

APPENDIX A

2009/10 BUDGET FORECASTS

	2007/08 Outturn	2008/09 Budget	2009/10 Budget Forecast	2009/10 Increase %
	£million	£million	£million	
General Fund Summary				
NET EXPENDITURE				
Employee Costs	55.7	57.0	60.6	6.3
Operating Costs	32.3	31.9	32.2	0.9
Transfer Payment	8.9	9.7	11.5	18.6
Income	(25.2)	(18.7)	(20.7)	10.7
Net Department Expenditure	71.7	79.9	83.6	4.6
Financing Costs	0.8	0.4	0.4	0.0
Recharges In	20.6	22.0	22.8	3.6
Total Net Expenditure	93.1	102.3	106.8	4.4
FINANCING INCOME				
Revenue Support Grant	(71.8)	(81.4)	(84.2)	3.4
Non Domestic Rates Income	(8.0)	(8.4)	(8.6)	2.4
Council Tax Income	(8.1)	(7.8)	(7.8)	0.0
Trading Undertakings	(0.8)	(0.7)	(0.7)	0.0
Reserve Contributions	(4.4)	(4.0)	(3.0)	(25.0)
Total Financing	(93.1)	(102.3)	(104.3)	2.0
General Fund Base Deficit	0.0	0.0	2.5	
GROWTH ITEMS				
Single Status			4.0	
Montfield Care Home			0.1	
Quoys Phase 2 (Independent Living)			0.4	
General Fund Revised Deficit			7.0	
Reserve Fund Summary				
Development			3.0	
NAFC Operating Costs			0.9	
NAFC Property			0.6	
SCOFÉ Property			0.4	
Executive Services			0.3	
Housing			0.2	
Infrastructure			0.9	
Modern Apprenticeship			0.3	
Reserve Fund Base Deficit			6.6	
GROWTH ITEMS				
NAFC Operating Costs (transfer from SDT)			0.9	
Discretionary Grants			0.2	
Reserve Fund Revised Deficit			7.7	

Appendix B

Shetland Islands Council Discretionary Reserves

(values on Balance Sheet at cost)

10 Year Projection: Actual plus Revised Assumptions

As at 31 March	Capital Programme Expenditure (3)	Special Items	Reserve Fund Programme Expenditure	General Fund Revenue Deficit (1)	TOTAL RESERVES (2)
	£million	£million	£million	£million	£million
2005					(318.7)
Investment Returns					(16.9)
Harbour Surpluses (4)					(5.2)
Expenditure	14.6	20.1	7.4	4.0	46.1
2006		(4 ferries)			(294.7)
Investment Returns					(18.0)
Harbour Surpluses (4)					(2.0)
Expenditure	14.5	1.8	7.8	3.6	27.7
2007		(Single Status)			(287.0)
Investment Returns					(27.0)
Harbour Surpluses (4)					(4.5)
Expenditure	18.5	1.7	7.5	2.8	30.5
2008		(Single Status)			(288.0)
Investment Returns					(20.2)
Harbour Surpluses (4)					(2.1)
Expenditure	21.1	10.0	6.0	4.0	41.1
2009		(STL, Islesburgh,SS)			(269.2)
Investment Returns					(18.8)
Harbour Surpluses (4)					(4.0)
Expenditure	20.0	0.0	7.7	3.0	30.7
2010					(261.3)
Investment Returns					(18.3)
Harbour Surpluses (4)					(4.0)
Expenditure	15.0	0.0	7.9	2.0	24.9
2011					(258.7)
Investment Returns					(18.1)
Harbour Surpluses (4)					(4.0)
Expenditure	15.0	0.0	8.0	1.0	24.0
2012					(256.8)
Investment Returns					(18.0)
Harbour Surpluses (4)					(4.0)
Expenditure	15.0	0.0	8.2	0.0	23.2
2013					(255.6)
Investment Returns					(17.9)
Harbour Surpluses (4)					(4.0)
Expenditure	15.0	0.0	8.3	0.0	23.3
2014					(254.2)
Investment Returns					(17.8)
Harbour Surpluses (4)					(4.0)
Expenditure	15.0	0.0	8.5	0.0	23.5
2015					(252.5)
Investment Returns					(17.7)
Harbour Surpluses (4)					(4.0)
Expenditure	15.0	0.0	8.7	0.0	23.7
2016					(250.5)

Notes

Gross Investment Returns (%)	7.0
Inflation Rate (%)	2.0
Real Investment Return (%) (not being achieved in 2007/08)	5.0

(1) SIC policy involves reducing the draw on Reserves to support revenue to £0 by 31 March 2012.

(2) SIC policy is to maintain Reserves at no less than £250 million (the "Reserves Floor").

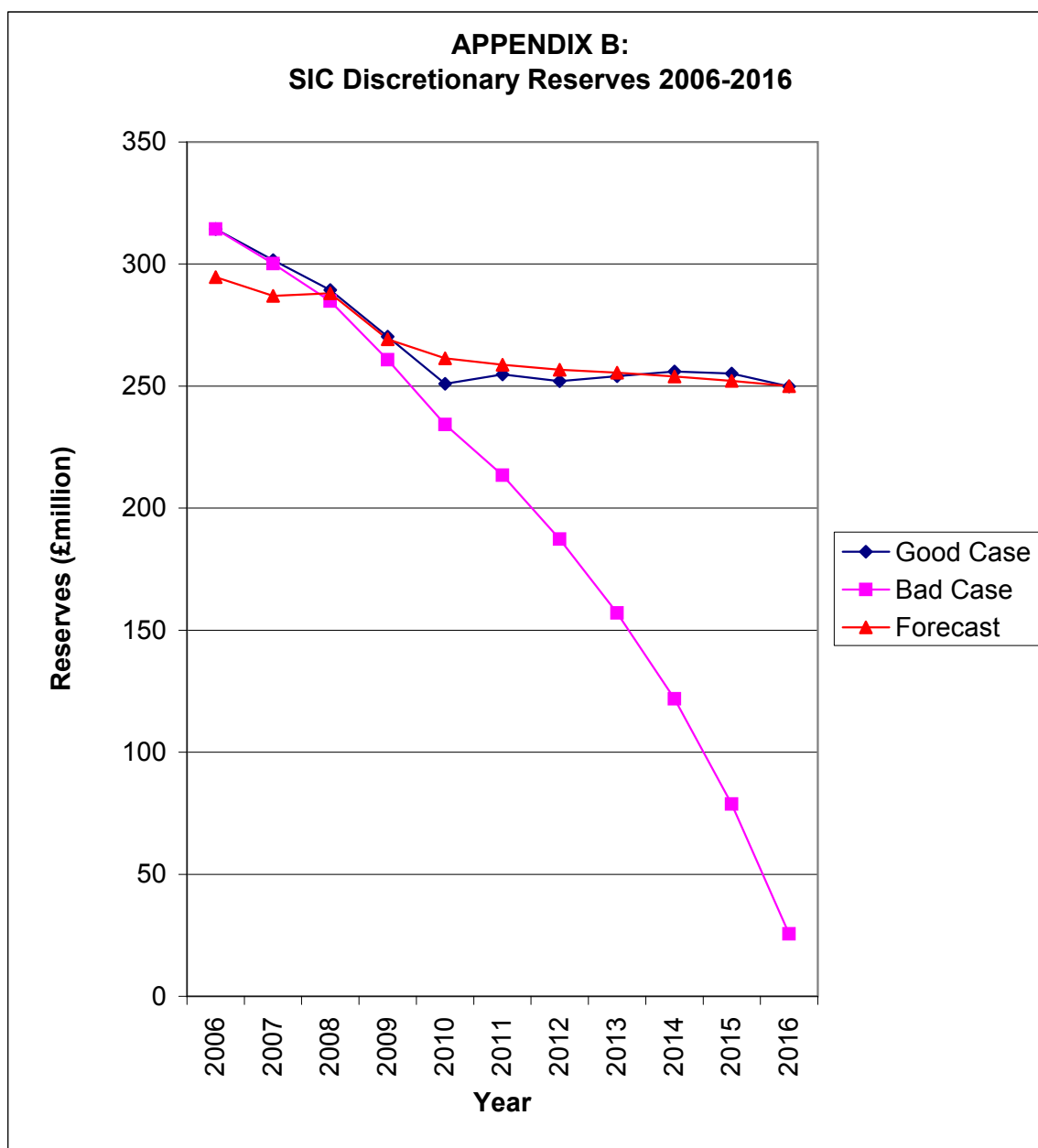
(3) SIC policy is to allocate £20 million per annum from Reserves to support the Capital Programme, for as long as it is sustainable..

(4) Harbour surpluses are running well below the normal £8 million per annum at present (mainly due to poor traffic levels through Sullom Voe.

Shetland Islands Council Discretionary Reserves

CURRENT FORECAST (values on Balance Sheet at cost)

As at 31 March	Bad Case	Good Case	Forecast
	£million	£million	£million
2006	314.3	314.3	294.7
2007	300.1	301.6	287.0
2008	284.9	289.4	288.0
2009	260.7	270.3	269.2
2010	234.2	250.9	261.3
2011	213.5	254.8	258.7
2012	187.3	252.0	256.8
2013	157.0	254.0	255.6
2014	121.9	255.9	254.2
2015	78.8	255.1	252.5
2016	25.6	249.9	250.5





REPORT

To: Shetland Islands Council

10 September 2008

From: Head of Finance

Long Term Financial Planning – COUNCIL RESERVES AND BUDGET STRATEGY, 2009/10 AND BEYOND

Report No: F-027-08-F

1. Introduction

- 1.1 This report looks at the wider implications of the Council's financial circumstances upon its main reserves (Capital Fund, Reserve Fund, Repairs and Renewals Fund) and opens up some policy issues for consideration. It also draws conclusions from that analysis to give direction to the budget exercise for the coming year (2009/10).

2. Background

- 2.1 **General Fund revenue expenditure**, net of service fees and charges, is budgeted at £102.3 million in the current year (2008/09). Funding for that mainly comes from the Scottish Government (£89.8 million). The remaining funding comes from Council Tax (£8.4 million, profits from Council trading operations (£0.7 million), and Council Reserves (£4.0 million). The draw from Reserves is a key Council policy target, which we are on track to meet or beat in the current year. The current policy objective is to reduce that draw on Reserves to £3.0 million in 2009/10, and by £1 million per annum thereafter, down to zero in 2012/13.
- 2.2 The **Council's Reserves** grew from under £200 million in 1995 to an all time high of £330 million in 2003, despite a very serious decline in the international investment markets in the period 2000-2003. Since then the Reserves have declined to £288 million in March 2008. This major decline in the Reserves is a trend that is completely new in the history of the Council, and must be seen as a major factor in Council policy deliberations. The decline has been to some extent recognised and built into Council financial policy, but that policy requires the decline to be halted at a minimum level of Reserves of £250 million, which has major implications for Council spending plans. Current Council policy requires the Council to achieve the planned reductions in draw upon Reserves to support revenue expenditure, and limits the Capital Programme's draw on Reserves to £20 million per annum for as long as that is sustainable.

- 2.3 The current view of the **General Fund's revenue prospects for 2009/10** is as follows. The target draw on Reserves is £3.0 million, as already stated. A simple **no growth projection** of spending already in the budget suggests that an **extra £2.5 million will be required**. Beyond that, there is the prospect of **spending growth** from the full-year effect of the **Montfield** Care Home and **Quoys** Phase 2 Independent Living projects coming into operation (**£0.5 million**). And beyond that, there is the likelihood of significant costs arising from the implementation of **Single Status** in 2009/10 (currently estimated, but not yet decided upon, to cost **up to £4.0 million** per annum). On the face of it, therefore, it appears as if the Council **may be facing a problem of the order of £7.0 million** on the General Fund revenue budget, above and beyond its target of only drawing £3 million from Reserves to support that budget.
- 2.4 There is additional concern that current inflation on fuel and energy costs (which is at quite exceptionally high levels) will further add to the Council's difficulties. It is very much to be welcomed that this problem has been fully recognised and that officers responsible for these budgets are working up remedial measures to tackle this issue.
- 2.5 However, on a more positive note, it appears that the Council as a whole is already absorbing the general inflationary pressures within its existing budgets (and it may well be that the worst of those pressures will be behind us by 2009/10, especially if the recent 20% fall in the price of crude oil is continued). There is also evidence in the current year to date that the apparent growth pressures from new services and the continuation of existing services is not being reflected in actual spending to date. After the first quarter, the Council was £2.4 million under the 2008/09 revenue budget. The situation in the current year needs to be monitored closely, with the conclusions that can be drawn from that to be applied to the budget preparation for next year.
- 2.6 My current view is that there is no need to initiate further remedial action (other than for fuel and energy costs) with regard to growth or inflationary pressures (it looks as if existing budget provisions are sufficient as a whole to absorb these pressures), and that Budget Responsible Officers should simply be instructed to prepare budgets for next year on the basis of approved activity levels and current spending levels, consistent with the policy goal of requiring no more than £3.0 million of support from Reserves in 2009/10, and consistent with the policy goal (set out in the Single Outcome Agreement) of pursuing annual 2% efficiency savings. The recent initiative on corporate procurement of goods and services has the potential to make a valuable contribution towards this goal, and is the subject of another report on today's agenda.
- 2.7 That leaves the question of how to provide for the costs of implementing Single Status. My view is that while this is undoubtedly a major challenge, it remains a challenge which will have to be addressed when the details of the final deal are determined. To assume that it will cost £4.0 million is to pre-judge the negotiation and settlement which has still to take place. Choices about what the final cost will be, and how it might be funded (including the various forms of cost recovery which might arise from job redesign, different work patterns, etc) will have to await that due process. By that time the real levels of savings against the 2008/09 budget will be much clearer, which should also help the funding equation to be solved.

- 2.8 The **Reserve Fund programme** is another ongoing draw on Reserves, and is projected to total £7.7 million in 2009/10, if the full burden of funding the NAFC operating deficit is transferred back from SDT. The total is made up of NAFC (£2.4 million, 31%), Economic Development (£3.2 million, 42%) and other discretionary grants (£2.1 million, 27%).
- 2.9 Appendix A sets out summary forecasts for the 2009/10 General Fund and Reserve Fund budgets.
- 2.9 The **total draw on Reserves for 2009/10** might therefore be as follows:

	£ million
General Fund revenue support	3.0
Reserve Fund programme	7.7
Capital Programme	20.0
TOTAL	30.7

- 2.10 A projection of the effect of drawing £30.7 million per annum from Reserves indicates (see Appendix B) that the Council's Reserves would fall on a gradual trend to £250 million, and stabilise at that level, which complies with the Council's Reserves Floor financial policy framework, only if future support for the Capital Programme is cut to £15.0 million per annum. This degree of reduction in the Capital Programme has long been in prospect (it was implicit in the 2005 decision to reduce Reserves and then stabilise them at £250 million), but it now needs to bite in 2010/11.
- 2.11 The case for holding the draw from Reserves in 2009/10 to a maximum of £30.7 million is therefore strong, and I therefore advocate that that should be the central target of the forthcoming budget exercise. If, for any reason, there is a need to spend more on any one of the areas supported (e.g. Single Status, Economic Development, Capital Programme), it should only be approved in tandem with a compensating cut in some other area.

3. Economic Background to the Council's Budget Strategy

- 3.1 As has already been stated, the inflationary background to this budget exercise is the worst for many years (with CPI inflation forecast to peak at 5% later in 2008, against the government's target of 2%). However, the Council appears to be absorbing the worst of this inflationary effect within existing budgets as a whole, and the pressures should decline in 2009/10.
- 3.2 Some commentators anticipate that the UK will fall into a shallow recession over the next few quarters, with an attendant rise in unemployment to over 2 million (unemployment is already increasing quite significantly in the construction sector nationally). It is not, however, clear that these effects (based upon a boom and bust in UK property prices that has not been so manifest here) will have too pronounced an effect in Shetland. The construction sector in Shetland remains very busy, for example, and any easing of demand in that sector might actually

manifest itself in more realistic pricing for construction projects (to the benefit of the Council and other public sector project prices).

- 3.3 Another local concern is that investment markets have been performing poorly in recent times. However, the Council's long term financial planning is based upon its assumptions about long term rates of return in the various markets. This approach has served the Council well and means that, while an eye should be kept on the markets (mainly for fund management purposes), our financial planning should not respond to either the ups or downs of the market unless there is good reason to believe that long term prospects have fundamentally changed. There is nothing about the downs of the last year (or the ups of the previous three years), which lead me to think that the fundamentals have changed. For further reassurance, the Council's Reserves started this year on our balance sheet (valued at cost) up £1 million on the previous year, against earlier forecasts that they would be down significantly. This is shown on the graph in Appendix B.
- 3.4 The three year financial settlement for local government was set by the Scottish Government in late 2007, and was very satisfactory for this Council. The year two (2009/10) figures from that settlement are built into the projections in Appendix A.

4. General Fund / Reserve Fund Budget Strategy

- 4.1 The current strategy for the General Fund revenue budget is to continue to reduce the demand upon the Reserves year on year. The specific targets are to reduce the demand on Reserves to £3 million in 2009/10, and to steadily reduce the demand thereafter, achieving zero in 2012/13.
- 4.2 The current strategy for the General Fund Capital Programme is to limit the drawings upon Reserves to £20 million per annum, for as long as that can be sustainably supported. Current forecasts suggest that ongoing Capital Programme funding should come down to £15.0 million per annum from 2010/11.
- 4.3 The ongoing Reserve Fund Programmes, which are mainly made up of the Council's contribution to Economic Development, total £7.7 million in 2009/10. There is a need for zero-based review of long standing Reserve Fund programmes, with a view to finding savings or re-focusing resources on the key current priorities. One concern is the increasing proportion of Reserve Fund resources needed by the NAFC in Scalloway (31%).
- 4.4 Together, these three demands upon the Reserves total £30.7 million in 2009/10.
- 4.5 The strategy should therefore be to ask Budget Responsible Officers to prepare budgets with these targets in view, with any need to increase spending in one area to be met by a corresponding decrease in another area. Any reductions which can be achieved on General Fund revenue or the Reserve Fund programmes would minimise the long term reduction in resources for the General Fund Capital Programme.

5. Harbour Account Budget Strategy

- 5.1 Efficiency savings, especially the potential unlocked by the merger of Harbour and Towage operations, need to be pursued to drive down operating costs at the Port of Sullom Voe. Charging levels also need to be looked at in the context of realistic throughput forecasts from the oil industry. Both these measures need to be pursued with a view to striking a balance between the viability of the Sullom Voe Terminal and maintaining profitability at the Port.
- 5.2 The profitability of the Port of Sullom Voe is very important to the Reserve Fund and the forecast for the Council's Reserves assumes that the current level of profitability is maintained through to 2016. If that is not achieved cuts in spending elsewhere will be required to compensate.

6. Housing Revenue Account Budget Strategy

- 6.1 The big HRA financial problem (which was the inspiration for exploring housing transfer) is the very high level of Housing debt and the long term prospect that Housing Support Grant will cease to partially support it. The Council should therefore continue to discuss debt settlement mechanisms with the Scottish Government with a view to achieving debt relief (with or without stock transfer) in the long-term interest of the HRA tenants and social housing provision in Shetland.
- 6.2 While that dialogue goes on the key budgetary objective of the HRA should be to minimise the adverse effect on tenants by containing revenue and debt burdens upon house rents. This means constraining revenue expenditure to the fullest possible extent.
- 6.3 For several years up to 2007/08 HRA revenue expenditure was more or less fully funded from rents and Housing Support Grant, which gave rise to the policy decision to dedicate HRA Reserves (specifically the Housing Repair and Renewals Fund, £13 million in early 2006) to achieving increases in housing stock to tackle the waiting list problem. Since 2006 a range of purchases have taken place to increase housing stock, and more projects are in development. However, increases in revenue spending have not been matched by increases in rents and Housing Support Grant, and a revenue deficit has emerged again (£0.8 million in 2008/09) which has to be met from HRA Reserves. While this persists, it diminishes the availability of Reserves to invest in extra housing stock. The strategy should therefore be to minimise the revenue deficit in order to maximise resources for housing stock investment. This is even more imperative because projections based on current trends suggest that the HRA Reserves will be exhausted by 2013, after which there are no means to support either revenue or capital, and the burdens will fall upon the Council tenants.
- 6.4 More work needs to be done on the scale of this problem and the scope to respond to it, and that will be reported back to Council during the course of this budget exercise.

7. Policy and Delegated Authority and Links to the Corporate Plan

- 7.1 Responsibility for overall budget strategy stands referred to the Council. It is ultimately for Council to consider this report and its recommendations and to decide upon the budget strategies for 2009/10 and beyond.
- 7.2 The policies direction arising from this report should also provide the foundation for 2009/10 Service Plans, and will be the basis on which Budget Responsible Officers must prepare the 2009/10 budgets.

8. Conclusions

- 8.1 The Council's **£250 million Reserve Floor** policy should again be reaffirmed, the prime reason being to provide sustainable future funding for the General Fund Capital Programme and Reserve Fund Programmes.
- 8.2 Up to now, the target for 2009/10 for use of Reserves has been expressed in three parts (£3 million funding for General fund revenue support, £20 million for the General Fund Capital Programme, £7.7 million for the Reserve Fund Programme), totalling £30.7 million. This total, which is compatible with the Reserves Floor policy, should be the overall target for 2009/10, with an increase in use of Reserves in any one area having to be compensated by a reduction in another area.
- 8.3 Over the course of the 2009/10 budget exercise, which ends in February 2009, members will be presented with more detailed information on progress towards that target.
- 8.4 The **Harbour Account** should continue to pursue efficiency savings on its operations at Sullom Voe, and should also review charges with a view to at least maintaining current levels of profitability at the Port.
- 8.5 The **Housing Revenue Account** should continue to explore debt relief measures with the Scottish Executive, while minimising the use of HRA Reserves to support revenue spending, thereby maximising the extent to which Reserves can be dedicated to the additional housing stock programme.

9. Recommendations

- 9.1 I therefore recommend that the Council considers this report and:
 - 9.1.1 reaffirms the existing £250 million Reserve Floor policy (i.e. that Council discretionary Reserves will be maintained at or above that level);
 - 9.1.2 establishes a single overall limit for drawings on Reserves in 2009/10 of £30.7 million (based on the current limits of £3 million of General Fund revenue support, £20 million General Fund Capital Programme support, £7.7 million Reserve Fund Programme support);
 - 9.1.3 pursues efficiency savings and appropriate charging levels to at least maintain the current level of profitability at the Port of Sullom Voe.

- 9.1.4 pursues Housing Revenue Account debt relief while minimising revenue spending out of Reserves and maximising investment of Reserves over several years in additional housing stock.

Date: 26 August 2008

Report No: F-027-08-F

Ref: GJ/JG/1/1



REPORT

To: Shetland Islands Council

10 September 2008

From: Head of Capital Programme and Housing Service

Report No: CPS-12-08-F

Subject: Prioritisation of Capital Programme – Revised Process

1. Introduction

- 1.1 Shetland Islands Council asked for a review of the existing prioritisation process. This report sets out the findings and recommendations of that review.
- 1.2 The capital programme for 2008/09 is already set and this report does not change that programme. However, decisions flowing from this report will affect projects from 2009 onwards.

2. Link to Corporate Priorities

- 2.1 As part of the Council's commitment to sustainability within the Corporate Improvement Plan we have undertaken to define our priorities so we can sustain the services we want to provide and help develop our economy. A key component of this is the commitment we have made to implement a Capital Programme prioritisation system and the continuation of that process.

3. Background

- 3.1 In March 2006 (Min Ref 48/06), the Council agreed the existing prioritisation system to be applied to capital projects.
- 3.2 In Feb 2008 (Min Ref 16/08), Council requested a seminar to review the existing process.
- 3.3 On the 13 March 2008, a seminar was held with Members to discuss methods of prioritisation. Members indicated that the point system should be removed and replaced with a system that allows each committee to decide priorities. It

was felt that some form of project scrutiny as applied by the Capital Project Review Team (CPRT) should be retained.

- 3.4 On the 8 April 2008, taking into account comments at the earlier seminar, a draft proposal was sent to chairs and vice chairs for consideration.
- 3.5 On the 5 May 2008, chairs and vice chairs were invited to meet and discuss the draft proposals.
- 3.6 On the 11 August 2008, Members were invited to meet and discuss draft proposals. Members were asked to confirm that the existing proposals properly reflected their requirements before drafting the report submitted today.

4 Proposals

- 4.1 The key principles of the revised process are:
 - 4.1.1 There will be no points system to determine relative priority;
 - 4.1.2 Each Board/ Committee/ Council (in the case of Executive Services) decides what services are needed to maintain their existing assets, as first call on available resources;
 - 4.1.3 Shetland Islands Council will merge all priorities to agree a “Master list”;
 - 4.1.4 Priorities will be reviewed at least annually;
 - 4.1.5 All of the above must remain within the prevailing financial policy.
- 4.2 Step 1, will be prioritisation of rolling programmes to maintain existing assets:
 - 4.2.1 Each Board/ Committee/ Council (in the case of Executive Services) decides what capital expenditure is required by services to maintain their existing assets, in forward years 1 to 5. These are to be in order of priority;
 - 4.2.2 The value of this funding is to be ring fenced expenditure with the first call on any available capital resources. This is to ensure that existing assets are protected before spending approval is given for the creation of new assets;
 - 4.2.3 Projects, costs and relative priority are to be reviewed annually.
- 4.3 Step 2, will be considering the creation of new or replacement assets:
 - 4.3.1 Each Board/ Committee/ Council (in the case of Executive Services) decides what capital expenditure is required by services to create new or replacement assets. These are to be in order of priority;
 - 4.3.2 Each project is to have a cost indication which will set the budget for the project;
 - 4.3.3 In deciding the priority consideration will be given to:
 - 4.3.3.1 Projects that have to be done because of a legal requirement;
 - 4.3.3.2 Projects that need to be done to meet an identified service need;
 - 4.3.3.3 Projects that the Council aspires to do in the future.

- 4.4 Step 3, will be the merging of all information to create a “Master list” as follows:
- 4.4.1 Members will hold a seminar to consider the results of steps 1 and 2;
 - 4.4.2 At the seminar in 4.4.1 above, SIC will discuss in principle, the overall priority of all projects including those necessary to maintain existing assets and the creation of new or replacement assets;
 - 4.4.3 Any recommendations arising from these discussions and priority given by SIC will take into account the capital funding available each year in accordance with the prevailing SIC financial policy;
 - 4.4.4 Subject to the amount available each year, projects will be allocated a provisional order of priority which is to be decided by a meeting of SIC.
- 4.5 Step 4, After the provisional prioritisation by SIC in 4.4.4 above all projects will be subjected to scrutiny by the Capital Projects Review Team (CPRT). Projects will not continue for inclusion in any capital programme until this part of the process is completed. CPRT will:
- 4.5.1 Include the chair and vice chair of each Committee and the Convenor and Vice-Convenor for Executive Services;
 - 4.5.2 Evaluate each project to ensure that the following have been properly explored:
 - 4.5.2.1 Feasibility;
 - 4.5.2.2 Option appraisal;
 - 4.5.2.3 Consultation (where required);
 - 4.5.2.4 Cost reduction ideas;
 - 4.5.2.5 Use of existing building/s or assets;
 - 4.5.2.6 Securing of any external funding that might be available;
 - 4.5.3 Report the outcomes back to Shetland Islands Council to formally set the final priority.
- 4.6 Step 5, formal entry onto the capital programme;
- 4.6.1 Based on the final priority decided by SIC, the Capital Programme Service (CPS), produce a 5 year programming report for SIC to agree. This then formally becomes the capital programme. Everything else up until this point is at risk of change as part of the SIC’s annual and ongoing review;
 - 4.6.2 SIC will deliver projects in order of priority. The funding for each project that is started will be assigned to that project until it is completed. Therefore, further projects will only be able to come forward when there is savings or future resource allocations allow and not because of any slippage. This is a crucial aspect and needs re-emphasising, new projects come forward only when savings allow. Projects would not come forward as slippage occurs;
 - 4.6.3 Progress against this programme is reported to SIC quarterly; the progress reports will detail variances against expectations in price, timescale and key departures from project plans. Project managers and Budget Responsible Officers (BRO’s) will through this means, be required to give regular and detailed accounts to Members and will expect to be challenged on any and all variations to progress;

- 4.6.4 The total value of projects programmed each year is the amount of capital funding available as defined by the prevailing SIC financial policy;
- 4.6.5 The programme is revised annually following steps 1-4 as set out above.
- 4.7 A diagram of steps 1-5 is attached for consideration as *Appendix A*.
- 4.8 I would ask Members to consider the following points for acceptance as a requirement of this revised process:
 - 4.8.1 Each Board/ Committee/ Council (in the case of Executive Services), will have to predict rolling programmes with greater accuracy;
 - 4.8.2 Each Board/ Committee/ Council (in the case of Executive Services), will have to consider all projects into the future;
 - 4.8.3 Additional provision will have to be made for works that arise unexpectedly or are not anticipated in good time. Given the impact this has on the Council's wider plans and expectations the latitude allowed for the "unexpected" is likely to diminish in the longer term. Officers and Members alike will have to accept the tighter disciplines this will require. As with the system, not all projects can proceed at the same pace. Thus, a project prioritised at No. 2 may be completed before No. 1;
 - 4.8.4 At the programming stage funding will have to be allocated to progress projects from step 1 to step 5 in future years;
 - 4.8.5 To stay within financial policy and remain sustainable any new project (whether planned or unexpected), will have to displace an existing project and a decision of SIC will be required;
 - 4.8.6 The process set out in steps 1-5 will have to be completed in December of each year to allow proper programming in the following financial year;
 - 4.8.7 Acceptance of this process supersedes all earlier decisions and cancels existing priorities.
- 4.9 As a default position, I would recommend that the existing priority list be used for programming in 2009/10 if steps 1-5 cannot be completed in good time for any reason.
- 4.10 The capital spending of the Housing Revenue Account (HRA) will have to be considered separately by Services Committee as a ring fenced account under the prudential borrowing regime.
- 4.11 In the Strategic Audit Risk Analysis issues in March 2008, Audit Scotland identified the following risks to SIC:
 - 4.11.1 The Council's capital programme being heavily over subscribed;
 - 4.11.2 In order to meet long term financial strategy it was essential that a prioritisation of the capital programme is in place;

- 4.11.3 If a robust and transparent method methodology is not maintained there is a risk that the Council will not be able to meet its long term financial strategy;
- 4.11.4 The ability to fund in the medium term, the current revenue and capital programme whilst maintaining the Council's financial strategy.

5 Financial Implications

- 5.1 The proposals within this report make use of existing agreed resources without the need to provide additional funding at this stage. Therefore, there are no direct financial implications from this report. Indirectly, tighter control may lead to greater efficiencies and a longer term reduction in revenue burdens.

6 Policy and Delegated Authority

- 6.1 Matters relating to the Council's Capital programme are referred to Council for decisions (SIC Min ref 122/03 and 145/03).
- 6.2 The Council approves from time to time modifications to its scheme of delegations. Further modification will be required if the proposals set out in this report are adopted. This requires approval of the Council.

7 Conclusion

- 7.1 This report should allow Council to set prioritisation and bring greater certainty to the capital programme. Also, this proposed process places a responsibility on all Boards and Committees to liaise with the relevant services to identify projects in advance and in good time. Further, the proposed process would remove the complications and uncertainty caused by allocation of slippage. There would be a greater emphasis on forward planning particularly on the funding required to maintain assets.

8 Recommendations

- 8.1. It is recommended that Council consider the proposals as set out in section 4.0 of this report and if required amend the existing process of prioritisation.
- 8.2. Authorises any amendments as may be required to the Council's scheme of delegations to give effect to the above decision.

Our Ref: CM/RS/CPS-12-08-F

Date: 4 September 2008

Enclosure: Appendix A: Diagram of Proposed Prioritisation Process

Appendix A

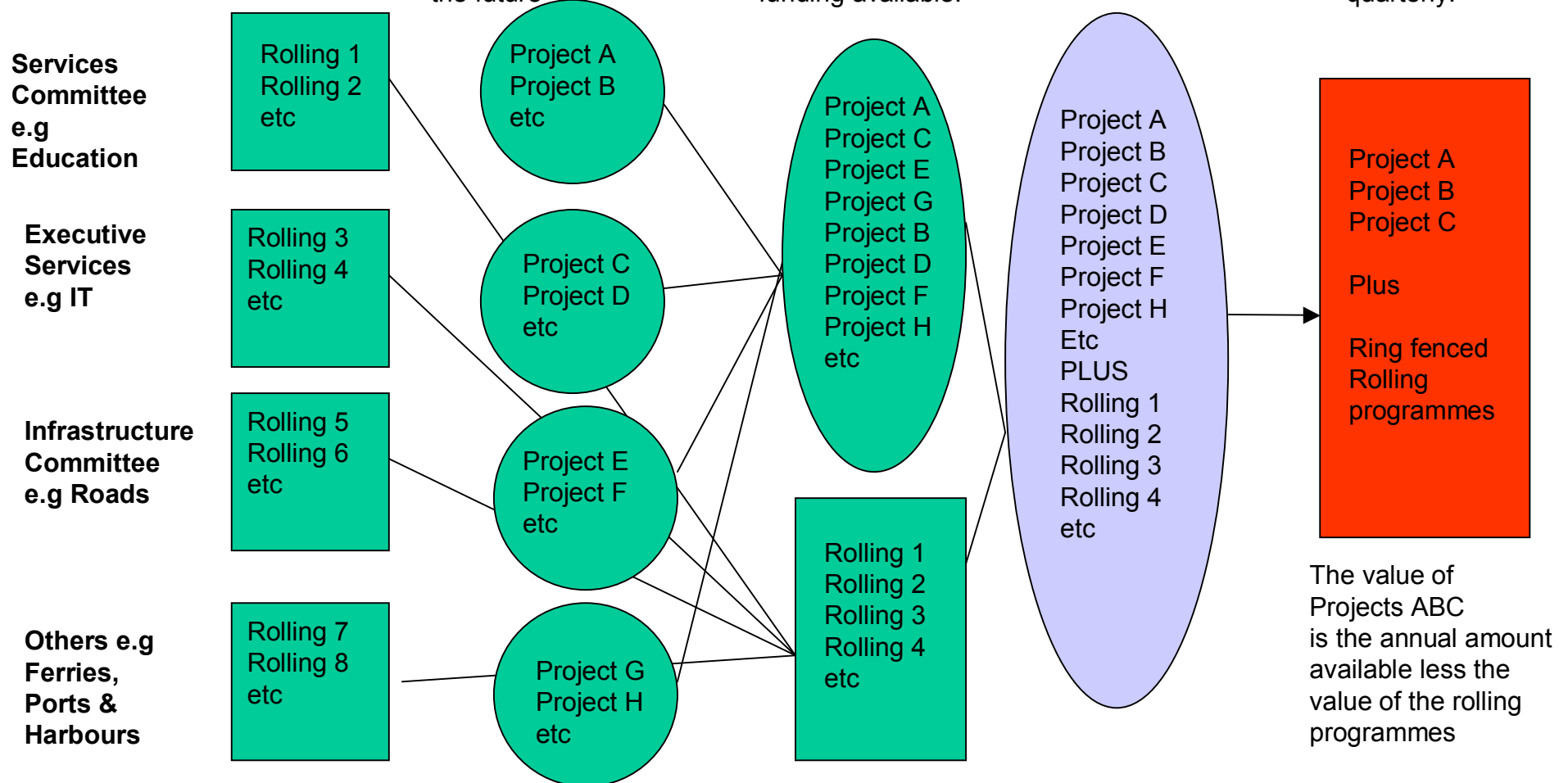
Step 1 Committees decide rolling programme for years 1-5 to be ring fenced for maintaining existing assets

Step 2 decide a) projects that have to be done because of a legal requirement
b) projects that need to be done to meet an identified service need
c) projects that the council aspires to do in the future

Step 3 SIC seminar to consider discuss prioritisation of the results. Followed by an enabling report. This must take into account the funding available.

Step 4 CPRT evaluate each project to ensure it is the most effective way, including use of existing buildings chair and vice chair to attend. Outcomes reported back to SIC to finally set priority

Step 5 CPS produce 5 year programming report and SIC deliver Projects in order of priority agreed by SIC Progress reported to SIC quarterly.





REPORT

To: Shetland Islands Council

10 September 2008

From: Head of Capital Programme (CPS) & Housing Services

Report No: CPS-13-08-F

Subject: Progress Report – Capital Programme

1.0 Introduction

- 1.1 This report seeks to advise the Council on the progress of the programme with a view to establishing an overview for all projects.
- 1.2 In December 2006 the Council agreed the prioritisation of the Capital Programme (Min Ref: 195/06).
- 1.3 This report is the first progress report for 2008/09.

2.0 Links to Council Priorities

- 2.1 The proposals within this report will link to the Council's corporate plan by enhancement of skills development and learning.
- 2.2 Section 3 of the Corporate Plan commits us to manage the Capital Programme in line with available funds.
- 2.3 As part of the Council's commitment to sustainability within the Corporate Improvement Plan we have undertaken to define our priorities so we can sustain the services we want to provide and help develop our economy.

3.0 Background

- 3.1 In response to recommendations from the Audit and Scrutiny Committee the tables have been broken down by service area. We have also added programme progress and enhanced data within the comments within each project. However this is very much dependant on information provided to Capital Programme Services. In cases where such information is not forthcoming this is highlighted in the appendices.

- 3.2 The management and control of the Capital programme will help to keep expenditure within sustainable limits. Continuation with recommendations would reinforce the best value message and contribute to the change in culture needed to control expenditure.
- 3.3 This report also reports on slippage which has occurred within the Capital Programme and makes recommendations on allocating this slippage to other projects.
- 3.4 This report also recommends the inclusion of an additional project into the Capital Programme for 2008/09 to be funded by virement from existing revenue budgets.

4.0 Slippage

- 4.1 A total of £1,758,000 slippage has been identified, £250,000 from the Education Capital Maintenance Rolling Programme, £1,500,000 from New Mid Yell JHS and £8,000 from an adjustment to the budget for the New Library Design Phase due to an incorrect carry forward.
- 4.2 It is proposed to allocate this slippage in order of current priority, see Appendix A.

Named Projects

- New Anderson High School – ECI
(additional expenditure approved SIC99/08) £700,000
- A970 Oversund Junction
(additional commitment & c/f from 07/08 approved SIC99/08) £155,500
- Energy Conservation
(additional commitment from 07/08 approved SIC99/08) £14,000
- Plant, Vehicles & Equipment PCM2101
(additional commitment from 07/08 approved SIC99/08) £25,000
- Scalloway Dredging
(additional commitment from 07/08 approved SIC99/08) £8,500
- Ness of Sound Byre Roof
(new project brought forward SIC99/08) £38,000
- Whalsay Link
(new project brought forward SIC99/08) £250,000
- Gremista Landfill Phase 2 design
(top up budget from 72% to 100% funding SIC18/08) £52,464

Rolling Programmes

- Burial Ground Rolling Programme
(to top up budgets from 72% to 100% funding SIC18/08) £253,682
- Social Care Rolling Programme
(to top up budgets from 72% to 98% funding SIC18/08) £260,854

Total	£1,758,000
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- 4.3 Appendix B gives a summary of the Council's funded Capital Projects in priority order.
- 4.4 Appendix C lists the Council's unfunded Capital Projects in priority order.
- 4.5 Appendix D shows project expenditure and progress by service area as requested by the Audit and Scrutiny Committee.

5.0 Additional Project

- 5.1 Chris 5 was implemented as the Council's Payroll and HR system in April 2002. This version is being phased out from July 2009 and will cease to be supported by April 2010.

The decision to upgrade to CHRIS 21 has been long delayed, mainly due to a desire to implement Single Status with the current version. However, the withdrawal of support means that upgrading is now imperative; the current version will not be able to support the new tiered pension contributions, nor will legislative changes be incorporated in CHRIS 5. The target go live date is 1 January 2009.

- 5.2 The project will cost £75,800 and it is proposed to fund this with a virement of £65,800 from the Finance Revenue budget and £10,000 from the SPSnet Capital Budget. There will be no additional cost to the Capital Programme.

6 Proposal

- 6.1 It is proposed that Members:

- 6.1.1 Note the progress of the current committed projects;

- 6.1.2 Approve the allocation of slippage and;

- 6.1.3 Approve the proposals for introducing the Payroll system upgrade.

7 Financial Implications

- 7.1 There are no direct financial implications arising from this report at this stage.

8 Policy and Delegated Authority

- 8.1 Decisions relating to approval or variation to the Council's Capital Programme requires approval of the Council (Section 8.0 – Scheme of Delegations).

9 Conclusion

- 9.1 The ongoing prioritisation of the existing capital projects will greatly assist with the planning and programming of these works. This should then lead to more economic delivery taking into account the resources available and the prevailing market conditions. The programming will also help local contractors and suppliers to plan their business and training requirements to meet the Council's planned objectives.

10 Recommendations

- 10.1 It is recommended that the Council:
- 10.1.1 Note the progress of the current committed projects;
 - 10.1.2 Approve the allocation of slippage and;
 - 10.1.3 Approve the proposals for introducing the Payroll system upgrade.

Our Ref: CPS-13-08-F

Date: 2 September 2008

Enclosed:

- Appendix A Summary of Budget Adjustments
- Appendix B Prioritised Projects with Funding Allocations
- Appendix C Prioritised Projects which are Unfunded
- Appendix D Capital Programme Progress Report

CPS-13-08 Budget Adjustments

08/09 Budgets			
Project	Additional Budget Required £	Reduction to Budget £	Overall Total Budget Amendments £
CPRT 7 Budget Adjustments (slippage required)			
Oversund Junction GCY6120	£155,500	-	£155,500
Plant, Vehicles & Equipment PCM2101	25,000	-	£25,000
Scalloway Dredging RCM2208	£8,500	-	£8,500
Energy Conservation GCY9006	£14,000	-	£14,000
Anderson High School GCE1304	£700,000	-	£700,000
Ness of Sound Farm - Byre Roof GCB6006	£38,000	-	£38,000
Whalsay Link GCY7551	£250,000	-	£250,000
	-	-	£0
CPS-13-08 Budget Slippage			
Education Maintenance GCE1500		(£250,000)	(£250,000)
Mid Yell GCE1315		(£1,500,000)	(£1,500,000)
New Library Design Phase GCL4403		(£8,000)	(£8,000)
CPS-13-08 Budget Adjustment (Top Up)			
Gremista Landfill Phase 2	£52,464		£52,464
Burial Ground Rolling Programme (Various codes)	£253,682		£253,682
Social Care Rolling Programme GCA0106	£260,854		£260,854
CPS-13-08 Budget Adjustment (part from revenue)			
Chris 5 GCX4328	£75,800		£75,800
Finance Revenue SRF????		(£65,800)	(£65,800)
Shetland Public Sector Network GCX4323		(£10,000)	(£10,000)
			£0
			£0
			£0
			£0
	-	-	£0
	-	-	£0
	-	-	£0
	-	-	£0
	-	-	£0
	-	-	£0
Totals	£1,833,800	(1,833,800)	£0

	Approved Capital Programme
	Approved Capital Programme (Rolling Programme)
	Budget Adjustments CPS-13-08

Summary of Capital Projects Prioritisation - CPS-13-08
Projects in Order of Priority

Priority Order	Project Cost Centre	General Fund Project	Existing Budget Allocation	CPS-13-08 Adjustments	Revised Budget Allocation	Balance still Required from 08/09 Slippage
ongoing	GCK2000	Feasibility Studies	400,000		400,000	
ongoing	GCL4403	Lerwick Library Design Works	88,000	(8,000)	80,000	
ongoing	GCL4402	Cinema and Music Venue	1,900,000		1,900,000	
ongoing	GCE1304	AHS - ECI	700,000	700,000	1,400,000	
ongoing	GCE1315	Mid Yell JHS	3,500,000	(1,500,000)	2,000,000	
ongoing	GCE3402	Sandwick - ASN	500,000		500,000	
ongoing	GCE1240	Bells Brae Alterations	100,000		100,000	
ongoing	GCA0231	Care Homes Fire Upgrade	80,000		80,000	
ongoing	GCY5132	Replacement Esplanade Toilets	402,000		402,000	
ongoing	GCY5133	Rova Head Reinstatement	1,900,000		1,900,000	
ongoing	GCY6106	A971 Haggersta to Cova	100,000		100,000	
ongoing	GCY6120	A970 Oversund Junction	150,000	155,500	305,500	
ongoing	GCY6123	Gilbertson Road Reconstruction	10,000		10,000	
ongoing	GCY6201	Bressay Link	250,000		250,000	
ongoing	RCM2314	Uyeasound Pier	2,500,000		2,500,000	
ongoing	GCM3001	Water Based Facilities (Marinas)	475,000		475,000	
ongoing	GCM4311	SSIS Upgrade	94,500		94,500	
ongoing	GCM4315	IP Phones	150,000		150,000	
ongoing	GCM3006	Community Organisation Grants	73,000		73,000	
ongoing	GCE1170	Cunningsburgh Nursery	20,000		20,000	
ongoing	GCY6116	B9074 Trondra Phase 2	11,000		11,000	
ongoing	GCY6121	B9081 Mid Yell (Hillend Section)	215,000		215,000	
ongoing	GCM3002	Knab Dyke	271,079		271,079	
ongoing	GCY7552	Bluemull STAG for Ferries Terminals	75,000		75,000	
ongoing	GCY7508	FS Ext Links OD Survey	25,000		25,000	
ongoing	GCM4321	Risk Management	17,000		17,000	
ongoing	GCY9006	Energy Conservation	0	14,000	14,000	
ongoing	GCY9016	Public Toilets Rolling Programme	59,500		59,500	
ongoing	GCY9010	Conservation Grant Programme	20,000		20,000	
24	GCM4323	Shetland Public Sector Network	295,000	(10,000)	285,000	see GCM4328
n/a	GCM4328	CHRIS 5 (part funding)	0	10,000	10,000	
26	GCY5129	Energy Recovery Plant	110,000		110,000	
29	GCY6401	Scord Quarry Fixed Plant Replacement	215,000		215,000	
35	GCY7626	Urgent Repairs to Ferry Terminals	290,000		290,000	
*	PCM2104	Ports & Harbours Nav Aids	70,000		70,000	
*	RCM2208	Scalloway Dredging	0	8,500	8,500	
*	RCM2309	Peerie Dock, Symbister	32,000		32,000	
n/a	GCK2002	Contingency and Final Accounts	220,000		220,000	
n/a	GCB6002	Town Hall Steps	25,000		25,000	
29	GCB6006	Ness of Sound Farm Byre Roof	0	38,000	38,000	
n/a	GCY7551	Whalsay Link	0	250,000	250,000	
2	GCY5137	Gremista Landfill Phase 2 (Design)	72,536	52,464	125,000	
1	GCY****	Burial Ground Rolling Programme	670,956	253,682	924,638	
6	GCA****	Social Care Rolling Programme	868,978	260,854	1,129,832	68,168
7	GCY9208	Roads Rolling Air Service	7,254		7,254	2,746
8	GCY9207	Roads Rolling Accident Investigation & Prevention	29,014		29,014	10,986
9	GCM3003	Refurbishment of Play Areas	179,163		179,163	68,087
10	GCB6004	Disability Discrimination Act Works	123,311		123,311	46,689
11	GCY7601	Ferries Capital Rolling Programme	130,564		130,564	49,436
12	GCM4312	Schools ICT Equipment	163,931		163,931	62,069
13	GCH3120	Housing Temporary Accom (Homelessness)	16,025		16,025	6,366
14	GCY9211	Roads Rolling Roads Drainage Improvements	29,014		29,014	10,986

15	GCY9202	Roads Rolling Bridge Replacements	181,339		181,339	68,661
16	GCY9210	Roads Rolling Road Reconstruction	90,459		90,459	64,541
Priority Order	Project Cost Centre	General Fund Project	Existing Budget Allocation	CPS-13-08 Adjustments	Revised Budget Allocation	Balance still Required from 08/09 Slippage
17	GCY9204	Roads Rolling Streetlighting Replacement	101,550		101,550	38,450
18	GCX4300	PC & LAN replacement	171,184		171,184	64,816
19	GCY9212	Roads Rolling Crash Barrier Replacement	161,329		161,329	68,671
21	GCI3006	Community Organisation Grants	272,009		272,009	102,991
22	GCE1500	Education Capital Maintenance	1,101,818	(250,000)	851,818	**
23	GCX4319	Photocopier Replacement	50,775		50,775	19,225
25	GCH3102	Housing Chalet Accommodation	12,175		12,175	3,945
27	GCB6001	Copper Pipework Replacement	145,071		145,071	54,929
30	GCY9209	Roads Rolling Minor Works & Purchases Bus Service	29,014		29,014	10,986
32	GCY9201	Roads Rolling Development Related	36,268		36,268	13,732
38	GCY9206	Roads Rolling Traffic Management	36,268		36,268	13,732
42	GCY9200	Roads Rolling Minor Works & Purchases	36,268		36,268	13,732
44	GCY9203	Roads Rolling Footways	72,536		72,536	27,464
47	GCY7254	Vehicle & Plant Replacement Programme	725,357		725,357	274,643
52	GCH3100	Housing Staff Accommodation	10,969		10,969	3,620
*	PCM2101	Ports & Harbours Plant & Equipment	50,775	25,000	75,775	44,225
OVERALL CAPITAL PROGRAMME TOTALS			20,918,989	0	20,918,989	1,213,896

* Inserted by Harbour Board not prioritised by CPRT

** £417,182 Education Maintenance Slippage as projects unable to proceed due to staff shortage

Capital Budgets created through Revenue Savings / Scottish Exec Funding

n/a	GCE1461	Education MIS	100,000
n/a	GCK2002	CCTV Lerwick	239,029
n/a	GCY9203	Cycling / Walking Safer Streets	40,000
n/a	GCX4328	CHRIS 5 (part funding)	65,800
			444,829

Ring Fenced Housing Expenditure 2008/09

Priority Order	Project Cost Centre	Project	Existing Budget Allocation
n/a	HCH3303	Land/Property Acquisition	1,739,190
n/a	HCH3403	Environmental Improvements	232,000
n/a	HCH3512	Community Care Projects	100,000
n/a	HCH3525	Feasibility Studies HRA	25,000
n/a	HCH3526	Opportunity Conversion	123,000
n/a	HCH3700	Tenants Rights Compensation	5,000
n/a	HCH3706	Heating Replacement Programme	150,000
n/a	HCH3708	External Re-Render Programme	393,000
n/a	HCH3709	Landward Crudens	115,000
n/a	HCH3710	Lerwick Crudens	923,000
n/a	HCH3711	Housing Quality Standard	380,000
Total HRA Capital Requirement			4,185,190

Capital Expenditure not funded by the Capital Programme to be met by the Harbour Account in the form of debt charges 2008/09

Priority Order	Project Cost Centre	Project	Existing Budget Allocation
n/a	RCM2313	Sellaness Tugs	2,561,600
Total			2,561,600

UNFUNDED CAPITAL PROGRAMME REQUESTS 2008/09

Prioritised Projects Awaiting Slippage/ Funding (Possibly Future Years)

Summary of Capital Projects Awaiting Funding as at 26/08/09

Projects in Order of Priority

New Projects in Order of Priority (Awaiting Funding)

Priority Order	Project Cost Centre	Project	Funding Required	External Funding
2	GCY5137	Gremista Landfill Phase 2 (Reprioritised)	3,855,000	
3	GCY6126	Breiwick Road, Sea Wall	281,250	
4	GCA0233	Joint Occupational Therapy Resource Centre	2,600,000	
5	GCY----	Burial Ground Lund Kirk (New project)	65,000	
21	GCG0232	Leog House Replacement	300,000	
32	GCY----	Dredging South Mouth Skerries Harbour	185,000	
34	GCY9006	Energy Conservation	69,000	
35	GCY6403	Replacement Workshop Mid Yell	155,000	
37	GCY----	Fetlar Breakwater & Small Craft	2,070,000	900,000
38	GCL----	Baltasound Library	143,000	
40	GCY9016	Public Toilets Rolling Programme	100,000	
41	G CJ3001	Water Based Facilities	500,000	
42	GCB6002	Fire Station Offices for Transport	500,000	
45	GCB6006	Ness of Sound Farm Dykes	12,000	
46	GCY5501	Recladding Gremista Workshop	415,000	
48	GCY6122	Papa Stour Road	400,000	
49	GCY6118	Germatwatt Footways, Walls	800,000	
50	RCM----	Walls Pier	3,150,000	
51	GCY----	A970 Scord to School Scalloway	35,000	
53	GCE----	Happyhansel School Accommodation	600,000	
54	GCE----	Scalloway JHS - Science Block	290,000	
55	GCY----	Murrister Replacement Building	150,000	
56	GCY6125	A9071 Bixter to Aith	1,670,000	
57	GCY9010	Conservation Grant Programme	70,000	
58	GCB6002	Lystina House & Town Hall Stonework	385,000	
59	RCM2311	Sellaness Pier	5,400,000	
60	GCY----	Burial Grounds/ Ancient Monuments	398,000	
61	GCE----	AHS - Hostel	9,791,000	
62	GCB6002	Town Hall Works (Internal)	352,000	
63	GCY----	Bridge Inspection Walkways	155,000	
Total Future Capital Requirement			34,896,250	900,000

Revised budget		Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Economic Development											
0.00		GCD1570	Wind Farm Development	63,522.00	????	???	No Report			To be transferred to Charitable Trust	
0.00				63,522.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
ICT Projects										
171,184.00	GCX4300	PC/Lan Upgrade	103,855.00	115,423.00	171,184.00		On Target	N/A		
94,500.00	GCX4311	SSIS Upgrade	0.00	11,880.00	94,500.00		On Target	N/A		
163,931.00	GCX4312	Computers for Schools	46,330.00	105,440.00	162,931.00		On Target	N/A		
150,000.00	GCX4315	IP Phones	2,313.00	2,313.00	150,000.00		On Target	N/A		
50,775.00	GCX4319	LV/MV Photocopiers	6,495.00	6,495.00	50,775.00		On Target	N/A		
17,000.00	GCX4321	Risk Management System	1,637.00	1,637.00	17,000.00		On Target	N/A		
285,000.00	GCX4323	Shetland Public Sector Network	17,439.00	17,439.00	295,000.00		On Target	N/A		
75,800.00	GCX4328	Chris 5	0.00	0.00	0.00		On Target	N/A		
1,008,190.00			178,069.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Legal & Administration Rolling Programme										
145,071.00	GCB6001	Copper Pipework Replacement	15,316.00	145,071.00	145,071.00		On Target			
25,000.00	GCB6002	Town Hall Steps	161.00	25,000.00	25,000.00	Complete			Project complete. Final account awaited but cost anticipated to be under budget.	
123,311.00	GCB6004	DDA Access Audit Construction	4,617.00	123,311.00	123,311.00		On Target			
38,000.00	GCB6006	Ness of Sound Farm	0.00	38,000.00	38,000.00		On Target			
331,382.00			20,094.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Housing Projects										
10,969.00	GCH3100	Staff Accommodation	0.00	10,969.00	10,969.00		On Target			
12,175.00	GCH3102	Chalets	336.00	12,175.00	12,175.00		On Target			
16,025.00	GCH3120	Homelessness Housing	1,587.00	16,026.00	16,025.00		On Target			
39,169.00			1,923.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Housing & Capital Programme Services Rolling Programmes										
400,000.00	GCK2000	Feasibility Studies: Overall	0.00	0.00	400,000.00		Various projects progressing	N/A	Budget now fully committed for 08/09	
239,029.00	GCK2001	CCTV System Lerwick	0.00	0.00	239,029.00	Work in progress	Pre-site meeting has been held and project to start on site soon.	N/A	Scottish Executive funding c/f from 07/08	
220,000.00	GCK2002	Contingency & Final Accounts	0.00	0.00	220,000.00		Not yet allocated			
859,029.00			0.00							

CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND
EDUCATION & SOCIAL CARE SERVICES

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Sports & Leisure - Grants & Rolling Programme										
345,009.00	GCJ3006	Grants Rolling Programme	3,252.00	98,250.00	345,009.00		Anticipate Full Spend	N/A	Various applications being processed	
475,000.00	GCJ3001	Water Based Facilities	238,693.00	475,000.00	475,000.00	Slipped	475K c/f from 07/08	N/A	Hamnavoe Marina committed	
271,079.00	GCJ3002	Dyke Repairs	14,832.00	271,009.00	271,079.00	On target	On site		Knab Dyke on site	
179,163.00	GCJ3003	Play Areas	9,816.00	189,502.00	189,502.00	On target				
1,900,000.00	GCL4402	Cinema/Music Venue	28,864.00	300,000.00	1,900,000.00	Design programme on target	Design ongoing, on programme.	N/A	Project at tender stage with tenders return in September. Project to be transferred to Shetland Arts at acceptance of Tender.	
80,000.00	GCL4403	Lerwick Library Design Phase	0.00		80,000.00	Design	New Project - Briefing being finalised and procurement documents commenced	N/A	Min Ref 87/07. Design phase only, brief has been developed and design proposals developed.	Requires approval and prioritisation for construction phase in future years - anticipate 2.4M. Budget overstated by 8K in 08/09 show as saving.
3,250,251.00			295,457.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Education Projects										
20,000.00	GCE1170	Cunningsburgh Nursery	0.00	20,000.00	20,000.00	Complete	Final A/C to be processed	Progress slow, L&A damages applied	Project complete and in defects liability period	
100,000.00	GCE1240	Bells Brae Alterations	0.00	100,000.00	100,000.00	On target	Scope reviewed to meet budget constraints		On site	
1,400,000.00	GCE1304	Anderson High School Replacement	415,634.00	1,400,000.00	1,400,000.00		Now in early contractor involvement ongoing		Design brief being re-developed with reduced area.	Report prepared for Council June 25th - further funding allocated but not processed by Finance yet.
2,000,000.00	GCE1315	Mid Yell J.H.S.	(6,409)			Design Stage	Project redefined following cost reduction exercise	Contract advertised as design and build procurement route	Enabling project (site works) on site. Main contract at detailed esign stage for tendering September/ October	
100,000.00	GCE1461	Education MIS Replacement	1,802		100,000.00				100% funding from revenue savings	
851,818.00	GCE1500	Maintenance School Buildings	148,444.00	160,000.00	500,000.00	Unable to complete programme due to staff shortage	New Project/ Extensive survey and design work ongoing. Some projects can not start until better weather or during school holidays.		Unable to complete programme due to staff shortage	250K slippage to be reported to Council. Brae JHS re-roof on site.
0.00	GCE1512	Re-roofing	(8,000.00)		0.00		Final A/C to be processed		06/07 Accrual (Final account)	
0.00	GCE3401	AHS ASN	(3,000.00)		0.00		Final A/C to be processed		06/07 Accrual (Final account)	
500,000.00	GCE3402	Sandwick JHS Add Support Needs	135,097.00	500,000.00	500,000.00	on programme	Cost reduction exercise reduced tender cost, to be complete Dec 08		On programme Dec 08 completion	
4,971,818.00			683,568.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Social Care Projects & Rolling Programme										
1,931.00	GCA0120	Special Studies	0.00		1,931.00	Recharge	N/A Internal recharge	N/A	YE Recharge	
85,882.00	GCA1000	Special Aids Stock Items	11,843.00	15,185.00	81,000.00		On target	N/A		
251,640.00	GCA1001	Specialist Aids	1,238.00	18,274.00	236,090.00		On target	N/A		
42,361.00	GCA1003	Minor Adaptions	3,261.00	6,379.00	40,279.00		On target	N/A		
207,611.00	GCA1004	Major Adaptions	3,033.00	13,799.00	191,681.00		On target	N/A		
132,273.00	GCA1005	Housing Renovations	0.00	61,000.00	123,763.00		On target	N/A		
22,248.00	GCA1006	Professional Fees	0.00	0.00	20,817.00		On target	N/A		
41,604.00	GCA1007	Specialist Aids Refurbishment	3,323.00	2,815.00	39,571.00		On target	N/A		
24,005.00	GCA0100	Inspection, Health & Safety	4,452.00	0.00	24,005.00		On target			
37,959.00	GCA0101	Building Fabric	6,525.00	0.00	37,959.00		Small projects including floor finishes, room refurbishments, toilet and fire upgrades.			
34,959.00	GCA0102	Electrical Sys Upgrade	0.00	0.00	34,959.00					
14,959.00	GCA0103	Mechanical Sys Upgrade	0.00	0.00	14,959.00					
1,959.00	GCA0104	Plant Equip Replacements	8,440.00	9,000.00	20,000.00					
20,005.00	GCA0105	Safety Surfaces	0.00	0.00	20,005.00					
210,436.00	GCA0106	Care Homes	0.00	0.00	20,005.00					
Social Care Projects										

								Final account processed. Some outstanding M&E issues to be resolved as a defect. Contractor will not be paid for this work.		
0.00	GCA0221	Kantersted Respite Unit	(96,000.00)	96,000.00	0.00	Complete	Final A/C passed to contractor		06/07 Accrual	
80,000.00	GCA0231	Care Homes Fire Upgrade	0.00	0.00	80,000.00					Next phase (Charitable Trust properties) ongoing
1,209,832.00			(53,885.00)							

**CAPITAL PROGRAMME - PROGRESS REPORT GENERAL FUND
INFRASTRUCTURE SERVICES**

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Environment - General Rolling Programme										
14,000.00	GCY9006	Energy Conservation	14,100.00	14,000.00	14,000.00	Complete	Balance c/f 07/08			
59,500.00	GCY9016	Public Toilet Rolling Programme	0.00	59,500.00	59,500.00	Committed	Balance c/f 07/08			
73,500.00			14,100.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Environmental Projects										
9,127.00	GCY5114	South Whiteness Burial Ground	9,708.00		6,623.00	No report	Rolling programme needs to be amended to actual spend by BRO			BRO to advise of split for rolling programme?
0.00	GCY5120	Dunrossness Burial Ground	34,794.00		0.00	No report	Ditto		Ditto	Ditto
280,791.00	GCY5121	Fetlar Burial Ground	1,890.00		203,754.00	No report	Ditto		Ditto	Ditto
4,405.00	GCY5123	Lund Burial Ground	790.00		3,196.00	No report	Ditto		Ditto	Ditto
366,374.00	GCY5124	Bixter Burial Ground	0.00		265,856.00	No report	Ditto		Ditto	Ditto
232,619.00	GCY5125	Voe Burial Ground	2,757.00		168,798.00	No report	Ditto		Ditto	Ditto
23,981.00	GCY5126	Muckle Roe Burial Ground	5,928.00		17,402.00	No report	Ditto		Ditto	Ditto
7,341.00	GCY5127	Skerries Burial Ground	0.00		5,327.00	No report	Ditto		Ditto	Ditto
110,000.00	GCY5129	Energy Recovery Plant Update Works	11,221.00		110,000.00	No report				
402,000.00	GCY5132	Esplanade Toilets	0.00		402,000.00	On Schedule			50% with LPA	Project has started on site. SIC expenditure during 08/09. Completion estimated May 2009
1,900,000.00	GCY5133	Rova Head Reinstatement	400,880.00		1,900,000.00	No report	Project ongoing & on schedule in time and cost.			
125,000.00	GCY5137	Gremista Landfill Phase 2	597.00		72,536.00	No report	Design fees only this financial year. Appointment of consultants underway.			
0.00	GCY5501	Recladding Gremista Workshop	482.00		0.00		Miscode			Transfer expenditure
3,461,638.00			469,047.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Roads Rolling Programme										
35,377.00	GCY9200	Minor Works, Roads	(4,107.00)		35,377.00	No report				
36,268.00	GCY9201	Development Related Roads	0.00		36,268.00	No report				
181,339.00	GCY9202	Bridge Replacements	0.00		181,339.00	No report				
112,536.00	GCY9203	Footways	0.00		112,536.00	No report				
101,550.00	GCY9204	Street Lighting Replacements	0.00		101,550.00	No report				
39,776.00	GCY9206	Traffic Management	113.00		39,776.00	No report				
29,014.00	GCY9207	AIP	0.00		29,014.00	No report				
7,254.00	GCY9208	Minor - Airstrips	0.00		7,254.00	No report				
36,268.00	GCY9209	Minor Works & Purchases, Bus Services	3,534.00		36,268.00	No report				
90,459.00	GCY9210	Road Reconstruction	0.00		90,459.00	No report				
29,014.00	GCY9211	Drainage Improvements	0.00		29,014.00	No report				
151,458.00	GCY9212	Crash Barrier Replacement	0.00		151,458.00	No report				
850,313.00			-460.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Roads Projects										
100,000.00	GCY6106	Haggersta A971	534.00		100,000.00	No report				
11,000.00	GCY6116	B9074 Trondra Phase 2	10,778.00		11,000.00	No report				
0.00	GCY6118	Germatwatt Footways	1,445.00			No report	No Budget			BRO to advise
305,500.00	GCY6120	A970 Oversund Junction	132,316.00		260,000.00	No report				

215,000.00	GCY6121	B9081 Mid Yell Link to A968	607.00		215,000.00	No report				
10,000.00	GCY6123	Gilbertson Road	0.00		10,000.00	No report				
0.00	GCY6201	Bressay Link	0.00		0.00	No report				Budget transfer to Transport
215,000.00	GCY6401	Scord Quarry Plant Purchase	0.00	215,000.00	215,000.00	On Schedule				
0.00	GCY6403	Mid Yell Workshop	1,568.00		0.00	No report				
856,500.00			147,248.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Transport Rolling Programme										
725,357.00	GCY7254	Transport - Vehicle and Plant Replacement	60,703.00	167,605.00	725,357.00	On Schedule				
725,357.00			60,703.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Transport Projects										
0.00	GCY7203	Sumburgh Runway Extension	431.00				Ongoing involvement due to upgrading works			To be oncharged to HIAL
250,000.00	GCY7212	Bressay Link	1,377.00		250,000.00	No report				Budget transfer from Roads
250,000.00			1,808.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Planning Rolling Programme										
20,000.00	GCY9010	Conservation Grants	0.00		20,000.00	Committed	Balance c/f 07/08			
20,000.00			0.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Planning Projects										
0.00	GCY8400	Water Meters & Waste Control Measures	294.00		0.00	No report	Miscode			Transfer expenditure
0.00			294.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Ferry Operations										
130,564.00	GCY7601	Ferries Rolling Programme	0.00	0.00	130,564.00	No report				
130,564.00			0.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Ferry Terminal & Replacement Programme										
290,000.00	GCY7626	Ferry Terminal Structural Improvements	0.00		290,000.00	Going out to tender in next few weeks	N/A	N/A	Project is on target	
290,000.00			0.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
Shetland Transport Partnership										
25,000.00	GCY7508	FS Ext Links OD Survey	0.00	0.00	25,000.00	No report				
250,000.00	GCY7551	STAG 2 Whalsay Study	7.00	0.00	250,000.00	No report			250K Min Ref 99/08	
75,000.00	GCY7552	Bluemull STAG for Ferries/Terminals	160.00		75,000.00	No report	75K c/f 07/08			
0.00	GCY7553	Stag for Bressay Link Options	1,314.00			No report				
350,000.00			1,481.00							

CAPITAL PROGRAMME - PROGRESS REPORT PORTS & HARBOURS (RESERVE FUND)

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<u>Port Operations</u>								
8,500.00	RCM2208	Scalloway Dredging Consents	0.00	8,500.00	8,500.00	Work on consents now being processd	8.5K c/f from 07/08	n/a		
32,000.00	RCM2309	Peerie Dock, Symbister	12,280.00	32,000.00	32,000.00		Project delayed due to planning issues		32K c/f from 07/08	
2,561,600.00	RCM2313	Tugs for Sellaness	0.00	0.00	2,561,600.00	No report				
2,500,000.00	RCM2314	Uyeasound Harbour Development	683,892.00	2.79M	2,500,000.00	On schedule	Site works ongoing , no major issues.		Project on schedule and within budget	
5,102,100.00			696,172.00							

CAPITAL PROGRAMME - PROGRESS REPORT PORTS & HARBOURS (HARBOUR ACCOUNT)

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<u>Port Operations</u>								
75,775.00	PCM2101	Plant Vehicles & Equip	0.00	75,775.00	75,775.00		Budget to be fully utilised this year			
70,000.00	PCM2104	Nav Aids - Sullom Voe	230.00	70,000.00	70,000.00		Ditto above			
145,775.00			230.00							

Revised budget	Code	Project	YTD Actual	Contractual estimate	Estimated outturn	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
		<u>Housing</u>								
1,739,190.00	HCH3303	Land/Property Acq	5,164.00	0.00	1,739,190.00	Ongoing		n/a	Increase investment in additional housing stock by purchasing or building	Pursue acquisitions and review market
232,000.00	HCH3404	Environmental Improvements.	14,576.00	0.00	232,000.00		Anticipate full spend	satisfactory	Tender report being prepared	
100,000.00	HCH3512	Community Care Projects	0.00	0.00	100,000.00	Ongoing		n/a	Projects being prioritised	
25,000.00	HCH3525	Feasibility Studies HRA	119.00	0.00	25,000.00	Ongoing		n/a	4 feasibilities current	To progress these to 100%
123,000.00	HCH3526	Opportunity Conversions	0.00	0.00	123,000.00	Slipped		n/a	Prioritised list prepared subject to MidLea sale decision	Await Midlea decision
5,000.00	HCH3700	Tenants Rights Compensation	0.00	0.00	5,000.00			n/a	Legal requirement to budget for this	None required
150,000.00	HCH3706	Heating Replacement Program	1,920.00	0.00	150,000.00	On Target	Anticipate full spend		Out to tender for phase 2 Firth & Mossbank	
393,000.00	HCH3708	External Re-Render Programme	90,535.00	0.00	393,000.00	On Target	Anticipate full spend	Satisfactory	Cunningsburgh & Brae	
115,000.00	HCH3709	Landward Crudens	1,252.00	0.00	115,000.00	On Target			Snagging Scalloway	
923,000.00	HCH3710	Lerwick Crudens	0.00	0.00	923,000.00	Slipped			Contractor now on site	Monitor closely now contract commenced
0.00	HCH3711	Retentions/Final Accounts	0.00	0.00	0.00					
380,000.00	HCH3712	Housing Quality Standard	1,721.00	0.00	380,000.00					
0.00	HCH3800	Cap Rec/Sale Council Hs	952.00	0.00	0.00					
	HCH3801	Capital Receipt - Sale of Land	0.00	0.00						
4,185,190.00			116,239.00							



REPORT

To: Shetland Islands Council

10 September 2008

From: Head of Capital Programme (CPS) & Housing Services

Report No: CPS-14-08-F

Subject: The Capital Programme Outturn 2007/08

1.0 Introduction

- 1.1 The purpose of this report is to inform Members of the 2007/08 Capital Programme outturn expenditure position in relation to the revised expenditure budget and highlight the reasons for major variances.
- 1.2 It should be noted that some of the capital projects being reported are outwith the control of the Capital Programme Service and are managed and controlled independently by Budget Responsible Officers throughout the Council.

2.0 Links to Council Priorities

- 2.1 The proposals within this report will link to the Council's corporate plan by enhancement of skills development and learning.
- 2.2 Section 3 of the Corporate Plan commits us to manage the Capital Programme in line with available funds.
- 2.3 As part of the Council's commitment to sustainability within the Corporate Improvement Plan we have undertaken to define our priorities so we can sustain the services we want to provide and help develop our economy.

3.0 Overall Position

- 3.1 The Council set an original budget for the financial year 2007/08 of £23.356 million across the Capital Programme (Min Ref 16/07), as follows:
 - General Fund £20.409m*
 - Harbour Account £ 0.140m
 - Reserve Fund £ 0.312m
 - Housing Revenue Account £ 2.495m

* Includes £759,000 Scottish Government Crumbling Schools external funding.

Further external ring-fenced capital funding was received throughout the year, of which £3.210m was used to create additional expenditure budget, comprising:

• Spend to Save	£1.141m
• Private Sector Housing	£0.918m
• Zetland Transport Partnership	£0.188m
• Strategic Waste Fund	£0.060m
• Local Air Quality Management	£0.030m
• Contaminated Land	£0.046m
• Schools Fund	£0.694m
• Cycling, Walking, Safer Streets	£0.084m
• 20mph Speed Limits	£0.049m

Other external funding was received which did not create additional budget of £0.636m.

Some of this external funding reduced spending on existing budgeted capital projects such as Schools Fund and Spend to Save.

A contribution to the Housing Revenue Account was made from the Repairs & Renewals Fund to support repair and maintenance expenditure allowing investment in new Housing Developments (Min Ref 18/06) totalling £1.631 million and additional budget of £101,000 was inserted for Council House Sales.

During the year there was project slippage of £2.120 million, which was re-allocated and budget savings of £1.425m were identified and the budget reduced accordingly.

There was a transfer of capital spend to revenue of £3.717 million on General Fund expenditure in line with changes to the Code of Practice for Local Authority Accounting (2007).

The resultant revised budget was £23.156 million and the underspend for the year was £5.562 million. A breakdown between funds is shown in greater detail in paragraph 3.2.

3.2 Expenditure Breakdown by Fund

The following table shows a sub-total, which relates to the amount of capital expenditure, which is not ring-fenced (General Fund, Reserve Fund and Harbour Account). The Housing Revenue Account is ring fenced and funded from within its own reserves.

Capital Programme Expenditure	2007/08 Original Budget £000	2007/08 Revised Budget £000	2007/08 Actual Outturn £000	2007/08 Total Variance £000
General Fund	20,409*	17,309**	14,713**	2,596
Reserve Fund	312	1,537	812	725
Harbour Account	140	208	163	45
Sub-Total	20,861	19,054	15,688	3,366
Housing Revenue Account	2,495	4,102	1,906	2,196
Total	23,356	23,156	17,594	5,562

* The original budget on the General Fund included £759,000 of external funding from the Scottish Government.

** There was a transfer of capital spend to revenue of £3.717 million on General Fund expenditure in line with changes to the Code of Practice for Local Authority Accounting (2007). This is not included in the table above.

3.3 Additional Capital Expenditure Funded Outwith the Capital Programme

The purchase of new Tugs for Sellaness is funded outwith the Capital Programme in the form of debt charges. For information the budget for this project in 2007/08 was £463,962 and the outturn expenditure was £82,957 resulting in an underspend of £381,005.

4.0 **Major Variances During 2007/08**

A full breakdown on outturn project expenditure by Fund and by Service is attached as Appendix A.

The following is a brief explanation of significant variances:

4.1 General Fund

School Maintenance Programme

As previously reported by CPRT, the School Maintenance Programme slippage is £421k due to staff shortages within Building Services to undertake the programme of works planned for the year and some of the spend on this programme was allocated against external funding.

Office Accommodation Strategy

Slippage of £286k was identified on this project due to the delay in commencement of works on the former fire station.

Feasibility Studies

This budget was fully committed but ended up underspent by £113k due to delay in studies brought forward.

CCTV System

This project was only recently approved which resulted in a delay in expected start date, underspending by £143k. Additional funding was identified from the Scottish Government to progress this project.

Esplanade Toilets

Slippage of £275k has been identified on this project. This is a joint project with the Lerwick Port Authority; there was problems with the original tender which had to be reviewed to get back in line with the budget, which has resulted in a spending delay.

Rova Head Reinstatement

This project was incorrectly profiled at the beginning of the year as the project was planned to be carried out across 2 years. This is currently on budget and expected to be completed in line with the original timescale. Slippage required in 0809 of £782k has been identified.

Bressay Link

Decisions on the way forward delayed spending on this project. This resulted in £230k slippage.

Transport Vehicle and Plant Replacement

Savings of £123k were identified on this rolling programme due to careful purchasing and delays in bus purchases.

4.2 Ports and Harbours Reserve Fund

The only major variance in this area controlled by Marine Operations staff is the Uyeasound Harbour Development project on which slippage of £694k was identified.

4.3 Housing Revenue Account

The Housing Revenue Account is managed and controlled by Housing Services and the main variances are on:

Land/ Property Acquisition

£1.187m underspend due to delays in the new build/ purchase programme due to suitable projects able to be progressed either due to planning, building control issues or cost.

Scottish Housing Quality Standards

By 2015 need to meet the requirements of SHQS, however, Community Scotland delayed signing off the proposed delivery plan and until this is signed off no major projects have been progressed, resulting in an underspend of £500k.

Landward Crudens

£187k of retention outstanding on completion of project.

Lerwick Crudens

£328k slippage due to planning process deferral and delay in building warrant for demolitions.

5.0 Financial Implications

5.1 The Council approved budget strategy for the year (Min Ref 152/06) planned for no more than £20m expenditure on the Capital Programme for 2007/08 on the General Fund, Reserve Fund and Harbour Account. The ring-fenced Housing Revenue Account is funded from its own reserves.

5.2 General Fund/ Reserve Fund/ Harbour Account

In 2007/08 the original budget for the Council's Capital Programme (comprising General Fund, Reserve Fund and Harbour Account) was £20.861 million including £759,000 external funding. This increased throughout the year due primarily to additional ring-fenced external funding as specified in paragraph 3.1 above. The overall expenditure on the Capital Programme was £19.405 million, which reduced to £15.688 million after a transfer of £3.717 million from capital to revenue in line with changes to the Code of Practice for Local Authority Accounting (2007).

5.3 Housing Revenue Account

The original expenditure budget for the Council's Housing Revenue Account was £2.495 million, which increased throughout the year mainly due to a contribution from the HRA (CFCR) as specified in paragraph 3.1 above. The outturn expenditure was £1.906 million.

5.4 In summary, expenditure on the Capital Programme (General Fund/Reserve Fund/Harbour Account) in 2007/08 is under the budget strategy ceiling of £20 million for a draw on Reserves. The Housing Revenue Account expenditure is fully funded by council house sales and a contribution from revenue (HRA).

6. Policy and Delegated Authority

6.1 Matters relating to the Council's Capital programme are referred to Council for decisions (SIC Min ref 122/03 and 145/03).

7. Recommendations

7.1 I recommended that the Council note this report.

Our Ref: CPS-14-08-F

Date: 5 September 2008

Enclosed: Appendix A – 2007/08 Capital Outturn

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
134,359	GCD1570	Wind Farm Development	354,237			Not Available	Not Available	Not Available	To be transferred to Charitable Trust	
146,000	GCD1575	Old Scatness	146,000		146,000		New Project		Min Ref 87/07	
280,359			500,237	0	146,000					

**CAPITAL PROGRAMME - OUTTURN REPORT GENERAL FUND
EDUCATION & SOCIAL CARE SERVICES**

Sports & Leisure - Grants & Rolling Programme

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
141,417	G CJ3006	Grants Rolling Programme	150,697		150,697		Anticipate Full Spend	N/A	Various applications being processed	Overspend of 9K
120,000	G CJ3016	Islesburgh CC Replace Heating & Ventilation	115,419	(115,419)	115,419		Complete and fully funded by Scottish Government		Spend to Save Min Ref 88/07	Fully funded Scot Exec Spend to Save
0	G CJ3013	NOF-PE Sandwick JHS games Hall	174	(21,634)					Minor adjustment	
230,000	G CJ3001	Water Based Facilities	229,600		229,600	Slipped	Funding package reduced by 130K & programme 475K slipped to 08/09	N/A	670K committed to Hamnavoe Marina and 475K slippage to next year	
85,005	G CJ3002	Dyke Repairs	83,286		83,286		On site	N/A	Knab Dyke	Complete 08/09
215,000	G CJ3003	Play Areas	228,814		108,062	Complete	Sound complete, Gulberwick and Mid Yell complete .		Actual Costs 227K but 12K received from Gulberwick Play Area Assoc.	
20,100	G CJ3017	Aeration Machinery	20,120			Complete	Complete			
34,803	G CJ3018	Islesburgh YH Modernisation	34,785		34,785	Complete	Complete			
400,008	G CL4402	Cinema/Music Venue	397,262			Design programme on target	Design ongoing, on programme.	N/A	Other funding applications made and decision awaited.	
100,000	G CL4403	Lerwick Library Design Phase	20,433			Design 20%	New Project - Briefing being finalised and procurement documents commenced	N/A	Min Ref 87/07. Design phase only, brief has been developed and design proposals commenced.	Requires approval and prioritisation for construction phase in future years - anticipate 2.4M
1,346,333			1,280,590	(137,053)	721,849					

Education Projects

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
0	G CE1610	Kitchen Equipment	8,865	(11,387)		100%	8K Accrual made for final A/C 07/08	N/A	Final A/C less than anticipated	None
0	G CE1621	Hamnavoe Boiler	39,969	(39,969)		100%	Extra work to be actioned and funded through the Schools Fund		Completed to meet Scottish Government funding.	Fully funded Scot Exec Schools Fund
349,919	G CE1626	Cunningsburgh Nursery	390,525	(380,517)		100%	Overrun	Progress slow, L&A damages applied	Project complete and in defects liability period	Fully funded Scot Exec Schools Fund
250,005	G CE1627	Bells Brae Alterations	224,276	(223,560)		70%	Scope reviewed to meet budget constraints		Works on site - complete 08/09	Fully funded Scot Exec Schools Fund
48,955	G CE1630	Access Audit	78,183	(77,962)		100%	Project complete - snagging outstanding		Alterations to Burravoe School - more spent in 07/08 due to contract delay & increased scope	Fully funded Scot Exec Schools Fund
10,005	G CE1631	Reroofing	10,000	(10,000)		100%	Programmed Jan- Mar 08 - Construction Summer 08		Brae Reroof - Design Work only this year. Budget required next year	Fully funded Scot Exec Schools Fund
100,010	G CE1633	Technical Machinery Upgrade	56,308	(56,358)	514	100%	Complete	N/A	Works complete	Fully funded Scot Exec Schools Fund
0	G CE1634	South Nesting Primary	9,645	(9,645)		100%	Complete	N/A	Late payment not accrued. Minor remedial works carried out by contractor.	Fully funded Scot Exec Schools Fund
	G CE1635	Mid Yell	398,083	(309,695)	678	100%	Expenditure transferred to Schools Fund Code	N/A	Scottish Government advised that Schools Fund monies could be used for ongoing projects	Fully funded Scot Exec Schools Fund
0	G CE1636	Sandwick JHS	156,450	(156,294)		100%	Expenditure transferred to Schools Fund Code	N/A	Scottish Government advised that Schools Fund monies could be used for ongoing projects	Fully funded Scot Exec Schools Fund
0	G CE1637	NPAF Funding	158,939	(159,000)		100%	Expenditure transferred to Schools Fund Code	N/A	Scottish Government advised that Schools Fund monies could be used for ongoing projects	Fully funded Scot Exec Schools Fund
0	G CE1638	AHS WOW Room	30,000	(30,000)		100%	Expenditure transferred to Schools Fund Code	N/A	Scottish Government advised that Schools Fund monies could be used for ongoing projects	Fully funded Scot Exec Schools Fund

984,160	GCE1304	Anderson High School Replacement	1,387,068				Now in early contractor involvement process		Procurement route change and Design & Build Contractor appointed. ECI stage payment greater than current budget	Additional 87K required reported to Council 25/06
600,111	GCE1315	Mid Yell J.H.S.	35,214			0%, at design stage	Project redefined following cost reduction exercise	Contract advertised as design and build procurement route	Transferred expenditure from here to Schools Fund code. Design ongoing - works to start 08/09	
795,000	GCE1500	Maintenance School Buildings	374,814		123,919		New Project/ Extensive survey and design work ongoing. Some projects can not start until better weather or during school holidays. Works addressed thus far include a new boiler for Brae JHS; fire alarm system for the JCH; M&E works to the AHS; replacing the Midgarth Wall; upgrading services systems at Happyhansel Primary School; Bressay Canteen Refurbishment out to Tender.		Min Ref 87/07 - due to staff shartage unable to carry out full maintenance works	
588,969	GCE3402	Sandwick JHS Add Support Needs	109,009			on programme	Cost reduction exercise reduced tender cost		Transferred expenditure from here to Schools Fund code	Programme to be completed 08/09
3,727,134			3,467,348	(1,464,387)	125,111					

Social Care Projects & Rolling Programme

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
1,904	GCA0120	Special Studies	0			Recharge	N/A Internal recharge	N/A		
67,000	GCA1000	Special Aids Stock Items	71,622	(29,500)	71,622		On target	N/A		
269,187	GCA1001	Specialist Aids	224,153	(134,594)	203,731		On target	N/A		
28,000	GCA1003	Minor Adaptions	29,594	(18,000)	29,594		On target	N/A		
240,000	GCA1004	Major Adaptions	251,681	(98,500)	251,681		More funding required	N/A		
143,500	GCA1005	Housing Renovations	135,637	(45,925)	135,637		More funding required	N/A		
17,000	GCA1006	Professional Fees	20,817		20,817		On target	N/A		
19,000	GCA1007	Specialist Aids Refurbishment	26,002	(9,575)	26,002		On target	N/A		
24,002	GCA0100	Inspection, Health & Safety	14,531		14,531		Costs need to be transferred from revenue			
37,958	GCA0101	Building Fabric	25,447		25,447		54 small projects including floor finishes, room refurbishments, toilet and fire upgrades to Viewforth; Taing House; Leog; Stanegarh; Stocketgaet; Nordalea; 21-22 Leaside.			
34,958	GCA0102	Electrical Sys Upgrade	22,316		22,316					
14,958	GCA0103	Mechanical Sys Upgrade	3,069		3,069					
1,958	GCA0104	Plant Equip Replacements	1,047		1,047					
20,004	GCA0105	Safety Surfaces	12,644							
60,005	GCA0221	Kantersted Respite Unit	80,311			Complete	Final A/C to be progressed	Contractor not progressing final account timeously	Additional work required to progress final A/C	
97,951	GCA0231	Care Homes Fire Upgrade	8,562	(49,000)		Complete	Wastview (CT home) awarded to DLO (Pilot Scheme complete Jan 08, programme on remainder to be decided for 08/09)		Only fees relating to all SIC care homes charged here. Costs for Wastview charged direct to CT	None
0	GCG0232	Leog Replacement	0				Project delayed.		Budget re-allocated	Allocated to prioritised projects.
1,077,385			927,432.78	(385,094)	805,494.38					

**CAPITAL PROGRAMME - OUTTURN REPORT GENERAL FUND
EXECUTIVE SERVICES**

ICT Projects

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
280,000	GCX4300	PC/Lan Upgrade	279,998			Cpml by YE	On Target	N/A		
95,000	GCX4301	WAN Upgrade	95,075			Cpml by YE	On Target	N/A		
80,000	GCX4306	Internet/Public Infrmtn System	80,038			Cpml by YE	On Target	N/A		
140,091	GCX4310	Decentralised Working	181,087	(40,566)		Cpml by YE	On Target	N/A		
36,000	GCX4311	SSIS Upgrade	34,655			Slippage		N/A	Slippage moved to 08/09	
210,000	GCX4312	Computers for Schools	209,967			Cpml by YE	On Target	N/A		
17,000	GCX4314	Ferry Ticketing System	17,000			Cpml by YE	On Target	N/A		
100,000	GCX4315	IP Phones	17,569			Slippage		N/A	Expenditure transferred to Spend to Save code see 4325	
17,000	GCX4316	AHS Computers	17,000			Cpml by YE	On Target	N/A		
250,000	GCX4317	ICT Backup & Recovery Scheme	249,896			Cpml by YE	On Target	N/A		
95,000	GCX4319	LV/MV Photocopiers	90,960			Cpml by YE	On Target	N/A		
70,000	GCX4320	SSDN Infrastructure Project	69,943			Cpml by YE	On Target	N/A		
90,000	GCX4321	Risk Management System	73,183			Cpml by YE	On Target	N/A		
47,100	GCX4324	Integra E-Series	47,100			Cpml by YE	On Target	N/A		
40,344	GCX4325	IP Phones Spend to Save	81,741	(81,741)		Cpml by YE	On Target	N/A	Fully funded Scottish Government 'Spend to Save'	
0	GCX4326	MGF3 Funded Software	18,125							
0	GCX4327	COINS	7,363							
1,567,535			1,570,700	(122,307)	0					

Legal & Administration Rolling Programme

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
130,777	GCB6001	Copper Pipework Replacement	115,285				Less work carried out than anticipated due restricted working periods - school holidays			Slippage identified and reported to CPRT
653,240	GCB6002	Office Accommodation Strategy	366,873		128,553		Works on the former fire station were proposed to be funded from this budget but that project is not at a stage where it is able to commence in the current year.			Slippage identified and reported to CPRT. Additional costs due to recharges.
169,576	GCB6004	DDA Access Audit Construction	157,794		8,654		Estimate spend of £160k by year end - subject to works being carried out at Hayfield House			Slippage identified and reported to CPRT. Additional costs due to recharges.
37,000	GCB6006	Ness of Sound Farm	38,511		38,511		Works progressing with no problems			Additional costs due to recharges.
258,000	GCB6008	Purchase Quendale House	259,213	(259,213)			Asset & Property progressing. Anticipate full spend during 07/08		Spend to Save Min Ref 88/07	Fully funded Scot Exec Spend to Save
40,000	GCB6009	Old Library Reinforce Flat Roof	0				Building Services unable to proceed due to Health & Safety issues		40K required and allocated - Min Ref 131/07	Works did not progress
1,288,593			937,675	(259,213)	175,717					

Housing Projects

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
94,997	GCH3100	Staff Accommodation	3,495			Complete		satisfactory	Completion of works to Happyhansel schoolhouse	
41,000	GCH3102	Chalets	24,746		24,746	Complete		satisfactory	Removal of relocatable chalets	
20,000	GCH3110	JSAP	7,528		7,528	Complete		satisfactory	Installation of improved fire detection equipment in partnership with Highlands and Islands Fire Service	
73,000	GCH3120	Homelessness Housing	42,837			Complete		satisfactory	Various capital conversion works to temporary accommodation	
8,094	GCH3200	Housing	9,011			Recharges				
237,091			87,616	0	32,274					

Housing & Capital Programme Services Rolling Programmes

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
332,100	GCK2000	Feasibility Studies: Overall	219,301		2,078	Some studies delayed	Over subscribed, but some studies did not go ahead	N/A	Further funding needed to cover project & fees next year	Increase bid for 08/09
169,955	GCK2001	CCTV System Lerwick	26,764			Tender Stage	Tenders received 179K + Planning approved Jan 07	N/A	Additional funding identified from Scottish Government	Further Scottish Government funding identified within Infrastructure - to be transferred to Capital 08/09
502,055			246,066	0	2,078					

Finance Projects

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
0	GCF1301	DWP-Funded-Software	17,094	(17,094)	17,094					
0			17,094	(17,094)	17,094					

**CAPITAL PROGRAMME - OUTTURN REPORT GENERAL FUND
INFRASTRUCTURE SERVICES**

Environment - General Rolling Programme

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
33,000	GCY9006	Energy Conservation	35,012		34,148	Complete				
100,000	GCY9016	Public Toilet Rolling Programme	28,603		28,603	c/f to 08/09 required	2 projects committed for 08/09		Min Ref 87/07	
265,000	GCY9019	Architectural Heritage Programme	265,000		265,000	Complete				
20,000	GCY9030	Replace Power Distribution Gremista	14,515			No report	New Project		Min Ref 87/07	
418,000			343,130	0	327,751					

Environment Projects

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
140,460	GCY5108	Landfill	141,693						Payment not accrued	Reported to CPRT and money allocated
159,954	GCY5114	South Whiteness Burial Ground	201,336			No report	Additional costs reported CPRT and spend profile amended		153K required and allocated over programme. Min Ref 131/07 However further 33K overspend	Check with BRO spend to date greater than budget
7,500	GCY5116	Tingwall Burial Ground	8,728			No report	Ditto		Ditto	
28,454	GCY5120	Dunrossness Burial Ground	237			No report	Ditto		Ditto	Ditto
39,940	GCY5121	Fetlar Burial Ground	20,654			No report	Ditto		Ditto	Ditto
14,454	GCY5122	Bigton Burial Ground	17,940			No report	Ditto		Ditto	Ditto
173,940	GCY5123	Lund Burial Ground	182,832			No report	Ditto		Ditto	Ditto
13,527	GCY5124	Bixter Burial Ground	13,385			No report	Ditto		Ditto	Ditto
34,000	GCY5125	Voe Burial Ground	38,722			No report	Ditto		Ditto	Ditto
9,500	GCY5126	Muckle Roe Burial Ground	35,427			No report	Ditto		Ditto	Ditto
6,500	GCY5127	Skerries Burial Ground	1,432			No report	Ditto		Ditto	Ditto
98,000	GCY5129	Energy Recovery Plant Update Works	74,870			No report			98K required and allocated Min Ref 131/07	
50,000	GCY5131	Contaminated Land Projects	19,378	(45,560)	19,378	No report			Fully funded by Scottish Government	
350,010	GCY5132	Esplanade Toilets	75,396			Tenders out January, back February, start on site March. Works to be completed 2008/09.			Reported to CPRT now budgeted in 08/09	
2,000,041	GCY5133	Rova Head Reinstatement	1,218,201			No report	Project reprofiled		(1M) Slippage	1M reallocated to other projects, further underspend not identified by BRO.
60,000	GCY5136	Recycling Vehicle	60,000	(60,000)		No report			Fully funded by Scottish Government	
34,000	GCY5301	Replacement Roller Weights	34,116			No report				
30,000	GCY5400	Local Air Quality Management	33,630	(30,000)		No report			Fully funded by Scottish Government	
15,000	GCY5501	Recladding Gremista Workshop	2,119			Slippage identified project now budgeted for future years	New Project		Min Ref 87/07	Unable to precede this year

138,000	GCY5502	Fire Alarm & Emergency Lighting Upgrade	120,847	(120,847)	120,847	Projects complete and in service at Janet Courtney Hostel; Isburgh House; Bruce Hostel; FE College Gremista; Town Hall; Lystina House. All ex- ADT sytems.			Fully funded Scottish Government 'Spend to Save' Min Ref 88/07	
147,000	GCY5503	Building Management Systems (6 Schools)	165,669	(165,669)	51,583	Works on site and at commissioning stage at Aith JHS, Brae High School, Islesburgh House, Islesburgh Community Centre, Urafirth School, Whalsay School, Scalloway JHS, Sandwick JHS			Fully funded Scottish Government 'Spend to Save' Min Ref 88/07	
3,550,280			2,466,614	(422,076)	191,808					

Roads Rolling Programme

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
12,455	GCY6000	Roads Rolling Programme	1,966			No report	Project recharge at year end			
242,904	GCY9200	Minor Works, Roads	170,243			No report			Adjustments between rolling programme but overall budgets are still within programme	
194,929	GCY9201	Development Related Roads	45,422			No report			Ditto above	
182,950	GCY9202	Bridge Replacements	157,108			No report			Ditto above	
194,326	GCY9203	Footways & Streetlighting	648,603	(228,242)		No report			Ditto above	
58,920	GCY9204	Street Lighting Replacements	31,230			No report			Ditto above	
20,000	GCY9205	Plant Purchases	0			No report			Ditto above	
48,355	GCY9206	Traffic Management	77,252			No report			Ditto above	
59,000	GCY9207	AIP	137,419			No report			Ditto above	
24,000	GCY9208	Minor - Airstrips	263		263	No report			Ditto above	
49,000	GCY9209	Minor Works & Purchases, Bus Services	73,571	(20,835)		No report			Ditto above	
325,515	GCY9210	Road Reconstruction	306,642			No report			Ditto above	
10,000	GCY9211	Drainage Improvements	0			No report			Ditto above	
20,000	GCY9212	Crash Barrier Replacement	0			No report			Ditto above	
1,442,354			1,649,719	(249,077)	263					

Roads Projects

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
0	GCY6102	Central Stove Standwick	(22)							
0	GCY6103	Commercial St Reconstruction	2,662				Incorrect Coding			
49,255	GCY6106	Haggersta A971	32,419				Land purchase problem		(595K) Slippage	Allocated to prioritised projects.
0	GCY6110	Parkhall West Burrafirth	4,108			No report	Incorrect Coding			
10,000	GCY6112	Setter Hill to Brook Point	6,748			Final Payment				Slippage identified to CPRT
119,970	GCY6116	B9074 Trondra Phase 2	132,388				Additional unforeseen costs reported CPRT		109K required and allocated Min Ref 131/07	Reported to CPRT to Council 07/02/08
4,000	GCY6118	Germatwatt Footways	15,908			4K requested by BRO				Overspend of 11K
349,761	GCY6120	A970 Oversund Junction	304,338				Increased scope		Additional 140K - Min Ref 87/07 slipped to 08/09	
9,936	GCY6121	B9081 Mid Yell Link to A968	11,888							
53,081	GCY6122	Papa Stour Road	19,573			20K requested by BRO				
475,090	GCY6123	Gilbertson Road	490,616			Complete	Full budget requirement not identified at 07/08 bid exercise			
20,000	GCY6124	A970 Scord to School	19,573			20K requested by BRO				
383,466	GCY6201	Bressay Link	152,975			No report	Projected delayed		(100K) to Transport Strategy	
13,140	GCY6298	Advance Design of Schemes	10,451			No report				
205,000	GCY6401	Scord Quarry Plant Purchase	203,698			Complete				
0	GCY6402	Scord Quarry Crusher	0			Project Cancelled	Project Cancelled	N/A	Min Ref 87/07	Budget reallocated to other projects
25,000	GCY6403	Mid Yell Workshop	1,808			No report	Project reprofiled		(155K) Slippage	Reinstate 25K of Funds
1,717,699			1,409,130	0	0					

Transport Rolling Programme

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
1,246,271	GCY7254	Transport - Vehicle and Plant Replacement	1,123,685		5,454	Complete			Savings reported to CPRT	
1,246,271			1,123,685	0	5,454					

Transport Projects

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
25,000	GCY7203	Sumburgh Runway Extension	25,568		25,568		Ongoing involvement due to remedials		Additional work required	Reported to CPRT to Council 07/02/08
252,556	GCY7205	Purchase 2 Low Floor Buses	252,556	(252,556)		Complete	Buses in operation	N/A	Fully funded Scottish Government 'Spend to Save' Min Ref 88/07	
75,000	GCY7210	Shetland Transport Strategy	0			Not committed				
0	GCY7211	Grantfield Offices	111,062			No Report			No authority to spend this money from council	
352,556			389,185	(252,556)	25,568					

Planning Rolling Programme

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
70,040	GCY9010	Conservation Grants	5,000		5,000	Some commitment but c/f to 08/09 required	20K budget req 08/09 for commitment			
80,000	GCY9011	Reserve Fund Property Grants	15,154		15,154					
918,000	GCY9015	PSHG - Housing Imp Grants	918,000	(918,000)	918,000					
1,068,040			938,154	(918,000)	938,154					

Planning Projects

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
32,000	GCY8400	Water Meters & Waste Control Measures	31,276	(31,276)	31,276	Complete	Project scope increased - more sites added		Fully funded Scottish Government 'Spend to Save' Min Ref 88/07	
0	GCY8401	Wind Turbines at 4 Schools	0				Unable to proceed		Spend to Save Min Ref 88/07	
60,000	GCY8402	Install District Heating 4 Buildings in Lerwick	23,664	(23,644)	13,448	Complete			Fully funded Scottish Government 'Spend to Save' Min Ref 88/07	
25,100	GCY8403	ICT Air Source & Alterations	25,071	(25,071)		Complete	Additional project added		Fully funded Scottish Government 'Spend to Save' Min Ref 88/07	
117,100			80,011	(79,991)	44,724					

Ferries Rolling Programme

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
128,004	GCY7601	Ferries Rolling Programme	112,580			On Target	Anticipate full spend by year end		Project is on target	
128,004			112,580	0	0					

Ferry Terminal & Replacement Programme

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
0	GCY7604	New Terminals - Yell Service	(7,212)							
0	GCY7605	Fetlar & Yell Ferry Terminal	(10,817)			Complete	Complete		VAT receipts from suppliers	Reported to CPRT to Council 07/02/08
4,000	GCY7606	Papa Stour Terminals	14,623			Budget adjusted through CPRT	Complete		Reported to CPRT	Reported to CPRT to Council 07/02/08
	GCY7625	Foula Dredging	0			No report				
516,317	GCY7626	Ferry Terminal Structural Improvements	448,399			Commitment to 08/9	25K c/f to 08/9		Project is on target	
520,317			444,992	0	0					

Shetland Transport Partnership

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
0	GCY7504	Ulstal Marshalling Area Signs	0				Issues resolved at no cost	N/A	Scot Exec Funding	
0	GCY7505	Ulstal Marshalling Area Grid	0				Issues resolved at no cost	N/A		
25,000	GCY7508	FS Ext Links OD Survey	16,644		16,644		Project required to run for a full year for meaningful results - started late due to staff resource issues	N/A		
12,000	GCY7509	Fetlar Issues Study	11,331	(11,331)		Completed	Workload greater than estimate	N/A		
0	GCY7510	FS South Mouth Study	0				Work has been carried out internally - further report to be prepared to CPRT	N/A		
0	GCY7511	FS CT/DRT Audit & Implementation	270		270		Work is not now going ahead - has been dealt with by another method	N/A		
53,000	GCY7512	FS Inter Island Service Study	59,853		59,853	Will be completed by year end	Some additional work has been required	N/A		
11,000	GCY7513	FS Initiate SIC/ZPT Travel PI	13,839		13,839	Completed	1k overspend	N/A		
15,800	GCY7514	FS Minor Projects	1,858		1,858	Completed		N/A		
71,664	GCY7515	Tunnel Costs Study	71,663		71,663					
75,000	GCY7550	Commission Study into Tunnel	10,177		10,177	Will be completed by year end	Funded by ZETRANS Capital Programme			
50,000	GCY7551	STAG 2 Whalsay Study	105,884	(99,020)						
25,000	GCY7552	Bluemull STAG for Ferries/Terminals	46,883			Started late - will be completed in 2008/09	75k required in 08/09			
100,000	GCY7553	Stag for Bressay Link Options	99,848	(78,113)		Anticipate completion by year end				
438,464			438,250	(188,464)	174,304					

CAPITAL PROGRAMME - OUTTURN REPORT PORTS & HARBOURS (RESERVE FUND)

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
25,000	RCM2208	Scalloway Dredging Consents	13,371			Work on consents underway	Budget not fully utilised this year in feasibility and obtaining consents - 8.5K to 08/09	n/a	Reported to CPRT - Min ref 131/07 - however budget moved from RCM2313	No further action required
32,155	RCM2309	Peerie Dock, Symbister	6,803			Delayed	Project delayed due to planning issues 32K to 08/09		Planning issues prevent project from going ahead 07/08	Budget required for 08/09
280,018	RCM2312	Scalloway Oil Support	245,674				34K Savings this year		Project will be completed by year end	Funding from RCM2309
1,200,000	RCM2314	Uyeasound Harbour Development	545,847	(56,165)		Contract awarded, planned start February	New Project		Project on schedule and within budget 2.5M required 08/09	
1,537,173			811,696	(56,165)	0					

CAPITAL PROGRAMME - OUTTURN REPORT PORTS & HARBOURS (HARBOUR ACCOUNT)

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
95,000	PCM2101	Plant Vehicles & Equip	33,210				25K carried forward to 08/09			
70,000	PCM2104	Nav Aids - Sullom Voe	39,803				5K Savings			
68,000	PCM2134	Shore Power for Tugs	90,195	(65,544)			Complete		Fully funded Scottish Government 'Spend to Save'	
233,000			163,208	(65,544)	0					

CAPITAL PROGRAMME - OUTTURN REPORT PORTS & HARBOURS (HARBOUR ACCOUNT) - FUNDED BY DEBT CHARGES

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
463962	RCM2313	Tugs for Sella Ness	82957				Funded completely through debt charges		2.5M required 08/09	
463962			82957	0	0					

CAPITAL PROGRAMME - OUTTURN REPORT HOUSING REVENUE ACCOUNT

Revised Expenditure Budget	Code	Project	07/08 Expenditure Outturn	External Funding Received	Transferred to Revenue	Programme Progress	Project Review Comments	Contractors Performance	Comments	Action
1,655,983	HCH3303	Land/Property Acq	468,678			ongoing		n/a	Delays in new build progress. Purchased 3 properties on open market and carried out conversion works.	n/a
210,089	HCH3404	Environmental Improvements.	431,685			complete	Virement identified	satisfactory	Burnside, Parkfield, Brevik Cottages and Bressay	Rolling programme
125,000	HCH3512	Community Care Projects	35,612			complete		satisfactory	Carried out conversion project and access project	Identify priority projects for 08/09
	HCH3516	Lerwick Internals Phase 1	(6,548)			complete		n/a	Delayed contribution for District Heating installation on former capital refurbishment project.	None
25,000	HCH3525	Feasibility Studies HRA	11,656			ongoing		n/a		Reports received to feed in to future programmes/SHQS
149,953	HCH3526	Opportunity Conversions	134,808			complete		satisfactory	Conversion of 2 houses to 4 flats Sandside, Firth	n/a
500,000	HCH3712	Housing Quality Standard	0			slippage			Projects identified in feasibility but not progressed	Need to complete SHQS and have Delivery Plan signed off by Scottish Government.
120,000	HCH3711	Retentions/Final Accounts	0			slippage		n/a		Outstanding final accounts/retentions to be actioned
5,000	HCH3700	Tenants Rights Compensation	0			slippage		n/a	Statutory provision	n/a
0	HCH3704	Pump Prime	49,140			complete		satisfactory	Completion of Rudda Park new build funded via HCH3303 per Council decision on investment in new build/acquisitions	n/a
30,000	HCH3706	Heating Replacement Program	3,717			ongoing	Slippage	satisfactory	Preparation for major contract in Firth & Mossbank	
200,003	HCH3708	External Re-Render Programme	204,034			ongoing		satisfactory	Bigton, Cunningsburgh, Brae contracts	Rolling programme
529,993	HCH3709	Landward Crudens	343,422			complete		satisfactory	Scalloway contract	n/a
450,789	HCH3710	Lerwick Crudens	122,482			slippage		n/a	Delays in starting contract due to deferral in Planning process and delay in Building Warrant for demolitions	
100,457	HCH3800	Cap Rec/Sale Council Hs	107,814							
	HCH3801	Capital Receipt - Sale of Land	0							
4,102,267			1,906,500	0	0					



REPORT

To: Shetland Islands Council

10 September 2008

**From: Waste Services Manager
Environment & Building Services
Infrastructure Services Department**

CORPORATE PROCUREMENT – INTERIM REPORT

1. Introduction

- 1.1 This report provides an update on progress to date on the implementation of the procurement strategy and development of a Corporate Procurement Function within the Capital Programme Service.
- 1.2 It seeks approval from Council for Shetland Islands Council to become a Member Authority of Scotland Excel and for Council to nominate a Member to serve on the joint committee of that organisation. (terms of reference awaited).

2. Link to Corporate Priorities

- 2.1 The Council's Corporate Improvement Plan includes a commitment to a corporate approach to procurement. This is to be developed by taking a consistent approach to procurement across the organisation taking account of efficiency, effectiveness, sustainability and equality issues.
- 2.2 Section 2 of the Corporate Plan requires the Council to organise its business and administration to make sure that the community and corporate plans are implemented by finances, consistent planning and action, performance, management and communication.
- 2.3 The Corporate Plan 2008-2011 states we will ensure that we are being as efficient as possible in the way we procure goods and services – delivering 10% savings on procurement budgets.

3. Background

- 3.1 In July 2007, Shetland Islands Council approved a procurement strategy for the Council (Min Ref 90/07). The strategy covered a number of initiatives to progress a more efficient approach to the Council's

procurement processes, including options for more collaboration in this field. Authority to implement the strategy and amend as required was delegated to the Chief Executive.

3.2 The key objectives of the Procurement Strategy were as follows:-

- Create a procurement service that addresses the aims of the Council's Improvement Plan and meets the guidelines and recommendations of the Scottish Executive and the Efficient Government agenda.
- Develop a procurement function with an excellent communication framework at its heart.
- Reduce the cost of the procurement function and ensure legislative compliance through the use of a corporate standard processes with appropriate tools across all Council Departments and Units.
- Review all procurement processes and functions to develop procurement capacity.
- Establish a collaborative culture within the Council. Promote collaboration as the first factor to be considered, whether for internal or external procurement activities.
- The provision of a tracking system that accurately identifies and values all perceived benefits accruing from revised procurement activities, that can be measured against recognised standards and can be utilised for regular monitoring and reporting purposes.
- Establish a procurement culture that recognises accessibility and sustainability as the norm and promotes the Councils objectives for business and the community.
- Develop procurement staff with skills and competences to the necessary professional level.
- The provision of a Procurement Function that can combine technology and best procurement practice with effective review and learning to facilitate effective business outcomes.

3.3 In June 2008 the Chief Executive assigned Jim Grant, Waste Services Manager, to establish a Corporate Procurement function within the Capital Programme Service, progress the procurement strategy and to identify the potential for savings and quick wins in addition to his existing duties.

3.4 The Review of Public Procurement in Scotland Report of March 2006 by John McClelland recommended that there should be greater collaboration and co-ordination across the public sector in procurement. The report established key objectives which included:-

- Delivery of cross-sectoral collaboration and support structures.

- Improving procurement management information to identify efficiency savings.
 - Enhancing procurement skills and practices.
 - Improving efficiency via electronic procurement systems.
 - Improving supplier relations via a supplier charter.
- 3.5 To deliver cross-sectoral collaboration and support structures, goods and services have been divided into three categories:-
- Category A – Where goods and services are stranded across the public sector. The procurement of these goods and services is done nationally by Procurement Scotland under the aegis of the Scottish Government and is open to all the Public Sector.
- Category B – Where goods and services are specific to a particular sector but are standard within that sector. The procurement of these goods and services are done by National Procurement NHS, APUC Ltd for Universities and Colleges and by Scotland Excel for Local Authorities.
- Category C – Goods and services to be procured locally.
- Examples of Category A and B goods and services are given in Appendix 1.
- 3.6 Whilst there is no direct legal requirement for Local Authorities to participate in this process, it is clear that in terms of the statutory requirement to provide Best Value it would be necessary to present a very strong objective business case to justify not taking advantage of national contracts that should save the Council money.

4. Corporate Procurement Progress and Recommendations

4.1 Procurement Function

- 4.1.1 One of the clear recommendations from the McClelland report was that procurement should be established as a clear function within local authorities, with appropriately qualified and skilled staff.
- 4.1.2 Procurement within Shetland Islands Council largely remains a devolved area of work amongst all services and as such there has been no one service or individual with the role to co-ordinate procurement across services, to engage with the national agencies (Procurement Scotland, e-Procurement Scotland and Scotland Excel) to represent the needs of Shetland Islands Council and to assess the benefits of national contracts for Shetland or to seek local collaboration between various Trusts and the NHS.

4.1.3 The frequency of communication from Scotland Excel in particular, in relation to future contracts, is such that the Council will not be able to fully participate and influence contracts, without a single point of contact responsible for the corporate procurement function and implementation of the Council's strategy.

4.1.4 The key responsibilities of a good procurement service are as follows:-

- To provide a value-for-money procurement service that delivers financial savings.
- To provide quality advice and progress contracts which deliver quality products and services.
- To procure goods and services in a lawful and sustainable manner which enables participation and promotes economic growth.

4.1.5 I would envisage that the procurement function would take responsibility for:-

- All collaborative procurement across the Council.
- Collaborative procurement with external agencies such as Trusts, NHS, Scotland Excel and Procurement Scotland.
- Development of e-Procurement.
- Providing advice on procurement options and contracts.
- Liaising with suppliers and developing local supply base, where possible.
- Maintaining an approved supplier list.
- Developing appropriate policies and procedures.
- Ensuring procurement across the Council is lawful.
- Monitoring performance and savings achieved through efficient procurement.

4.1.6 the establishment of the Procurement Service will be considered in a future report as part of the Chief Executive's review of the Council/s structure.

4.2 Savings and Quick Wins

4.2.1 Since initiating this work in June 2008 and benchmarking goods with contracts for building materials with Scotland Excel, and

Computer equipment with Procurement Scotland, it is evident that there is potential for significant savings to be made through participation with both Procurement Scotland and Scotland Excel.

- 4.2.2 I have benchmarked a “shopping basket” of goods from the plumbing, building materials and electrical supply contracts from Scotland Excel and compared them to our existing contracts. This would indicate that there is a potential saving in the range of 15% to 20% on the value of the goods examined. The Council’s total spend on these materials is close to £1 million and therefore it would be reasonable to assume a potential saving of £100,000 by participating in Scotland Excel on these contracts alone.
- 4.2.3 A list and commodities being procured by Scotland Excel and Procurement Scotland is given in Appendix 1, and it is expected that most of these will provide similar levels of savings to the Council.
- 4.2.4 In relation to Category A contracts I have benchmarked the purchase of computers through the national contract, compared to our existing procurement arrangements and found that we can purchase computers and laptops approximately 45% cheaper per unit through the national contract. This would represent a saving of £216,000 based on the estimated number of computers purchased each year. ICT have ordered 10 of these computers to compare build quality and assess maintenance requirements to ensure that they are of a suitable quality, reliable and do not give rise to increased maintenance costs. Contracts for General Office Supplies, Paper and IT consumables have also shown that the Council could save in excess of 10% on current purchasing costs.
- 4.2.5 It is clear that participation in national contracts will provide significant savings for the Council. Whilst many of the goods and materials are already purchased directly by the Council from non local companies, Members should be aware that our participation in national contracts will result in some spend with local retailers being reduced in order to achieve the savings available.
- 4.2.6 As we start to consider moving to national contracts it is essential that we maintain a good dialogue with existing suppliers, to create a good understanding of the processes involved, and help identify opportunities for them to participate in national contracts. This will be an important aspect of the Corporate Procurement Service. A graduate placement has been established to examine how we can improve the procurement of local food and to assist in the gathering of data for the procurement project.
- 4.2.7 The benchmarking process has demonstrated that the Council can achieve significant savings through participation with Scotland Excel and Procurement Scotland.

4.3 Scotland Excel

- 4.3.1 28 of the 32 Local Authorities in Scotland have already joined Scotland Excel with the remaining 4 authorities, including Shetland Islands Council considering joining.
- 4.3.2 Scotland Excel headquarters are based in Paisley with three regional offices to be established in Aberdeen, Edinburgh and Inverness. The organisation not only seeks to establish greater collaboration in the procurement of supplies, works and services across Scottish Local Authorities but also to enhance the competency, skills and training requirements of all of those involved in the procurement process.
- 4.3.3 The organisation is funded by way of a financial contribution from Member Authorities, based on a population driven model. Each Local Authority that joins Scotland Excel will be represented on a Joint Committee comprising a Member from each. A Member will therefore require to be nominated by Council if approval to join is given. It is envisaged that it will meet no more than four times a year.
- 4.3.4 An Executive Sub-Committee will deal with the more detailed business of the organisation that shall comprise a representative group of six Chief Executives or their nominees who require to be of a Chief Officer grade.
- 4.3.5 However, membership of Scotland Excel also includes the following conditions where the Council does not wish to participate in national supplies, services and works on the Product Range by arrangements, other than through Scotland Excel only in the following circumstances:-
- Where the Member Authority can demonstrate to the Management Group that it represents best value to that Member Authority to do so.
 - Where the Member Authority can demonstrate to the Management Group that supplies, services and works provided under the contract, let through Scotland Excel are not of an appropriate specification or quality to meet the requirements of the Member Authority.
 - Where the supplies, services and works provided under the contract let through Scotland Excel are not available or not available within a timescale deemed reasonable by the Member Authority.
 - Where a Member Authority chooses not to contract for supplies, services and works on the Product Range through Scotland Excel the Member Authority shall provide the Director with their reasons for not so contracting.
- 4.3.6 It can be seen from the extract of conditions detailed above that procuring officers would require to have a sound business case

for the procurement of goods, works and services where alternative arrangements are either already in place or are proposed that would not be sourced via Scotland Excel. This is no more onerous than the statutory requirement to demonstrate Best Value. My discussions with both Scotland Excel and the external auditor have indicated that where a suitable business case is made these will be acceptable, the main purpose of the clause is to safeguard Scotland Excel once Member Authorities have committed to a particular contract. One such example where we will not be pursuing national contracts is the purchase of local food.

- 4.3.7 The cost of membership for Scotland Excel is £30,620 in 2008/09, £31,620 in 2009/10 and £32,423 in 2010/2011. Given the potential savings available to the Council this cost will be adequately covered by savings across the Council.
- 4.3.8 Funding for the 2008/09 joining fee is proposed to be met from a carry forward of Government grant for delivering Council efficiencies. Fees for future years will require a new budget allocation for this purpose, however this will be more than offset by savings achieved throughout the Council.

4.4 Work in Progress

- 4.4.1 A seminar demonstrating e-Procurement from e-Procurement Scotland was organised in June 2008 to give an overview of public procurement in Scotland and the development of e-procurement systems. I will be examining the systems available and how they can integrate with Council systems and will present findings on this to the Council in a future report.
- 4.4.2 Development of a web presence on the Intranet and Internet for the procurement service, providing information on how we will procure goods and services and developing a page for advertising all tenders offered by the Council and improving information for suppliers.
- 4.4.3 Investigating of the potential for a contract for the carriage of goods to and from Shetland to reduce shipping costs associated with all the goods we buy. This could be a collaborative contract involving the Council, NHS and local Trusts.
- 4.4.4 Examining the necessary competencies and opportunities for training required for those within the Council that procure goods and services and will make recommendations for future training needs.
- 4.4.5 Continuing the liaison with Procurement Scotland and Scotland Excel to ensure we maximise the potential for savings in the goods and service we procure and ensuring we participate and influence the content of new contracts to achieve greater benefits for Shetland.

- 4.4.6 Improve our communication with suppliers and assist them through communication and training to access Council contracts and improve our records on supplier performance.
- 4.4.7 Investigating the potential for local Trusts to benefit from Scotland Excel contracts and examining the potential to collaborate on contracts to achieve greater efficiencies.
- 4.4.8 Investigating the current levels of local food procurement and developing ways in which these can be improved.
- 4.4.9 Further develop the Procurement Policy so that it fully incorporates the aims of the Corporate Plan and contains suitable guides for the inclusion of clauses in contracts that will deliver sustainable procurement considering economic, environmental and social aspects of the goods and services we buy.

5. Financial Implications

- 5.1 The Council's contribution to membership of Scotland Excel, should approval to join be given, is currently detailed as £30,798 in 2008/09, £31,620 in 2009/2010 and £32,423 in 2010/2011. The joining fee for 2008/09 was intended to be paid from the government grant for Council efficiency savings. To fund this project a virement was to be requested from the Diagnostic Project Government Funding carry forward of £100,000. In 2007/08 £150,000 was allocated to the Shetland Islands Council to provide assistance to efficiency savings projects. Of this £50,000 was spent in 2007/08 with the remainder to be carried forward into 2008/09 to continue the Council's efficiency agenda. Unfortunately this carry forward was omitted in the 2007/08 Outturn report. I am requesting that the carry forward of £100,000 for efficiency savings on GRX4017 cost centre is approved and that £30,620 is utilised for this project. Future fees will form part of the Corporate Procurement Service budget.
- 5.2 Through joining Scotland Excel and participating in contracts established by Procurement Scotland the Council could achieve procurement savings as discussed in section 4.2. It is very unlikely that the Council would be able to achieve the 10% savings on procurement budgets set within the Corporate Plan without participation in national contracts. The potential savings identified to date, which are subject to the evaluation of goods and services provided, are summarised below.

Building Materials - £100,000
 Computer Hardware- £216,000
 General Stationery, IT consumables - £50,000

- 5.3 If membership to Scotland Excel and the required Member nomination is approved, expenses to cover attendance at the Joint Committee will be incurred under the Council's approved duty status for Members.

6. Policy & Delegation Authority

- 6.1 The Council's Procurement Strategy approved in July 2007 (Min Ref 90/07) delegated authority to the Chief Executive to implement it.
- 6.2 Member nomination to external organisations requires a decision by and approval of the Council.
- 6.3 Certain exemptions from contractual standing orders, for example H2(e) can only be granted by the Council to give effect to the recommendations in this report and therefore a further decision of the Council is required.

7. Conclusions

- 7.1 The traditional methods of procurement across the whole Scottish public sector is changing rapidly through Procurement Scotland and Scotland Excel.
- 7.2 The potential savings that can be realised from the Council participating in the national contracts could be substantial.
- 7.3 To improve the procurement methodology and allow full participation in National contracts it will be necessary to establish a corporate procurement service and this will be considered as part of the Chief Executives current review (see Min Ref SIC 109/08 and associated report CE-29, Section 3.4).
- 7.4 A move to national contracts will impact on the Councils local spend. However the Council can only hope to meet the Corporate Plan objective of saving 10% on procurement budgets through national collaborative contracts.
- 7.5 An important role of a new corporate procurement service will be maintaining contact with suppliers and assisting local suppliers in participating with the Councils procurement processes.
- 7.6 As a first step in this process we have appointed a graduate to develop the procurement methodology for local food.

8. Recommendations

- 8.1 It is recommended that Council approve:-
 - 8.1.1 the Council's Membership of Scotland Excel and delegate authority to the Chief Executive, or his nominee, to enter into the related agreement on behalf of the Council;
 - 8.1.2 nomination of a Member to serve on the Joint Committee of Scotland Excel and the related expenditure under approved duty status;
 - 8.1.3 the carry forward of £100,000 for efficiency savings on GRX4017;

- 8.1.4 that the Chief Executive or his appointed nominee progress the necessary virements to cover the costs of membership as detailed in paragraph 5, on the basis that these costs are correspondingly offset through procurement efficiency gains;
- 8.1.5 that the Chief Executive or his nominee is given delegated authority to participate in contracts established by Scottish Excel and Procurement Scotland for the Public Sector, subject to approval of these recommendations.
- 8.1.6 that such exemption from the Council's standing orders for Tenders and Contracts relating to the procurement of goods and services as are necessary to give effect to the foregoing decisions, are hereby authorised.

Report No: ES-37-08-F

Procurement Scotland – Category A

Category A		
Commodity	Wave 1	Wave 2
Corporate Services	✓	
IT Hardware	✓	
IT Software	✓	
Office Equipment (photocopiers MFDs)	✓	
Professional Services	✓	
Stationery (general, IT consumables, paper)	✓	
Telecoms	✓	
Utilities	✓	

Scotland Excel – Category B

Category B		
Commodity	Wave 1	Wave 2
Advertising	✓	
Aids for Daily Living	✓	
Audio Visual & Presentation Equipment	✓	
Bitumen	✓	
Building Materials	✓	
Butcher meat	✓	
Catering Disposables	✓	
Catering Sundries	✓	
Classroom Materials	✓	
Cleaning Hygiene Solutions	✓	
Construction		✓
Courier Services	✓	
Dining Room Furniture	✓	
Domestic White Goods	✓	
Early Learning Materials	✓	
Education Seating	✓	
Education Software	✓	
Electrical Materials	✓	
Exercise Books	✓	
Financial Services (Leasing & Insurance)		✓
Fitness Equipment	✓	
Franking Machines	✓	
Frozen Foods	✓	
Groceries & Provisions	✓	
Heavy Vehicles	✓	
Hire of Vehicles & Plant	✓	
Hygiene Paper Products	✓	
Hygiene Units	✓	
Industrial Gases	✓	
Ironmongery	✓	
Library Books	✓	
Light Vehicles	✓	
Milk	✓	

Category B		
Commodity	Wave 1	Wave 2
Musical Instruments	✓	
Office Furniture	✓	
Personal Protective Clothing & Equipment	✓	
Plumbing Materials	✓	
Primary & Secondary Science Equipment	✓	
Rock Salt	✓	
Security Equipment	✓	
Signage	✓	
Soft Drinks, Crisps, Confectionary	✓	
Social Community Care		✓
Specialist School Audio Equipment	✓	
Sports & Games Equipment	✓	
Spreading Salt for Playgrounds	✓	
Street Lighting Materials	✓	
Text Books	✓	
Timber	✓	
Trade Tools/Sundries	✓	
Tyres	✓	
Unmetered Electricity	✓	
Vehicles not Buses		✓
Vending Machines	✓	
Water Coolers	✓	
Wheeled Bins	✓	



REPORT

To: Shetland Island Council

10th September 2008

From: ICT Unit Manager

Report No: CE-38-F

Highland and Islands Pathfinder Project

1. Introduction

- 1.1. This report provides an update on progress with the Highlands and Islands Pathfinder project with specific reference to Pathfinder sites in Shetland.
- 1.2. Pathfinder is a £70 million Scottish Government funded initiative to provide high-speed communication links between Council sites throughout the Highlands and Islands.
- 1.3. The network connects public sector sites, schools, offices, libraries etc., in each of the five partner authorities: Shetland, Orkney, Moray, Highland and Argyle and Bute.

2. Links to Corporate Priorities

- 2.1. Pathfinder will help to promote living and working in remoter areas of Shetland by establishing Council network connections in most areas. These can then be used by Council staff to access central resources, see map in section 4 for area of coverage.
- 2.2. By providing access to central computer resources in remoter areas Pathfinder may help decrease employee travel.

3. Background

- 3.1. In the spring of 2007 Thus PLC were awarded the contract to deliver a long running central procurement exercise known as the Highlands and Islands Pathfinder project. Under the contract Shetland are to have 72 sites connected to the Pathfinder network, the first of Shetland sites was scheduled to go live at the end of November 2007. The project has been beset by substantial delays. These have been predominantly due to poor forward planning and project management by the contractor, Thus PLC.
- 3.2. These failures have necessitated significant input and effort from Council officers to achieve any progress.
- 3.3. Pathfinder rollout in Shetland is managed by the Shetland Pathfinder Implementation Board. This is chaired by Graham Johnston with Alistair Christie-Henry, Stuart Moncrieff, Hazel Sutherland, David Williamson, and Alan Rolfe representing other Council interests.

4. Progress to date

- 4.1. The scale of the project, over 800 sites across the five partners, especially considering the geography of the five regions was always going to be a challenge. The first site went live on time in Moray in September 2007. Unfortunately since then the project has slipped further and further behind schedule across all the partner areas.
- 4.2. The contract provided for 52 Shetland sites going live by the end of 2007 with the remainder brought on to the network at the end of 2008 / beginning of 2009.
- 4.3. By the end of April 2008 there were considerable doubts whether the project would ever meet its goals however the summer months have proved more productive than expected. The following table shows actual live dates for each of the 45 sites currently connected.

Site ID	Site Name	Bandwidth	Live Date
SC0025	Scalloway Junior High School	16	22/01/2008
SC0047	Viewforth	4	22/01/2008
SC0075	Old Craigielea Centre	4	22/01/2008
SC0046	Laburnum House	4	23/01/2008
SC0048	Annesbrae House	4	23/01/2008
SC0057	Scord Quarry	8	23/01/2008
SC0033	ICT Unit	155	15/02/2008
SC0081	North Atlantic Fisheries College	16	15/02/2008
SC0036	ABE 7 Psychological Svs, 2 Bank Lane	4	20/03/2008
SC0061	Ferry Terminal, Lerwick	4	20/03/2008
SC0076	Banks Broo	4	20/03/2008
SC0038	Quendale House	16	03/04/2008
SC0049	Leog House	4	05/04/2008
SC0056	Ferry Terminal, Bressay	4	05/04/2008
SC0012	Gott Primary School	8	02/05/2008
SC0035	Port Control, Scalloway	4	02/05/2008
SC0017	Mossbank Primary School	8	22/05/2008
SC0064	Ferry Terminal, Toft	4	22/05/2008
SC0005	Burravoe Primary School	8	23/05/2008
SC0065	Ferry Terminal, Ulsta	4	23/05/2008
SC0002	Baltasound Junior High School	16	11/07/2008
SC0032	Haroldswick Heritage Centre	8	11/07/2008
SC0052	Nordlea Care Centre	8	11/07/2008
SC0034	Port Control, Sella Ness	16	17/07/2008
SC0026	Skeld Primary School	8	18/07/2008
SC0079	Bon Hoga Centre	4	21/07/2008
SC0031	Whiteness Primary School	8	22/07/2008
SC0013	Hamnavoe Primary School	8	24/07/2008
SC0009	Fair Isle Primary School	8	29/07/2008
SC0060	Ferry Terminal, Laxo	4	30/07/2008
SC0082	Murrister Roads Depot	4	30/07/2008
SC0028	Urafirth Primary School	8	30/07/2008
SC0059	Ferry Terminal, Gutcher	4	07/08/2008
SC0001	Aith Junior High School	16	21/08/2008
SC0021	Olnafirth Primary School	8	25/08/2008
SC0041	Community Work Office, Brae	4	22/08/2008
SC0053	Northaven Care Centre	8	22/08/2008
SC0078	Brae Youth Centre	4	23/08/2008
SC0003	Brae High School	32	29/08/2008
SC0066	Ferry Terminal, Vidlin	4	29/08/2008

Site ID	Site Name	Bandwidth	Live Date
SC0015	Lunnasting Primary School	8	29/08/2008
SC0029	Uyeasound Primary School	8	05/09/2008
SC0051	Isleshavn Care Centre	8	05/09/2008
SC0080	Mid Yell Depot	4	05/09/2008
SC0016	Mid Yell Junior High School	16	05/09/2008

4.4. The present iteration of the rollout plan has the remaining 27 scheduled to be complete by January 2009, see table below.

Site ID	Site Name	Bandwidth	Proposed Date
SC0010	Fetlar Primary School	8	19/09/08
SC0059	Ferry Terminal, Belmont	4	19/09/08
SC0040	Community Work Office, Scalloway	4	30/09/08
SC0063	Ferry Terminal, Symbister	4	15/10/08
SC0050	Fernlea Care Centre	8	15/10/08
SC0058	Ferry Terminal, Grutness	4	15/10/08
SC0077	Windy Brae	8	15/10/08
SC0008	Dunrossness Primary School	16	15/10/08
SC0019	North Roe Primary School	8	30/10/08
SC0020	Ollaberry Primary School	8	30/10/08
SC0011	Foula Primary School	8	30/11/08
SC0071	Ferry Terminal, Foula	4	30/11/08
SC0070	Ferry Terminal, Papa Stour	4	30/11/08
SC0069	Ferry Terminal, West Burrafirth	4	30/11/08
SC0014	Happyhansel Primary School	8	30/11/08
SC0054	Wastview Care Centre	8	30/11/08
SC0068	Ferry Terminal, Hammersness	4	30/11/08
SC0006	Cullivoe Primary School	8	30/11/08
SC0073	Sellafirth Business Park	4	30/11/08
SC0027	Skerries School	12	15/12/08
SC0062	Ferry Terminal, Skerries	4	15/12/08
SC0007	Cunningsburgh Primary School	8	19/12/08
SC0024	Sandwick Junior High School	16	19/12/08
SC0055	Overtonlea Care Centre	8	19/12/08
SC0023	Sandness Primary School	8	31/01/09
SC0022	Papa Stour Primary School	8	31/01/09
SC0074	16 Quoys, Lerwick	8	31/01/09

4.5. Expectations regarding performance and reliability of Pathfinder connections were high. So far performance has been satisfactory, however reliability has been less acceptable though a number of problems with the original design have now been overcome which should improve matters. There have also been problems caused by poor quality work during installation of equipment. Thus have initiated a quality inspection of these which should help bring reliability up to the desired level.

4.6. The map in Appendix 1 shows the active customer sites in green, sites that Thus have made live but which are not being used yet in yellow and sites that Thus have yet to commission in red. Blue circles show additional sites that Thus have used to deliver service to the customers; these are mostly existing hilltop masts. The objective is to provide good coverage throughout Shetland.

5. Proposed Next Stages

- 5.1. The principal issue facing the Shetland project board is to maintain pressure on Thus to deliver to their plan for the remaining sites. There are weekly update telephone meetings and monthly project boards, which are attended by representatives of Thus.
- 5.2. Now that a number of key sites: secondary schools, the Council offices at Sellaness, rural care homes etc., are connected to the Pathfinder network the full benefits of Shetland wide broadband can be realised. These include access to central database services such as: social work client information systems, financial systems etc, and also the capability for high quality video conferencing and or the use of IP telephones between two or more sites incurring no call charges. In addition it will enable a number of initiatives (e.g. regular updates of electronic notice boards, electronic bookings, etc.,) for Ferry Services that have been awaiting electronic communications for some time.

6. Financial Implications

- 6.1. Funding for Pathfinder comes from the Scottish Government and is cost neutral to the Council. Any savings made by cancelling existing data communication services are used as a partner contribution to the overall project cost.

7. Policy and Delegated Authority

- 7.1. As this report is for noting, there are not policy and delegated authority issues to consider.

8. Conclusion

- 8.1. Whilst the Pathfinder Project is nearly 12 months behind schedule and the completion of site rollout is unlikely to be completed until the spring of 2009 it remains the only practical, short-term way of connecting the Council's diverse accommodation.
- 8.2. Thus PLC were awarded the contract in Feb 2007. While they failed to meet any of their original targets in Shetland in the first 12 months, they have since shown signs of significant improvement. Provided this improvement is maintained the project should deliver the revised planned dates shown above. The project board will continue to closely monitor progress and will promptly bring any further problems to the attention of the Council.

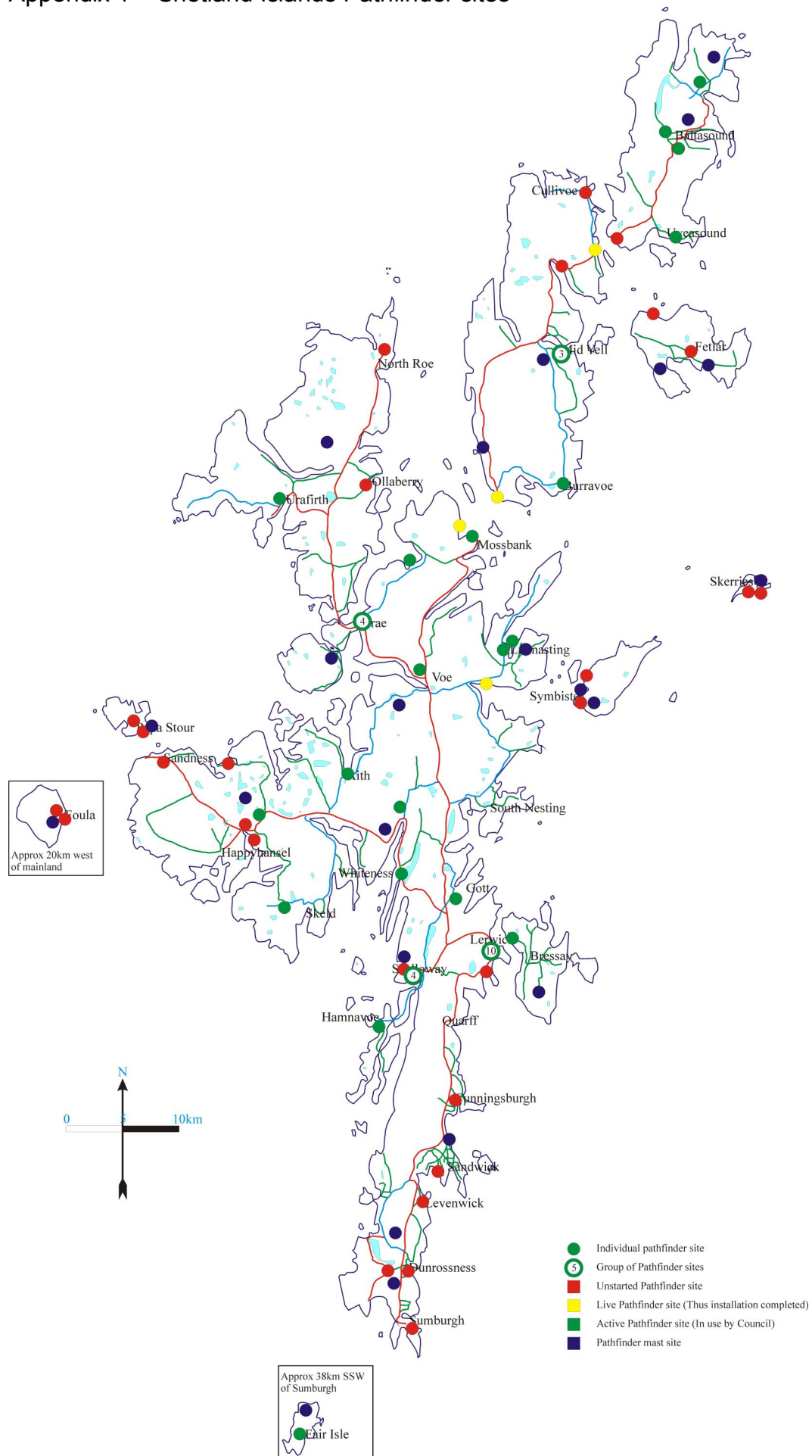
9. Recommendations

- 9.1. This report is for noting.

Date: 1 September 2008
Our ref: GS/DH

Report No: CE-38-F

Appendix 1 – Shetland Islands Pathfinder sites





REPORT

To: **Shetland Islands Council**

10 September 2008

From: **Head of Organisational Development
Executive Services**

CE-39-F

Fairer Scotland Funding

1 Introduction

- 1.1 This report sets out background to the Fairer Scotland Fund, in response to a request that was made at the last full Council meeting. (min ref 98/08)

2 Link to Corporate Priorities

- 2.1 This report contains no significant recommendations so therefore has no direct links to the Council's Corporate Plan 2008-11.

3 Background

- 3.1 As part of the Scottish Government's Spending Review a new "Fairer Scotland Fund" was created and launched on 21st December 2007. The fund, which was allocated to all 32 Community Planning Partnerships (CPPs) in Scotland, replaced the following funding sources, which the Council had benefited from over the past 3 years -

- Community Regeneration Fund
- More Choices, More Chances
- Community Voices Fund

A comment was made at the last Council meeting that Fairer Scotland Fund has effectively replaced the 'Quality of Life' fund. That is not actually the case.

- 3.2 The Shetland Community Planning Partnership was allocated funding over a 3-year period. The first year's allocation was structured to be in line with the money the CPP had received from the aforementioned funds in 2007-08. This amounted to £196,000.

- 3.3 The funding is set to increase in 2009-10 to £348,000 and then to £500,000 in 2010-11. Although this is a ring-fenced fund for the first two years, by 2010-11, the ring-fencing will be removed and the £500,000 will be rolled-up into the Council's Revenue Support Grant.

4 Setting Priorities for the Funding

- 4.1 The Scottish Government has set three national strategic priorities for the Fairer Scotland Fund.
- Regenerating the most disadvantaged communities;
 - Improving the life chances of individuals and groups experiencing poverty and disadvantage; and
 - Improving employability – particularly for young people and other hard to reach groups

Community Planning Partnerships are expected to reflect these when setting their own local priorities and allocating funding.

- 4.2 The Scottish Government's Regeneration Unit issued guidance for Community Planning Partnerships on this Fund in February this year. That sought to ensure CPPs were clear on how they would deliver on the national priorities through their Single Outcome Agreements and established performance reporting arrangements.
- 4.3 In order to ensure that Shetland's allocation could be focussed on the areas that would make the most impact, a reference group was set up to seek to establish some local strategic priorities for the fund. The membership of the group is set out below, but this was essentially the group that supported the Deprivation and Social Exclusion research that was published in 2006.

NHS Shetland

Director of Public Health – Dr Sarah Taylor
Senior Planning and Information Officer (Joint post between NHS and Council) – David Kerr

Shetland Council of Social Services

Executive Officer – Catherine Hughson

Shetland Islands Council

Transport Strategy Officer – Emma Perring
Environmental Health Service Manager – Maggie Dunne
Performance Management Co-ordinator – Peter Peterson
Youth Services Manager – Avril Nicol
Service Manager – Housing and Property – Vaila Simpson
Grants Co-ordinator – Michael Duncan

- 4.4 Following a series of meetings, the group put forward the draft local priorities to the Community Planning Delivery Group (CPDG). These are attached as Appendix 1. The document was endorsed at the end of May and integrated into the final version of the Single Outcome Agreement under the "Fairer"

section. (The CPDG was the body that replaced the Community Planning Board, following restructure in March 2008).

5 Funding Allocation process

- 5.1 Applications were sought for the Fund between 2nd and 20th June. The CPDG then met on Monday 23rd June to consider the applications and decide which projects would receive funding. The projects that received funding are attached as Appendix 2. For ease of reference, these can be summarised as:
- 5.1.1 Shetland Linkup – aiming to provide a crisis response service to vulnerable members of the public;
 - 5.1.2 Revenues Service - Improve benefits uptake – there is evidence that a number of people are not accessing the benefits to which they are entitled – 120 welfare benefits checks will be carried out each year under this project;
 - 5.1.3 Citizens Advice Bureau - Helping at least 50 people with low income and low asset levels to use the new Bankruptcy (Scotland) Act to apply for their own bankruptcy;
 - 5.1.4 Community Bikes Project - Assisting at least 6 people with substance abuse / mental health issues access a paid placement repairing bicycles – aiming for 5 to be in full employment at the end of their placement;
 - 5.1.5 Schools Service – Providing funding to help at least 22 children from disadvantaged backgrounds to go on school trips;
 - 5.1.6 North Isles Childcare - Extending childcare provision in the North Isles by 2 days per week;
 - 5.1.7 Children’s Services - Providing transport to assist 19 families experiencing disadvantage, to access nursery provision;
 - 5.1.8 Shetland Heatwise – improving energy efficiency (insulation etc) in 10-15 households across Shetland;
- 5.2 The next CPDG meeting will take place later this month. The projects, which were deferred for further consideration, will be discussed again at that meeting. In the meantime, all projects the CPDG decided were to receive funding have signed grant conditions letters and will now be expected to report on progress against targets, to meet Scottish Government performance reporting requirements.

6 Financial Implications

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

7 Policy and Delegated Authority

- 7.1 There are no policy or delegated authority issues associated with the terms of this report.

8 Conclusion

- 8.1 This report has been prepared in response to a request for further information on the Fairer Scotland Fund.

9 Recommendations

- 9.1 I recommend that Members note the contents of this report, which is provided for information only.

August 2008

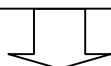
CE-39-F

STRATEGIC PRIORITIES

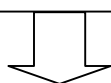
WEALTHIER

National Outcome

We realise our full economic potential with more and better employment opportunities for our people.

**Shetland Outcomes**

We'll seek to create fulfilling, well-paid jobs for all, whatever their talent.

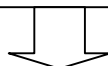


Improvement Indicator	Frequency/Source	Baseline	Target
Increase the business start-up rate	ONS Nationally Shetland stats from HIE business survey	In 2006 there were 111 business start-ups in Shetland, a rate of 5.1 per 1,000 head of population. There are 4 community or private enterprises providing childcare.	Support 20 new business start-ups, including 2 childcare businesses each year. Research is currently being carried out into the economic impact of childcare provision in Shetland. Once this has been completed, a firmer target will be able to be set for childcare business start-ups.
Maximise benefit uptake among those groups experiencing poverty and disadvantage across Shetland	Citizens' Advice Bureau / SIC Revenues Service	120 welfare benefits checks were carried out during 2007-08. 100 benefit claims (Council Tax and Housing Benefit) were refused owing to a failure to provide sufficient information during 2007-08.	At least 120 welfare benefits checks to be carried out each year. Benefits applications refused due to insufficient information: 2008-09 – less than 80 2009-10 – less than 50 2010-11 – less than 25

SMARTER

National Outcome

Our young people are successful learners, confident individuals, effective contributors and responsible citizens



Shetland Outcomes

Better uptake and participation and/or attendance at each level, particularly among those less likely to take part.

Equip learners with skills, duties, attitudes and expectations to prosper in a changing society and ensure positive destinations for more individuals following later stages of Education.

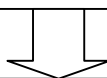


Improvement Indicators	Frequency/type/Source	Baseline	Target
Increase the proportion of school-leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment or training)	Nationally and locally from Careers Scotland annually	05/06 – 06/07 positive destination = 91% (up from 88% the previous year)	92% in 08/09 93% in 09/10 95% in 10/11 Longer term aspiration to have 100% positive destinations
Reduce the number of working age people with severe literacy and numeracy problems	Shetland statistics from survey and estimate.	06-08 estimate - 2500 or about 20% of the adult working age population in Shetland have severe literacy and numeracy problems.	Maintain target of 320 people participating in adult literacies learning per annum

HEALTHIER

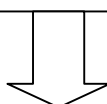
National Outcome

We live longer, healthier lives



Shetland Outcomes

Encourage Shetland's people to be healthier



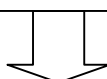
Improvement Indicators	Frequency/type/Source	Baseline	Target
Increase the number of funded community ventures that have a positive impact on health	Joint Health Improvement Team Fairer Scotland reference group Monitored annually	No funding specifically requires the fundee to make a positive impact on health	1 funding source per year to include 'making positive impact on health' in grant conditions

FAIRER

National Outcome

We have tackled the significant inequalities in Scottish society

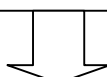
We have improved the life chances for children, young people and families at risk



Shetland Outcomes

Promote justice and equality

Reduction in deprivation, family poverty and particularly childhood poverty



Improvement Indicators	Frequency/type/Source	Baseline	Target
Decrease the level of personal and housing debt in Shetland	Citizens' Advice Bureau (personal debt) SIC Revenues (Council Housing rent arrears) Hjaltland Housing Association (other Housing rent arrears)	The Shetland CAB dealt with £3,500,000 of personal debt during 2007-08, of which £2.2	Seek to use new legislation of reduce the number of people who are in debt by 50

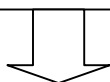
		<p>million was new debt. This amounted to 104 new cases.</p> <p>Rent arrears amounted to 3.86% of Council House charges raised in 2007-08.</p>	<p>per year.</p> <p>Seek to continue to decrease the levels of rent arrears by working with individuals to ensure they are accessing benefits etc.</p>
Increase the employment rates of employable vulnerable adults (e.g. adults with learning disabilities, mental health problems, drug or alcohol misuse problems and physical disabilities) living in Shetland	Moving On Project and Community Bikes Project produce annual figures.	<p>6 placements provided by Community Bikes Project (CBP).</p> <p>Moving On 'Job Crew' project had 30 new clients during 2007-08.</p>	<p>CBP aim to provide 6 placements each year, with 5 expected to go into employment.</p> <p>'Job Crew' Project aims to work with at least 40 new clients each year.</p>
Decrease the levels of children that are living in households that are experiencing deprivation and social exclusion	<p>Poverty and deprivation in Shetland to be measured by the level of:</p> <p>Free school meals – Schools Service Clothing grants – Schools Service Children in Need Grants – Shetland Council of Social Service</p>	<p>216 children claimed free school meals and 386 children claimed Clothing Grants as at February 2008</p> <p>67 Children in Need grants were issued during 2007-08. These helped 153 children in Shetland.</p>	<p>Maximise uptake of benefits available – seeking to maintain % of those eligible and claiming. Overall, seek to reduce the number entitled to receive benefits.</p>
Increase the number of young people from families experiencing poverty or disadvantage who are supported to participate in	SIC Schools Service	22 young people were supported to go on school trips during 2007-08	Seek to increase this number and focus on developing participation in other extra-curricular activities.

extra-curricular activities, including trips away from Shetland.			
Increase the number of children from families experiencing poverty, disadvantage or ill-health who are supported to attend formal nursery education.	Shetland Childcare Partnership	19 pre-school children are currently supported to access nursery schooling in Shetland	At least 19 pre-school children supported to access nursery schooling each year.

STRONGER (TRANSPORT)

National Outcome

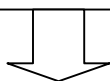
We live in well-designed, sustainable places where we are able to access the amenities and services we need



Shetland Outcomes

Everyone should be able to access the places, services and opportunities that they need to reach

Improved Quality, Affordability and Accessibility

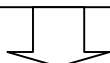


Improvement Indicators	Frequency/type/Source	Baseline	Target
Increase the availability, accessibility, affordability and usage of internal public transport	ZetTrans	Bus passenger numbers had an increase of 0.7% in 2006/07 with a total of 420,035 compared to 416,966 in 2005/06.	1% increase for 2008-09

STRONGER (HOUSING)

National Outcome

We live in well-designed, sustainable places where we are able to access the amenities and services we need



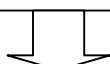
Shetland Outcomes

Live in well-designed, sustainable homes and settlements

Support the long-term future of our communities

Provide inclusive housing services to meet the needs of particular groups

Meet targets to eradicate fuel poverty



Improvement Indicators	Frequency/type/Source	Baseline	Target
Increase the level of support provided to low income households for repair and adaptation of their houses.	Shetland data from Fuel Poverty Strategic Group	92 private sector housing grants were provided during 2007-08. 53.3% of these were means tested.	Household grant awards that are awarded after means testing: 2008-09 - 55% 2009-10 – 60% 2010-11 – 65%
Reduce the number of households that are experiencing fuel poverty each year through the Fuel Poverty Grants Scheme	Shetland data from Fuel Poverty Strategic Group Scottish House Condition Survey data	Combined data from the 2003-04, 2004-05 and 2005-06 Scottish House Condition Surveys, indicates that 31% of households in Shetland were in fuel poverty or extreme fuel poverty at May 2005.	15 households to be taken out of fuel poverty each year

FAIRER SCOTLAND FUND – PROJECTS RECEIVING FUNDING

APPENDIX 2

Project No/ Name	Brief description of project
Shetland Link Up (registered independent Charity) Lifeline Project	<p>Provision of a crisis response service for adults (aged 16+) who are in acute distress and whose usual network of support and personal coping strategies are failing. A team of support staff share an on-call rota and respond without delay. Their task will be to ensure that the client is safe and lethality (especially risk of suicide) is reduced, that they are psychologically stable and have attained short-term mastery of self and situation, that they are connected with appropriate formal and informal supports/resources and that follow-up (when appropriate) can be easily accessed.</p> <p>Due to the nature of the complexity of issues being presented by clients with whom Shetland Link up are in contact they aim to provide an informal and confidential response to people who are fearful or mistrustful of statutory services.</p>
Improving Benefits uptake, Revenues Service	<p>To maximise benefit uptake among those groups experiencing poverty and disadvantage across Shetland by reducing the number of Council Tax and Housing Debt benefit claims refused due to claimants' failure to provide the necessary information. The proposal is to enter into a service level agreement with the Citizens Advice Bureau to provide a hands-on approach for the Council.</p>
Reducing debt through Bankruptcy Act, Citizens' Advice Bureau	<p>This project relates to increasing access to debtors' application (without recurrence of qualified creditor) under the Bankruptcy Scotland Act. An individual now has recourse to apply for their own bankruptcy but without the support of one or more of their creditors. A payment of £100 is required by the Accountant in Bankruptcy to cover the cost of processing the application. The fee must be paid by every applicant. The fee cannot be waived or exempted and it is not refundable. The grant would pay for the cost of the fee for those potential applicants with low income and low assets who are unable to raise the £100 fee from any other source.</p>
Community Bikes Project	<p>This is a social enterprise that delivers Intermediate labour market opportunities for clients who are otherwise excluded from mainstream employment due to a complex range of employment barriers including: drug and/or alcohol, chaotic lifestyles and or criminal record. The project offers a 6 month paid placement working in the recycling and repair of bicycles. The project will also provide 200 hours community service placements in partnership with Criminal Justice.</p> <p>The project aims to teach clients the basic employability skills. For instance good time keeping, team working and the importance of good customer care. The project does not tolerate drugs or alcohol in the work place and also provides clients with a personal training plan. A good reference from The Shetland Community Bike Project can often be an avenue into work for clients.</p>

Helping children from deprived backgrounds to go on school trips, Schools Service	<p>Schools in Shetland regularly organise school trips for their pupils, both in Shetland and outwith. We do have deprivation in Shetland and some parents find that they cannot afford the costs, yet would like their children to participate. The children themselves would like the option.</p> <p>Funding will allow head teachers to access a fund thus creating equality of opportunity for all pupils.</p>
Extending childcare provision in the North Isles, Children's Services	<p>Currently North Isles Childcare provides full day care at Shalder Hoose 2 days per week to children aged 6 months – 12 years. There are 16 children that use this service. Due to current demand on the service, at present North Isles Childcare can only take children up to 8 years old.</p> <p>This project aims to extend the service by 2 days per week and an additional 2 days during school holidays where there is currently no service. Also the service could be extended to allow for 9-12 year olds, depending on the capacity issue.</p>
Transport access to Nursery provision, Shetland Childcare Partnership	<p>This project seeks to provide transport to enable pre-school children to access funded pre-school places at nursery or a partner provider setting.</p> <p>This project would enable 19 families, experiencing deprivation to take up their full entitlement of 5 days of 2.5 hours free pre-school places for 37 weeks.</p>
Shetland Heatwise Ltd	<p>Social Enterprise company which delivers practical energy saving services to the Shetland Community. They regularly approached for help from clients who are suffering from fuel poverty, however at present cannot assist them because they do not fit into the category of clients targeted by energy efficiency schemes. The project will seek to improve the energy efficiency of an additional 10-15 households throughout Shetland in the year 2008/09.</p>

Projects that were deferred pending completion of an analysis of school leaver destinations.

Project No/ Name	Brief description of project
Adult Learning, Education & Social Care	<p>The "Essential Skills" programme is designed to improve communication and numeracy skills with a focus on building employability in adults who are either unemployed, on incapacity benefit or wish to return to work. The programme will also be suitable for adults who are not in sustained employment. Adult Learning will develop and deliver an interactive 'Employability programme' which explores motivation, lifestyle and health, readiness for work, communication, literacy and numeracy skills and job planning and research skills.</p> <p>The programme would be delivered over a 10-week period through 3-hour workshops. The aim would be to deliver the course twice between October and March with 2 groups of at least 6-8 participants. It would aim to deliver one course out of Lerwick. The grant would allow the employment of qualified sessional tutors to develop and deliver the course.</p>
<p>Bridges Project,</p> <p>And</p> <p>Prince's Trust Club xl</p> <p>And</p> <p>Future Skills Seekers Children's Services</p>	<p>The Bridges Project provides individually customised skills development and training opportunities for young people aged between 15 and 19 years who require more choices and more chances. The projects target those who are at risk of not entering or becoming disengaged with education, education or training. These young people will be equipped with the essential skills, including employability skills during their engagement with Bridges. Due to the complexity and vulnerability of the typical Bridges participant, and the focus on person-centred and individual programmes, the staff to participant ratio is necessarily high.</p> <p>Princes Trust Club xl is an alternative curriculum programme run during 3rd and 4th year in secondary school and targets young people who are at risk of disengagement with education.</p> <p>Future Skills programmes have begun to be develop for young people under 16, who are not eligible, due to age to enter the main skill seeker programme. For some young people this opportunity to move into work is what prevents them becoming disengaged.</p>
Foyer Project – Hjalitland Housing Association	<p>This is a multi-agency pilot project to develop a foyer style provision to support young unemployed tenants and those in homeless accommodation. The project aims to promote and build on individual skills, expand the clients' experiences and self-confidence.</p> <p>Acting as a catalyst for these individuals to access opportunities for employment, further training or volunteering work. The project will pull together existing agencies to establish a co-ordinated programme that young tenants and homeless people can access. This project aims to develop a core and cluster scheme based at premises in Burgh Road, Lerwick to support young tenants and homeless applicants to participate in a programme of activities to assist them to access employment, training and voluntary work.</p>



REPORT

To: Shetland Islands Council

10 September 2008

From: Coastal Zone Manager

REPORT No.: PB008-F

CONSULTATION ON SCOTLAND'S FIRST MARINE BILL

1. Introduction

- 1.1 This report summarises the main points of the Scottish Government's consultation document on Scotland's First Marine Bill 'Sustainable Seas for All'.
- 1.2 The full text of the consultation document is available at www.scotland.gov.uk/marinebill and a copy has been placed in the Member's Room at the Town Hall.
- 1.3 A draft response, subject to amendment by Members, is attached as Appendix 1 to this report.

2. Link to Council Priorities

- 2.1 This report relates to priorities in the Council's Corporate Plan associated with sustainable development, looking after where we live, improving life chances for local people, and protecting our natural resources so that we continue to benefit from them.

3. Background

- 3.1 Initial consultation on taking sustainable marine management forward was undertaken by the Scottish Executive in March 2004 under the banner of 'A Strategic Framework for Scotland's Marine Environment'. A response to this consultation was laid before the Council on 30 June 2004 (Min Ref: 115/04).

- 3.2 The important highlights of the 2004 response were that the Council recognised the need for a strategic framework at the national level, existing marine legislation should be reviewed, marine spatial planning was integral to sustainable marine management and decision making should be taken at the local level.
- 3.3 Following on from the 2004 consultation the Scottish Executive published its Marine Strategy in September 2005 under the title 'Seas the Opportunity'. This document set out the Executive's vision for Scotland's marine environment (clean, healthy, safe, productive and biologically diverse), how it would achieve this and the delivery mechanisms. The latter included assessment of the options for a coastal and marine national park, development of marine spatial planning and consideration of possible legislative changes.
- 3.4 Members will be aware that a number of events have taken place in the intervening period. Shetland was selected as one of the four pilot projects under the Scottish Sustainable Marine Environment Initiative (SSMEI) to develop the concept of marine spatial planning and a Shetland Marine Spatial Plan was consulted on locally earlier this year and is currently being revised. The Executive consulted on proposals for a Coastal and Marine National Park in October 2006 and following local consultation a report was presented to the Infrastructure Committee on 23 January 2007. The Council response was that it did not support or oppose the proposals for a Marine National Park as they were insufficiently defined and the implications were too vague. It was also pointed out that there were a number of bodies and mechanisms already in existence to aid Shetland's long term sustainability and a number of initiatives were taking place that affected marine industry and environment, e.g. SSMEI and the Shetland regulating Order (Min Ref: 06/07).
- 3.5 The current consultation on Scotland's first Marine Bill is a third strand from the 2005 strategy and looks at possible changes to the legislative framework for the marine environment. A Scottish Government road show on the Bill was held at NAFC Marine Centre on 19 August 2008 for invited stakeholders and this was followed by a meeting of Members and officers to work up the draft response attached to this report. A public road show was also held on the same day at the Museum. Closing date for responses is 6 October 2008.

4. Proposals for Scotland's first Marine Bill

- 4.1 A number of Government lead working groups, task forces and inquiries have informed the Scottish Minister's view that changes are required to achieve sustainable economic growth in the marine environment through a balance of environmental and socio-economic factors. These changes are considered necessary in order to meet and clarify overall objectives in an effective and affordable way, manage growing and often competing demands for use of marine space and resources, meet existing and new marine obligations and

aspirations, improve integration and reduce complexity of marine management and regulation and give local communities a stronger voice in marine matters ensuring greater accountability at both the local and Scottish level.

- 4.2 Five main areas are covered by the consultation document, namely marine planning, licensing and enforcement, nature conservation, science and data, and the establishment of Marine Scotland. The latter is a new centralised organisation seen, by Scottish Ministers at least, as the best way of achieving delivery of any new legislative and management framework.

Marine Planning

- 4.3 The Scottish Government see marine planning as a mechanism for managing and allocating space within the marine environment thereby ensuring sustainable use of marine resources. For this to be effective it would need to cover all activities, constraints and obligations and would, by necessity, require the development of Marine Plans. Any new marine planning system would be required to take account of any existing statutory planning regimes, such as the planning responsibilities of local authorities, River Basin Management Planning, Inshore Fisheries Group plans, etc.
- 4.4 It should be noted that, whilst marine planning can attempt to balance the utilisation of marine resources by competing industries it does not *per se* have to involve zoning of areas for one or more specific type of development whether in a spatial or temporal context. Indeed, the Shetland SSMEI project has shown that zoning of areas within the marine environment for a specific purpose is difficult to achieve in reality.
- 4.5 A 3 tier approach to marine planning is proposed covering the international, national and regional levels. At the Scottish level a National Marine Plan would be developed, have statutory force and set out marine objectives and a marine planning framework at a strategic level. The National Marine Plan would be part of the National Planning Framework for Scotland and address integration of marine, coastal and terrestrial issues as well as cross boundary issues. The international level would obviously deal with planning matters within UK, EU and global frameworks. Scottish Marine Regions (SMRs) are proposed at the sub-Scotland (regional) level to deal with local planning and management and Integrated Coastal Zone Management.
- 4.6 Given Shetland's experience of local marine management and planning (ZCC Act, SSMEI, SSMO) the case for Shetland being a stand alone SMR is a strong one. It could be argued that Shetland already has the legal wherewithal to meet the requirements of any marine planning framework. The only exception to this would be that the Shetland Marine Spatial Plan developed through SSMEI would not have any statutory basis unless brought under the marine planning framework.

- 4.7 Whilst broadly supporting the proposals at the national and international level, the suggested Council response indicates some reservations about what happens at the local level due to the lack of clarity and detail about the powers and responsibilities SMRs would have. It also points out that we would wish to see no erosion of the powers currently exercised and that these same powers uniquely qualify the Council to be the lead partner in any Shetland SMR. The suggestion is also offered for Shetland to act as a pilot SMR.

Licensing and Enforcement

- 4.8 In regard to licensing and enforcement the document sets out a number of proposals including setting out a list of licensable activities and bringing dredging into a licensing scheme – this latter ability is available to the Council through the ZCC Act. Other proposals cover such areas as reducing the number of licences required for marine activities, whether the new central body Marine Scotland should have general responsibility for the marine licensing system and how this might be delivered, how appeals might work, cost recovery means, consultation and monitoring/enforcement.
- 4.9 Again the response reiterates the view that where licensing powers currently exist at the local level they should be retained there to ensure continuing local accountability. The response is supportive of the need for consultation, an appeals process and the need for a cost recovery scheme to cover licensing, monitoring and enforcement – without the latter two any licensing scheme is toothless. Marine Scotland may be well placed to take on some of the regulatory and enforcement functions exercised by the Fisheries Research Service or the Scottish Fisheries Protection Agency but this may cause issues in respect of appeals and where they would be determined.

Nature Conservation

- 4.10 The consultation document proposes a three pillar approach to conservation – ‘wider seas’ measures (i.e. measures not specifically aimed at conservation but which contribute to it), species specific measures and area specific measures. It also proposes establishing Marine Ecosystem Objectives, reviewing the list of protected species, identification of Marine Protected Areas and improving seal conservation measures.
- 4.11 Support in principle is the general theme running through the suggested Council response with the caveat that any changes, additions and/or deletions should be based on hard scientific evidence. Any objectives set would need to be both measurable and achievable. Additionally an overhaul of some conservation legislation is required as it pre-dates much of the development that has taken place in the marine environment.

Science and Data

- 4.12 Scottish Ministers propose the development of a marine science strategy to focus marine scientific effort, integrate socio-economic considerations and create a framework for wider stakeholder input. The consultation document also seeks thoughts on priorities for further work and proposals that Marine Scotland has a strategic role for the monitoring and assessment of Scotland's seas.
- 4.13 The response recognises the importance of marine science and data underpinning effective management and supports the proposals in this section. It is also pointed that the marine science strategy should recognise the potential that smaller, independent local institutes and organisations can offer to data collection and marine science. To be successful any marine science strategy will require effective funding – data collection is notoriously resource demanding.

Marine Scotland

- 4.14 One of the key elements of the Marine Bill is the creation of 'Marine Scotland' as a new organisation with responsibility for marine policy, planning, science and regulation. The consultation document seeks comments on what role Marine Scotland should have and what responsibilities it should have in respect of marine planning, what functions it could subsume from existing bodies (such as FRS) and where it should sit – should it be part of the Government, an agency (like SFPA) or a Non-Departmental Public Body (like SEPA or SNH)?
- 4.15 The consultation document is lacking in information on how Marine Scotland would be structured and operate and as such limits a detailed response. Again the need for marine management to be undertaken at the local level is stressed and suggests that the Marine Bill offers the opportunity for greater devolution of management powers and responsibilities to the local level rather than centralising these in Edinburgh. It is accepted that Marine Scotland could have a role at the national strategic level and could undertake some of the responsibilities that are exercised currently by the likes of FRS and the SFPA.

5. Financial Implications

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

6. Policy and Delegated Authority

- 6.1 The consequences of the proposals within the consultation document on Scotland's first Marine Bill may affect Council policy and impact on the Council's existing legislative responsibilities. Accordingly final approval of the draft response rests with the Council. Given the deadline for submission of responses to the Scottish Government and the Council diary, it has been necessary to present the draft response direct to Council rather than via a Council Committee.

6. Recommendation

- 6.1 I recommend that the response to the consultation paper on Scotland's first Marine Bill forming Appendix 1 to this report is approved by Council as its official response, subject to any amendments or additions Members wish to make.

Date: 2 September 2008
Our Ref: MH/CZM

ReportNo.:PB008-F



Shetland

Islands Council

Coastal Zone Manager: Martin Holmes
Interim Director: Dr A Hawkins

CRES1031
 Central Scanning Unit
 Spur U5B Saughton House
 Broomhouse Drive
 Edinburgh
 EH11 3XD

Coastal Zone Management
Marine Management Department
 North Atlantic Fisheries College
 Port Arthur
 Scalloway
 Shetland
 ZE1 0UN

Telephone: 01595 772000
 Fax: 01595 772011
development@sic.shetland.gov.uk
www.shetland.gov.uk

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

Your Ref:
 Our Ref:

Date:

Dear Sir,

Consultation on Scotland's first Marine Bill

Shetland Islands Council welcomes the opportunity to comment on the proposals for Scotland's first Marine Bill as set out in the consultation document 'Sustainable Seas for All'. Shetland is an island community with a high level of economic and social dependence on maritime industries and a healthy marine environment. As one of the most fisheries dependent areas of the UK, the Islands have had a long term interest in sustainable marine management and protection of the marine environment.

Over an extended period of time Shetland has acquired significant experience of marine planning and management. This includes local management of aquaculture and other marine developments through the Zetland County Council Act 1974, and of inshore shellfish fisheries through the Shetland Islands Regulated Fishery Order. More recently a Shetland Marine Spatial Plan has been developed under the Scottish Sustainable Marine Environment Initiative.

Of primary concern to the Council is that the proposed Scottish Marine Bill does not result in any erosion or loss of these local responsibilities. Indeed the Council believes the Bill should be used as an opportunity to strengthen marine management at the local level in areas like Shetland. To that end the Council offers to take a lead role in establishing a pilot Scottish Marine Region building on existing local knowledge, experience and responsibilities and act as a demonstration for other areas of Scotland.

The Council's response to the proposals and questions outlined in the consultation document is attached.

Yours faithfully,

Martin Holmes
Coastal Zone Manager

Response by the Shetland Islands Council to the Consultation on Scotland's First Marine Bill

(1) Setting The Scene

Q1 Do you agree that change is needed to the management and legislative framework for managing Scotland's seas?

The Shetland Islands Council (SIC) recognises that the current framework is not meeting the needs of marine stakeholders or of the marine environment, and is in need of simplification, streamlining and improvement. To that extent it agrees that some change is needed.

However, the SIC has reservations about the scale and nature of the proposed changes. In particular, the SIC is concerned that the proposals could result in the creation of another bureaucratic management structure, and in a centralisation of management authority. The SIC believes that it is essential that existing, established and effective locally-based management structures, such as those that have operated in Shetland for many years, are recognised and retained.

Overall, the SIC does not believe that the need for all of the proposed changes, especially the creation of new management structures, has been justified.

Q2 For each of the following areas, do you agree that Scottish Ministers/Scottish Parliament should put in place a new legislative and management framework to deliver:

- a) a new system of marine planning for the sustainable use of Scotland's seas;**
- b) improvements to marine nature conservation to safeguard and protect Scotland's marine assets;**
- c) a streamlined and modernised marine licensing and consents system;**
- d) better stewardship backed up by robust science and data; and**
- e) a new structure, Marine Scotland, to deliver sustainable seas for all?**

The SIC has made specific comments on these separate points within the relevant section, but would reiterate the importance of ensuring that any proposals do not result in additional complication of the management and legislative framework, or in any additional bureaucracy. Furthermore, the SIC reiterates its strong belief that local marine management and planning should remain at the local level to ensure democratic accountability and make best use of local knowledge and experience.

Q3 What difference would these changes make to your area of interest?

Shetland is an island community with a high level of economic and social dependence on maritime industries (the islands are one of the most fisheries dependent areas of the UK), and ultimately on a healthy marine environment. As such, it has a strong interest in sustainable marine management and in the protection of the marine environment.

While it accepts that some of the proposed changes could improve the ways that Scotland's seas are managed, the SIC is concerned that the main effect of these proposals could be to erode, dilute or undermine Shetland's existing effective and locally-based management systems.

The SIC believes that there is a strong case for many marine management decisions to be made at the local level, and that the proposed Scottish Marine Bill could provide a firmer and more consistent basis for local marine planning and management. Given that the Planning etc Act 2006 is seeking to devolve decision making to a more appropriate level, it would appear appropriate that a similar approach is taken to marine planning and that decisions on 'local developments' should lie with the local authority.

Q4 Scottish Ministers believe there are strong practical reasons for further discussion with the UK Government on the allocation of responsibilities around the seas of Scotland. Do you agree with this approach?

The SIC believes that it is essential that marine management is coordinated between Scotland and the UK, and also with the European Union. While further devolution of marine powers to Scotland might be desirable, the SIC believes that it is more important to maintain good relations between Scottish and UK management agencies. The priority should be to ensure that we do not end up with different management systems for different activities or areas, especially between the inshore and offshore areas, or with management measures that apply only to Scottish fishing vessels and not to those of other nationalities.

(2) Creating Stability: Marine Planning And Integrated Coastal Zone Management

Q5 Do you agree with the overall 3-tier approach to marine planning in Scotland?

The SIC notes that the proposed approach is broadly similar to the current terrestrial planning system, and agrees that this would be acceptable provided the issues of subsidiarity are clearly addressed, and local systems of planning, management and regulation continue. At a time when the implementation of the Planning etc (Scotland) Act 2006 is seeking to devolve decision making to a more appropriate level, it would appear sensible that a similar system operates in the marine environment and decisions on local developments continue to lie with the local authority.

Again it is important that Scottish marine planning is coordinated with the UK government, especially between the inshore and offshore areas.

Q6 Do you have any comments on the proposals for a National Marine Plan and the role of Marine Scotland in relation to planning at the Scotland level?

The SIC agrees that there is a need for an overarching national policy and strategy in Scotland, and again notes that the proposals mirror the system already in place for terrestrial planning.

Q7 Do you have any comments on the approach to setting out national objectives for marine planning?

The SIC believes that national planning objectives should be sufficiently flexible to allow for specific local circumstances and conditions to be taken into account. Furthermore, there should be a provision for derogations to be made locally where required.

Overall, it would be desirable to ensure that there is a consistent approach to marine planning between regions.

Q8 Do you agree with the overall approach to planning at the international level beyond Scotland? Do you have any further suggestions or comments to add to the proposed approach, in particular on the UK high level objectives?

The SIC agrees with the suggested overall approach, but believes that local / regional management bodies should have an input to the planning process at this level where they have interests that may be affected.

Q9 Should Scottish Ministers use the Marine Planning system to deliver Scotland's obligations under the Marine Strategy Framework Directive?

The SIC does not believe that sufficient detail has been provided on how marine planning would be implemented for it to comment in detail on this proposal. In particular, it is not clear whether new legislation is being proposed, or simply amendments to existing legislation. Given that any planning legislation is likely to be in place well in advance of agreement on environmental targets, indicators and monitoring programmes, it appears that the legislation would need to be very wide ranging in its terms of reference.

In general terms, it does not believe that the proposed marine planning system would achieve anything different to that already in place through River Basin Management Planning.

Q10 Do you agree with the overall approach and functions for Scottish Marine Regions? Do you have any further comments on the proposed approach to planning at a regional level?

The SIC would support the establishment of Scottish Marine Regions, provided that this did not result in any erosion or loss of the marine management (and related) systems that have been developed and effectively operated in Shetland. The SIC notes that there is a lack of clarity and detail in the proposals on the powers and responsibilities that SMRs would have.

The SIC believes that its knowledge, experience and track record of marine management and planning in Shetland, together with the close relationships that it has with marine stakeholders, uniquely qualify it to act as the lead partner in a Shetland SMR.

The SIC offers to take the lead in establishing a pilot-SMR in Shetland. This would build on the established management systems, knowledge and experience that have been developed in Shetland and provide an opportunity to develop and evaluate the SMR concept. A Shetland pilot-SMR would serve as a model for other areas of Scotland.

Q11 Do you agree that Scottish Marine Regions should be responsible for integrated coastal zone management?

As with marine planning, the SIC believes that ICZM should be delivered at a local level, and suggests that SMRs should be given the management powers necessary to implement an ICZM system.

Q12 Do you agree that Scottish Ministers should place a duty on Scottish Marine Regions to adopt the eight principles defining integrated coastal zone management?

The SIC agrees that these principles would be appropriate.

Q13 Do you have any other comments on the delivery of integrated coastal zone management alongside marine planning?

The SIC's only comment would be to endorse the importance of coordinating ICZM and marine planning both at the local level and nationally.

(3) Reducing The Burden: Licensing And Enforcement

Q14 Does licensing remain an effective method of delivering both certainty for investment purposes, and protection for the marine environment?

The SIC believes that licensing does remain an effective management method. However, it is important that the responsibility for licensing remains at the local / regional level where the necessary knowledge and experience resides.

The SIC suggests appeals on licensing decisions could be made to Marine Scotland.

Q15 The existing licensing system covers most of the impacts on the seas from existing activities. One area of activity that has potentially large impacts and is not licensed is dredging. Scottish Ministers propose to license all new forms of dredging (i.e. those forms that agitate the sea bed). Do you agree? Are there other activities that should be licensed?

The SIC broadly agrees that it would be appropriate to licence dredging in future. The SIC points out that under the Zetland County Council Act 1974 it already has the power to licence dredging in the waters around Shetland, and it would not wish to lose this power.

Q16 Scottish Ministers intend to create powers to set out a list of licensable activities in regulations. Do you have any views on this approach?

The SIC has no particularly strong views on the suggested approach.

Q17 The proposed Marine Scotland should have general responsibility for the delivery of the marine licensing system. Do you agree?

As has already been stated, the SIC believes that the consent process for marine developments and activities should continue to reside locally to ensure local democratic accountability. Having recently empowered local authorities to issue consents for marine aquaculture developments it would appear somewhat inappropriate to remove this power after such a short period of time.

It will also be necessary to clarify what the future role of the Crown Estate is to be in the licensing of marine developments, and what its relationship is to be with Marine Scotland and the Scottish Marine Regions. To be effective the marine development licence will have to take priority over any sea bed lease granted by the Crown Estate.

Q18 Scottish Ministers intend to reduce the numbers of marine licences that developers require to get before an activity can take place. There

are two ways to reduce the numbers of licences either by creating a single licence for all marine impacts or by creating a single licence for each activity. Which system do you prefer?

Given the Scottish Government statement that it is not minded to pursue an activity based licence for fish farming, the SIC would favour the adoption of an impact licence approach, so as to avoid having different types of licences for different activities.

Q19 Marine Scotland could undertake the licence work itself or operate as a front door coordinating the work of others. Do you have any views on these options?

Again, based on its experience, the SIC would reiterate the benefits of a locally based licensing system.

The proposals do not indicate whether it is intended that Marine Scotland should have any local offices.

Q20 Do you agree with the proposed approach to consultation involving local stakeholders? Do you have any further comments?

The SIC would support a requirement to consult with local stakeholders on all marine developments.

Q21 Do you agree that the revised licensing system should incorporate the simplified CAR model throughout, to focus scrutiny on higher risk activities/ impacts and reduce the regulatory burden?

Other than acknowledging that the proposed approach would reduce the regulatory burden, the SIC has no particular views on it. However, there would be a need to establish a clear boundary between those activities that would require registration and those that would require a licence, and to identify who would be responsible for making such judgements.

Q22 Scottish Ministers intend to provide Marine Scotland with powers to insert conditions into licences. Do you agree with this approach? In particular Scottish Ministers intend to create a standard condition on removal of redundant kit and installations, do you agree?

The SIC agrees that there should be a power to insert conditions into licences, but suggests that this power should lie with the licensing authority and not only with Marine Scotland.

The SIC agrees that there is a need to ensure that redundant equipment to be removed once it is no longer in use or required for its defined purpose. However, provision should also be made for aquaculture equipment to be left empty on a site when the operation of the site requires this, e.g. as part of a fallowing programme.

The SIC agrees that where issues between adjacent or competing activities cannot be resolved at the local level, reference to Marine Scotland for a decision would be appropriate.

Q23 Scottish Ministers believe an appeals procedure for those directly involved in the licence application would be a beneficial development. Do you agree?

The SIC agrees that an appeals mechanism is required, but finds it difficult to comment further given the uncertainty over the likely status and role of Marine Scotland. If Marine Scotland is given responsibility for the licensing system it is difficult to see how it could also consider appeals against its own decisions. However, if – as the SIC proposes – marine planning and licensing operate at the local / regional level, then Marine Scotland could consider appeals (a system that mirrors the terrestrial planning system).

The SIC would also wish to ensure that the 3rd party right of appeal provided for in Shetland under the Zetland County Council Act 1974 is retained.

Q24 To provide an easy and transparent system, do you agree that a scale of charges related to cost recovery is the most appropriate way to recover the costs of assessing, issuing, monitoring and enforcing licences?

The SIC agrees that this is the best approach, at whatever level licences are issued.

Q25 The Scottish Government proposes a review of existing licence monitoring and enforcement provisions relating to the marine environment and wishes to consolidate them into a single set of coherent powers and remedies. Marine Scotland should be tasked with ensuring compliance monitoring and enforcement activity is carried out consistently and efficiently. Do you agree?

The SIC agrees that a review would be appropriate. However, clarification is required about who would be responsible for carrying out monitoring and enforcement.

The SIC suggests that monitoring and enforcement should to be undertaken at whatever level a licence is issued and by the authority that issues the licence. This will almost certainly have resource implications in a number of areas.

Q26 Please provide any further comments you have on the licensing provisions in the consultation paper.

No further comments.

(4) Securing The Future: Nature Conservation

Q27 Do you agree that our system of marine nature conservation should be based on the three pillar approach?

The SIC agrees that the proposed three pillar approach appears to be logical.

However, under the wider seas measures the SIC has some concerns about the potential 'creeping' addition of conservation objectives to measures intended for other purposes. It is not clear from the proposals to what extent conservation will remain an 'additional' benefit of such measures, or become a primary driver for them. Will such measures be shaped in future more by conservation objectives than by objectives linked to the activities that they ostensibly address?

With particular regard to fisheries regulations, the SIC would point out that under the Common Fisheries Policy Scottish management measures would not apply to fishing vessels of other EU Member States, especially in the offshore area. The SIC would want reassurance that Scottish fishing vessels will not be disadvantaged through being subject to conservation measures that do not apply to non-Scottish vessels.

Q28 Please provide your views or comments on the application of Marine Ecosystem Objectives for marine nature conservation.

The SIC agrees that MEOs would appear to be a useful means to clarify the objectives of marine nature conservation measures. However, it is essential that such objectives are both measurable and achievable, and that they are rationally based on firm evidence. It is important also that MEOs take full account of all circumstances, (including local conditions, socio-economic factors, etc.

Q29 Do you agree it would be worthwhile to have a biodiversity duty in the offshore area around Scotland?

The SIC would in principle support the extension of a biodiversity duty to the offshore area. However, the SIC would have concerns about how, and to whom, it would be applied. As has been previously pointed out, the Scottish Government would not be able to regulate fishing vessels belonging to other EU Member States in the offshore area. Again, the SIC would want reassurances that the introduction of a biodiversity duty would not disadvantage Scottish fishermen.

Q30 Do you have any other suggestions for making improvements to Pillar I – wider seas measures?

No.

Q31 Do you agree with the proposals for a science-based review of whether new marine species need to be added to the existing list of protected species?

The SIC agrees that a review would be appropriate, but this must be based on hard scientific evidence. The SIC suggests that a review should consider differences in abundance between different areas within Scotland.

The SIC would also suggest that the list of protected species should be subject to a periodic review, and that the review should also consider whether any species could be removed from the list of protected species.

Q32 Do you have any further comments or suggestions for making improvements to Pillar II - species conservation?

The SIC has no further suggestions, but would like to reiterate the need for species conservation measures to take local circumstances into account, especially variations in abundances. The SIC suggests that a more flexible and graded approach to protection would be desirable, to give greatest protection in areas where a species is least abundant (or most threatened) while avoiding excessive restrictions in areas where it may be relatively abundant.

Q33 Do you agree with the overall principle of the introduction of a power to select new types of site?

The SIC agrees that the proposed new power would be beneficial. However, the SIC also suggests that it would be desirable not to have too many different types of site designation, and to avoid any potential conflict or overlaps with existing site designations.

The SIC would again stress that it is important that all site designations are evidence based, and take account of all relevant factors, including local circumstances and socio-economic considerations.

Q34 Do you agree with the assessment of the three main types of requirements for site protection? Do you have any further comments on this?

The SIC agrees with the three main types of site protection proposed. However, the SIC would also suggest that it may be desirable to simplify the system of site protection, so as to have as few different types of site designation as possible, and that there be a consistent framework across Scotland.

Q35 Do you have any views on whether or not a “single approach” should be taken for marine historic and natural environment site protection?

The SIC is not convinced of the benefits of a single approach to historic and environmental site protection, given the very different requirements of the two types of protection.

Q36 Do you agree with the proposals on how a new flexible site protection power will be used? Do you have any other comments?

The SIC’s only comment is that there should be a full consultation with all interested parties before a site is protected, and that all interests (including socio-economic factors) are taken into account when designating sites. It would be important also to ensure that the way in which this power is used is consistent with other types of site designation.

Q37 Do you have any views or comments on whether a single integrated power should be used to deliver these proposals?

It is not clear to the SIC what is meant by the ‘single integrated power’ referred to.

Q38 Do you agree with the proposals for how sites will be managed, including the site by site approach and overall context of sustainable development? Do you have any additional comments?

The proposals do not provide sufficient information about how sites will be managed for the SIC to make a judgement. In particular, the SIC would point out that it is not clear which organisation or body will actually be responsible for managing sites, or what powers and authority they will have. The SIC believes that it is important that there should be significant local involvement in site management.

Q39 Please provide us with your views on the role that a wider planning system should have in the identification of Marine Protected Areas?

In principle, the SIC believes that it would be appropriate for the planning system to inform and guide the identification of MPAs, although it notes that this would not be consistent with the terrestrial planning system (which generally does not inform the identification of areas for protection).

Again it is important that appropriate mechanisms are included to ensure that all interests are taken into account, and that MPAs are designated in a rational and evidence-based manner.

Q40 Do you have any other comments or suggestions for making improvements to Pillar III - site protection?

The SIC's only additional comment is to reiterate the need for site protection to be based on rational and evidence-based criteria, the importance of taking account of all interests (including socio-economic factors), and the desirability of minimising the number of different types of site designation.

Q41 Would you agree with the principle that the offence against damage to Natura sites should apply to marine sites? What are your views on whether a similar offence should be introduced for damage to other Marine Protected Areas?

The SIC would support both proposals; if protection of marine sites is to be effective it is essential that appropriate offences exist. It is also suggested that this would be a legal requirement under EU legislation.

Q42 How can we enhance the contribution which the wild marine environment makes to Scotland's economy?

To maximise the contribution that the marine environment makes to Scotland's economy it is important that activities such as wildlife and environmental tourism are effectively promoted, and that marine developments are sustainable and sympathetic to the marine environment. Attention should also be given to effectively communicating the nature and 'value' of Scotland's marine environment within Scotland through schools, public education, etc.

The SIC also points out that the marine environment already makes an important contribution to Scotland's economy, especially in many remote and island communities, through traditional maritime industries such as fishing and aquaculture. As well as promoting new economic activities linked to the marine environment it is important that these traditional industries are not overlooked or disadvantaged.

Q43 Do you have any views or comments on the options for improving conservation measures for seals? Do you have any specific comments on:

- a) equal treatment across all sectors (licensing and seal conservation orders);**
- b) welfare issues;**
- c) the "Netsmen's defence";**
- d) reporting and monitoring;**
- e) relationship with the EU Habitats Directive; and**
- f) any other comments?**

The SIC does not have specific comments on these particular issues. In general, however, it agrees that there is a need to overhaul and update the

Conservation of Seals Act 1970, especially given that some of its main elements pre-date the development of industries such as aquaculture and marine renewables, and the desirability of treating all sectors equally.

The SIC believes that the first option suggested (licensing) would appear to be the best way of achieving this. However, it would like to see more detailed information on how the shooting of seals would be monitored and how licences would be required.

The SIC suggests that closed season periods for seals should be reviewed as there is evidence that these have changed.

(5) Understanding Our Seas: Science And Data

Q44 Do you agree that Scottish Ministers should develop a marine science strategy to focus marine scientific effort, integrate socio-economic considerations, and to create a framework for wider stakeholder input?

The SIC recognises the importance of marine science and data in underpinning effective management of Scotland's seas and would broadly support the proposed development of a marine science strategy. The SIC also agrees that it is desirable and important to collect more socio-economic data to aid management decision making.

It is important that long-term data collection programmes are maintained and supported, to provide the time-series of data that are required for management purposes. These programmes require a commitment to long-term funding.

Whilst agreeing that greater stakeholder input to marine science planning could be generally beneficial, consideration will need to be given to how this might affect long-term programmes, as these would lose their value if they were stopped and started, or changed frequently in response to stakeholder views. An additional concern is how stakeholder input can be balanced with scientific programmes that might provide 'unpopular' results, i.e. there may be a conflict between a stakeholder's interests and the objectives of a science programme.

To enable science to provide more 'timely' and up to date results, to avoid potential conflicts between stakeholder perceptions and 'out of date' scientific results. This will require a pragmatic approach which should aim to provide 'adequate' results quickly, rather than 'perfect' results when it is too late.

The SIC suggests that the marine science strategy should recognise the potential of smaller, independent local or regional institutes and organisations to make a significant contribution to data collection and marine science. The Scottish Government should provide support for scientific programmes at such institutes to strengthen and diversify the marine science base in Scotland and to increase the availability of scientific advice and information, especially to locally based management organisations.

Overall, the SIC would stress that the key to a successful and effective marine science strategy will be funding. Marine science is expensive and data collection programmes in particular require funding to be committed over long periods of time. The ambitions for a Scottish marine science programme outlined in the proposals are admirable, but must be matched by adequate funding if they are to be delivered.

Q45 Do you have views on how to integrate scientific evidence with stakeholder and local knowledge?

The SIC agrees that it would be desirable to enhance the input of stakeholder and local knowledge to the scientific process. It would point out that a substantial amount of work has already been carried out in this field, especially in relation to fisheries, and that this could form a firm basis for further developments.

Furthermore, it would stress that one of the best ways of facilitating stakeholder input and the collection of local knowledge is through locally-based research and data collection programmes. The SIC would encourage the Scottish Government to encourage and support such programmes.

There are however a number of problems that also need to be addressed. Firstly, stakeholders need to be sure that data that they provide, or help provide, will not be used to their disadvantage (for example through prosecution or through restriction of their activities).

Secondly, some form of legal protection is required for those involved in collecting and using stakeholder data to exempt them from any requirement to inform on any offences that these data might reveal. Finally, data and other information collected through such programmes should be exempted from the requirements of the Freedom of Information Scotland Act.

Q46 What do you think are the potential priorities for further work?

In relation to the first of the two suggested 'essential' pieces of work (data collation), it is not clear what exactly is being proposed. The SIC agrees that it would be desirable and beneficial to develop some form of register or database of relevant data held by different agencies, organisations, companies, etc. However, if the proposal is to go beyond this and attempt to collate all of these data in one place, the SIC would have doubts about the practicality or value of this. It is not clear how this would relate to existing initiatives, such as the proposed Scottish Marine Observatory.

A related issue that the SIC believes should be addressed is that of data access. At present significant amounts of data, collected by public agencies with public funding, is treated as a commercial product. The SIC suggests that such data should be freely available to marine managers (whether at local, regional or national level) and to marine scientists, for non-commercial purposes.

In relation to the second of the two suggested 'essential' priorities (marine mapping), whilst the SIC recognises that this might be useful, it is not convinced that this would represent the best use of what are likely to be limited resources. Rather, the SIC suggests that mapping should be targeted at areas or habitats of particular importance or concern.

The SIC also suggests that there should be significant local input to the planning of such mapping, probably through the proposed Scottish Marine

Regions, and that there should be support for SMRs to undertake their own mapping to address issues of local concern.

The SIC suggests that the development of systems to collect and utilise relevant socio-economic data should also be prioritised.

Q47 Scottish Ministers propose that the strategic role for the monitoring and assessment of Scotland's seas lies with Marine Scotland, do you agree?

The SIC agrees with, and would support, this proposal.

Q48 Scottish Ministers propose to instruct Marine Scotland to take forward the development of GIS as a matter of priority. Do you agree?

It is not entirely clear to the SIC what is being proposed; GIS already exists, and many systems are available and widely used. It does not need 'development'. It is important to remember that GIS is only a tool. While it is likely to be useful, it is not an end in its own right.

The SIC acknowledges that the development of a standard GIS system for Scottish Marine Data might be advantageous, but this should be based as far as possible on existing systems.

The SIC would reiterate the point made earlier that the question of data access will have to be addressed.

(6) Managing Our Seas: Marine Scotland

Q49 Scottish Ministers propose to develop Marine Scotland to champion the seas and their use and provide better integrated and streamlined delivery in the marine area. Do you agree?

The SIC agrees in principle that a more integrated and streamlined means of managing Scotland's seas would be an advantage. However, in the absence of more detailed information about how Marine Scotland would be structured and operate the SIC is unable to effectively judge its potential merits.

The SIC would stress that it will be important to ensure that whatever option is adopted it is better integrated and streamlined, and does not simply result in a larger or less efficient bureaucracy. It will also be important to ensure that whatever proposal is adopted recognises what has been, and can be, achieved at a local level, and does not result in excessive centralisation of authority or responsibility.

Q50 Scottish Ministers propose that Marine Scotland deliver marine planning proposals as set out in Chapter 2. What are your views on this proposal?

The SIC agrees that Marine Scotland should be tasked with developing an overarching Scottish planning framework complete with national objectives, etc. However, it is important that there is significant local input to the development of this framework.

Furthermore, the SIC believes that the delivery of marine planning should be at the local or regional level as this has a number of advantages, including local democratic accountability, cost effectiveness, familiarity with stakeholders, and local expertise, knowledge and experience. The role of Scottish Marine Regions should, therefore, not be limited solely to the development of local marine plans, but should include responsibility for local marine management.

Q51 Do you agree with the approach set out for fisheries and aquaculture management? Do you have any further comments in connection with this approach?

Other than a change in the responsible agencies, it is not clear to the SIC how the proposals would actually change the management of fisheries and aquaculture.

The SIC suggests, however, that careful consideration should be given to the potential problems that may arise from combining management, monitoring, research and enforcement roles within the same agency. Stakeholders may be less willing to supply data to, or assist or cooperate with research being carried out by, an organisation that also has responsibility for enforcement.

The SIC would also point out that little consideration appears to have been given to the European dimension of fisheries management, under the Common Fisheries Policy.

Q52 What are your views on the arguments relating to where control for aquaculture should lie?

The SIC has successfully managed aquaculture (and other marine) developments in Shetland for almost 30 years, initially under the Zetland County Council Act 1974, and latterly under planning legislation. This has given the SIC substantial experience of managing such activities and a strong belief that this is best done at a local level. On a related point, the Council would wish to ensure that the duties of conservancy (navigation) enshrined in the 1974 Act are retained by the Council.

As such, the SIC strongly believes that control of aquaculture (and other marine developments) should remain at a local level.

Overall, the SIC believes that the opportunity should be taken through the Scottish Marine Bill to provide for greater devolution of management powers and responsibilities to a local level, rather than centralising these powers in Edinburgh.

Q53 Do you have any views on the role that FRS should take?

In general terms, the SIC believes that FRS could play a coordinating role, but should not be the sole source of technical and scientific advice to the Scottish Government. There would be significant merits in broadening the base of marine and fisheries science and expertise in Scotland, in part to provide a diversity of sources of information and advice, both to the Government and to local and regional management bodies. The SIC suggests that the Scottish Government should promote the development of a network of marine and fisheries science institutes in Scotland, including committing the necessary resources.

The SIC acknowledges the scientific expertise of FRS and the international respect in which it is held. It has some concerns that merging FRS into Marine Scotland could create conflicts of interest (especially between enforcement and research / data collection) that would make it more difficult for FRS to fulfil its functions. As has been pointed out, stakeholders may be less willing to supply data to, or assist or cooperate with, research being carried out by an organisation that also has responsibility for enforcement.

Q54 What are your views on the creation of Marine Scotland and the proposed range of functions it should deliver?

In principle, the SIC accepts that the integration of all marine activities at a national / strategic level in a single agency could provide some benefits.

However, it also has a number of reservations:

Firstly, it is not clear how effectively or efficiently a single 'super-agency' would be able to operate in practice; whether it will be able to deliver the promised benefits or whether it will simply create a large inefficient bureaucracy.

Secondly, the creation of Marine Scotland could result in an excessive centralisation of power and responsibility, and an associated loss of local control, influence and accountability.

Finally, there would appear to be fundamental and serious conflicts of interest between some of Marine Scotland's roles and responsibilities. For example, between securing economic growth and safeguarding the marine environment, or (as has already been outlined) between data collection or research and enforcement. It remains unclear if or how a single agency could successfully combine and balance these roles and responsibilities.

Q55 Do you have any views on the development of Marine Scotland's role and functions over time?

As has already been stated, the SIC strongly believes that control of aquaculture and other marine developments, and other existing forms of local marine management, should remain at a local level, and should not be centralised within Marine Scotland.

Q56 Ministers believe Marine Scotland should form part of Scottish Government with appropriate safeguards for science and the appeals process. Do you have any views?

The SIC agrees that Marine Scotland should form part of the Scottish Government, as this is likely to deliver the greatest accountability.

The SIC would not favour Marine Scotland being established as a Non-Departmental Public Body, as its experience with existing NDPBs in Scotland is that they are much less accountable to local interests.

What Do You Think?

Q57 Are there any other aspects of the proposals in this consultation document on which you wish to add your views?

In general terms, the SIC has found that in many cases the proposals provide insufficient detail or clarity about exactly what is being proposed, or how they would operate in practice. In particular, it is unclear in many cases how responsibilities and authority will be shared between centralised and local / regional levels, or whether existing locally-based management systems will be maintained. In the absence of such detail it has been difficult in many cases to provide detailed comments or responses, and the SIC's views may change as the full implications of the changes become clearer.

A major concern of the SIC is that the Scottish Government should recognise the locally-based marine management, data collection, marine research and marine planning systems that have already been established in Shetland, and the substantial body of experience and knowledge that have been developed around them.

The SIC believes that these systems have operated effectively and efficiently and would urge the Government to ensure that the proposed Scottish Marine Bill does not erode or destroy any of these systems. Rather, the SIC believes that they provide a firm foundation for the further devolution of planning and management to a local level, and that Shetland can serve as a model for other areas of Scotland.

On a final point, the SIC notes with surprise that the proposals for a Scottish Marine Bill contain no mention of the Crown Estate or of its envisaged future role in the management of Scotland's seas.

Further Information

The Shetland Islands Council would be pleased to provide any further information that might be required, either on the responses it has made to this consultation, or on the existing management and related systems that operate in Shetland.

The SIC would also be pleased to assist with or contribute to the further development of the proposals for a Scottish Marine Bill, and to share its knowledge and experiences, and those of other relevant bodies in Shetland.

Any questions or requests for further information should be directed to:

Martin Holmes (martin.holmes@nafc.uhi.ac.uk) or

Ian Napier (ian.napier@nafc.uhi.ac.uk)

NAFC Marine Centre
Port Arthur
Scalloway
Shetland

Tel. 01595 772000



REPORT

To: Shetland Islands Council

10 September 2008

From: Head of Legal and Administration

Appointment to the Shetland College/Train Shetland Board of Management Report No. LA-43-F

1.0 Introduction

- 1.1 The purpose of this report is to invite the Council to approve a nomination from NHS Shetland for an appointment to the Shetland College/Train Shetland Board of Management.

2.0 Links to Corporate Priorities

- 2.1 The recommendations in this report support the Council towards its priorities regarding the way it organises its business in terms of communication and partnership working.

3.0 Proposal

- 3.1 Following the resignation of Mrs Betty Fullerton as NHS Shetland representative, NHS Shetland were invited to nominate a member of their Board as representative on the Shetland College/Train Shetland Board of Management. NHS Shetland have nominated Mr Joe Irvine as their representative, and Members are asked to approve this nomination.
- 3.2 NHS Shetland state that Mr Irvine's background, knowledge and experience in education, as well as his involvement in activities for young people and as Chairperson of the Shetland Recreational Trust, provides a sound basis for his appointment to the College Board.

- 3.3 The appointment of Mr Irvine is supported by the Chairperson of the College Board.

4.0 Financial Implications

- 4.1 Attendance at meetings of the College Board by any person formally appointed by the Council, will be entitled to claim expenses, which will be taken from the Members' budgets.

5.0 Policy and Delegated Authority

- 5.1 In terms of Section 8.0 of the Council's Scheme of Delegations, only the Council may appoint persons who are not Council Members, to a Committee, Sub-Committee or Board.

6.0 Recommendation

- 6.1 I recommend that the Shetland Islands Council consider and if so minded, approve the appointment of Mr Joe Irvine to the College Board.

August 2008
AC



REPORT

To: Shetland Islands Council

10 September 2008

From: Head of Legal and Administrative Services

Appointment of Member to Audit and Scrutiny Committee

Report No. LA-35-F

1.0 Introduction

1.1 Membership of the Audit and Scrutiny Committee is as follows:

A Doull	A Hughson
A Duncan	C Miller
F B Grains	C Smith
R Henderson	J Wills

1.2 Councillor Cecil Smith has intimated his resignation as member of the Audit and Scrutiny Committee. The purpose of this report is therefore to appoint a Member to the current vacancy.

2.0 Link to Corporate Priorities

2.1 The recommendation in this report is not linked directly to any of the Corporate Priorities.

3.0 Financial Implications

3.1 There are no additional costs to be added to the existing Members' budgets, as the appointment contained in this report is required to fill a vacancy.

4.0 Policy and Delegated Authority

4.1 The appointment required has not been delegated to any Committee, and therefore a decision of the Council is required.

4.2 The method of appointment shall be in accordance with Section 6.0 of the Council's Scheme of Delegations.

- 4.3 The appointment will carry approved duty status in terms of the Council's Scheme of Approved Duties.

5.0 Conclusion

- 5.1 The purpose of this report is to seek an appointment by the Council to fill a vacancy on the Council's Audit and Scrutiny Committee.

6.0 Recommendation

- 6.1 I recommend that the Council appoint one Member to the Audit and Scrutiny Committee.

August 2008
AC



REPORT

To: Shetland Islands Council

10 September 2008

From: Head of Legal and Administration

Appointments to External Organisations - SYIS

Report No. LA-41-F

1.0 Introduction

- 1.1 The purpose of this report is to recommend appointment of Council Members to the Board of Directors/Management Committee of the Shetland Youth Information Service.

2.0 Links to Corporate Priorities

- 2.1 The recommendation in this report supports Corporate and Community priorities relating to social and cultural goals.

3.0 Appointments Required

- 3.1 The Shetland Youth Information Service (SYIS) aims to advance the education of young people up to the age of 25 and in particular between the ages of 14 and 21. As a founder member, the Council has maintained representation on its Board of Directors since 1998. SYIS have sought continuing representation from the Council on the Board of Directors/Management Committee in order to fulfill the requirements of their Memorandum and Articles of Association. The organisation is seeking the nomination of 3 Members.
- 3.2 Councillors Bill Manson and Jim Henry were previously appointed as Directors. Members may wish to consider re-appointment of these Members, given the experience already gained in this area.
- 3.2 Appointments have previously been authorised as an approved duty.
- 3.3 Confirmation is being sought from the Standards Commission as to whether any such appointments would have a dispensation in terms of the Councillors' Code of Conduct, allowing the appointees to take part in the consideration and discussion of, and to vote upon, any matter relating to the SYIS. This would not remove the need for those Councillors to register or declare their interests in SYIS, but

could remove the need for them to refrain from the decision making process at Council meetings where matters concerning SYIS are being discussed. Confirmation will be provided at the meeting, or thereafter provided to the appointees.

4.0 Financial Implications

- 4.1 Appointment of Members will be given approved duty status, and therefore attendance at meetings will be met by the Council from existing Members' budgets.

5.0 Policy and Delegated Authority

- 5.1 Appointments and nominations to external organisations can only be made by the Council, unless the Council has delegated such authority to a Committee.

6.0 Recommendations

- 6.1 I recommend that the Council appoint 3 Members to the SYIS, with approved duty status, and notes that information on any dispensation that may apply will be provided to those appointees.

August 2008
AC



REPORT

To: Shetland Islands Council

September 2008

From: Head of Organisational Development

Report No: CE-37-F

Shetland Islands Council; Equalities Update

1 Introduction

- 1.1 The Equality Act 2006, amended the Sex Discrimination Act 1975 to place a statutory duty on public authorities, when carrying out their functions, to have due regard to the need to eliminate unlawful discrimination and harassment and to promote equality of opportunity between men and women.
- 1.2 The Race Relations Act 1976 as amended by the Race Relations (Amendment) Act 2000 requires all public authorities to provide their services to the public in a way that is fair and accessible to all, irrespective of their race or colour and give members of the public greater protection from unlawful race discrimination.
- 1.3 The Disability Discrimination Act 2005, through amendments to the Disability Discrimination Act 1995, requires all public authorities to provide their services to the public in a way that is fair and accessible to all, irrespective of their disability and give members of the public greater protection from unlawful discrimination on grounds of disability.
- 1.4 As a result of these Acts, the Council is required to publish a Gender Equality Scheme, Race Equality Scheme and a Disability Equality Scheme. These schemes identify the Council's equality obligations for Gender, Race and Disability. We should also prepare an action plan and prioritise these actions showing how we will seek to achieve each one.
- 1.5 We are legally required to produce an annual report on progress made each year toward our Equality Objectives for Gender, Race and Disability, and progress made against all our action plans.
- 1.6 This report sets out how we as a Council are working to meet these requirements and seeks Member endorsement of the work carried out in this area.

2 Background

- 2.1 In December 2007 the Council produced and published the Disability Annual report. This was done in conjunction with the schools service, the

Shetland College and ZetTrans. It is available through the following link to the Council's internet site.

<http://www.shetland.gov.uk/equalopportunities/documents.asp>

- 2.2 In June 2008 the Council produced and published the Gender Equality Annual report. This was done in conjunction with the schools service, the Shetland College, ZetTrans and the Shetland Licensing Board.
- 2.3 The Race Equality Scheme is due to be formally reviewed, which takes place every three years, and an annual report produced and published on the 4th November 2008.

3 Link to Corporate Priorities

This report contributes to the achievement of the following Community Planning Priority;

- 3.1 We'll ensure that equal opportunities exist for all, no matter an individual's age; race, gender, faith, sexual orientation or disability and we will decrease inequalities."

4 Review of Disability and Race Schemes

- 4.1 As mentioned in section 1.4, we are legally required to produce an annual report on progress made toward each of our equality objectives for Gender, Race and Disability.
 - The 2008 Disability Annual report is due to be published by 4th December this year
 - The new Race Equality Scheme is due to be published on the 30th November 2008 along with the Annual progress report for Race Equality.

In order to engage Members in the preparation of the Disability Annual report and the Race Equality Scheme, a copy of the Disability Annual report 2007 and the Race Equality Scheme 2005- 2008 will be placed in each of the Member's pigeonholes for collection and comment. The proposed date for comments to be back with policy by is the **15th November 2008**. There will be a covering letter outlining our key responsibilities and legislative duties with each booklet.

- 4.2 As well as reducing the amount of documentation that is placed on the Council agenda, this approach will allow Members a reasonable time to reflect on an area which has such a large impact on our services and the wider community.
- 4.3 There is further consultation ongoing with the Disability Action Plan. The Policy Unit is currently consulting on the Shetland Disability Equality action plan with representatives from various Disability groups so that we can have action plan that will make a real difference to people's lives.

4.4 The Policy Unit is proposing to consult with migrant workers groups and Shetland Interfaith for the review of our Shetland Race Equality Action Plan.

4.5 The Policy Unit will be responsible for ensuring publication of schemes and annual reports. Organisational Development will be responsible for ensuring implementation of the Action Plans for the Council.

5 Gender Equality Report

5.1 The Gender Equality Annual Report has been updated for 2008. This was published on June 30th and circulated to all staff and Members. It is available through the following link to the Council's internet site:

<http://www.shetland.gov.uk/equalopportunities/documents/GenderEqualityAnnualReport2008.pdf>

5.2 Members are welcome to review and comment on the Gender Equality report to the Policy Unit. However, a few of the issues it has raised are highlighted below, for comment.

- 80% of the top 5% of earners in the Council are male and 88% of the top 2% of earners are male. However we have improved by 6% in the last year. This Indicator excludes teachers, as we have differing performance criteria to work toward.
- 1358 females put in for a promotion in 07/08, 819 were turned down.
- Flexible working take up rates –
 1. Women 82.76%
 2. Men 17.24%
- Decision making Bodies (Total) -¹
 1. Women 19
 2. Men 56
- Of the 486 employees who resigned in 07/08, 81% of them were female and 19% of them were male.
- In Education from 5-14: Female pupils outperform their male counterparts in every area. However none more so than in the graded area of writing, which by secondary 2, 64.63% of females are receiving minimum graded level compared with 39.22% of their male peers.

6 Financial Implications

6.1 There are no direct financial implications as a result of this report.

7 Policy and Delegated Authority

¹ Council Members, Employees Joint Consultative Committee, Local Negotiating Committee for Teaching Staff, Shetland College Lecturers Joint Consultative Committee, Shetland College Lecturers Local Negotiating Committee, Executive Management Team

- 7.1 The duty to produce a Gender Equality Annual Report, Race Equality Annual Report and Disability Equality Annual Report, has not been delegated to any Committee or officer officially and requires to be determined by the Council.

8 Conclusions

- 8.1 This Report sets the revised statutory duties prescribed under the amended Sex Discrimination Act 1975, amended Race Relations Act 1976 and amended Disability Discrimination Act 1995.
- 8.2 The Report contains the Gender Equality Annual Report and the Disability Annual Report for approval, as required under the amended Sex Discrimination Act 1975 and Disability Discrimination Act 1995.

9 Recommendations

- 9.1 I recommend that Members endorse the approach outlined in this report, which seeks to ensure that the Council continues to meet its statutory requirements with regard to equalities monitoring.

Date: September 2008

Ref: LMS/ Report No: CE-37-F



REPORT

To: Shetland Islands Council – 10 September 2008

From: Assistant Chief Executive

CE-40-F
The Crown Estate in Scotland

1. Introduction

- 1.1 This report updates the Council on recent developments related to the report of the Crown Estate Review Working Group and proposes the signing of a declaration of support for reviewing the management of the Crown Estate Scotland.

2. Background

- 2.1 In February 2007, the Crown Estate Review Working Group (CERWG) published its report entitled “The Crown Estate in Scotland – New Opportunities for Public Benefits”. The principal recommendation of the report was that “The Secretary of State for Scotland and Scottish Ministers should, given the changed circumstances of devolution, implement an appropriately constituted review to ensure that the property, rights and interests, which make up the Crown Estate in Scotland, contribute more fully and directly to the delivery of Scottish Government policies and well-being of the people of Scotland”.
- 2.2 The CERWG comprises representatives of the six Highlands and Islands Local Authorities, together with Highlands and Islands Enterprise (HIE). The report was endorsed by the constituent organisations, and following approval by the Cosla Rural Affairs and Environment Committee, it was submitted to Scottish Minister in early 2007.

- 2.3 On 17 June 2008, the Environment Minister, Michael Russell, met with the representatives of the CERWG at which Councillor Alastair Cooper attended and is considering how this issue could be taken forward, bearing in mind that the Crown Estate is not a devolved body. In order to demonstrate broad support for a review of the Management of the Crown Estate Scotland, the potential of a “declaration” of support has been considered by the CERWG.
- 2.4 A “Declaration of Support” has been drawn up by Highland Council and signed by elected Members from all its political parties and groupings within that Authority. It is hoped that other authorities will also develop and sign declarations.
- 2.5 An adapted declaration for Shetland is outlined at Appendix 1 to this report.
- 2.6 The conclusions of the CERWG report is summarised at Appendix 2 for information. In essence, the report called for a review of the management of the Crown Estate in Scotland by the appropriate Ministers.

3. Financial Implications

- 3.1 There are no financial implications arising directly from the terms of this report.

4. Policy and Delegated Authority

- 4.1 There are no legal constraints to the recommendations of this report. The subject matter has not been delegated to any Committee and therefore the report is being presented directly to Council.

5. Conclusions

- 5.1 Shetland has had a longstanding interest in the management of coastal and marine resources and the revenues raised by the Crown Estate from activities on the foreshore, and in coastal waters has been the subject of a great deal of debate over many years.
- 5.2 Following the meeting between Local Authorities and the Scottish Government’s Environment Minister on 17 June, consideration has been given to a “declaration” from all the members of the Highlands and Islands Local Authorities to demonstrate the strength of feeling on this subject.

6. Recommendations

- 6.1 It is recommended that the Council agrees to support the review of the Management of the Crown Estate in Scotland, approves the declaration of support and, invites Members if they are so minded, to put their personal signature to it.

WES/IS
CE-40-F

04/09/08

APPENDIX 1

PROPOSED SHETLAND ISLANDS COUNCIL DECLARATION

THE CROWN ESTATE IN SCOTLAND

1. During February 2007, the Crown Estate Review Working Group published its report titled: "The Crown Estate in Scotland – New Opportunities for Public Benefits". A summary of the report is attached to this agreement.
2. The overall considerations set out in the Report support the following conclusion:

the Secretary of State for Scotland and Scottish Ministers should, given the changed circumstances of devolution, implement an appropriately constituted review to ensure that the property, rights and interests which make up the Crown Estate in Scotland contribute more fully and directly to the delivery of Scottish Government policies and well being of the people of Scotland.

3. Members of Shetland Islands Council will continue to promote the conclusions of the report "The Crown Estate in Scotland – New Opportunities for Public Benefits" and, in light of the recent consideration of the report by the Scottish Parliament Rural Affairs and Environment Committee and their intention to further scrutinise and monitor the work of and developments at the Crown Estate, to promote specific changes to current policy and operations of the Crown Estate in the Highlands and more widely.
4. The undersigned Members of Shetland islands Council agree that, during the term of the Council, they will work jointly and co-operatively to promote the recommendations of the CERWG report at all times and at every opportunity.

Member	Signature	Political Affiliation	Date

THE CROWN ESTATE IN SCOTLAND: NEW OPPORTUNITIES FOR PUBLIC BENEFITS

1. The Report considers the new opportunities which exist following devolution for the Crown Estate in Scotland to produce greater public benefits in Scotland.
2. The Crown Estate is a form of public land managed by a public body for public benefit.
3. The Crown Estate consists of the Crown property, rights and interests managed by the Crown Estate Commission (CEC), which also calls itself The Crown Estate (TCE).
4. The property rights belonging to the Crown in the UK are a distinct form of public land from property belonging to government departments, and are either managed by the CEC as part of the Crown Estate or by government departments.
5. The CEC is a public body first constituted by Parliament in 1956 to succeed the Commissioners of Crown Lands and now operates under the Crown Estate Act 1961.
6. The CEC manages the Crown Estate on behalf of the nation and all net surplus revenue from the Estate goes to the Treasury for general government expenditure.
7. The CEC has a duty to maintain and enhance the value of the Crown Estate and the return obtained from it, but with due regard to the requirements of good management.
8. The Crown Estate in Scotland consists of ancient possessions of the Crown in Scotland and some properties bought on its behalf during the 20th century:-
 - *main ancient*: ownership of Scotland's seabed out to the 12 nautical mile limit, property rights over the continental seabed out to the 200 mile limit (excluding oil, gas and coal) and ownership of around half the length of Scotland's foreshore.
 - *other ancient*: rights to salmon fishing, natural occurring oysters and mussels and to mine gold and silver and ownership of two small areas of urban land.
 - *modern*: ownership of four rural estates and three urban commercial properties.
9. While these Crown properties and property rights in Scotland are managed by the CEC as part of the UK wide Crown Estate, they are a distinct legal component of it because they are owned by the Crown in Scotland under Scots law.

10. The most significant ancient possession of the Crown in Scotland is its ownership of Scotland's territorial seabed, as extended from 3 to 12 nautical miles by legislation in 1987. Scotland's seabed accounts for just over half of its total territorial area.
11. The ancient possessions of the Crown in Scotland date from when Scotland was an independent kingdom and continued to be managed in Scotland until the 19th century.
12. In 1832, the administration of these Scottish Crown property rights and their revenues was transferred to the Commission in London which already managed property rights of the Crown under English law in the rest of the UK.
13. The CEC is the most recent successor to that 19th century Commission and prior to the creation of the Crown Estate in name in the Crown Estate Act 1956, the Crown properties and rights in Scotland were known as the Crown Lands of Scotland.
14. While Scotland is a very distinctive part of the Crown Estate, it is also a very small part financially. The Crown Estate in Scotland produces only around 5% of the CEC's overall annual income from the UK wide estate.
15. Most of the CEC's revenue comes from urban property in England where, compared to three in Scotland, the CEC manages over 3,000 commercial properties mainly in London. The CEC promotes itself as one of the UK's leading property companies.
16. The CEC's revenue from Scotland in 2005-06 was £14 million. Each year over 80% of the CEC's revenue from Scotland is net surplus revenue that goes to the Treasury.
17. Under the Scotland Act 1998, the CEC's administration of the property rights of the Crown in Scotland which form part of the Crown Estate and their revenues, were reserved to the UK Parliament.
18. There are other property rights of the Crown in Scotland which are not part of the Crown Estate and the administration and revenues of which are already devolved with the revenues from these rights contributing to the Scottish Consolidated Fund.
19. As the CEC is reserved, Ministerial responsibility for the CEC in Scotland is still a function of the Secretary of State for Scotland accountable to Westminster. Scottish Ministers therefore have no direct say over the operations of the CEC in Scotland
20. Devolution has, however, created three main ways by which the Scottish Government can influence the management of property rights which make up the Crown Estate in Scotland:-
 - 'ownership': the powers of the Scottish Parliament to legislate over the property rights of the Crown in Scotland, as the Crown's

prerogative functions are not reserved nor is property belonging to the Crown, including Scotland's seabed.

- '*regulation*': the powers of the Scottish Parliament to regulate the use of land and property rights including those which make up the Crown Estate in Scotland, except for general reservations over some uses of all land to the UK Parliament.
 - '*guidance*': the role of the new public policy context in Scotland as set by the Scottish Government in informing 'the requirements of good management' within the terms of the Crown Estate Act 1961, for the property rights which make up the Crown Estate in Scotland.
21. Scotland can now legislate again over the '*ownership*' and '*use*' of the Crown's property rights in Scotland, but the '*administration and revenues*' of the Crown rights which form part of the Crown Estate are still reserved as a legacy of the 19th century.
 22. While all the Crown property rights in Scotland are different from those in the rest of the UK, some of the rights which the CEC still administers from London are distinctive Scottish Crown rights as there are no equivalent Crown rights in the rest of the UK.
 23. The response of the CEC to devolution has also been markedly different to that of the Forestry Commission (FC), which has strong historical links with the CEC and was in a similar position to it at devolution. Both have re-structured their operations in Scotland:
 - the FC has created Forestry Commission Scotland accountable to the Scottish Parliament and acting as a department of the Scottish Government to help deliver the Government's policies in Scotland
 - the CEC has ended its management of the Crown Estate in Scotland as a distinct unit of the Crown Estate (the Scottish Estate), closed its Scottish HQ and integrated the management of the property rights of the Crown in Scotland sector by sector with those in the rest of the UK.
 24. The CEC's recent re-structuring away from devolution has increased existing issues about the lack of accountability in Scotland over the CEC's operations in Scotland and the limited benefits in Scotland from its management of the Scottish resources which form the Crown Estate in Scotland.
 25. However, the UK government remains committed to the devolution process and the CEC could respond to the new influences of devolution in Scotland at three main levels to improve accountability and benefits in Scotland:-
 - *within existing structures*: for example, by establishing a Scottish Advisory Committee, reporting to the Scottish Parliament and developing Scottish policies tailored to Scottish circumstances for each of the different components of the Estate;
 - *partial devolution*: for example, by re-structuring along similar lines to the FC so that the CEC in Scotland is a distinct operation which acts as

- part of the Scottish Government and manages the Crown Estate in Scotland to help deliver Scottish Government priorities;
- *full devolution*: by UK legislation returning to Scotland the administration and revenues of some or all of the different types of property, rights and interests of the Crown in Scotland which are currently managed as part of the Crown Estate.
26. The most prominent issues over the Crown Estate in Scotland are with the CEC's approach to managing Scotland's seabed and Crown foreshore, including the narrowness of the CEC's focus on securing revenue from developments involving these resources and its limited re-investment of those revenues in Scotland.
 27. There is particular potential for the management of the seabed and Crown foreshore to contribute far greater benefits in the Highlands and Islands with its many island and remote rural communities. The region has half the entire length of Britain's coastline and around half the total number of ports and harbours in Britain.
 28. In the changed circumstances of devolution, Scotland's seabed and foreshore could be managed as a national marine estate like Scotland's national forest estate, to help deliver Scottish Government policies that support the future well being of Scotland's coastal communities and benefit the people of Scotland more generally.
 29. There are immediate opportunities within existing arrangements over the Crown Estate in Scotland to improve, for example, the position of the 80% of Scotland's harbours managed by the Scottish Government, local authorities and trust ports in the public interest and which play such important roles locally and in the wider infrastructure.
 30. The scope for a difference of approach is also illustrated by the difference between the CEC's use of mooring associations as a more economic way to collect many small rents and the ways in which they could be used to help build local capacity and give communities a greater stake in their local environment.
 31. A wider issue is the substantial potential for renewable marine energy generation in Scotland with billions of pounds of investment anticipated, and the reservation to the CEC of control over the use of Scotland's seabed for this and the revenues that will come from it, with all of this dealt with by the CEC centrally in London as at present.
 32. The Scottish Government's involvement with Scotland's marine environment continues to increase rapidly and the Government has established a Sustainable Seas Task Force to consider and the management and sustainability of Scotland's seas.
 33. Many factors point to a strong case that the Scottish Government should become directly responsible for the administration and revenues of Scotland's own territorial seabed and associated property rights.

34. The UK Marine Bill could provide an opportunity through UK legislation for the CEC's responsibilities for Scotland's seabed and foreshore to be devolved to the Scottish Government
35. The integration of control over the property rights in Scotland's seabed with the Scottish Government's existing marine responsibilities offers considerable scope for improvements in policy delivery and consequent benefits.
36. Greater public benefits and accountability would also come from the transfer of responsibility for Crown foreshore to the respective local authorities in each area. This role could be integrated with their many existing responsibilities over the foreshore and a statutory responsibility for the existing public rights over the foreshore.
37. With the two small urban ancient possessions in Scotland which are still part of the Crown Estate, part of West Princes Street Gardens, Edinburgh, and the King's Park, Stirling, clear local benefits would come from their ownership being transferred to the local authorities.
38. Examination of the other ancient rights of the Crown in Scotland suggests that they are largely archaic or no longer appropriate for Crown ownership and should be abolished, with public law provisions and property transfers to Scottish Ministers as necessary.
39. The Scottish Parliament has already abolished the property rights of the Crown as paramount feudal superior as part of Scots property law reform and many of these other ancient Crown property rights are also of feudal origin.
40. The other component of the Crown Estate in Scotland is the seven modern acquisitions. It might be considered in the new public policy context in Scotland that there should be no further purchases of rural or urban investment properties by the Crown in Scotland and that the existing properties could be sold in due course.
41. While commercial property is by far the most important part of the 95% of the CEC's business which is outwith Scotland, there is no tradition in Scotland of such properties forming part of the possessions of the Crown in Scotland.
42. In considering each of the different types of property rights of the Crown in Scotland which make up the Crown Estate in Scotland, there appear many opportunities following devolution to improve accountability and benefits in Scotland within existing arrangements and further opportunities from reforming those arrangements.
43. The overall considerations set out in the Report support a recommendation that:

the Secretary of State for Scotland and Scottish Ministers should, given the changed circumstances of devolution, implement an

appropriately constituted review to ensure that the property, rights and interests which make up the Crown Estate in Scotland contribute more fully to the delivery of Scottish Government policies and well being of the people of Scotland.