management in due course.
- 3.5 The draft response reflects the thoughts of the Coastal Zone Management unit only as no comments were received following circulation of the consultation paper within the Council. Members are invited to consider and amend the draft as necessary.

4. Financial Implications

- 4.1 There are no direct financial implications to the Council in respect of this report or any decision made in connection with it.

5. Policy and Delegated Authority

- 5.1 Although the consultation paper refers to matters that are essentially technical in nature, the consequences of the proposals may affect Council policy. Accordingly final approval of the draft response rests with the Council. Given the deadline for submission of responses to the Scottish Executive and the Council diary, it has been necessary to present the draft direct to Council rather than via the Marine Development Sub-Committee for initial consideration.

6. Recommendation

- 6.1 It is recommended that:

The response to the consultation paper on 'Developing a Strategic Framework for Scotland's marine Environment' forming Appendix 2 to this report is recommended by Council as its official response, subject to any amendments or additions Members wish to make.

Our Ref: MH/CZM

Report No: DV050-F

Coastal Zone Manager: Martin Holmes
Director: Peter Dryborough

Ian Walker
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If calling please ask for
Martin Holmes
Direct Dial: 01595 772321

Your Ref:
Our Ref:

Date: 30 June 2004

Dear Sir,

Developing a Strategic Framework for Scotland's Marine Environment

As the marine environment has played and continues to play a very significant role in the cultural and economic infrastructure of Shetland, the Islands Council welcomes the opportunity to participate in the development of a strategic framework in this area. The Council has committed itself to sustainable development, through a balance of environmental and socio-economic factors, and pays due regard to this tenet in all areas of responsibility. As a consequence of local developments, the Council recognises that there is a need to bring some coherence to the many marine initiatives in train to ensure that the value of the marine environment is not damaged by the increasing pressures placed upon it.

The comments contained in this letter reflect the discussions of the Council at its meeting of 30 June 2004 and are referenced to the series of questions raised in the consultation document.

- Q1. Whilst the Council supports the strategic vision for Scotland's marine environment, it is felt that the proposals to achieve this by amending or introducing changes to the plethora of legislation that applies to the marine environment is not a holistic or ecosystem approach or solution. It rather represents a piecemeal approach and will further encourage the sectoral interests that have developed to-date. There is a requirement for some very clear and concise co-ordination in order to ensure that all the diverse proposals are brought together collectively.

Recent changes to legislation have compounded this sectoral approach to the marine environment, e.g. extension of planning controls into the sea for aquaculture only through the Water Environment and Water Services (Scotland) Act 2003. The Strategic Framework for Scottish Aquaculture, whilst welcome, proposed a number of action points and initiatives many of which are progressing. However these various strands are being undertaken in isolation and there is no overall co-ordination to bring it all together. As the remit for a strategic framework for the marine environment is

much bigger, there is an even greater need for it to be taken forward in a co-ordinated manner.

In order to achieve the aims of the strategy, it is imperative that the underpinning scientific data and information is in place as a first step in the process. There are a number of glaring gaps in the available data that work against an ecosystem approach to marine sustainability.

Q2. The commitments and vision inherent within the proposed strategy will go some way in addressing the drivers and pressures on the marine environment as listed in Section 3 of the consultation paper. Two caveats are offered, firstly that some timescales may be too lengthy in respect of protection of fragile and/or threatened marine ecosystems (e.g. coral reefs). Secondly, as outlined at (1) above, the proposed means of achieving the commitments work against an ecosystem approach and promote sectoral interests. It is noted that the list of drivers does not include either cultural heritage or marine archaeology both of which are important aspects of sustainable marine management.

Q3&7 Subject to the comments at (1) and (2) above, an additional initiative that would seem to aid the delivery of sustainable marine management is the introduction of some form of marine spatial planning. This would assist in the management of the various competing interests in the marine environment and allow a more integrated approach. Marine spatial planning could contribute to the delivery of sustainable management through a plan-led framework for marine activities.

There would be a need to develop a legislative framework, either along the lines of the Town and Country Planning system or through a more radical approach through a statutory process for Integrated Coastal Zone Management. Locally tailored framework plans could evolve from the national level and it is worth noting that a number of Local Authorities are currently developing marine framework plans based on the concept of spatial planning albeit out with any legislative framework. The inclusion of a marine spatial planning pilot project within the Scottish Sustainable Marine Environment Initiative is a welcome step.

It is contended that marine spatial planning is critical to the delivery of improved regulation, management and protection of the marine environment by addressing the multiple, cumulative and conflicting uses of the marine environment. Inherent in this approach is the recognition that there will be a need to introduce new, and perhaps radical, legislation. However this would offer the opportunity to realise the most, if not all, the aims of the strategic vision including improved and cohesive regulation, involvement of all stakeholders and attainment of conservation objectives, including water quality. Strategic Environmental Assessment could more readily be applied to a marine spatial planning framework.

Q4&5 Inherent in the development of any strategy is the requirement to identify clear goals and targets that are achievable within realistic timescales. There will be a need to monitor progress both in delivery of proposed actions and whether the aims and objectives are being achieved.

As a first step there should be a stocktake of existing knowledge and information in order to identify gaps or areas of limited detail and then prioritise the action required

to rectify the situation. This work would also provide a baseline against which progress can be measured. A lot of information already exists but it is held by a number of diverse organisations and there is a need to pull this together into, for example, a single database that is accessible by all interested and relevant stakeholders and organisations.

There is always a case for improving co-ordination and integration between agencies and regulators involved in marine issues. It is debatable if this would be best achieved through the formation of a 'one stop shop' given the current sectoral set-up. Organisations are unlikely to be willing to give up the powers or influences they currently enjoy without a fight.

It is imperative that all stakeholders are involved in management of the marine environment otherwise the process will quickly lose impetus and cohesiveness. One possible means of achieving this is through a series of local fora charged with taking marine management forward on some statutory footing under national guidance. To some extent the basis of such a system exists via the Scottish Coastal Forum and a number of voluntary local fora.

By virtue of its purpose, legislation should be reviewed and updated when necessary and appropriate. There is a plethora (in excess of 80) of Acts and Regulations that relate to marine based activities, much of it dating from the mid 1900s, and require review in light of advances in knowledge, etc. since its introduction. However it is imperative that any reviews and/or changes are undertaken in a co-ordinated and cohesive manner to ensure that they meet the aspirations of stakeholders and any national strategy.

Q6 *Coast Protection Act 1949*

Given the proposals for the extension of planning controls for aquaculture (and possibly other marine activities in due course) it may be appropriate to devolve Section 34 aspects of the Act to Local Authorities for developments out to 12nm that currently do not require national consideration. Both Shetland and Orkney Islands Councils have a duty of conservancy (navigation) conferred on them through the Zetland and Orkney County Council Acts 1974 respectively and as such consult with the relevant agencies in respect of marine developments and navigation issues. This would apply to all local Authorities following extension of planning controls. It would seem to be overly bureaucratic for developers to seek permission for the same thing from two separate authorities.

Harbours Act 1964

There is a need for some simplification of this Act particularly with respect to consenting to works. Once again the extension of planning controls, in its current draft, would appear to transfer control of aquaculture developments from Harbour Authorities to Local Authorities. This does not favour a co-ordinated and strategic approach to marine management.

There may also be merit in reviewing the Harbours, Piers and Ferries (Scotland) Act 1937. This legislation deals with authorisation of marine works through a simpler (in comparison to the Harbours Act) Ministerial consent process but is presently constrained to works with a financial limit of £600,000.

Electricity Act 1989

The 2002 Amendment to this Act again tends to work against a holistic approach to marine management and spatial planning as highlighted elsewhere in this response. Devolvement to the local level through new legislation may be more appropriate. It would still be relevant to ensure that this and other types of development are subject to Environmental Assessment.

FEPA Act 1985

Other than noting that there is a need for local stakeholder involvement in this area, no specific recommendations are offered in respect of this Act.

- Q8 There is little inherently wrong with the International Council for the Exploration of the Seas (ICES) working definition of an ecosystem approach as adopted for the purposes of developing a strategy for the marine environment. This type of approach requires adherence to a clearly defined set of environmental objectives, greater use of environmental and socio-economic assessments and improved strategic management of marine activities. In addition both policy decisions and management actions must take account of biological diversity, ensure sustainable development, make better use of scientific knowledge and involve all stakeholders. Implementation should be at the local level with a national set of guidelines.

The key component to an ecosystem approach is a clear understanding of the functioning of the marine environment and how human activities impinge upon it. There is a need for robust scientific research, coupled with effective monitoring and reporting, to be integrated into the decision making process. Where the scientific evidence is lacking or inconclusive the precautionary principle must be applied. Within an ecosystem approach sectoral interests or actions should not compromise the ecosystems or its constituent parts. The Irish Sea Pilot highlights what requires to be done at both a national and local level to achieve this ecosystem approach.

- Q9 It is felt that the current system is not capable of delivering truly sustainable marine management. For historic reasons marine legislation has evolved along isolated sectoral lines and is administered by a range of agencies and authorities. This tends to work against effective and co-ordinated marine management.

For effective stewardship and governance there is a need, as highlighted in the consultation paper, to consider *inter alia* a review of legislation for better regulation and protection of the marine environment, spatial planning as previously described, implementation of ICZM initiatives ideally through some statutory means, use of SEA and better funded and integrated marine scientific research. At some point in the future there may be a need to consider bringing all these aspects under a single piece of legislation with implementation devolved to the local level.

- Q10&11 The consultation paper does not present sufficient details on proposals for either marine national parks or a national coastline park to allow detailed comment. If it is envisaged that they would act in a similar role to their terrestrial counterparts, they could serve in protecting either at risk areas or those areas that exhibit a range of typical Scottish marine habitats. A marine park could be expected to contain examples of habitats, processes or characteristics typical of their type, have a high degree of naturalness, exhibit full ecosystem functioning, be of relatively large size and have a high biodiversity.

The interaction between the marine and terrestrial environments and their influence on each other means that the coastline would have to form part of any marine park. An exception to this model would be where a park is declared for a single marine feature, e.g. Darwin Mounds. The lack of detail in the consultation paper also precludes comment on the need for, or role of, any marine park authority.

Q12-14 A strategic framework is best developed through a committee or working group comprising as many of the national stakeholders as possible so that the broadest knowledge and experience is brought to bear. Periodic consultation could be utilised to communicate developments down to the local level and additionally obtain feedback on progress.

From the above comments it is evident that a combination of both a strategic framework and policy statements will be required to take the matter forward in a co-ordinated and cohesive manner at the national and local level. A process for monitoring progress will need to be established to ensure that the aims and objectives are met within a realistic timeframe. This would additionally give an indication of the frequency for reviews of the strategy that is likely to be in the region of 2 – 5 years.

In summary, this Council supports the development of a strategic framework for the marine environment as it underpins sustainable management of this important resource that has and continues to be the backbone of Shetland's socio-economic prosperity.

Yours faithfully,

Coastal Zone Manager



Shetland Islands Council

REPORT

To: **Employees JCC
Teachers JNC
Shetland Islands Council**

**1 June 2004
tbc
30 June 2004**

From: **Personnel Manager
Executive Services**

Report No.: CE-21-F

Revised Policy on Harassment and Bullying at Work

1. Summary

- 1.1 This report introduces the revised Policy on Harassment & Bullying at Work which will apply to all staff.
- 1.2 The purpose of this report is to seek approval of this revised policy document.

2. Background

- 2.1 The existing policy on harassment and bullying was agreed by Council on 26 April 1999 and has been in place since 1 October 1999 (min.ref 104/99)
- 2.2 The documents have been revised in light of changes to legislation, best practice advice and cognisance of comments and concerns raised by managers, employees and trade unions.
- 2.3 Significant research has been undertaken looking at the policies of other local authorities and employers. Account has been taken of most recent ACAS guidance and employment law advice.
- 2.4 Consultation has taken place with managers and trade unions. It should be noted that there has been a time delay in producing this policy from point of consultation. However comments have been accommodated and the delay has allowed recognition of changes to legislation.
- 2.5 The result of this review exercise is the attached policy document.

3. Proposal

- 3.1 It is proposed that the Council agrees the revised policy and procedure attached to this report.

4. Financial Implications

- 4.1 There are no financial implications arising from this report.

5. Policy or Delegated Authority

- 5.1 All personnel policy matters are referred to the Council (min.ref.:70/03) and accordingly a decision from the Council is sought on this matter.

6. Conclusions

- 6.1 Following legal changes, consultation and research the attached policy has been revised and is being presented for agreement.

7. Recommendations

- 7.1 I recommend the Council agrees to implement the attached revised Policy on Harassment and Bullying at Work with effect from 30 June 2004, with a review date of 20 June 2007.

Date: 10 May 2004

Ref: JK/JJ

Report No: CE-21-F

SHETLAND ISLANDS COUNCIL

HARASSMENT & BULLYING POLICY



Applying to: All Staff
Effective from: 30 June 2004

Shetland Islands Council

POLICY ON HARASSMENT AND BULLYING AT WORK

Operational Date: 30 June 2004
Review Date: 30 June 2007

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1 INTRODUCTION

- 1.1 Shetland Islands Council is committed, through its Equal Opportunities Policy, to adopt fair and equitable treatment for all employees.
- 1.2 In addition, the Council recognises the need to provide a working environment where all employees are treated with dignity and respect, as individuals.
- 1.3 The Council and Trades Unions acknowledge the problem of harassment and bullying in the workplace, and the potentially serious consequences for individual employees and the Council, as service provider, particularly in terms of job performance, sickness absence levels and staff turnover. It is agreed, therefore, that every effort should be made to prevent harassment and bullying.
- 1.4 All employees have a responsibility to be aware of how their behaviour affects others; however, the Council recognises that there may be cases where an individual may be unaware of the effect of their behaviour on others. For this reason, managers have a duty to provide an example of appropriate behaviour at all times and to be aware of the behaviour of employees within their specific areas of responsibility. In consultation with Personnel they will be expected to take appropriate corrective action, rather than allowing any situation to escalate and a complaint to be made.

2 POLICY STATEMENT

- 2.1 The Council acknowledges its responsibility, as employer, to protect the dignity of all its employees at work, and will not tolerate harassment or bullying in the workplace or, in other settings, where there is an impact on Council and the employment relationship.
- 2.2 Treatment which causes an employee to feel threatened, humiliated, patronised or harassed (whether on sexual, racial, or other grounds) may infringe upon the Council's statutory responsibilities in relation to its employees' health and will therefore be considered as misconduct.

3 SCOPE OF POLICY

- 3.1 This policy will apply to all employees of the Shetland Islands Council.
- 3.2 A separate code of conduct regulates the behaviour of elected members; they are not subject to the Council's grievance and disciplinary procedures, which complement this policy. Should a complaint be raised concerning an elected member, it will be investigated thoroughly and any action taken in accordance with the Ethical Standards of Public Life (Scotland) Act 2000 and the members' code of conduct.
- 3.3 External contractors providing services are expected to adhere to the principles of this policy.

4 AIMS OF THE POLICY

4.1 The aims of the policy are, as far as possible to:

- prevent harassment and bullying;
- ensure that all employees are aware of what types of behaviour may constitute harassment or bullying and understand that such behaviour is unacceptable;
- promote an environment where individuals feel able to bring complaints without fear of reprisal;
- ensure that allegations are investigated quickly and effectively, with sensitivity and respect for all parties involved;
- provide a framework through which the majority of allegations can be resolved with minimum recourse to formal procedures, but where formal disciplinary action will be taken where appropriate;
- provide for counselling, training and/or mediation for all parties, where appropriate;
- ensure that managers know what action to take if complaints are made.

5 LINKS TO OTHER POLICIES

There are a number of existing Council policies and procedures which have an impact on this policy. These are;

- Grievance Procedure
- Disciplinary Procedure
- Policy for Reporting Concerns at work
- Code of Conduct for employees
- Equal Opportunities Policy
- Employment of Disabled People

6 RELEVANT LEGISLATION

- 6.1 It is not possible to make a direct complaint to an employment tribunal about bullying. However, employees may be able to bring complaints under laws covering discrimination and harassment.
- 6.2 The Sex Discrimination Act 1975 and 1986 gives protection against discrimination and victimisation on the grounds of sex or marriage or because someone intends to undergo, is undergoing or has undergone gender reassignment.
- 6.3 The Race Relations Act 1976 give protection against discrimination or victimisation on the grounds of race, colour or nationality. The regulations

that amended the Act (Race Regulations 2003) also give stand alone protection from harassment on the grounds of race and ethnic and national origin.

- 6.4 The Disability Discrimination Act 1995 gives protection against discrimination and victimisation.
- 6.5 The Employment Equality (Sexual Orientation) Regulations 2003 give protection against discrimination and harassment on the grounds of sexual orientation
- 6.6 The Employment Equality (Religion or Belief) Regulations 2003 give protection against discrimination and harassment on the grounds of religion or belief.
- 6.7 As a consequence of the Criminal Justice Act 1994, harassment is a criminal offence, punishable by a fine and / or a prison sentence. Where the actions are deemed *aggravated harassment*, with the victim fearing violence, the Protection from Harassment Act 1997 allows for an unlimited fine and imprisonment for up to five years.
- 6.8 Shetland Islands Council has a legal responsibility to ensure a safe working environment; harassment and bullying in the workplace may be regarded as a breach of this responsibility. The Council and the individuals it employs can be held legally liable for committing an act of unlawful discrimination or breach of health and safety regulations.
- 6.9 If there is a belief that a criminal act has been committed this should be reported to the Police. A decision will need to be taken by management in consultation with Personnel as to whether any subsequent police investigation may affect the conclusion of an internal investigation.

7 DEFINITIONS

- 7.1 Harassment and bullying are often hard to recognise. Both can occur between people of the same sex or of the opposite sex. Both may be initiated by a more senior member of staff, a peer, or a subordinate. They may occur between two individuals or between a group of workers.
- 7.2 Most people can agree what constitutes an extreme case of harassment or bullying, but it is sometimes the less extreme situations which cause most problems. We have set out below some examples which are neither exhaustive nor prescriptive. Each case will be considered on its merits.
- 7.3 **HARASSMENT** The legal definition of harassment is;

‘Where, on the grounds of a person’s (race, religion or belief or sexual orientation), someone engages in unwanted conduct which has the purpose or effect of –

1. violating the other person’s dignity

2. creating an intimidating, hostile, degrading, humiliating or offensive environment for that person.'

- 7.3.1 This definition will be extended to include sex and disability discrimination later this year and will include age discrimination in 2006.
- 7.3.2 For the purposes of this policy we will also relate it to any personal characteristic of the individual.
- 7.3.3 Harassment may be deliberate or unconscious, direct or indirect. Its effect is to undermine, cause discomfort, humiliate, exploit, threaten or exclude an individual. Whilst harassment generally involves repeated behaviour, a single incident may constitute harassment if sufficiently serious.
- 7.3.4 The impact of the alleged behaviour is a key consideration in any assessment of harassment. It is important to stress this point because what one individual may accept, may prove unacceptable to another.

In investigating and assessing any claim Shetland Islands Council will also consider the intention of the alleged perpetrator. However, it is not the intention of the perpetrator that is key in deciding whether an individual has been subject to bullying and harassment but whether the behaviour is acceptable by normal organisational standards.

- 7.3.5 The successful operation of this policy depends on complainants knowing that their concerns will be taken seriously and properly considered.
- 7.3.6 The following are examples of inappropriate behaviour covered by this policy:
- physical (from touching to serious assault);
 - spoken (e.g. offensive language, jokes, slander);
 - written (abusive or intimidatory communication, including that sent via e-mail and text);
 - visual (e.g. posters, graffiti, gestures);
 - isolation or non-co-operation at work;
 - coercion (e.g. pressures for sexual favours, to join political group);
 - intrusion (e.g. spying, pestering, following);
 - victimisation (e.g. for making complaints)
- 7.3.7 **Sexual Harassment** refers to unwanted conduct of a sexual nature or conduct related to sex which is offensive to the recipient. It is normally linked to both power and to gender roles and it is usually, but not exclusively, directed at women by men.

It is accepted that mild forms of sexual harassment may be caused by the ignorance of the perpetrator that they are causing offence. It is therefore hoped that such behaviour will cease once the perpetrator has been informed of the harm caused. More serious forms of sexual harassment will lead to disciplinary action being taken.

7.3.8 **Racial Harassment** refers to any hostile or offensive expression of a person of one racial or ethnic origin towards another, or encouraging others to commit such an act on the grounds of their colour, race, nationality, religion or ethnic or national origins.

7.3.9 **Disability Harassment** refers to unfavourable treatment of a person who has a disability, which is evident by physical or behavioural difficulties. Jokes about disability, or patronising and belittling behaviour will constitute unfavourable treatment.

7.3.10 **Harassment on the grounds of religion or belief** refers to unwanted and unfavourable conduct. Jokes and banter whether directed at the individual or not may constitute unwanted conduct.

7.3.11 **Harassment on the grounds of sexual orientation** refers to unwanted and unfavourable conduct about perceived sexual orientation. Again jokes and banter whether directed at the individual or not may constitute unwanted conduct.

7.4 **BULLYING** is a serious management issue which is largely unreported as it is seen as complex, and often difficult to describe, by those affected by it.

Bullying can be defined as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means intended to undermine, humiliate, denigrate or injure the recipient.

Bullies misuse power, position or knowledge to criticise and humiliate a subordinate or colleague.

Examples of bullying include:

- Persistent negative attacks on personal and professional performance, e.g. taking credit for others' initiatives and achievements; constantly changing remits and responsibilities; setting impossible deadlines or intolerable workload burdens; constantly undervaluing effort; applying standards and rules which do not apply to others
- humiliating and undermining an individual in front of colleagues;
- physical abuse.

7.4.1 Bullying is more than a firm management style; it is destructive rather than constructive. It should be clearly distinguished from legitimate and fair criticism of an employee's performance and behaviour at work, which can be a constructive management tool to highlight areas of concern and set improvement targets.

- 7.5 **Victimisation** may occur where a person is treated less favourably than others. Examples of this may be because they have given evidence, rejected advances or made a complaint, whether formally or not, about the behaviour of another. This may also include less favourable treatment of someone providing support to the individual.

8 RESPONSIBILITIES

8.1 The Council as employer will:

- take all reasonable steps to prevent harassment and bullying in the workplace;
- ensure that all employees are aware of this policy and their responsibilities as a result of it;
- consult with recognised Trades Unions regarding the implementation, monitoring and review of this policy; and
- provide training and guidance to managers and other staff as appropriate on the content of this policy and procedure and also raise awareness of the issues, signs, cause and effect.

8.2 All managers and supervisors will:

- establish and maintain a working environment which is free from harassment and bullying; set a personal example by ensuring that they do not conduct themselves in a manner which could be perceived as harassment or bullying;
- ensure that they and their staff are fully aware of this policy and its contents;
- respond to allegations promptly, sensitively and positively; and
- take immediate corrective action in response to any clear acts of harassment or bullying which occur within their own specific areas of responsibility.

8.3 All employees:

- will comply with this, and other, Council policies to ensure equality of opportunity and avoid discrimination;
- will ensure that they do not, through their own words or actions, harass, bully or intimidate another employee on any grounds;

- will not victimise anyone who has made an allegation of harassment, or who has provided information about any allegation;
- are encouraged to draw specific acts, or an ongoing situation of harassment or bullying, to the attention of the relevant manager or supervisor; and
- are entitled to challenge behaviour that, is clearly causing distress or offence to others, by expressing disapproval or supporting colleagues who are experiencing such behaviour.

8.4 In addition to the above the;

Staff Welfare Officer can provide support and advice to any employee under the terms of this policy;

Personnel Officers will provide advice and assistance to the Staff Welfare Officer, Mediators and managers in implementing this policy and in applying the procedures. They may also provide advice to any employee affected by this policy;

Trades Union local branches can also provide advice and support to union members and may accompany members in meetings regarding this procedure;

Investigating Officers will investigate formal complaints of harassment in line with this procedure.

9 RESPONDING TO ALLEGATIONS OF HARASSMENT AND BULLYING

- 9.1 A detailed procedure for responding to allegations of harassment and bullying is attached as Appendix 1 to this policy.
- 9.2 The Council and Trades Unions agree that, wherever possible, an informal approach to resolving allegations of harassment and bullying should be promoted by all parties; however, the wishes of the recipient of the alleged harassment will be a major consideration in the choice of approach.

The primary objectives will be to:

- Stop harassment or bullying where it is occurring;
 - Encourage constructive dialogue between the complainant and the alleged harasser; and
 - Restore the working relationship on a mutually acceptable basis.
- 9.3 Where formal procedures are followed, the objectives referred to above will remain relevant as potential outcomes, whether or not formal disciplinary action is taken against the alleged harasser. However, it is recognised that

in serious cases, the restoration of working relationships may be unachievable and other measures will be required to address the problem.

10 COUNSELLING AND SUPPORT

- 10.1 At any stage, an employee making an allegation of harassment or bullying may need support, informed advice or counselling. In the first instance, a complainant may seek support from the Staff Welfare Officer. In addition, or alternatively, the employee may wish to seek support from his/her line manager or Trade Union.
- 10.2 In some cases, it may be appropriate to offer counselling from an external provider; where necessary, the Council will seek to make the necessary arrangements, reasonable time off with pay will be given and where required, arrangements for cover to be provided will be made. Should an individual feel they may benefit from this they should highlight this to their manager or other appropriate person.
- 10.3 It may be appropriate to provide counselling, or some other form of training or support, as an alternative to disciplinary action or in conjunction with a formal warning, for the harasser. Again, reasonable time off with pay will be granted.

11 MEDIATION SERVICE

- 11.1 The Council has trained a number of individuals across the Council to be certified mediators.
- 11.2 Mediation is a voluntary process by which an impartial third party (ie someone from outwith the department) helps people in a dispute to work out an agreement. The disputants, not the mediator, decide the terms of the agreement. Mediation aims to focus on the future rather than past behaviour. It provides a structured, informal way of resolving complaints, grievances and disputes. Mediation does not seek a culprit or guilty party; it aims to help those in dispute rebuild relationships and restore broken communication and trust.
- 11.3 The mediation service may be brought in to help resolve issues at any stage. It is however likely to be most effective the earlier it is used.
- 11.4 Any individual may contact the confidential service to seek more information and to outline their issues and concerns. The next step may then be for the mediator to ascertain the other party's willingness to use the service.
- 11.5 Shetland Islands Council will ensure that Mediators receive:
 - the necessary training to undertake their role;
 - the time out from their own work / duties to undertake their role;
 - support where they feel unable to cope with a particular situation; and

- appropriate resources to fulfil their role.

12 INFORMATION AND TRAINING

- 12.1 All employees will be advised of the existence and content of this policy. New employees will receive information about it as part of their induction programme.
- 12.2 Training will be compulsory for all managerial and supervisory staff, to emphasise their role in the prevention of harassment and bullying and for them to know how to respond to complaints.

13 CONFIDENTIALITY

- 13.1 All issues raised under the terms of this policy will ordinarily be treated in confidence and information recorded will be minimised and will only be divulged to those officers that require to be involved in the process. The complainant and alleged harasser will be informed of such officers.

However where a criminal act or a child protection issue is alleged this will be reported to the relevant authorities.

1 INFORMAL PROCEDURE FOR RESPONDING TO ALLEGATIONS OF HARASSMENT AND BULLYING

1.1 Action by the Employee

If the employee feels able, he/she should approach the alleged harasser and explain that his/her conduct is unwelcome, offensive, distressing or interfering with his/her work. In making this approach, the employee may wish to be supported by the Welfare Officer, a colleague or Trade Union representative.

The Welfare Officer, or other person providing support, may accompany the employee, or, alternatively, speak to the alleged harasser on his/her behalf.

If the employee feels unable to speak directly to the alleged harasser, he/she may prefer to write a letter explaining what he/she finds unacceptable and why, and asking the alleged harasser to stop.

The employee should keep a diary note of his/her approach to the alleged harasser. It is further suggested that the employee keep a diary of the alleged harassment, recording what happened, when it happened, note any witnesses, and how it made the employee feel. This may help the employee to express his/her concerns in a coherent fashion at the informal stage and can also form the basis of a formal complaint, should the need arise.

In many cases, this course of action has the desired effect, particularly where the alleged harasser is genuinely unaware that their behaviour is causing offence.

1.2 Action by Manager

An employee may submit an informal complaint to his/her line manager, in writing, or orally, as an alternative to speaking directly to the alleged harasser or if harassment continues after a direct approach. Alternatively, a manager may observe behaviour of a harassing nature being directed towards one of his/her employees.

The line manager may then:

- Provide support to the complainant without approaching the alleged harasser, where the complainant simply wishes to inform the manager of his/her concerns;
- Approach the alleged harasser informally to explain that his/her behaviour is causing distress or offence; or
- Determine that the complaint is sufficiently serious in nature to justify invoking formal procedures.

Where any employee is reluctant to take formal action, despite serious harassment, the manager must discuss the issue and evidence with the employee and arrange to meet with the appropriate Personnel Officer.

If the line manager is the alleged harasser, then the employee may approach a more senior manager within his/her section or workplace. If the Chief Executive is the alleged harasser, the employee may approach the Convener.

2 FORMAL PROCEDURE FOR RESPONDING TO ALLEGATIONS OF HARASSMENT AND BULLYING

At all times, whether or not informal steps have been taken, any employee who feels that they, or others, have been harassed, discriminated against or bullied may make a formal complaint. However, this course of action would normally only be followed if the informal route has proved ineffective.

Exceptionally, a manager may consider an allegation so serious as to warrant it being dealt with formally without first following the informal route; this would be pursued following consultation with the complainant and the appropriate Personnel Officer.

2.1 Making a Complaint

The complaint must be made in writing, stating the specific nature of the complaint, and also stating the wish to have the matter investigated utilising the formal procedure. This should be submitted to the line manager, who will inform the Head of Service, the Executive Director and the Personnel Manager. If it is the manager who is the alleged harasser, then the approach should be made to the manager's immediate supervisor or, in the case of the Chief Executive, to the Convener.

The line manager will have an initial 'fact finding' meeting with the employee, following which agreement will be made as to whether there is any benefit of attempting to resolve the matter on an informal basis. Personnel should be consulted for advice at this stage.

If there is agreement that the formal route must be followed, the Head of Service shall inform the alleged harasser in writing, prior to commencing an investigation, within five working days of receiving the complaint.

2.2 Investigation

The Head of Service, in consultation with the Personnel Manager, will appoint an Investigating Officer and identify officers who will throughout the investigation, provide any necessary legal, personnel and technical advice to the Investigating Officer.

This officer, normally from outwith the employing Service, will be given clear terms of reference in order to enable an investigation to be conducted. The officer who conducts the investigation will not be involved in making the decision on the resolution of the claim. The employees concerned will be advised that an investigation will be carried out and that when it is concluded, they will be contacted again.

In cases of sexual harassment, the Investigating Officer will normally be of the same sex as the complainant.

The purpose of the investigation is to find out facts in an open, straightforward manner. This will involve conducting as many interviews as necessary to enable all the information to be drawn together in order to reach a conclusion.

The employees concerned, including the complainant and any witnesses, will be seen by the Investigating Officer and asked to give a detailed statement. The statement should be noted accurately and a draft copy produced for the employee/witness, who will then be afforded the opportunity to amend it so that it fully accords with his/her memory of the incident(s) and opinion of the behaviours in question. Each statement will include personal details of the employee, i.e. full name, occupation/post title and length of service (where appropriate). A final copy of the statement will then be produced, ending with a paragraph reading "I have read this statement and to show that it in all respects accords with my recollections, I now sign and date it". Copies of the signed and dated statement will be (a) left with the employee/witness and, (b) retained for the file.

The object of this exercise is to ensure that the Head of Service is clear as to precisely what the complaint is and the evidence surrounding the allegation(s). Each employee should be advised that they may be required to appear at any subsequent disciplinary hearing.

Whenever possible, the original, rather than a copy, of each relevant record or document should be retained by the Investigating Officer. Should there be an over-riding reason why the principal document cannot be delivered to the Investigating Officer, a copy should be obtained and an explanation included in the relevant statement. Each copy must be marked as follows:

(Place, e.g. Lerwick), (Date)

This and the following (insert number) page(s) is/are certified a true copy (insert name of document).

(Signature)

(Name and Occupation)

The Investigating Officer should produce a report which presents information to the Head of Service in order for them to decide what happens next. The report may contain an evaluation of the strength of the evidence; however, it should not make recommendations about the disposal of the case.

Investigations should be carried out expeditiously and ordinarily should take no longer than one calendar month. Where this timescale is unachievable this should be reported with reasons and an achievable timescale to the Personnel Manager.

All statements made to the Investigating Officer will be attached to the report.

Before presenting the report to the Head of Service, the Investigating Officer must ensure that it has been subject to both Legal and Personnel advice.

On receipt of the report, the Head of Service should examine the contents. If he/she feels that further information/clarification is required, the report should be discussed with the Investigating Officer. If necessary, the Investigating Officer will seek the further information/clarification required and further statements may be required.

An Investigating Officer, once appointed, should not be changed, unless in exceptional circumstances and only then in consultation with the employee's Trade Union.

The officers conducting any investigatory or disciplinary process will ensure that all proceedings are handled in a confidential, sensitive and private manner, in order not to cause further distress, although the principles of natural justice must prevail and a fair hearing must be ensured. The importance of confidentiality will be emphasised to all those involved in the process. Any breach of confidence may constitute gross misconduct under the Council's disciplinary procedures and may be subject to disciplinary action.

3 WORKING ARRANGEMENTS

In certain circumstances, it may be appropriate to reorganise working arrangements to allow the investigation to take place. This may include reorganisation of workload, amending reporting lines, or arranging a temporary transfer to another work location.

In cases where the allegations are potentially very serious, it may be necessary to consider suspension. If the decision taken is to suspend, then this should normally be the alleged harasser unless the complainant would prefer to be temporarily transferred. This will be considered specifically where an employee feels physically threatened by continuing to work with an alleged harasser. Any transfer or suspension will only be implemented following consultation with the employee and their representative.

Suspension and/or transfer should not be considered as a penalty but as a management tool to ensure a fair process and to minimise service disruption.

Should working relationships remain unaltered then such relationships should continue in a professional manner and confidentiality regarding the complaint will be maintained. Any breaches of this requirement may lead to a separate action being taken.

Reasons for any decisions taken in relation to the above will be given verbally to the parties concerned and will also be documented in the investigation report.

4 RESOLUTION OF HARASSMENT OR BULLYING CLAIMS

When an allegation has been substantiated, either fully or in part, formally or informally, action must be taken to stop and prevent further harassment or bullying taking place.

4.1 Informal Procedure

The perpetrator must be made aware of the impact of his/her actions and this may be sufficient to change the individual's behaviour. It may be that some form of training, mediation or counselling is required to assist in this and this will be arranged with immediate effect.

4.2 Formal Procedure

Where the Head of Service decides that a disciplinary hearing is not required, then he/she will meet separately with both the complainant and the alleged harasser to explain the outcome of the investigatory process and his/her decision. This will also be put in writing to both parties.

Discussions with those involved will then take place as to what measures are required to re-establish working relationships, including any support systems which need to be put in place, to prevent the situation arising again, (some of these are outlined further below).

Where disciplinary action is being considered, a disciplinary hearing will be convened in accordance with the Council's disciplinary procedures. Disciplinary action up to and including dismissal may be taken.

If it has not taken place at the outset of the investigation, suspension or temporary transfer of the alleged harasser may be considered prudent at this juncture.

Complainants, and any witnesses, may be expected to attend the disciplinary hearing to give evidence. Ordinarily, their evidence will be presented in the presence of the alleged harasser who will have the opportunity to cross examine. However consideration will be given to allowing witnesses and complainants to give evidence without being present. They will still require to be cross examined by a representative of the alleged harasser. This will be recorded but may be done outwith the hearing room.

It is recognised that invoking disciplinary procedures alone may not always be the most appropriate means of resolving a situation.

The measures detailed below should be considered where no disciplinary action is required and also in addition to any disciplinary action;

- Training / Coaching– this will be aimed at employees who wish to avoid the use of behaviour which could be deemed inappropriate, or who are lacking in certain skills to enable them to carry out their duties effectively; training may also assist employees who wish to better equip themselves against harassment or bullying behaviour;
- Counselling – this will be provided to help employees who have been subjected to harassment or bullying behaviour and/or to the perpetrators of inappropriate behaviour;
- Mediation – where all parties are in agreement, this may be used to help re-build working relationships and to resolve differences in expectations of roles and responsibilities. The Council has trained a

number of its officers in mediation skills, however, in certain circumstances, it may prove beneficial to utilise the skills of an external provider.

Whether the complaint is formally or informally resolved, it may be necessary to transfer one of the parties from the workplace permanently; this would normally be the perpetrator unless the complainant would prefer to be the one transferred. In this event, every effort will be made to identify an alternative post of equivalent grade and status.

5 NO HARASSMENT OR BULLYING HAS TAKEN PLACE

If it is found, after a full investigation, that no harassment or bullying has taken place, all records of the allegation will be removed from the employee's file. Again, both parties will be advised in writing.

It is recognised that in some cases there may be no evidence of bullying and harassment, but at the same time it may be recognised that the individual raising the claim has had a negative experience. In this case, training / coaching, counselling and mediation should still be considered.

Any employee found to have made a malicious allegation of harassment or bullying will be disciplined in accordance with the Council's disciplinary process.

6 APPEALS PROCESS

If the complainant remains dissatisfied about the way his/her complaint was dealt with or with the resolution of the complaint, then he/she may ask for it to be reconsidered in accordance with Stage 3 of the Council's grievance procedure. Requests for the consideration of such a grievance should be made within ten working days of the complainant being advised of the outcome of the investigation, or of any disciplinary hearing taking place.

If any employee is disciplined as a result of a complaint against them, they will be entitled to their normal rights of appeal as defined within the Council's disciplinary procedures.

7 FOLLOW UP AND MONITORING

Management must ensure that victimisation does not occur, either of the perpetrator or of the victim of the harassment or bullying. Any such situation should be carefully monitored, whether or not the allegation was ultimately substantiated.

Whether a complaint has been dealt with informally or formally, managers should follow up instances of harassment or bullying to ensure that it has stopped and to check how effective the outcome of any investigation, or other solution, has been. This may be done with the assistance of the Staff Welfare Officer and the employee concerned with the initial complaint. Where mediation has been utilised the parties may agree a review session with their mediator.

The Personnel Section should be contacted immediately if it is found that either the harassment or bullying is continuing or where victimisation is suspected.



REPORT

**To: LNCT
Shetland College Lecturers JCC
Employees JCC
Shetland Islands Council**

**5 May 2004
to be confirmed
1 June 2004
30 June 2004**

From: Personnel Manager

Report No: CE-12-F

Substance Misuse Policy

1 Introduction

- 1.1 The following report seeks Council approval for a revised alcohol and Drugs Misuse Policy to be adopted. The revised policy has been developed in line with 'best practice' and encompassing the changes required which have become apparent since the implementation of this policy on 4 February 1999.

2 Background

- 2.1 The Council's present policy has been in place since 4 February 1999. The impact of this policy on the performance of the Council can now be reviewed with the benefit of five years of application.
- 2.2 Since the implementation of this policy it shows a mixed picture of its effectiveness. This may be due to different supervisors and managers applying the policy more vigorously than others or some other unknown factors.
- 2.3 The revision of this policy involved research on policies received from fifteen Scottish Councils, consultation/discussion has taken place with Shetland Community Drugs Team and NHS Shetland, as well as including the significant body of 'best practice' guidelines from the Health and Safety Executive, Health Education Board for Scotland, Scotland's Health at Work (SHAW) and ACAS. Comments have also been sought from the Occupational Health Service and staff-side representatives.

3 Changes to Policy

- 3.1 To give a more positive approach to the issue of substance misuse, the name of the policy has been changed from Alcohol and Drug Misuse Policy to Substance Misuse Policy.
- 3.2 The policy now provides a clear definition of substance misuse and what the terminology substance includes.
- 3.3 The policy statements seek to clarify the expectations of the Council and its employees regarding substance misuse, keeping in line with the Code of Conduct for Employees and the Council's Disciplinary Procedures.
- 3.4 Aims of the policy are included to emphasise the issue of well-being along with risks of substance misuse, providing support to those employees known to have a problem and giving guidelines to managers on how to handle substance misuse among employees.
- 3.5 The policy provides a section on identification of possible substance misuse and what assistance is available to progress any case raised.
- 3.6 In line with the Data Protection Act 1998, confidentiality has now been included to ensure privacy of information.
- 3.7 Drug classification and alcohol units are included in the policy for information and confirmation of legal standards.

4 Financial Implications

- 4.1 There are no financial implications arising from this report.
- 4.2 The purpose of these revisions to the policy and how they are applied will result in earlier and more frequent intervention. This in turn should reduce costs to the Council.

5 Policy and Delegated Authority

- 5.1 Corporate and personnel policies can only be adopted by the Council (minute ref: SIC 84/99).

6 Conclusion

- 6.1 The present policy has been in place for five years. During this time information from within the Council and from relevant professional bodies would suggest the proposals shown above would bring the policy in line with current best practice and enable the Council to improve the understanding and management of its employees. It would also reinforce the expectation the Council has regarding acceptable standards of performance in this area.

7 Recommendations

- 7.1 It is recommended the Council agree to the proposed amendments to the present policy, and that it be monitored over the next two years in order to review its effectiveness, with a view to revisiting the policy within three years.

Date: 22 April 2004
Our Ref: DB/SR/CN

Report No: CE-12-F

SHETLAND ISLANDS COUNCIL

DRAFT

SUBSTANCE MISUSE POLICY

Operational Date:
Review Date:

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Appendix 2

- Definition of Accident / Incident

1. Introduction

- 1.1 Shetland Islands Council has a duty to ensure, as far as reasonably practicable, the health, safety and welfare at work of its employees as well as a duty to provide services safely and effectively to the Shetland community. Employees are also required to take reasonable care of themselves and others who could be affected by what they do at work. The Council recognises the impact substance misuse can have on employees and those using its services and has developed this policy to protect those who work for or are served by the Council. It is important that the services delivered by the Council are carried out in a safe and efficient manner, and not affected by inappropriate conduct of employees due to substance misuse.
- 1.2 The Council recognises the importance of its employees' health and well-being and of a supportive working environment. It also acknowledges substance misuse as a health problem affecting an employee's performance, behaviour and attendance as well as impacting on relationships at work and home. Early identification and action on such problems is crucial and the Council encourages staff who have a dependency on alcohol or drugs to seek help through the provisions of this policy.
- 1.3 Managers must contact Personnel for appropriate information and advice if they come across an employee with a suspected substance misuse problem.

2. Scope of Policy

This policy applies to all employees of the Shetland Islands Council. However the standards contained within this policy will also apply to contractors providing services to the Council.

3. Definition of Substance Misuse

For the purpose of this policy, the term 'substance' includes:

- Any illegal drugs – see Appendix 1 for classifications
- Alcohol
- Prescribed drugs
- Over the counter medication
- Solvents i.e. lighter gas refills, aerosols, glues, paint thinners, etc

A substance misuse problem can be defined as any situation whereby an employees' use of any of the above listed substances, either intermittently or continuously, affects his or her health, welfare, social interaction at work, conduct or work capability.

4. Policy Statements

- 4.1 The Council will ensure that all staff are clear that it is unacceptable to attend for work while unfit through substance misuse. Their action may cause danger to themselves, their colleagues or the public.
- 4.2 Employees must not consume alcohol and/or misuse drugs or other substances whilst at work or during work time whether within or outside the office (for example when driving as part of work), and must not take substances into their workplace with an intention to misuse these.
- 4.3 Alcohol may be made available on Council premises only for special events or functions (e.g. retirements, Christmas, etc). However, in advance of the event taking place permission should be sought from the Chief Executive, appropriate Chief Officer or Head of Service.
- 4.4 Staff who are on standby duties must ensure that they are not unfit due to substance misuse in case they are required to go to work. The same also applies to those employees who are required to work with machinery or drive as part of their job, and who work within Ferry Services both onboard and ashore.
- 4.5 In line with the Code of Conduct for Employees, the performance and image of the Council should not be undermined as a result of an employee's behaviour induced by alcohol and/or drugs.
- 4.6 All staff are reminded that the Council's Disciplinary Procedures regards incapability through substance misuse as gross misconduct, which could result in summary dismissal.
- 4.7 While employees should be in no doubt that the Council will take action where it is required over an employee's substance misuse, it is important to emphasise its ongoing commitment to creating an environment where employees are able to face up to any dependency and to seek advice and treatment.

5. Aims of Policy

- 5.1 To promote the health and safety, well-being of employees and lessen the associated problems arising at work from substance misuse.
- 5.2 To ensure all employees are made aware of the risks and early signs associated with substance misuse through an ongoing health awareness/promotion process.
- 5.3 To offer appropriate support to those employees known to have substance misuse problems and encourage them to seek advice on the most appropriate course of treatment to resolve the problem.
- 5.4 To provide clear guidelines on the role and responsibilities of managers whilst dealing with substance misuse among employees.

6. Legislation

- 6.1 Shetland Islands Council cannot condone illegal activity and managers are expected to report any incident to the Police where it is believed that the law is being broken.
- 6.2 The Road Traffic Act 1988 states that any person who, when driving or attempting to drive a motor vehicle on a road or other public place, is unfit to drive through drink or drugs shall be guilty of an offence. An offence is also committed if a person unfit through drink or drugs is in charge of a motor vehicle in the same circumstances.
- 6.3 The principal legislation in the UK for controlling the misuse of drugs is the Misuse of Drugs Act 1971. Nearly all drugs with misuse and/or dependence liability are covered by it. The Act makes the production, supply, offer to supply and possession of these controlled drugs unlawful except in certain specified circumstances (for example, when they have been prescribed by a doctor). It is also an offence for the occupier of premises to permit knowingly the production or supply of any controlled drugs or allow the smoking of cannabis or opium on those premises.
- 6.4 The Merchant Shipping Act 1995 makes it a criminal offence for masters or seamen who are under the influence of drink or drugs at the time of an act or omission which causes or is likely to cause danger to a ship, structure or individual.
- 6.5 The Railways and Transport Safety Act 2003 makes it an offence:
- To be over a prescribed limit of alcohol while on duty or when a crew member might be required to take action to protect passengers
 - If ability to carry out duties is impaired because of drink or drugs
- (See Appendix 1 which is relevant to Ferry Services for prescribed limit)
- 6.6 Health and safety legislation requires that employees assess all the risks to their staff and others caused by their work activities. These are therefore obligations on both the employer and any affected employee where use of substances whilst at work could affect the health and safety or welfare of themselves or others.

7. Raising Awareness of Substance Misuse

- 7.1 The Council recognises the benefits which will result from increased awareness of the dangers from substance misuse.
- 7.2 It therefore has a commitment to raise awareness of substance misuse through a programme of education and training, which is an integral part of its wider health awareness campaign.

7.3 The programme will cover the following:

- awareness of risks associated with substance misuse
- promotion of sensible drinking habits
- importance of identifying problems at an early stage

7.4 Information will also be provided to managers in recognising the signs, handling this sensitive issue competently, in confidence and with sympathy and tact.

7.5 If employees are concerned about their own substance problem they are encouraged to seek help quickly. All employees are urged not to collude with colleagues where substance misuse is causing problems at work. Such misplaced loyalty compounds and aggravates the problem and could lead to disciplinary action being taken against those colluding to subvert this policy (see Appendix 1 for contacts and support groups).

8. Identification of Possible Substance Misuse

8.1 The earlier substance misuse is identified, the more likely it will be that the employee will overcome such problems. Listed below are signs which may indicate a substance problem.

- Increased absenteeism – frequent Monday and/or Friday absences, increased sick leave, arriving late or leaving early from work;
- Increased accidents – at work and/or elsewhere, repeated violation of safety practices;
- Low performance standards – abnormal fluctuations in concentration and energy, poor judgement, sporadic work patterns, increased errors, periods of high and low productivity, lower quantity/quality of work;
- Personality changes – sudden mood changes, unusual irritability or aggression, tendency to become confused, deteriorations in relationships with colleagues;
- Change of appearance – lack of personal hygiene, hand tremors, slurred speech, dilated pupils, smell of alcohol.

It should be noted that these are **possible** signs of misuse and may be caused by other factors such as stress or other medical conditions. In accordance with this policy, assistance should be offered to those employees who show any of these signs. It is advisable to discuss these signs at an early stage with Personnel, which could lead to an occupational health appointment being made.

8.2 Shetland Islands Council may test any employee for cause, or potential employee for substance misuse. Testing will take place in the following circumstances:

- Pre-employment screening in specified employment areas with the discretion of the Head of Service;

- Regular medical screenings for example ENG1, HGV etc;
- As part of an agreed recovery programme

8.3 Testing in these circumstances will be by referral to the Occupational Health Service (OHS). The Occupational Health Practitioner will use an appropriate method, and ensure confidentiality within the manner of the policy.

9. Confidentiality

- 9.1 Respect will be paid to protecting personal sensitive information. Particular care will be taken by anyone involved in the case to ensure that the confidential nature of personal records of staff is strictly preserved.
- 9.2 Access to health information related to testing for substance misuse will be limited so that it will only be seen by medically qualified staff.

10. Employees Under the Influence of Substance at Work

- 10.1 Where an employee is visibly under the influence of a substance at work, arrangements must be made where possible, for the employee to be sent home safely.
- 10.2 An investigation, in line with Section 4 of the Council's Disciplinary Procedure, must be carried out. The employee will be suspended from work while the investigation is carried out.

As part of this investigation, the employee may be asked to undergo testing for the presence of substances in a sample of breath, urine or blood. Testing will be conducted on samples collected with the employees knowledge, and the results provided to the employee. The provision of a clear sample will assist the Investigating Officer in recommending that no further action be taken in terms of this policy.

- 10.3 Once the investigation has been concluded, action may be taken under the Council's Disciplinary Procedure. This will allow consideration of any ongoing substance dependency or personal circumstances.
- 10.4 In the case of employees working onboard the ferries an employee may be asked to undergo testing when an employee is:
- Suspected to be under influence of a substance;
 - After an accident or incident;
 - After a near accident or incident

Failure to supply a sample may be construed as gross misconduct.

(See Appendix 2 specific to Ferry Services for definition of accident/incident and near accident)

- 10.5 Employees working in safety critical roles who are taking prescription drugs are instructed to be careful in case it makes them drowsy, impairs their judgement or otherwise affects their work performance. Generally the onus is on employees to declare their use of drugs with such potential side effects. This also includes previous legal product use. For example, codeine in cold/flu cures.

11. Referral Procedure

11.1 Self Referral

11.1.1 An employee with a dependency or concern regarding substances can seek help and support from the Council in overcoming their problem. This can be done in the following ways:

- discuss the problem with a senior member of staff (line manager/supervisor) who will deal with the matter. He/she must take advice from Personnel and may recommend the involvement of the OHS and/or an external specialist provider;
- contact the Staff Welfare Officer. This will be treated in confidence, although the department will have to be informed where the job involves safety considerations and care of others;
- contact a Personnel Officer directly who will identify the relevant agencies;
- contact the Safety Manager in the event of a risk to health and safety of the individual or other employees;
- contact a trade union representative or safety representative who will also be available to deal with the problem;
- respect will be paid to protecting personal sensitive information.

11.1.2 Where a recovery programme requires time off to attend counselling with an appropriate and accredited agency during working time, paid time off will be granted.

11.1.3 Where an employee is unfit to carry out his/her job while on a recovery programme he/she will be on sick leave (this would need to be certified by their GP after the period of self certification) unless the individual circumstances make it possible to place the employee in a temporary post which can accommodate the recovery programme requirements.

11.1.4 Where the Council is supporting an employee treatment or counselling it must be recommended and supervised by the Council's occupational health Service provider or the employee's own GP (where both the GP and the employee are happy to work in this way).

11.2 Referral by Manager

11.2.1 Managers must contact Personnel or the Staff Welfare Officer if they come across a situation where they think substance misuse may exist. Either will advise on the appropriate action to be taken.

11.2.2 All Managers have access to training or information which equips them with the knowledge of how to recognise a substance misuse problem and to be able to deal with it including a possible meeting.

11.2.3 Information for Managers will include how to conduct this meeting which requires sensitive handling.

The following should be covered:

- (1) circumstances observed
- (2) offer of help
- (3) disciplinary consequence of continuing present pattern

11.2.4 If there are signs that indicate an employee may have a substance problem the manager should contact Personnel and arrangements should be made to discuss this with the employee. When the employee is asked to attend this interview he/she will be advised that they may have a union representative or a colleague present. The interview will relate to the work performance aspects and behaviour. Personnel can be invited to attend this meeting if required.

11.2.5 If the employee acknowledges that an alcohol or drug problem does exist, and agrees to undertake a recovery programme this will be put in place using the OHS, the employees own GP, or some other agency.

11.2.6 The recovery programme must be clear, with agreed targets, and be monitored. During this time the employee must meet agreed work targets and make progress on the programme.

11.2.7 The interview will be conducted by the manager and a personnel officer if requested. A note must be taken of the meeting.

11.2.8 If the employee does not acknowledge the existence of a problem, the matter will be referred to the Head of Service who will consider further action. This may include disciplinary action with regard to any impaired work performance or behaviour.

11.3 Referral of a Colleague

11.3.1 If an employee has concerns about any colleague's performance at work and believes these are caused by substance misuse, they are urged to contact their manager who will raise the work performance issues confidentially with the employee concerned. Alternatively these may be raised with a Personnel Officer, Staff Welfare Officer or

a senior trade union representative who will refer the matter to the Head of Service, again in confidence.

12. Assistance with Overcoming Substance Dependence

- 12.1 It is not possible to outline only one course of action to achieve a position where work problems due to misuse do not reoccur. There are many different approaches to rehabilitation and the Council wishes to be flexible in the programmes it will support.
- 12.2 However there are a number of ground rules which must be established which are mentioned in Para 11.2.5 above and are clarified below.
- 12.3 The manager who is the contact person within the employing department must liaise through the OHS where this is agreed with the individual employee, or with the GP (where both the doctor and employee are happy for the GP to supervise the recovery programme).
- 12.4 The recovery programme for the employee, must set out the targets, including timescales. These must be achievable and measurable and set out how these are to be monitored. An assessment must be done, through the OHS or GP, to determine whether the employee can remain at work while the programme is being followed and whether an employee can remain in their own job for the duration of the programme. This will be primarily where there are safety considerations, for example in a job involving driving or caring for others (see Para 1.2).
- 12.5 The OHS will provide the manager co-ordinating the programme with a progress report.
- 12.6 An employee who does not make the expected progress on a programme will be interviewed by the manager co-ordinating the programme who may find it necessary to take disciplinary action if the required work performance is not achieved.
- 12.7 It is recognised that there may be a recurrence of a dependency problem and the Council will consider each case on its merits before agreeing to a second recovery programme. Where a second programme is agreed this may take place as part of a disciplinary process.

APPENDIX 1 – FACTS AND CONTACTS

DRUG CLASSIFICATION

The Misuse of Drugs Act 1971 divides illegal drugs into the following three categories:

- Class A: includes cocaine (including crack cocaine), ecstasy, heroin, LSD, methadone, morphine, opium and magic mushrooms prepared for use.
- Class B: includes amphetamines. Any Class B drug that is prepared for injection is treated as Class A.
- Class C: includes most benzodiazepines (e.g. temazepam, valium, mogadon), anabolic steroids, cannabis and cannabis resin.

ALCOHOL UNITS

As per Department of Health advice, sensible drinking limits are defined as no more than 21 units a week for adult males and 14 units a week for adult females. To reduce health risks from drinking, this should be spread over the week, i.e. 3-4 units per day for men and 2-3 units a day for women.

A unit of alcohol is 10ml of pure alcohol. Counting units of alcohol can help keep track of the amount being drunk. The list below shows the number of units of alcohol in common drinks:-

- A pint of ordinary strength lager (Heineken, Carling Black Label, Fosters) – 2 units
- A pint of strong lager (Stella Artois, Kronenbourg 1664) – 3 units
- A pint of bitter (John Smith's, Boddingtons) – 2 units
- A pint of ordinary strength cider (Dry Blackthorn, Strongbow) – 2 units
- A 175ml glass of red or white wine – around 2 units
- A pub measure of spirits – 1 unit
- An alcopop (e.g. Smirnoff Ice, Bacardi Breezer, WKD) – around 1.5 units

Remember that lagers and ciders sold in bottles are usually stronger than those sold on draught. The labels of some bottled drinks will tell you how many units of alcohol are in the bottle.

PRESCRIBED LIMIT

The prescribed limit, relevant to Ferry Services employees, is:

- In the case of breath, 35 microgrammes of alcohol in 100 millilitres
- In the case of blood, 80 milligrammes of alcohol in 100 millilitres
- In the case of urine, 107 milligrammes of alcohol in 100 millilitres

(The Secretary of State may make regulations amending the above prescribed limit)

CONTACTS

Occupational Health Service

Dr Gerald Freshwater and Lynda Freshwater
Shetland Medical Services

Tel: 01595 695448

Fax: 01595 695858

freshwater@zetnet.co.uk

Appointments must be made through Personnel.

Staff Welfare Service

Wilma Ross

13 Hill Lane

Lerwick

Tel: 01595 744580

Fax: 01595 744585

Mobile: 07766 421 055

wilma.ross@sic.shetland.gov.uk

Safety Manager

Fiona Johnson

4 Market Street

Lerwick

Tel: 01595 744567

Fax: 01595 744585

fiona.johnson@sic.shetland.gov.uk

SUPPORT GROUPS

Alcohol Advice Centre

44 Commercial Street (above Solotti's)

Lerwick

Tel: 01595 695363

aac@care4free.net

www.aiac.shetland.co.uk

Open Monday – Friday 10.00am to 5.00pm

Alcoholics Anonymous

Annsbrae House (entrance off Knab Road)

Lerwick

National Helpline: 0345 697555

Meet every Friday at 7.00pm in Congregational Church Hall, Clairmont Place, Lerwick.

Shetland Community Drugs Team

34 Market Street
Lerwick
Tel: 01595 696698
Fax: 01595 697346
scdt@zetnet.co.uk

COUNSELLING AGENCY

Samaritans

13 Charlotte Street
Lerwick
Tel: 01595 694449
National Helpline: 08457 909090
www.samaritans.org.uk

Open from: 7.30pm to 10.30pm, Sunday – Wednesday
9.00pm to 10.30pm, Thursday – Saturday

NATIONAL HELPLINES

Alcoholics Anonymous

0345 697555
www.alcoholics-anonymous.org.uk

National Drug Helpline

0800 776 600

Know the Score

0800 5875879
www.knowthescore.info

APPENDIX 2

DEFINITION OF ACCIDENT / INCIDENT (FERRY SERVICES)

An accident means any contingency caused by an event on board a ship or involving a ship when:

- a) there is loss of life of any person onboard,
- b) there is a major or serious injury* to any person onboard,
- c) any person is lost or falls overboard from, a ship or ship's boat;
- d) a ship
 - (i) causes any loss of life, major injury or material damage;
 - (ii) is lost or is presumed to be lost
 - (iii) is abandoned
 - (iv) is materially damaged by fire, explosion, weather or other cause:
 - (v) grounds
 - (vi) is in collision
 - (vii) is disabled; or
 - (viii) causes serious harm to the environment

Note this list is not all-inclusive and other definitions may apply.

* major and serious injury may be defined as any injury to any individual that requires medical treatment or will require an employee to cease work and depart the vessel.



Shetland Islands Council

REPORT

To: **Shetland Islands Council**

30 June 2004

From: **Personnel Manager
Executive Services**

Report No: CE-30-F

Winding Down Policy

1. Introduction

- 1.1 This report introduces the Winding Down Policy which will apply to all employees who are members of the Scottish Teachers' Superannuation Scheme (STSS).

2. Background

- 2.1 In July 2002 the Teachers Pension regulations were amended to formally implement the provisions for winding down, which had originally come out of "A Teaching Profession for the 21st Century" (the McCrone Agreement).
- 2.2 Although members of the STSS have been able to apply to wind down since that time, no Council policy has been developed to implement this.
- 2.3 This policy is therefore designed to assist employees and managers to deal with winding down requests quickly and efficiently.

3. Proposal

- 3.1 It is proposed that the Winding Down Policy, attached as Appendix 1 to this report, be agreed.

4. Financial Implications

- 4.1 There are no significant financial implications arising from this report.

5. Policy and Delegated Authority

- 5.1 All personnel policy matters stand referred to the Council (minute ref: SIC 70/03) and accordingly a decision of the Council is sought on this matter.

6. Conclusion

- 6.1 Following an amendment to the Teachers Pension regulations in 2002, members of the STSS can apply to "wind down".
- 6.2 This policy aims to provide an easy to use guide for managers and employees to ensure that requests are dealt with quickly and efficiently.

7. Recommendations

- 7.1 I recommend that the Council agrees to implement the attached Winding Down policy with effect from 30 June 2004, with a revision date of 30 June 2007.

Operational Date: 30 June 2004
Review Date: 30 June 2007

SHETLAND ISLANDS COUNCIL

WINDING DOWN POLICY

1 Introduction

- 1.1 Section 3.5 of “A Teaching Profession for the 21st Century”, introduced “winding down” as a concept for teachers who wished to reduce their hours, but protect their final retirement pension entitlements.
- 1.2 The winding down concept was further developed by the Scottish Public Pensions Agency (SPPA) and eventually led to the implementation of the Teachers’ Superannuation (Scotland) Amendment Regulations 2002 on 1 July 2002.
- 1.3 The aim of this policy therefore, is to implement the provisions of the 2002 Regulations into this Council and to ensure that employees and management have a clearly understood mechanism to help the efficient processing of applications to ‘wind down’.
- 1.4 Employees may already be aware of the SPPA Circular No 2002/1 which was produced in June 2002 to explain the changes to the Scottish Teachers’ Superannuation Scheme. This policy incorporates the guidance provided in that circular.

2 Scope of Policy

- 2.1 The terms of this policy apply to all employees who are members of the Scottish Teachers’ Superannuation Scheme (STSS), subject to the qualifying criteria/conditions detailed in Section 3 below.

3 Eligibility Criteria/Conditions

- 3.1 A member wishing to apply to take part in the Winding Down scheme must be at least 56 years old.
- 3.2 Members must have a minimum of 25 years teaching service (i.e. s/he must have had a contract to teach for at least 25 Years, of which, the last 10 years must have been full time service). A credit of up to 5 years will be allowed for a break or breaks in service.

- 3.3 The minimum number of hours that can be worked during winding down is 0.5 of a full-time equivalent post.
- 3.4 Each year served in winding down employment will count as one full year's service for pension benefit calculation purposes.
- 3.5 The final pensionable salary for benefit calculation purposes will be the salary that the member received in the 365 days prior to entering winding down employment, revalued using the Retail Price Index, to the actual point of retirement.
- 3.6 Employer and employee contributions will be based on actual salary received for the part-time post.
- 3.7 The maximum length of any winding down process will be 4 years. If a member returns to full-time teaching, it will not be possible to retain the full service credit awarded whilst in winding down employment.

4 Application process

- 4.1 Any member who may be interested in applying for winding down, should, in the first instance, discuss this with his/her Head Teacher/Line Manager.
- 4.2 The SPPA is responsible for providing advice and guidance on the Scottish Teachers' Superannuation Scheme. Therefore, if a member requires specific guidance or financial information, s/he can contact the SPPA. General advice can also be obtained from the Council's Payroll/Pensions Section (contact details in section 6).
- 4.3 Once a member has decided to progress his/her application, s/he should complete Part A of the SPPA "Winding Down Election" form and then pass this to his/her Head Teacher/Line Manager for completion of Part B. Where a teacher is employed on an itinerant basis, the form must be passed to the base school Head Teacher. Copies of the "Winding Down Election" form are available from the Payroll/Pensions Section.
- 4.4 The completed form must then be submitted to the Head of Education/College Principal (where appropriate) for final approval. The Head of Education/College Principal will acknowledge receipt of the form within 3 working days and provide a written response to the applicant, within 1 calendar month of receiving the form, to confirm whether his/her application has been accepted.

The Head of Education/College Principal will seek any further information deemed necessary before making a final decision. Where accepted, the Head of Education/College Principal will forward the completed form to the

Payroll/Pensions Section of Finance, who will then ensure that this is forwarded to the SPPA.

- 4.5 Each application to wind down will be considered on its merits and a decision will be taken in relation to the circumstances pertaining in the Education Service/Shetland College at the time.
- 4.6 It should be noted that no winding down arrangement will commence until appropriate permanent cover has been made for the remaining part of the job. As part of planning cover, consideration should be given to the Council's Job Share Policy and advice sought from Personnel, as considered appropriate. If appropriate cover cannot be found, the application will be turned down.
- 4.7 In relation to teaching staff in schools, it cannot be guaranteed that a winding down arrangement will take place within the school in which the teacher is employed at the time of applying. If it is only possible to grant the winding down application by allowing the teacher to work part-time in another school, this will become a necessary pre-condition which must be met before the application to wind down can be progressed. Should this be agreed, and the teacher was to take up a part-time post in another school, s/he would not be entitled to remote school allowance (if this was not applicable in the school to which the teacher was transferring), removal expenses, mileage payments, subsistence, lodging allowances etc.
- 4.8 Applications to wind down can be made at any time of the academic year. However, it should be noted that the best time of year to make these would be in the summer term. By that time, early retirements should have been confirmed, probationers should have been allocated places with the Council and Education management would be best placed to accommodate applications within teaching staff deployment plans for the following school year.
- 4.9 Should a member commence winding down and then wish to change the number of hours being worked, this will require a new application to be made, in line with this policy.

5 Communication

- 5.1 This policy will be circulated to all schools/Shetland College and placed on the Council's Personnel intranet site.

6 Useful contacts

For enquiries relating to the application of this policy, or general enquiries relating to the Scottish Teachers Superannuation Scheme, please contact:

Mary Smith (Payroll/Pensions Manager):

telephone: 01595 744669

e-mail: mary.smith@sic.shetland.gov.uk

For enquiries relating to the application of this policy or the Job Share Policy, please contact:

Peter Peterson (Personnel Officer):

telephone: 01595 744575

e-mail: peter.peterson@sic.shetland.gov.uk

For enquiries relating to the Scottish Teachers Superannuation Regulations, please contact:

Michelle Lee, or any member of 'Team1' in the Scottish Public Pensions Agency,
telephone: 01896 893 012