



# Shetland Islands

## Council

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### MINUTE

**B**

**Executive Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Tuesday, 22 June 2004 at 10.30 a.m.**

**Present:**

A J Cluness    L Angus  
F B Grains    J C Irvine  
J A Inkster    W N Stove  
W H Manson

**In attendance:**

M H Goodlad, Chief Executive  
G Spall, Executive Director Infrastructure Services  
J Watt, Executive Director Community Services  
G Johnston, Head of Finance  
J Smith, Head of Organisational Development  
W Shannon, Economic Development Manager  
D Irvine, Head of Business Development  
J Dunn, Agricultural Development Officer  
T Coutts, Research Assistant  
S Moncrieff, ICT Unit Manager  
D E S Lamb, Senior Special Projects Officer  
I Millar, Projects Manager  
L Adamson, Committee Officer

**Also:**

H Sutherland, General Manager – Shetland Charitable Trust

**Chairperson**

Mr A J Cluness, Chairperson of the Committee, presided.

**Circular**

The circular calling the meeting was held as read.

**Members Attendance at External Meetings**

Mr W N Stove reported that he had recently attended a SJC meeting in Edinburgh. He advised that final negotiations had taken place between the Unions and Employees and

agreement reached for a 2.95% pay increase from 01/04/04 and a further 2.95% increase from 01/04/05. Single Status progress had also been discussed.

### **Minutes**

The Minute of meeting held on 11 May 2004 was confirmed.

52/04      **Council Created Organisations Working Group – Key Findings and Outline Proposals**

The Committee considered a joint report by the General Manager, Shetland Charitable Trust and the Executive Director – Community Services (Appendix 1).

Mr W H Manson declared an interest as the Chairman of the SCT and advised that steps will be taken to protect staff affected by the proposed changes.

A Member noted an omission in the numbering in the recommendations section of the report. The General Manager, SCT, pointed out that this was a typographical error.

In response to a query, Mr W H Manson explained that initially the Working Group had proposed that all leisure and recreation activities be managed by the Shetland Recreational Trust, although following further consideration it is now proposed that arts and cultural development should be managed by the re-formed Arts Trust/Islesburgh Trust. This was due to the fact that the SRT mainly focus towards sports and physical activities managed from, by and large, specific leisure centres. The arts and cultural activities sector generally has no set premises and are managed actively throughout a range of places in Shetland.

On the motion of Mrs F B Grains, seconded by Mr J A Inkster, the Committee approved the recommendation contained therein.

(Ms H Sutherland left the meeting)

53/04      **ICT Network Policy**

The Committee considered a report by the ICT Unit Manager (Appendix 2). The ICT Unit Manager introduced the report and outlined the proposals in the Policy. The Committee approved the recommendations in the report, on the motion of Mr J A Inkster, seconded by Mr A J Cluness.

54/04      **Best Value Update**

The Committee noted a report by the Head of Organisational Development (Appendix 3).

55/04      **Single Status Project Update**

The Committee considered a report by the Single Status Project Manager (Appendix 4) and noted the recommendations contained therein.

In response to a query regarding the problems which have arisen due to a shortage of part-time analysts, the Head of Organisational Development stated that some progress has been made in recruiting committed part-time analysts.

56/04      **Future Direction of Training**

The Committee noted a report by the Head of Organisational Development (Appendix 5).

57/04      **Performance Management Framework**

The Committee considered a joint report by the Senior Special Projects Manager and the Head of Organisational Development (Appendix 6) and approved the recommendations contained therein, on the motion of Mr J C Irvine, seconded by Mr A J Cluness.

58/04      **Changes to Conditions of Agricultural Contractors Scheme**

The Committee considered a report by the Agricultural Development Officer (Appendix 7) and approved the recommendation contained therein, on the motion of Mr W H Manson, seconded by Mrs F B Grains.

59/04      **Changes to Conditions of Potato, Vegetable and Horticultural Scheme**

The Committee considered a report by the Agricultural Development Officer (Appendix 8) and approved the recommendation contained therein on the motion of Mrs F B Grains, seconded by Mr J A Inkster.

60/04      **Farmers 4 Nature**

The Committee considered a report by the Research Assistant (Appendix 9) and approved the recommendation in the report on the motion of Mr J A Inkster, seconded by Mrs F B Grains.

61/04      **The Capital Programme Outturn 2003/04**

The Committee considered a report by the Head of Finance (Appendix 10) and approved the recommendations contained therein, on the motion of Mr L Angus, seconded by Mrs F B Grains.

62/04      **Quality of Life Funding – Outturn 2003/04 and Carry Forward to 2004/05**

The Committee considered a report by the Head of Finance (Appendix 11).

Mr L Angus noted that decisions on the allocation of the funding have been decided mainly at Officer level. The Executive Director – Community Services explained that this was due to the short timescale specified by the Scottish Executive. She added that much of the funding is ring-fenced for specific purposes. Mr L Angus suggested that Community Councils could have a role in considering projects for the allocation of the Quality of Life funding.

Mr W N Stove referred to the reference in the Appendix that all pelican crossings will be in place by 2003/04. The Executive Director –

Infrastructure Services confirmed however that pelican crossings were still at the design stage.

On the motion of Mr A J Cluness, seconded by Mr J A Inkster, the Committee agreed that the recommendations in the report be approved.

63/04 **Shetland College/Train Shetland Board of Management – 27 April 2004**

The Committee noted the minute of the aforementioned meeting (Appendix 12a).

64/04 **Shetland College/Train Shetland Board of Management – 7 June 2004**

The Committee noted the minute of the aforementioned meeting (Appendix 12b).

65/04 **Special Environment and Transport Forum – 31 May 2004**

The Committee noted the minute of the aforementioned meeting (Appendix 13a).

In referring to all Forum minutes, Mr J C Irvine suggested that minutes from Forum meetings be presented to their parent Committees to provide a better opportunity to raise any comments or issues.

Mr W H Manson referred to the 'Yellow' agendas which are copied to Members who are not core members on a particular Forum. He suggested that all reports be attached to the 'Yellow' agendas. This will allow Members to ascertain whether a particular item relates to their Ward, and to decide whether to attend the Forum meeting.

Mr J C Irvine accordingly moved that the proposals detailed above should be recommended to the Council. Mr J A Inkster seconded. The Chief Executive explained that the current process for Forum minutes had been agreed by the Committee Structure – Member/Officer Working Group.

Mr W N Stove stated however, that he did not agree that any changes to the present system were required. Currently Forum minutes are presented to the Executive Committee as that is the appropriate Committee to make any changes to Policy. As Chairman of the Social Forum, he stated that he had not been lobbied for any changes to be made.

66/04 **Environment and Transport Forum – 2 June 2004**

The Committee noted the minute of the aforementioned meeting (Appendix 13b).

In response to a request from a Member, the Executive Director – Infrastructure Services provided the Committee with an update on the current situation and future proposals for air services in Shetland.

67/04 **Social Forum – 10 June 2004**

The Committee noted the minute of the aforementioned meeting (Appendix 13c).

14/04 – Cinema and Music Venue

Mr W N Stove stressed that a positive recommendation was required of the Council to allow for external funding to be sought and for this project to progress.

**On the motion of Mr A J Cluness, seconded by Mr W N Stove, the Committee resolved, in terms of the relevant legislation, to exclude the public during consideration of the following items of business.**

68/04      **Shetland Development Trust Minute – 28 April 2004**

The Committee noted the minute of the aforementioned meeting (Appendix 14).

69/04      **Blueshell Mussels Ltd – Expansion Project**

The Committee considered a report by the Head of Business Development (Appendix 15). Mr W H Manson, Member for the Area stated that he welcomed the development and accordingly moved the recommendations in the report. This was seconded by Mr J A Inkster, and agreed by the Committee.

70/04      **Shetland College Lecturers JNC – 7 June 2004**

The Committee noted the minute of the aforementioned meeting (Appendix 16).

71/04      **Shetland College Lecturers JCC – 7 June 2004**

The Committee noted the minute of the aforementioned meeting (Appendix 17).

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A J Cluness  
Chairperson





# Shetland Islands

## Council

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## MINUTE

## A&B

**Special Executive Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Monday 28 June 2004 at 10.30 a.m.**

**Present:**

A J Cluness    L Angus  
F B Grains    J A Inkster  
W A Ratter    W N Stove  
W H Manson

**Apologies**

J C Irvine

**In attendance:**

M H Goodlad, Chief Executive  
J Watt, Executive Director Community Services  
A Hamilton, Head of Planning  
G Johnston, Head of Finance  
D E S Lamb, Senior Special Projects Officer  
I Millar, Projects Manager  
J R Riise, Head of Legal and Administration  
J Smith, Head of Organisational Development  
A Cogle, Service Manager, Administration

**Chairperson**

Mr A J Cluness, Chairperson of the Committee, presided.

**Circular**

The circular calling the meeting was held as read.

**72/04      Capital Programme Review – June 2004**

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

The Head of Finance said that whilst the report was seeking a reshaping of the Capital Programme under existing constraints, the final item on today's agenda would, if approved, alter those policy constraints.

However, the Committee was asked to consider this report under the current circumstances.

Mr L Angus referred to paragraph 4.1, and said that, related to this matter, was the need to have a closer look at the strategic needs of Primary School provision in Lerwick, and the Services Committee had agreed that a report be submitted on that matter in October. Mr Angus said if that report recommended that in the longer term a replacement school was required, there was no provision for this within the Capital Programme. He said there was no doubt that primary school provision in Lerwick remained a pre-occupation of Lerwick Members, and it should be given proper consideration, and should not be set against any other projects such as the Cinema and Music Venue.

The Head of Finance acknowledged that Council decisions may affect the size and shape of the new Anderson High School, and that this may release capacity for other projects, as well as the proposed financial restructuring arrangements being proposed later in the meeting. He said there could be a number of ways that Primary School facilities could be funded, which would not necessarily bring it into direct competition with anything else on the Capital Programme.

The Committee agreed the recommendations in the report on the motion of Mr W A Ratter, seconded by Mr A J Cluness.

73/04

**2003/2004 Outturn**

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

The Head of Finance summarised the terms of the report, explaining that the Council had operated under budget on support and recharged services, which was largely due to the pressure to reduce overheads and headquarter costs. However, referring to paragraph 3.2 and the General Fund, the Head of Finance advised that this was much more serious, with departmental expenditure some £700k over budget, and therefore a £1.7m deficit existed on the General Fund, compared to an estimate of £1m in December. The Head of Finance said that the primary conclusion to draw from this was that considerable effort would have to be made towards reducing General Fund expenditure in 2004/05. He said that the onus would be on Budget Responsible Officers in all corporate and service areas to make this a priority and act more effectively than in the past. The Head of Finance went on to explain the remainder of the report, highlighting in particular the reduced income to the Harbour Account.

Members noted the summary given, and agreed the recommendations contained in the report, on the motion of Mr L Angus, seconded by Mr A J Cluness.

74/04 **Abstract of Accounts 2003/04: Progress Report**

The Committee considered a report by the Head of Finance (Appendix 3). The Head of Finance pointed out that the Abstract would be available for Members at the Council meeting on 30 June. He went on to say that his main concern was in relation to the increase in the Shetland College deficit. The Head of Finance said that the Council had previously agreed to write off the deficit, which at that time had stood at £1.3m, but this had now increased to £1.7m, despite a call from the Council to constrain it.

Members noted that the Shetland College estimates would be considered later in the meeting and noted the report.

75/04 **General Fund Revenue Estimates**

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

After hearing the Head of Finance briefly summarise the report, Mr L Angus referred to paragraph 4.4, and said that consultation with Members was very important and necessary at an early stage.

The Chief Executive agreed, adding that whilst costs had been driven down, there was a need to do better, and this would be assisted by changes in financial management.

The Committee otherwise approved the recommendations in the report, on the motion of Mr A J Cluness, seconded by Mr L Angus.

76/04 **Shetland College Budget Estimates 2004/2005**

The Committee considered a report by the Principal, Shetland College (Appendix 5).

Mr W A Ratter said that the report proposed the establishment of three members of staff, however, he said that it was likely that the need for a third post would be reviewed further by the Management Board. Mr Ratter said that the post would be reconsidered as part of the proposed Shetland Energy Study Centre in Unst, and the post could become project funded from within that.

The Head of Finance said that he had some concern regarding the establishment of further posts at this stage, as there appeared to be conflicting issues. He said that the College's deficit up to 31 March was higher than anticipated, and now it was being suggested that there would be surpluses to fund these posts.

Mr W A Ratter moved that, given the concern raised by the Head of Finance, the report be referred back to the Board of Management for further consideration. Mr L Angus seconded.

Members noted that it would be necessary for the report to be considered again by the Executive Committee, and if necessary a special meeting could be called during the Summer recess. Mr Ratter suggested that following consideration by the Board, the decision could be delegated to the Chief Executive and the Head of Finance, in consultation with himself. Mr Angus agreed to accept this as a change to the motion.

Mr A Inkster said that the Board of Management had been established in order to get the College back on track. He said that the work done so far by the Board had to be appreciated, and they had obviously identified these staffing needs.

Mr Ratter said that the number of staff at the College had been greatly reduced over the past year or two, and it was recognised that there were some areas where posts may have to be established, but that issues relating to funding were different.

The Committee accepted that the motion, as amended, be recommended to Council.

77/04

#### **Financial Restructure Proposals**

The Committee considered a joint report by the Head of Finance and the Chief Executive (Appendix 6).

The Head of Finance said that this report was asking whether now was the time for the Council to utilise capital from its reserves for long term benefits, or to hold and build on them for some future date. He said that the Council's strategy had always been to hold on to the capital of those reserves up to a point at which general structural difficulties were being experienced in the Shetland economy. He said that resources were used to compensate those, and that Members now had to consider whether, given the significant run down of oil, the downturn in traffic at Sullom Voe and difficulties in other sectors and economies, whether this was now a turning point. The Head of Finance said that the second point to consider was whether the Council would get control of revenue spending. He said that whilst that was perhaps debatable, there had been some successes achieved on central overheads, and the Council would need to roll out tighter control to service delivery areas.

Mr A Inkster said that he supported the proposals in the report, but said that phasing the Capital Programme would be important. He added that if the Council was proceeding with more capital projects, it had to be sure about the capacity of the construction industry in Shetland to cope. The Head of Finance said that the important issue was that whilst advocating an increase in investment in the medium term, there would be no immediate increase in spending. He added that measuring the capacity of the construction industry would be undertaken and, if necessary, measures could be taken to increase that capacity in order to ensure a

short to medium term boost to the economy did not have inflationary consequences.

Mr W H Manson said he was also supportive of the general thrust of the proposals, and agreed that given the difficulties with aquaculture and whitefish industries, the time was right. He said that he was pleased to read assurances in the report that these proposals would take time to realise. Referring to paragraphs 3.1.24 and 3.1.25, Mr Manson said that some debate would be needed with regard to this programme. The Chief Executive said that was fully expected.

Mr W N Stove said that the Council needed to be careful about the public perception with regard to these proposals, and agreed that further debate would be required.

After further discussion, Mr W H Manson moved that the Committee recommend that the Council approve the recommendations, but that these be subject to the terms of paragraphs 3.1.6, and that with regard to recommendation 7.1.3.2, to confirm that there will be a debate as to the financial measures to be included in the programme to be approved.

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A J Cluness  
Chairperson



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## **REPORT**

**To: Executive Committee**

**7 September 2004**

**From: Service Manager – Internal Audit**

**INTERNAL AUDIT – Progress Report – A Job Worth Doing – Raising the standard of internal audit in Scottish councils**  
**Report No: F-036-F**

**1. Introduction and Key Decisions**

1.1 This report is being presented to the Executive Committee, as one of the Committee's roles is to act as the Audit Committee of Shetland Islands Council.

1.2 This report appraises Members of the progress made since the original Job Worth Doing report prepared for the Accounts Commission, by Audit Scotland, on Raising the standard of internal audit in Scottish councils.

**2. Background**

2.1 Members may recall in August 2001 the Accounts Commission Performance Audit report was published, following a study, which assessed councils' compliance with the CIPFA Code of Practice for Internal Audit in Local Government (the code).

2.2 Councils were placed in one of four performance bands depending upon the extent to which they complied with the code:

Band 1 – Almost fully comply
Band 2 – Generally comply
Band 3 – Partially comply
Band 4 – Generally did not comply

Agenda Item No. 01 - Public Report

2.3 This report rated the SIC Audit Service 29<sup>th</sup>, in compliance, and in the bottom performance band (band 4). At the time it was felt that the review was quantitative in its approach with little account of the quality of work being considered. Nevertheless, an action plan was developed to address the situation. Major areas were generally deferred until the appointment of a new Head of Internal Audit.

2.4 A follow up study, a copy of which is available in the Member's room, was recently performed by the Council's external auditors on behalf of the Accounts Commission.

**3. Follow up study**

3.1 This study compared external auditors' assessments of councils' compliance with the code in 2004 with 2001.

3.2 The Council is now rated within the top ten performing Councils, with regard to compliance with the code and has moved to the top performance band (band1).

3.3 This outcome is a tribute to the hard work of the internal audit team over the past 3 years.

**4. Local Report**

4.1 In addition to the publication of the national report a local report has been prepared by the Council's external auditors. This report was only issued on 16/8/04. The full report has been placed in the Member's room.

4.2 The Action Plan (Appendix 1) contains seven recommendations. Many of these recommendations are not within the gift of Internal Audit to address and will be subject to discussion with relevant officers in early course to ensure an appropriate response is made.

4.3 This response will be subject to a report to Executive Committee in due course.

**5. Recommendations**

5.1 I recommend that the Executive Committee as Audit Committee:

(a) note the significant improvement made with regard to compliance with the CIPFA Code of Practice for Internal Audit in Local Government.

(b) note that the response to the local report will be reported to Executive Committee in due course.

Executive Committee - Tuesday 07 September 2004  
Agenda Item No. 01 - Public Report

Date: 30 August 2004  
Our Ref: CMcl/DMC

Report No: F-036-F





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## **REPORT**

**To: Executive Committee**

**7 September 2004**

**From: Head of Organisational Development**

### **Statutory Performance Indicators and Public Performance Reporting for 2003/04**

**Report No: CE-36-F**

#### **1.0 Introduction**

1.1 The purpose of this report is to present the Statutory Performance Indicators and to seek approval for the format, content and distribution of the Council's Public Performance Report for 2003/04.

#### **2.0 Background**

##### Statutory Performance Indicators

2.1 Statutory Performance indicators are required to be submitted to Audit Scotland and published by the end of September 2004.

2.2 The Local Government Act 1992 requires Audit Scotland to ensure that local authorities publish certain performance indicators. These indicators are intended to facilitate, in Audit Scotland's opinion, "the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness) between:

- a) the standards of performance achieved by different authorities in that financial year; and
- b) the standards of performance achieved by such bodies in different financial years."

2.3 Audit Scotland then collates and publishes data and comparisons between Councils each year.

##### Public Performance Reporting

2.4 The overall aim of the Local Government in Scotland Act, 2003 is to provide a framework to enable the delivery of better, more responsive public services. It therefore requires local authorities, within the element of Best Value, to demonstrate accountability through the use of public performance reporting.

Agenda Item No. 02 - Public Report

The focus is on providing stakeholders with information on the quality of service being delivered and what they can expect in the future. Annually this information is published before the 30<sup>th</sup> of October.

2.5 Scottish Executive Guidance provides information on the approach and content of Public Performance Reporting, but leaves decisions about the ways and means of publication to the individual authority.

2.6 A local authority must identify what information stakeholders need in order to form a view on its performance, recognising that different sections of the community will have different needs in terms of getting information, and present the information in a form that people will find useful, accessible and allows them to form a clear view of the authority's overall performance.

2.7 By supplying the public with information about what they can expect from the services provided, the Council's performance is being held to account. This enables the Council to be more open and transparent, engage with the wider community and, over the years, demonstrate that it is continually improving.

Public Performance Reporting Framework

2.8 The Organisational Development Service of the Council has developed a public performance framework, which incorporates the publication of both the Statutory Performance Indicators and Public Performance Report.

**3.0 Statutory Performance Indicators for 2003/04**

3.1 Appendix A contains a summary of the Performance Indicators, which were submitted to Audit Scotland at the end of August 2004. Information on previous years performance indicators has been included for comparative purposes and an indication of the percentage change between 2002/03 and 2003/04, where appropriate.

3.2 As a contribution towards the Council's Public Performance Reporting framework for 2003-04, it is proposed to use the same method of publication as last year: to collate the performance indicators, together with explanations of any significant items of note, in a leaflet for publication on the Internet, Intranet and in a hard copy available in a number of public places, including libraries, schools, other Council premises and leisure centres.

3.3 Most figures indicate no significant change in cost, efficiency and effectiveness. However there are a number of performance indicators requiring explanation:

Social Work: Respite Care

The number of elderly people receiving residential respite care appears to have fallen by 56%. This was due to a change in the way the figures are counted; elderly people without a carer are no longer considered to be receiving respite.

Benefits Administration

There was a failure to report on percentage of overpayments recovered during the last year. The service migrated to a new benefits system during 2003-2004 and outstanding data migration problems affected this performance indicator. The new system will ensure this indicator is reported on in future years.

#### Libraries

The 4 indicators relating to libraries have been graded x as the submitted figures could not be substantiated. New systems in use for this year will ensure that these will be reported next year.

3.4 Additionally there are a number of performance indicators worth highlighting:

#### Housing: Response Repairs

The number of housing response repairs carried out within three months has risen by 47%. The number of repairs due to be completed within 24 hours, that were completed within target continues to be high with a rate of 97% last year.

#### Refuse Recycling

The percentage of household and commercial waste going to the Waste to Energy plant has risen by 47%. At the same time the percentage of waste going to landfill has fallen by 24%.

#### Housing

The number of homeless households in priority need has increased by 155% from 72 to 184 households.

### **4.0 Public Performance Report for 2003/04**

4.1 The second element of the Public Performance Reporting Framework is the production, publication and distribution of a Public Performance Report ('Your Council...') of similar content and format, on an annual basis.

4.2 Appendix B contains the proposed Public Performance Report for the Council for the financial year 2003/04, which covers service as well as corporate level information and performance. In summary, the Public Performance Report contains the following information:

#### For Each Service

- a) What the service provides;
- b) What can be expected;
- c) What have we improved; and
- d) What are we working towards

#### Corporate

- a) Benefiting people and communities;
- b) Looking after where we live;
- c) Focusing on value for money;
- d) Focusing on knowing your needs; and
- e) Focusing on working in partnership

- 4.3 The Report is presented in a simple, easy to read and logical manner. The intention is to publish and circulate it as an insert in the Centre of *The Shetland Times*. It will also be available widely via the Council's Internet site. Large print copies and recordings will be available on request.

## **5.0 Financial Implications**

- 5.1 The production and distribution costs of the electronic and hard copy of the performance indicators will be met within existing resources, whilst the cost of publishing and distributing the Public Performance Report will be under £6,000, at a cost of 55p per copy.

- 5.2 The cost of the publication and distribution of the Public Performance Report will be met from approved budget SRX4000 1272 within Executive Services.

## **6.0 Policy and Delegated Authority**

- 6.1 Approval of the performance indicators and Public Performance Report rests with the Council.
- 6.2 The remit of the Executive Committee covers the co-ordination of policy and planning as well as service performance, evaluation and reviews. It is therefore within its remit to provide advice and guidance to the Council with regard to both the Indicators and the Report.

## **7.0 Conclusions**

- 7.1 There is a legal requirement for the Council to gather and publish certain performance indicators on a range of Council services and to keep the people of Shetland informed about how it is performing in terms of the level of service delivery they can expect. This exercise is in line with principles of Best Value, which focuses attention on service outcomes and continuous improvement.
- 7.2 Therefore this report presents the Statutory Performance Indicators and Public Performance Report for the financial year 2003/04.

## **8.0 Recommendations**

- 8.1 I recommend that the Executive Committee consider and approve the Performance Indicators, outlined in Appendix A, and Public Performance Report, Appendix B, for 2003-04 and recommend their publication and distribution to Council.

Date: 18 August 2003  
Ref: AKH/JJ

Report No: CE-36-F

**Shetland Islands Council: Performance Report 2003-04**

***Welcome to this, the third, summary of how the Council is performing for Shetland and the people of Shetland. This booklet primarily sets out what services we provide and how they can be accessed: with some information on the standard you should expect and how we've improved these services during 2003-04.***

***Even a quick glance at this information will show what a huge amount and variety of services we do provide to Shetland. This makes it crucial that we get these services right and, in order to do this, we need to tell you what we do and how well we think we're doing it, so that you will be better informed and able to tell us what you think.***

We also provide information from across the Council on how we're working:

- To focus on our priorities to achieve value for money;
- To make sure that we know the needs of everyone in Shetland's communities, so that we can provide for these needs; and
- With our partners in the public, voluntary and private sectors to ensure you receive services to provide for these needs.

The content of this publication has been altered this year, in response to information provided by 'Your Voice'. Over three quarters of this representative panel of Shetland residents told us that they would like to be provided with information on what services we provide and can be requested. Less important was knowing the standard and improvement in services.

We're always looking for feedback on our services and on the information we provide you with. If you wish to make a comment, please use the form at the back of this publication, or contact us using another method.

We look forward to hearing from you.

A handwritten signature in blue ink, appearing to read 'A. Hume'.A handwritten signature in blue ink, appearing to read 'M. Gale'.

Executive Committee - Tuesday 07 September 2004

Agenda Item No. 02 - Public Appendix

Sandy Cluness, Convenor

Morgan Goodlad, Chief Executive

### Burial Grounds

**For information and access to these services contact:**

-  Infrastructure Services, Grantfield, Lerwick, ZE1 ONT
-  01595 744800
-  [infrastructure@sic.shetland.gov.uk](mailto:infrastructure@sic.shetland.gov.uk)

**We provide:**

- burial grounds, maintaining them to a high standard;
- the grave digging service; and
- maintenance of records.

**What can be expected:**

- Appropriate administration arrangements for an interment within one working day of receiving the relevant notification;
- Assistance in searches for title deeds; and
- Respect for your privacy, dignity and your religious and cultural beliefs.

**What have we improved:**


- ✓ Completion of the Norwick and West Yell extension;
- ✓ Established flower beds at the Knab.

**What are we working towards:**

- Being able to develop extensions where necessary.

### Community Learning and Development

**For information and access to these services contact:**

-  Hayfield House, Hayfield Lane, Lerwick, ZE1 OQD
-  01595 744006
-  [community.development@sic.shetland.gov.uk](mailto:community.development@sic.shetland.gov.uk)

**For Community Offices:**

Lerwick/Bressay (as above)		
North Isles (Yell Leisure Centre)		01957 702040
North (4 Havragord, Brae)		01806 522417
South (Sandwick JH School)		01950 431439
West, inc. Whalsay and Skerries (Scalloway Public Hall)		01595 880440

**We provide:**

- A range of opportunities for young people, such as Youth Clubs, the Duke of Edinburgh's Award Scheme, play schemes and supporting the provision of childcare;
- A range of learning opportunities for adults in a range of settings;
- An Adult Literacy service, identifying need and including training and support for volunteers;
- Community Offices and Community Learning and Development Officers in communities, to support them in raising awareness of and tackling issues;
- Community Minibuses and a community transport subsidy scheme; and
- Grant Aid Schemes, funding information and support with applications.

**What can be expected:**

- We will ensure that all groups receive a decision on completed applications forms within 6 weeks for the grant aid schemes delegated to Officers;
- All adult learning programs reflect community need and the quality of them is monitored;
- Young People have access to Young Scot Smart Cards, information and support; and
- The views and needs of Young People are passed on to those providing services.

**What have we improved:**

## Executive Committee - Tuesday 07 September 2004

### Agenda Item No. 02 - Public Appendix

- ✓ We trained 18 further volunteers to deliver adult literacy training, which contributed to supporting 213 learners across Shetland;
- ✓ The future range and quality of adult classes, through review with Shetland College; and
- ✓ Our Grant Aid Scheme, through review and consultation.

#### **What are we working towards:**

- Improving access to services through transport and opening hours; and
- Working harder to reach people who are not currently using our services.

**We provide:**

- Economic information, research and publication of statistics;
- European advice, research and information;
- Economic analysis in support of external grant applications;
- Resources for Project work, such as Renewable Energy;
- A marketing service: establishing a Shetland Brand, Development Programme, and promotional events;
- Assistance schemes to support economic development/diversification in the economy as the oil industry declines and other structural changes take place;
- Specific advice/guidance in relation to: Agriculture; fisheries; oil; tourism; and community economic development; and
- Further Education, Higher Education and Training through Shetland College and Train Shetland.

**What can be expected:**

- Grant assistance for 50+ economic development projects per year;
- Marketing assistance for 50+ projects per year;
- Participation in four International Trade Fairs;
- Preparation and Update of Economic Policies;
- A weekly European Information service for Council Departments and the Business Community;
- Core funding packages annually for North Atlantic Fisheries College and Shetland Islands Tourism;
- Annual publication of Shetland in Statistics;
- Progress towards advancing renewable energy projects Shetland;
- Provision of 1200+ enrolments in Further and Higher Education; and
- Provision of 190+ Skillseeker/Modern Apprentice places.

**What have we improved:**

- ✓ Establishment of a dedicated team to develop community windfarms in Shetland;
- ✓ Introduction of more professional marketing techniques into Council promotional schemes and activities;
- ✓ Development of better working practices with Shetland Enterprise and Shetland Development Trust; and
- ✓ Participation in Further and Higher Education: 384 full and part-time extra places compared with 2002/03.

**What are we working towards:**

- Improving our public image following the failure of some large recent investments.

**Education**

**For information and access to these services contact:**

 Hayfield House, Hayfield Lane, Lerwick, ZE1 0QD  
 01595 744000  
 [head.of.education.service@sic.shetland.gov.uk](mailto:head.of.education.service@sic.shetland.gov.uk)

**We provide:**

- and strategic direction remain relevant and current; and
- Provision of 35 hours of continuing professional development for all teachers.

#### **What have we improved:**




- ✓ A traditional fiddle qualification has been developed in conjunction with London School of Music.
- ✓ 5-14 National test results have improved in reading and writing.
- ✓ Three schools have gained permanent Eco-school status.
- ✓ Two schools and one school board have gained the Investors in People quality award.

#### **What are we working towards:**

- Completing the comprehensive review of Education service provision;
- Implementing in full the remaining recommendations of HMI inspections;
- Increasing levels of literacy and numeracy;
- Improving consultation with everyone involved with education; and
- Progress on the new Anderson High School build.

### **Environmental Health**

#### **For information and access to these services contact:**

-  Infrastructure Services, Grantfield, Lerwick, ZE1 ONT
-  01595 744800
-  [infrastructure@sic.shetland.gov.uk](mailto:infrastructure@sic.shetland.gov.uk)

#### **We ensure:**

- Food animals are produced in a healthy manner and that welfare of all animals, including pets, is responsible;
- Adequate protection, maintenance and improvement of the local environment so as to benefit the health of the community;
- The safe production, manufacture, storage, handling and preparation of food and its proper composition and labelling;
- The safety, health and welfare of persons whilst at work and those who might be affected by work activities;
- The provision and maintenance of housing stock of a good standard, that is safe and that is provided with all basic amenities;
- The protection of public safety and/or elimination of nuisance or other adverse impacts of activities through the exercise of licensing controls; and
- The potential spread of disease and/or physical damage resulting from infestation by pests is prevented, and to work with other agencies to protect and secure improvements in the public's health.

#### **What can be expected:**

- Following initial advice:
  - response to urgent public health risks in 1 working day.
  - response to non-urgent public health matters in 5 working days.
- Enforce the law in a balanced, reasonable and open way;
- Interpret environmental health legislation and make this information available.
- Explain the purpose of our visit and provide identification when carrying out an inspection of local businesses or houses; and
- Achieve an overall satisfaction rate of at least 95% from service users.

#### **What have we improved:**

- ✓ The implementation of new housing grants; and
- ✓ Little to no introduction of new pests and diseases.

**We provide:**

- Good quality affordable housing as an option to the people of Shetland. This includes general needs, temporary, supported and sheltered accommodation, as well as provision of staff housing for incoming workers, education houses for tied workers, Housing Support Workers and a repair and improvement service, and
- These services 24 hours each day.

**What can be expected:**

- Good advice on housing options and accurate assessment of housing need; and
- And as a tenant: repairs completed on time and to a good standard; proper consultation in all decisions that affect your home and opportunity to enjoy your home without nuisance from others.

**What have we improved:**

- ✓ The time taken to prepare and send out rent letters;
- ✓ The cost of supervision and management costs: these are now the 2<sup>nd</sup> lowest amongst all Scottish local authorities;
- ✓ Reduced the time for processing housing applications from an average of 25 days to 6 days; and
- ✓ By reducing costs elsewhere we were able to hold rents at inflation only, for the second year running and did not apply any increase to heating charges for the elderly.

**What are we working towards:**

- Reducing and preventing homelessness; and
- Producing a planned maintenance programme.

## Libraries

**For information and access to these services contact:**

📍 Shetland Library, Lower Hillhead, Lerwick, Shetland, ZE1 0EL

☎ (01595) 693868

✉ [shetlandlibrary@sic.shetland.gov.uk](mailto:shetlandlibrary@sic.shetland.gov.uk)




**We provide:**

- A lending service for books, large print books, music CDs, talking books and open learning packs, including mobile libraries, housebound service, collection to island communities and request service;
- A Learning Centre with learning opportunities, taster sessions, local history and reference collection;
- An information service, including free on line access and community information;
- Events, such as reading promotions, literature events, class visits and displays;
- A service to schools, including advice and support.

**What can be expected:**

- To borrow up to 20 items in total. Mobile library users will have an increased limit dependent on individual needs;
- A minimum of 20 events and activities a year to support the educational, recreational and information needs of children and young people, working in partnership with organisations such as Shetland Arts Trust; and
- Provide a minimum of 10 activities to promote literature in general, and the literature and dialect of Shetland, working with Shetland Arts Trust.




**The Museum can be accessed by contacting:**

 Museum, Lower Hillhead, Lerwick, ZE1 0TR  
 (01595) 695057  
 [Shetland.Museum@sic.shetland.gov.uk](mailto:Shetland.Museum@sic.shetland.gov.uk)

Opening Hours<sup>12</sup>:

Sun, Mon, Tue	Closed
Wed, Thu, Fri, Sat	10.00 - 1700

**The Archives can be accessed by contacting:**

 Archives, 44 King Harald Street, Lerwick ,ZE1 0ER  
 (01595) 696247  
 [Shetland.Archives@sic.shetland.gov.uk](mailto:Shetland.Archives@sic.shetland.gov.uk)

Opening Hours:

Mon, Tue, Wed, Thur, Fri	9.00 – 13.00, 14.00 – 17.00
Sat, Sun	Closed

**We provide:**

- Through the Shetland Museum, Bod of Gremista, Croftthouse Museum and Shetland Archives, a means to safeguard the material and written evidence of people and their environment in Shetland. This contributes to the quality of life in Shetland and provides an important lifelong educational role for people from all sections of the community, as well as visitors to the islands.

**What can be expected:**

- To hold in trust, for present and future generations, the material and written evidence of Shetland's people and their environment;
- To create and instigate exhibitions, publications and events that are thought-provoking, inspiring, meaningful and enjoyable;
- Play an active role in advising and promoting good standards of collection care and interpretation to the network of Shetland museums and heritage groups; and
- An information and enquiry service.

**What have we improved:**




- ✓ Sound Archives collections have been transferred to compact disk, improving accessibility; and
- ✓ Increased the number of visits to schools to talk about our work and developed a school artefact box loan scheme.

**What are we working towards:**

- Work harder to reach people who are not using our services.

**Planning Services**

**For information and access to these services contact:**

 Infrastructure Services, Grantfield, Lerwick, ZE1 0NT  
 01595 744800  
 [planning@sic.shetland.gov.uk](mailto:planning@sic.shetland.gov.uk)

We are concerned with ensuring that Shetland's physical development occurs in ways that bring economic, environmental and social benefit to the islands. We want development to be sustainable, in other words to manage resources in a way that will benefit not just today's Shetland, but the Shetland inhabited by future generations.

**We:**

action;

- Assist a wide range of building conservation projects throughout the Isles, through advice and operation of the Council's Conservation Grant scheme and, on behalf of Historic Scotland, the Town Scheme;
- Advise on matters to do with protection of the natural environment, Ancient Monuments and archaeology, including the Council's obligations in relation to protected sites;
- Prepare, maintain and implement the Development Plan, consisting of the Shetland Structure Plan and the Shetland Local Plan;
- Act as the main contact point for all matters relating to access to Shetland's countryside and promote access by a variety of means.

**What can be expected:**

- Provide advice and assistance in completing application forms. For any customers with mobility difficulties, a home visit will be made;
- Carry out pre-submission discussions with applicants/agents subject to prior appointments being made;
- Encourage internal and external regulators to adopt closer working practices to improve communication;
- Communicate clearly with customers, advise on the progress of applications and where necessary provide explanations for delays;
- Have a duty officer available during specified times;
- Provide clear and concise guidance information.

**What have we improved:**

- ✓ 33 access improvements throughout Shetland;
- ✓ Knowledge of current public attitudes to Shetland's retail sector, by conducting a shopping questionnaire;
- ✓ Launched the Fishing for Litter Project; and
- ✓ Launched a number of community biodiversity action plans.

**What are we working towards:**

- Improving internet access to the planning process; and
- Involving customers in the planning process.

## Ports and Harbours

**For information and access to these services contact:**



Port Administration Building, Sella Ness, Sullom Voe, ZE2 9QR



01806 242551



[marine.reception@sic.shetland.gov.uk](mailto:marine.reception@sic.shetland.gov.uk)

**We provide:**

- Pilotage to ship masters in accordance with the Pilotage Directions for the ports of Sullom Voe and Scalloway;
- A navigation service to ships entering/leaving the Sullom Voe Harbourn Area;
- And maintain jetties and piers, gangway systems, mooring equipment and cranes at the Sullom Voe Terminal; piers and jetties at other Council harbours to meet the requirements of users of that area; and
- Full or part time pier assistants at the smaller Council piers in order to raise charges and carry out basic maintenance.

**What can be expected:**

- 24 hours a day availability of Pilotage, Vessel Traffic and Work Boat services.

### **We provide:**

- A weekly domestic refuse collection service to every household in Shetland;
- Where requested, a refuse collection service is provided to organisations, commercial premises and industrial premises;
- 'Rural' Community Councils with an annual allocation of skips, based on local population, for the collection of bulky household waste within their own areas;
- Permanent skips at the Civic Amenity Site located at Rova Head for the free disposal of bulky household waste;
- A service to ensure that all parts of Shetland for which the Council is responsible, includes all public roads, are kept clear of litter; and
- And maintain and operate the majority of public toilets in Shetland. We are empowered to provide public toilet facilities within Shetland but are placed under no legal obligation to do so.

### **What can be expected:**

- Removal of domestic refuse once a week, 52 weeks per year;
- A twice a year uplift for bulky household items for properties in Lerwick with areas outwith Lerwick serviced by Community Council skips all year round;
- For overflowing litterbins to be emptied and dog fouling removed within 24 hours;
- We will remove dog fouling within 24 hours;
- For Graffiti to be removed within 5 working days;
- Flytipping to be removed from Council land within 5 working days;
- Assist owners of private land, on request, to remove fly-tipped material. There is a variable fee for this service that we will strive to keep to a minimum; and
- Public toilets maintained in a clean, hygienic and safe condition.

### **What have we improved:**




- ✓ The number of litter bins at bus shelters in Lerwick;
- ✓ The number of dog bins in Lerwick; and
- ✓ We now supply smaller skips for the Outer Isles to ease transportation.

### **What are we working towards:**

- Improved response time for collecting requested items.

## **Revenues and Benefits**

### **For information and access to these services contact:**

 Charlotte House, Commercial Road, Lerwick, ZE1 OLX  
 01595 744603  
 [revenues@sic.shetland.gov.uk](mailto:revenues@sic.shetland.gov.uk)

### **We:**

- Collect income locally for the Council, such as non-Domestic Rates, Council Tax and Council house rents; and
- Enable people to make claims for Council Tax Benefit and Housing Benefit in Shetland.

### **What can be expected:**

- Prompt and accurate local tax bills to all taxpayers, and rent bills to all Council house tenants; and
- All new benefit claims to be processed within one calendar month.

### **What have we improved:**

- ✓ The administration cost of processing each benefit claim has decreased from £109.86 to

## **We:**

- Ensure that all roads, footways, streetlights, traffic signals, culverts and bridges are inspected and maintained;
- Provide, in conjunction with the Police, an emergency call-out service in order to respond to any emergency situation affecting a public road anywhere in Shetland at any time;
- An early morning inspection service as necessary during winter (except Christmas day or New Year's day) and decide if gritting or snow clearing is required; when required, to carry out treatment to minimise the danger to road users of ice or snow on public roads;
- Record information provided by the police on road accidents they have been notified of, and take measures to minimise the likelihood of future road accidents; and
- Manage and operate the Scord Quarry, including the only bituminous coating facility available in Shetland, to ensure that a satisfactory supply of road making material is available locally at an acceptable price.

## **What can be expected:**

- An annual programme of resurfacing, surface dressing and other works to maintain the condition of Shetlands roads, or to improve them;
- A winter service of gritting or snow clearing daily as required (except Christmas day or New Year's day) from 6.30am to 6pm Monday to Saturday (8am to 6pm Sundays and public holidays), to minimise the danger to road users of ice or snow; and
- Consideration of requests for traffic calming measures, speed limits or other safety measures and implement those where possible.

## **What have we improved:**


- ✓ The cost of street lighting and the reliability of the lighting of Pelican crossings; and
- ✓ After the blocking of the A970 as a result of the landslips at Cunningsburgh, Sandwick and Channerwick on the 19 September 2003, the roads service, with assistance from private contractors opened the road to traffic again by 4pm that day. The majority of repairs necessary following the landslides were completed by December, with all replacement crash barriers back in place by January 2004.


## **What are we working towards:**

- Improving the standard of the road network; and
- Identify further ways to reduce road crashes.

## **Social Work**

### **For information and access to these services contact:**

 Quendale House, 31 Commercial Street, Lerwick, ZE1 OAN

 01595 744300, or in an Emergency phone 695611

 [social.work@sic.shetland.gov.uk](mailto:social.work@sic.shetland.gov.uk)

## **We provide:**

- Or purchase services to meet the assessed needs of vulnerable people in the Shetland community who cannot care for themselves through disability, age, illness or other circumstances, working with the most vulnerable to help them achieve their full potential;
- Services to children and families to ensure the best opportunities for children; and
- A Criminal Justice Service to provide support and rehabilitation to offenders within the community.

## **What can be expected:**

- Assessments for all potential service users referred to us;

- Effective risk assessment, management and rehabilitation of offenders within the community;
- Confidentiality and representation in decision-making; and
- Easy access to staff and information.

#### **What have we improved:**



- ✓ The Mental Health Service, based at Annsbrae. This has enabled services previously fragmented between NHS, Social Work and Housing to be brought under one roof;
- ✓ Care at Home, through work with Shetland Welfare Trust and NHS;
- ✓ Local support to vulnerable children and young people, enabling them to stay in Shetland. In previous years they would have been placed outwith Shetland; and
- ✓ Learning and development for people with learning disabilities attending the Eric Gray Resource Centre.

#### **What are we working towards:**

- That all those working with children use the same single assessment procedures.

### **Sport and Leisure**

#### **For information and access to these services contact:**

 Hayfield House, Hayfield Lane, Lerwick, ZE1 0QD  
 01595 744006  
 [community.development@sic.shetland.gov.uk](mailto:community.development@sic.shetland.gov.uk)

#### **We provide:**

- Maintenance to a number of parks and pavilions, 74 play areas, 11 Multi-courts and the Knab Golf Course;
- A varied programme of sport activities and programmes, such as summer activities for children and coaching courses; and
- And develop extra curricular activities for school children, such as the Walking Bus Programme.

#### **What can be expected:**

- We will inspect all children's play areas at least 4 times a year; and
- We will ensure that all reports of damage to facilities/equipment will be investigated within two working days and if necessary either repaired, made safe or removed within five working days.

#### **What have we improved:**



- ✓ We have introduced an outdoor education service: in particular for 5 –16 year olds. Activities include hill walking, coastal walking, canoeing, kayaking, orienteering and rock climbing, available through schools, youth clubs, uniformed organisations and the general public; and
- ✓ We have introduced an activities programme for children and Young People with Special Needs, to ensure that opportunities are available for children and young people with special needs to participate in cultural, sporting, and recreational opportunities.

#### **What are we working towards:**

- Reaching people who are not using our services.

### **Trading Standards**

#### **For information and access to these services contact:**

 Infrastructure Services, Grantfield, Lerwick, ZE1 0NT  
 01595 744800

#### What have we improved:

- ✓ We increased media coverage of advice and warnings;
- ✓ The number of statutory notices issued to businesses decreased by two thirds, as an increasing number are compliant.

#### What are we working towards:




- Educating and informing businesses; and
- Providing easy access to consumer information.

### Transport

#### For Information and General Enquiries about Bus Services can be accessed by:

-  Infrastructure Services, Grantfield, Lerwick, ZE1 ONT
-  01595 744872
-  [infrastructure@sic.shetland.gov.uk](mailto:infrastructure@sic.shetland.gov.uk)

#### For information and General Enquiries about Ferry Services can be accessed by:

-  Infrastructure Services, Port Administration Building, Sella Ness, Sullom Voe, ZE2 9QR
-  01806-244200
-  [ferryinfo@sic.shetland.gov.uk](mailto:ferryinfo@sic.shetland.gov.uk)

#### We provide:

- Local bus services and bus shelters;
- Internal air services and management of associated airport infrastructure;
- All the transport requirements for Education and Social Care services through a mix of in-house vehicles and trained staff and private contractors;
- Licensing of taxis;
- Inter island ferry services and ferry terminals; and
- Up to date timetables are maintained on [www.shetland.gov.uk](http://www.shetland.gov.uk).

#### What can be expected:

- Maximum accessibility to all transport users;
- A locally integrated transport system;
- 95% of buses to depart up to 1 minute early or up to 5 minutes late;
- The utmost safety of all services; and
- Continued lobbying to secure affordable air fares to/from UK mainland.

#### What have we improved:



- ✓ Numbers of passengers on bus and air services continued to increase: over 10,000 more journeys were made by bus last year than two years prior to that;
- ✓ The introduction of the M.V. 'Filla' and construction of new terminals for Yell Sound and Papa Stour; and
- ✓ We've introduced Electronic Message Displays at Laxo and Vidlin.

#### What are we working towards:

- Improve the bus service to and from the North Isles; and
- Extend the bus ticketing system.

### Waste Management

#### For information and access to these services contact:

-  Infrastructure Services, Grantfield, Lerwick, ZE1 ONT
-  01595 744800
-  [infrastructure@sic.shetland.gov.uk](mailto:infrastructure@sic.shetland.gov.uk)

- Compost bins for sale for £5, to encourage home composting; and
- Minimisation of waste going to Landfill by finding alternative treatment or recycling routes where practicably possible.

#### **What have we improved:**



- ✓ We have awarded the contract for a new landfill;
- ✓ Increased promotion of recycling; and
- ✓ Lerwick and Scalloway will now receive a kerbside collection for glass and cans from October this year, on the day of the usual refuse collection.

#### **What are we working towards:**

- Maximising waste recycling.

### **Support Services**

#### **For further information on these services:**

-  Executive Services, Town Hall, Hillhead, Lerwick, ZE1 0HB
-  01595 744500
-  [chief.executive@sic.shetland.gov.uk](mailto:chief.executive@sic.shetland.gov.uk)

We provide support to Councillors and all the Council's other services, assisting them in delivering the best possible service, for example:

- Support for the monitoring of Council budgets and management of cash flow;
- Co-ordinate the Council's capital programme;
- Assist in recruiting suitable staff for vacancies, as well as providing support, training and development to employees;
- Assist in the development of the overall direction and intent of the Council;
- provide all of the Information and Communication Technology of and for the Council.
- We deal with all the Council's legal matters and manage the Council's property and estates.
- We manage the Council's building projects and repairs;
- We administer all the Council's forums and committees.
- We provide services for the registration of births, deaths and marriages.
- We provide safety, risk and insurance for the Council.
- We co-ordinate Shetland's Emergency Planning response.

#### **What have we improved:**

- ✓ We have established a new website.

#### **What are we working towards:**

- Reviewing the ways we consult with the public.

### **Across the Council**

As a Council we're working:

- To focus on our priorities to achieve value for money;
- To make sure that we know the needs of everyone in Shetland's communities, so that we can provide for these needs; and
- With our partners in the public, voluntary and private sectors to ensure you receive services to provide for these needs.

#### **Focusing on Priorities:**

During 2003-04 we published our Corporate Plan for 2004-08. The priorities in this are based around the principle of sustainable development: that we will endeavour not to undertake any activity which will compromise the needs of others, or future generations. Although this was only adopted towards the

on the introduction of a Public Service Obligation for external air services – which it is hoped will lead to lower air fares - has led to a proposal that is now being considered by the Scottish Executive. The Council is also involved in discussions connected with the re-tendering of the northern isles ferry contract.

Economic Diversification: we established a dedicated team for the development of renewable energy schemes in the Isles and continued to support the diversification of the aquaculture industry.

Strengthening Rural Communities: we established a framework for development of Initiative of Edge in Northmavine and North Isles; worked with partners to hold a Regeneration Event in Aith in November 2003; and use opportunities to deliver services as close to communities as possible, where appropriate, such as community offices and the employment of roads staff throughout Shetland.

### **Benefiting people and communities**

Improving Health: as well as continuing to provide services to minimise hazards to health, such as removing waste and food hygiene inspections, we are increasingly focusing our work on services to improve health, with partners, including using schools to promote the need for good health, opening up opportunities for walking and cycling and providing encouragement for our workforce to participate in healthy lifestyles.

Equal Opportunities: we have begun to assess all the services we provide to ensure that they are provided to people in a way that doesn't discriminate and to provide opportunities for our staff to become fully aware of our legal obligations as a public authority, in this area: to eliminate unlawful discrimination, promote equality of opportunity and to promote good relations between people.

Although the current national agenda is placing emphasis on race, we have decided to take an approach which covers equality and diversity in its widest sense.

Social Justice: we continue to work to ensure our services are inclusive and can be accessed by as many people as need them. Many of our services, for which other authorities are now charging, we're able to keep free of charge. And we continue to ensure our transport is as integrated as is practically possible.

Active Citizenship: as well as continuing to use all opportunities to work with and for communities, and the people within communities, we have begun to develop community profiles, by community council area, to capture detailed information, needs and aspirations of these communities.

Community Safety: through our membership on the Community Safety Partnership we're working with other agencies to reduce crime, the fear of crime and anti-social behaviour and we're supporting local organisations by providing them with financial awards to get community safety initiatives off the ground. Initiatives currently being researched by the Partnership are CCTV and an alcohol byelaw for Lerwick.

Achieving Potential: we continue to promote activity to encourage ongoing learning and activities for communities, adults, children and young people, and provide support to adults with literacy and numeracy needs.

### **Looking after where we live**

Our Unique Landscape: we continue to oversee our statutory functions to ensure the conservation of the built environment and to promote high quality in new development and to have the power to use enforcement against activities which threaten Shetland's environment and heritage.

Our Natural Resources: we promote the need to reduce the energy demand of buildings, including Council buildings; we are involved in developing policies relating to the location of new development and scale of renewable energy developments in Shetland. And we provide an average of 50700 Mwh of renewable energy from the energy recovery plant to Shetland Head Energy and Power Lrd, reducing the islands reliance on imported fuels and reduces emissions to atmosphere from oil-fired boilers and the power station.

### Celebrating Shetland's cultural identity

Our Cultural Identity: we adopted Shetland's Cultural Strategy, which is now being implemented with partners. We support the Music Development Project and part-funded the research into the value of music to the Shetland economy and are striving to ensure the Shetland can maintain its unique disease free status for animals.

For full copies of the Corporate Plan, 2004-08, can be accessed using the contact details on the back cover of this booklet.

### Focusing on Value for Money:

We are very aware of the need to ensure we provide the optimum service to you, at minimum cost. Our management is working hard to ensure all services are provided as economically, efficiently and effectively as possible. In addition to this ongoing work, we're undertaking a number of larger reviews. During 2003-04

- We continued to progress the Best Value Service Review of Education; and
- Began a review of our own support services, to make sure they are able to provide those providing front-line services with the best possible service.

Here is a summary of our financial position: how much we spent in the financial year 2003-04 on providing services and where the money came from to fund our spending:

Spending 2003-04:

Service	Actual £m	Actual %
Community Development	4.1	4
Economic Development	5.2	5
Education	34.8	30
Environment	8	6
Executive Services	7.3	6
Housing	11.7	10
Planning	1.1	1
Ports & Harbours	10.5	9
Roads	6.6	6
Social Work	14.3	12
Transport	12.2	11
<b>Total</b>	<b>115.8</b>	<b>100</b>

Income 2003-04:

Income	Actual £m	Actual %
<b>Contributions<sup>3</sup></b>	8.2	7
<b>Council Tax<sup>4</sup></b>	6.4	6
<b>Fees &amp; Charges<sup>5</sup></b>	22.9	20
<b>Other Grants<sup>6</sup></b>	9.9	9
<b>Rates<sup>7</sup></b>	6.9	6
<b>Revenue Support</b>	61.5	52

It is crucial that we know about the needs of you, the public of Shetland. We're here to ensure the right services are provided to you. Although Shetland is a small place, and, as Councillors, we are very aware of many of your needs and aspirations, we can't always know what you all think, at all times. We're very lucky to have strong networks of, for example, Community Councils, community Groups and organisations, who are able to assist us. However, sometimes, we have to undertake more formal consultation. For example, in 2003-04 we asked you about the Grant Aid we provide to communities; your Childcare Aspirations; and we continue to consult all Community Council's about road developments. We recognise, however, that we need a range of different ways individuals and communities can let us know what they think. Hence, as a way of enhancing current methods and streamlining our consultation, we established, with partner agencies, 'Your Voice', to establish Shetland's views through a representative panel. As a result of the first questionnaire, we have been provided with a lot of detailed information that is now available to assist officers in providing services day by day. Recognising the importance of hearing the views of Young People, so that we provide for their needs and future needs, we continued to support the work of Youth Voice, and held the first Youth Conference in June 2003.

### **Focusing on Working in Partnership:**

As well as working more closely in partnership with communities we are increasingly working more closely in partnership with other organisations, public and voluntary, and the private sector in Shetland, because it makes sense! By, for example, various services within the Council working with the NHS, Police and other Emergency Services, together we are more likely to be able to have a positive impact on the safety of communities, than if we all work separately. Working together helps join up plans, pool skills and clarify responsibilities as well as avoiding unnecessary duplication.

Although much of our work is now undertaken in this way, some examples include:

Foula Energy Scheme: the Economic Development Unit and Shetland Enterprise are continuing to work closely with the Foula Electricity Trust, which includes the islanders and two Councillors, to ensure a sustainable electricity supply for Foula, using renewable energy. As a result of detailed consultation and feasibility research a proposed replacement electricity scheme for the island has been developed. Work is now ongoing to put together a funding package.

Contact for Businesses: for those wishing to start-up or expand business, there is now a single number and point of contact which will provide opportunities to access all grant and loan opportunities provided by the public sector in Shetland.

Neighbourhood Information Points: a series of Neighbourhood Information Points have been established across Shetland providing local information for tourists at a local level. Information is being provided using the infrastructure and expertise that already exist locally. This has been developed in partnership with local tourist providers and communities, Shetland Islands Tourism, Shetland Amenity Trust and Shetland Enterprise. This approach has received interest from across Scotland as a means of providing tourist information.

### **Focusing on Performance:**

The Council is committed to going about its business in ways that make services to the public better in terms of quality, efficiency and availability. This is an ongoing process and needs the effective participation of all staff and members. The adoption of the Council's corporate plan and the development of clear targets and pledges in all service areas are part of the work we are doing in this area. In addition there have also been valuable developments in how we monitor the Council's financial performance. This process of targeting our resources to deliver our priorities, and the robust measurement and correction, where necessary, must continue to become natural day-to-day activity.



## ***Public Performance Report 2003-04:Feedback Form***

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Tel. No.: \_\_\_\_\_

**My comments are:**

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01595 744537

Fax 01595 744509



[policy@sic.shetland.gov.uk](mailto:policy@sic.shetland.gov.uk)



Policy Unit

Town Hall

Hillhead

LERWICK

Shetland

ZE1 0HB

Or, for an electronic copy, download from the web at:



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These methods can also be used to obtain a full copy of the Council's Statutory Performance Indicators for 2002-03.

你是否需要傳譯服務？

如果需要，請致電 01595744537 尋求幫助。

我們會適當地為你安排傳譯人員或者提供你需要文字的文件。

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सामान्य कि अवलोकन (साक्षात्कार आधारित) क्या है ?

ପଞ୍ଚି ସମସ୍ତଙ୍କ ଶ୍ରଦ୍ଧାସମ୍ମାନ ସାଥେ ଶ୍ରୀମତୀଙ୍କ ପରିବାରକୁ ସମ୍ବେଦନା ଜଣାଇବା ସହ ଶ୍ରୀମତୀଙ୍କ ପରିବାରକୁ ଶ୍ରଦ୍ଧାଞ୍ଜଳି ଦେଇଛୁ।

সেখানে সন্তান সেখানে একজন নেতৃবীর হালকা করা হবে অন্যর আসন্ন যে প্রায়শই

कभीकभी समुद्र का जलनाटक खिलना लगा था।

ਕੀ ਤੁਹਾਨੂੰ ਕਿਸੇ ਵਿਰਾਸਤੀਕਰ (ਹਰਾਸੀਅਤ) ਦੀਆਂ ਸਿਫਤਾਂ ਹੀ ਚੰਗੀ ਲੱਗਦੀਆਂ ਹਨ?

01596  
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निम्न प्रकार के तालिकाओं के द्वारा प्रस्तुत किए गए हैं।

کیا آپ کو انگریزی ہمارے شہر و ست ہے؟

اگر یہ ہے تو پھر (اعتراف کی اور حاصل کرنے کیلئے) فون نمبر 01595744537 پر کال کریں۔

جہاں ممکن ہو میں اکثر بڑی کھاتہ فراہم کی جائے گی یا نیم (مطلوبہ) اور توجہ کا زریعہ آپ کی

پسندیدہ وقت، ان میں خیرات اہم کیا جائے گی۔

**Please note that all Council offices are open (unless otherwise specified):  
Monday to Thursday: 9am – 5pm Friday: 9am-4pm**



# REPORT

To: Shetland Islands Council

15th September 2004

From: Head of Finance  
Executive Services Department

Report No: F-037-F

## GENERAL FUND REVENUE MANAGEMENT ACCOUNTS 2004/05 FOR THE PERIOD 1<sup>st</sup> APRIL 2004 TO 30<sup>th</sup> JUNE 2004

### 1. Introduction

1.1 The purpose of this report is to advise Members of the financial position on the Council's general fund revenue accounts at the end of the first quarter of 2004/05.

1.2 As there have been significant changes to the budgets since that time, this report also provides an update on the budget re-shaping exercise for 2004/05 and gives an overview of the current financial position on general fund revenue.

### 2. Background

2.1 The general fund revenue management accounts are presented to Executive Management Team on a monthly basis to enable them to monitor the Council's overall financial position on the general fund.

2.2 This is the first of the monitoring reports to Members for 2004/05 and covers the period 1<sup>st</sup> April 2004 to 30th June 2004.

2.3 The general fund revenue management accounts are service based. Only controllable items of expenditure are included, on the basis that recharges for central services and capital charges are not controllable in terms of spending decisions at this point.

~~3.3.2~~ This showed a year to date position with actuals being £2.4 million less than budget. All of the significant variances were investigated and found to be purely period variances arising from incorrect budget profiling, miscoded transactions and virements needing to be actioned. It is not anticipated that these will result in a real underspend at the end of the financial year.

- 3.3 Budget Responsible Officers have since been actively encouraged to review the profiles on their budgets, identify and deal with any miscodings and action appropriate virements so that period variances do not obscure the real financial position.

#### **4. Budget re-shaping 2004/05**

- 4.1 In order to set a balanced budget for 2004/05 a £4.5m draw on general fund balances was required.
- 4.2 Officers and Members worked together to finalise proposed budget reductions and to identify any further additions to the budget, the main addition being the transfers back from Shetland Charitable Trust. This resulted in the £4.5m anticipated draw on balances being reduced to £3m at the end of June 2004. (F-032 min 75/04). A summary of changes to the original budget is shown in the table below:

<b>£ million</b>	
(4.5)	Original need to draw on general fund balances
1.9	Budget reductions identified and agreed
(0.3)	Transfers back from Shetland Charitable Trust
(0.1)	Other additions
<b>(3.0)</b>	<b>Revised need to draw on general fund balances</b>

- 4.3 These changes were actioned in the accounts during July and August and the revised budgets are the basis for reporting variances against for the remainder of the financial year.

#### **5. Financial Implications**

- 5.1 General fund revenue balances currently stand at £4.05 million and it is anticipated that they will reduce to £1.05 million at outturn, due to the approved £3m draw on balances outlined in paragraph 4.2.

~~6.15.2~~ Now that the budget has been reshaped for 2004/05 there are no further significant variances anticipated at outturn.

5.2 If however, the outturn position does not match the budget, there will be an effect

## **7. Recommendation**

8.17.1 Members are asked to consider the general fund revenue financial position |  
and either note the report or outline any matters they would wish to have  
considered further.

Report No: F-037-F  
Ref: Accountancy/DGF

Date: 30 August 2004



## **Proposed Code of Practice for In-House Bids**

**Report No: CE-33-F**

### **1. Summary**

- 1.1. The purpose of this report is to establish a Code of Practice for in-house bids, with a view to setting out clearly how officers should conduct their business in situations where bids are invited from private contractors and suppliers, but where it may also be in the interests of best value, for part of the Council to prepare an in-house bid to carry out the work tendered.
- 1.2. The proposed code is based on existing good practice in the Council, and seeks to make this the standard for all.

### **2. Background**

- 2.1. As part of the Best Value review process, the Council is required to consider options for service delivery, including whether all or part of a service would be more effectively delivered in-house, or externally. The Council is accustomed to making such decisions in respect of the former direct labour and service organisations, and has a well-established procedural framework for so doing. As Best Value reviews are carried out across all the Council's services, however, the Council may decide that it is in its interests to conduct a bidding exercise involving an in-house bid, more often, and in less traditional areas.
- 2.2. The expectations of the private sector, when work is tendered by the Council, are that the tendering process will set a level playing field for all bidders. The need for transparency of process is enhanced where the Council awards the work to the in-house tenderer.
- 2.3. The Freedom of Information (Scotland) Act 2002 will be fully operational by January 2005, and will introduce important new rights for individuals and businesses to access information held by public authorities; it will also require more proactive publication of information. The adoption of a code, and the steps outlined therein, will assist the Council in meeting its obligations in this regard.

arrangements to the discretion of the relevant Executive Director. It should also ease any unreasonable pressure on individual members of staff, by setting out the extent of their responsibilities. The provisions in Section 3, regarding the separation of duties around the tender period, are based on CIPFA best practice guidance.

3.4. Where work is awarded to the in-house bidder, it is important to show that the work was fairly won, on the basis of a realistic bid. There is a legal requirement for separate accounts to be maintained for “significant” trading operations; at present a trading operation is “significant” if its turnover exceeds £2,018,000.

3.5. The Code recommends that, below this figure, internal trading accounts are maintained; this is a group of separate income and expenditure codes established within the normal accounting system. It is also recommended that the relevant Executive Director reports the surplus/deficit of the operation annually to elected members, in order to provide reassurance that a break-even situation is being achieved.

3.6. If approved, the code should be incorporated into the Council’s Financial Procedures, to be followed by all Council staff.

#### **4. Financial Implications**

4.1. In the unusual event of commissioning officers being seconded between departments, this cost should be met from existing budgets. There are no other financial implications.

#### **5. Policy or Delegated Authority**

5.1. Matters relating to financial planning, policy and monitoring and to best value, stand referred to Executive Committee (min ref: SIC 70/03).

#### **6. Conclusion**

6.1. The Council is committed to the principles of Best Value, and wishes to see effective competition for Council business, whilst ensuring that it obtains value for money. On occasion, therefore, the Council will wish to prepare an in-house bid to be considered in competition with bids from private business. The proposals contained in the Code should enhance the process of in-house bidding in order to maintain transparency and accountability for all interested parties.

Date: 30 August 2004  
Ref: DESL/DH

Report No: CE-33-F



## SHETLAND ISLANDS COUNCIL

### Code of Practice for in-house bids

#### 1. Application of this Code

- 1.1. The purpose of this Code is to ensure that SIC departments act transparently in situations where bids are invited from private contractors and suppliers, and where there may also be an in-house bid to carry out the work tendered.
- 1.2. For the purposes of this Code, an in-house bid is defined as a bid prepared by part of the Council, for the purpose of providing goods, services or works to the Council. This Code applies where an Executive Director anticipates that an in-house bid will form part of a tendering exercise which is also open to bids from outwith the Council; it does not apply where there is no intention to prepare an in-house bid.
- 1.3. Sections 3, 4, 6 and 7 of this Code also apply in circumstances where, following a bidding exercise in which no in-house bidding took place and no award of contract was made, a decision is taken within six months of the closing date of the original tendering exercise, to undertake substantially the same work in-house.
- 1.4. For the avoidance of doubt, this Code does not apply:
  - When the decision to carry out certain work in-house has already been taken, and there will therefore be no public tendering in respect of that work, or
  - When the bidding in question relates to component contracts to be entered into for the purpose of fulfilling certain work, where the decision has already been taken to carry out that work in-house.

#### 2. General Principles

##### 2.1. All in-house bidding activity should:

- accommodate the core values of the Council (quality, accessibility, fairness and sustainability);
- be administered to ensure adherence to relevant Scottish, United Kingdom and European Union legislation;
- ultimately provide best value for money.

##### 2.2. All procedures involving in-house bids shall be operated in accordance with the

- 2.4. Procurement shall be arranged in such a way that it encourages a range of providers. These should be capable of meeting the current and future needs of the service while still providing value for money.

3. Decision whether to prepare an in-house bid

- 3.1. Consideration should always be given to preparing an in-house bid in competition with external service providers, wherever it might assist in the delivery of Best Value. Such a bid must be based on a sound financial forecast which indicates that the activity may reasonably be expected to break even over a three-year rolling period, in line with S.10 of the Local Government in Scotland Act, 2003.
- 3.2. Executive Directors shall ensure that legal advice is sought where an in-house bid is being considered, in order to ensure that in undertaking the proposed activity, the Council would be operating within current legal parameters. In certain cases, prior legal advice may already have been provided in respect of a class of work.
- 3.3. Unless prior Council approval has been given, a Council decision will be required on whether an in-house bid should, or should not, be prepared for the activity in question; approval may be sought on a case by case basis, or for a range of activities.

4. Management and control of the procurement exercise

- 4.1. Executive Directors shall ensure that effective and appropriate lines of communication are established at the outset, and are maintained throughout the tendering process, with a view to ensuring due completion of the procurement cycle. Where applicable, they shall ensure the proper application of all relevant policies and procedures e.g. the Council's Standing Orders and amendments thereto, the Capital Programme Method etc.
- 4.2. Where an in-house bid is to be prepared as part of a competitive tendering exercise involving third parties, the relevant Executive Director must nominate two officers, one to act as commissioning officer and one to act as providing officer, for the duration of the tender period, until the contract is awarded.
- 4.3. All contract documents, and all correspondence relating to the contract, should be addressed to the commissioning officer. The duties of the commissioning officer include ensuring appropriate steps, all in line with the Council's policies and procedures, are taken for:-
- selecting publications for adverts
  - selecting tenderers

experience and/or knowledge, or by means of access to suitably trained and informed staff, to be able to arrange the procurement in a satisfactory manner.

4.6. It is desirable also for the providing officer not to be involved in designing the specification or the quality/price model which will be used in evaluating the tenders. In practice, however, alternative expertise may not readily be available within the Council. In such circumstances, the relevant Executive Director may permit the providing officer to be involved, with the Commissioning Officer and others, in designing the specification and the evaluation criteria.

4.7. Since the period involved may be limited, the commissioning role may be suited to an internal secondment, possibly from another department.

## 5. Preparation in the event of a successful in-house bid

5.1. If the in-house bid is successful, the Executive Director is free, subject to Council policy, to decide how far, if at all, to effect a structural client / contractor split. The requirement to effect such a split in pre-contract decision-making has no counterpart, post-contract. At this latter stage, the same officer may act as commissioning and providing officer, in a twin-hatted capacity.

5.2. Where work won in competition is carried out in-house, all twin-hatted officers should be aware that they must be able to identify which of their duties are carried out in their capacity as commissioning officer, and which as providing officer. This is so that all the costs of carrying out the work in question (but only those costs) are identified and charged appropriately in separate Council accounts. Consideration should therefore be given as to how this will be achieved.

## 6. Management and control of the in-house bid

6.1. The relevant Executive Director shall designate a providing officer at the outset with responsibility and sufficient authority for preparing the bid and for ensuring that the activity, if subsequently carried out in-house, is adequately managed and monitored; this includes ensuring that the service provided adheres to all relevant current legislation and health and safety requirements. Where appropriate, this person may be involved in the pre-contract process.

6.2. Providing officers shall have the capability themselves, through qualification, experience and/or knowledge, or by means of access to technical expertise, to be able to ensure the sound management and monitoring of contracts.

6.3. All in-house bids should be adequately planned by the providing officer, and due consideration given to the resources required to achieve completion within the desired timescale. A bid should be submitted for consideration from which the bid is to be made. The

When planning to make a bid, consideration should be given to what can go wrong, how likely this is, and the likely consequences assessed accordingly. All identified risks should be managed so as to minimise the potential consequences, and allocated to those most able to manage them.

- 6.5. The providing officer shall establish effective and efficient methods of contract monitoring and reporting, throughout the contract. Such methods should include monitoring of programme, costs and service delivery against specification, and shall be proportionate to the costs and risks involved.

7. Managing and accounting for activities won in competition and carried out in-house

- 7.1. Arrangements must be made to ensure that all work won by an in-house bid is adequately managed and monitored with a view to achieving delivery of service on time, within budget, and in accordance with the specification. After the contract has been awarded, these responsibilities may be carried out by an officer acting solely in a providing capacity, or one acting in a twin-hatted capacity.
- 7.2. There is a legal requirement for separate accounts to be maintained for “significant” trading operations. Section 10 of the Local Government in Scotland Act 2003 states that statutory trading accounts must be maintained for “significant trading operations”, and that they should break even over a three year rolling period. Council policy is that a trading operation is “significant” if its turnover exceeds 2.5% of the net Council revenue budget (SIC min. ref. 31/04).
- 7.3. Unless already accounted for as being part of another “significant” trading operation, separate income and expenditure accounts must be maintained in respect of all activities which have been won in competition with external providers. The relevant Executive Director must report annually to elected members, on the surplus/deficit for the year. The target for the year should also be disclosed, along with the targets for the rolling three-year period, to provide reassurance that a break-even position is being achieved. Information on any internal reappportionment of surpluses/deficits should also be disclosed.



# REPORT

To: Executive Committee

7 September 2004

From: Head of Organisational Development

## Community Planning Board – Constitution and Standing Orders

Report No: CE-34-F

### 1 Introduction

- 1.1 The purpose of this report is to finalise elements of the process of developing a Constitution and reviewing the membership of the Community Planning Board, which has been ongoing over recent months.

### 2 Background

- 2.1 At the meeting of the Community Planning Board (CPB) on 7 July 2003 it was agreed that a process and timetable for developing a Constitution for the CPB be established. And, due to the operation of the CPB to date, that the Constitution should not bind it with too much formality. It was agreed that this process would address the new statutory functions and responsibilities of the CPB and assist in formalising CPB membership, roles and responsibilities, eligibility and appointment of office bearers.
- 2.2 The review has been undertaken within the context of community planning legislation and guidance; governance and accountability issues; size and examples from elsewhere.

### 3 Proposals

- 3.1 This review is now complete, although discussions are continuing in some areas: for example, with Shetland Council of Social Service in terms of voluntary sector representation and the creation of a voluntary sector compact. A wide range of organisations have been visited by members of the CPB to provide further information about community planning and the processes involved. This has provided organisations with an opportunity to ask questions and feedback to the CPB on concerns.

- 3.2 At recent meetings of the CPB it was agreed to adopt:

delegation and communication.

3.3 In order to fulfil the requirements of this review on behalf of the Council, it is therefore proposed that the Council:

- agree to the appointment of the Convenor onto the Community Planning Board, in addition to the three Forum Chairs;
- agree to adopt the Community Planning Board's Constitution and Standing Orders and, as appropriate, the methods of decision-making and delegation and communication; and
- expand the remit of the Forum Chairs to provide a short verbal update at each Community Planning Board meeting, on matters of note arising at Forums from stakeholder input into the formation of policy. This is now in place for Forum Chairpersons to report back on Community Planning Board matters at Forums.

#### **4 Financial Implications**

4.1 There are no financial implications associated with this Report.

#### **5 Policy and Delegated Authority**

5.1 The Executive Committee's role covers the co-ordination of policy and planning so it is within its remit to make these recommendations to Council. Overall responsibility for Community Planning rests with the Council.

#### **6 Conclusions**

6.1 The approval of these recommendations will ensure that the CPB will continue to develop in a way that fulfils governance and accountability issues, as well as meets the community planning legislation.

#### **7 Recommendations**

7.1 I recommend that Executive Committee recommend to Council to:

- agree to the appointment of the Convenor onto the Community Planning Board, in addition to the three Forum Chairs;
- agree to adopt the Community Planning Board's Constitution and Standing Orders and, as appropriate, the methods of decision-making and delegation and communication; and
- expand the remit of the Forum Chairs to provide a short verbal update at each Community Planning Board meeting, on matters of note arising at Forums from stakeholder input (as has already happened the other way round) into the formation of policy.

# COMMUNITY PLANNING

## BOARD

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### **Role of Community Planning Board**

To provide leadership and facilitation to Community Planning in Shetland, through:

- Genuine engagement with communities;
- Effective partnership working; and
- A Local Framework for linking and delivering national and local priorities and actively performance manage work on-going in their name

To set the strategic vision and direction for Shetland for the next 15-20 years and identify and seek reallocation of resources necessary to achieve the agreed outcomes

To look after the interests of Shetland, promote Shetland, promote change and promote good practice

To act as a method of communication in relation to the above issues.

### **Role of Members of Community Planning Board**

Members of the Community Planning Board are expected to:

Provide leadership and facilitation to Community Planning in Shetland: namely genuine engagement with communities, effective partnership working, and the local framework

Lead on ensuring the strategic aims, objectives and direction of Shetland are worked towards.

Identifying and seeking reallocation of resources necessary to achieve agreed outcomes.

Promote Shetland, at all times.

Promote positive change within Shetland, as and when appropriate.

Promote and influence good practice, both within and out with Shetland.

Act in the best interests of Shetland, at all times.

**Regularly attend the meetings of the body.**

**Represent the views of the agency/area of work of that agency on matters being discussed and decided.**

**Feedback decisions made to the agency they represent, and any strategic groups in which they are involved.**

### **Membership of Board**

SIC Convenor

SIC Forum Chairs, with mandate from Council to represent the views of the local authority

Chief Executive – NHS Shetland  
Shetland Enterprise Board member  
Chief Executive or Deputy Chief Executive – Shetland Enterprise  
Chief Constable Northern Constabulary (delegated to Area Commander in his absence)  
Chair of Association of Shetland Community Councils

**To Attend**

Executive Director – Infrastructure, SIC  
Director of Public Health, NHS  
Possibly CHP Representative, NHS  
Secretary/Treasurer, ASCC

The membership of the Community Planning Board (CPB) shall be as contained in the Constitution document for the CPB.

## **2.0 Appointment and Terms of Office**

### **2.1 Members**

Core Members of the CPB shall be appointed by the Representing Organisations, on such terms of office as each organisation deems appropriate.

The Terms of Office of Members representing the Shetland Islands Council shall end upon them ceasing to hold office in the position to which they were appointed to represent the Council, or upon them ceasing to become Members of the Council. Appointments shall be made by the Council at the first statutory meeting following each Council election.

### **2.2 Officers**

The Terms of Office of Officer Members shall be on such terms of office as each organisation deems appropriate.

### **2.3 Others**

Other Members shall be appointed on such terms of office as the CPB shall deem appropriate.

### **2.4 Invitees**

Any person may be invited especially to attend a meeting of the CPB but shall not be members of the CPB.

### **2.5 Substitutions**

Any agency can substitute a nominee, who will have full voting powers, with prior approval of the Chairperson of the Community Planning Board.

The method of election shall be agreed by the CPB prior to any voting. The election of the Chairperson and Vice-Chairperson shall be decided on a vote amongst the Core Members of the CPB.

### **3.2 Casual Vacancy**

On a casual vacancy occurring in the office of Chairperson or Vice-Chairperson, an election to fill the vacancy shall be held as soon as practicable.

### **3.3 Term of Office**

The Chairperson and Vice-Chairperson shall, unless they resign or become disqualified, hold office for a period of two years.

administrative support to formal meetings of the CPB.

The Council's Policy and Development Co-ordinator shall be responsible for the co-ordination of papers for consideration by the CPB.

The Council's Head of Legal and Administration, or his nominee, shall be responsible for the preparation and circulation of agendas and minutes of the CPB.

## **4.2 Reports**

All items for discussion at a CPB meeting shall be accompanied by a discussion paper, and any relevant background material.

Member organisations wishing to present a matter to the CPB should forward their papers to the Council's Policy and Development Co-Ordinator.

## **4.3 Timing and Venue**

All meetings of the CPB shall be held at a time or place as the CPB may direct. However, the Chairperson, in consultation with the Council's Policy and Development Co-ordinator, and taking account of the views of the CPB, has delegated authority to alter the timing and venue of CPB meetings. The Policy and Development Co-ordinator shall liaise with the Head of Legal and Administration with regard to venue bookings, arrangements and servicing meetings.

## **4.4 Notification**

Agendas for all meetings shall be agreed in consultation with the Chairperson before being issued.

Notification to Members of the time, place and business of the meeting shall be given in a Notice of Meeting issued by or on behalf of the Chairperson, and sent to every Member of the CPB at least 7 days before the meeting or, if the meeting is convened at shorter notice, then at the time it is convened.

## **4.5 Admission of Public and Press – not yet in force - to be reviewed in 6 months time.**

*The CPB is intended to operate in as open a manner as possible, recognising any codes of confidentiality imposed on the Council or*



Deference shall at all times be paid to the authority of the Chairperson. When the Chairperson speaks, any Member addressing the meeting shall stop speaking. It shall be the duty of the Chairperson to preserve order and to ensure that Members obtain a fair hearing. The Chairperson shall decide all matters of order, competency and relevancy, and conduct meetings strictly in terms of these Standing Orders.

The Chairperson shall determine all questions of procedure for which no express provision is made under these Standing Orders.

After warning, the Chairperson may order the removal from the meeting of any person causing disturbance.

The Chairperson's ruling shall be final and shall not be open to discussion. The Chairperson shall be entitled, in the event of disorder arising, to adjourn the meeting, and vacating the Chair shall be the signal that the meeting is adjourned.

## **5.2 Quorum**

A quorum shall consist of one third of the Members of the CPB entitled to vote.

## **5.3 Order of Business**

The order of business at every meeting of the CPB shall be determined by the Chairperson, in consultation with the appropriate Council officers.

## **5.4 Decisions**

The Chairperson should try to achieve a consensus at meetings. In all cases, both sides of an argument will be recorded. Generally, therefore, no votes will be taken.

Unless permitted by the Chairperson, no motion or amendment shall be debated unless it has been seconded.

The Chairperson, or on his request the Committee Officer, shall read out the motion and, having called for and received no amendments, shall declare the motion to be the decision of the meeting.

If an amendment is moved and seconded, then before the motion and

The Chairperson shall have a casting vote, in addition to any vote which he may be entitled to exercise, except in relation to appointments to Committees in which case the decision shall be by lot.

## **5.6 Minutes**

The Council's Head of Legal and Administration is responsible for collating and retaining all the Minutes of all official meetings of CPB. The Minutes shall be available for public inspection for a minimum of six years.

The minutes shall be signed immediately after they have been approved.

Until the contrary is proved, the minutes of a meeting shall be evidence that the meeting was duly convened and held and that the Members present were duly qualified.

interests of the people of Shetland, and in accordance with the relevant Codes of Conduct pertinent to their organisation.

The names of Members present at all meetings of the CPB shall be recorded.

When Members know in advance that they will not be able to attend a meeting for any reason they shall inform the Committee Officer.

contract or other matter before a meeting of the CPB shall disclose their interest and, if appropriate:

- refrain from taking part in any debate or discussion of the matter;
- refrain from voting upon the matter;
- withdraw from the meeting if required to do so by the Chairperson.

Standing Orders shall be given at one meeting of the CPB, and not debated or voted upon until the next. Any proposed change must have the approval of a majority of the Core Members present and voting before it can be incorporated.

The Council's Policy and Development Co-ordinator shall submit to any meeting of the CPB a note of any new, or alteration of any existing, Standing Order which may be required as a result of any Act of Parliament, Statutory Instrument or Regulation. Standing Orders shall be amended accordingly.

Committees as are necessary.

The Chairperson shall be an ex-officio member of all Sub-Committees where appropriate. The Chairperson will ensure the conduct of Sub-Committee meetings are in accordance with these Standing Orders.

## **Shetland Islands Council Communication**

- To Members
  - o General information to Councillors via Executive Committee.
  - o Final minute emailed to all Councillors.
- To Staff
  - o Final note of the Community Planning Board meeting sent to each Departmental Management Team to filter down throughout the organisation, by SIC Admin Services.

And, since the Council Forums exist to provide a method of interactive policy formation, capturing the views of external stakeholders, the Chairs of the three Council Forums will provide a short verbal update on matters of note arising, at each Community Planning Board meeting.

## **Decision-Making and Delegated Authority**

Shetland Islands Council appoints those Councillors who sit on the CPB. Therefore the Councillors who sit on the CPB do not, individually, have any power to make decisions on behalf of the Council. Elected Members are required to act collectively to make decisions, on behalf of the communities they represent. However those Elected Members on the CPB do have the power to give advice and provide direction to the operation of the Board.

All of Executive Management Team (EMT), which consists of the Chief Executive, Executive Director – Community Services and Executive Director – Infrastructure Services, have authority within the Council to implement policy and initiatives and to allocate resources for which they already have delegated authority from Council to use, including financial, to ensure the decisions of the Council are implemented.

Two possible methods for decisions to be taken within the context of the CPB exist. The preference is for the former method.

- 1) CPB is asked to comment on and/or approve/adopt documents/policy/ initiatives developed through the work of the CPB and associated strategic groups, before being approved/adopted by partner organisations.
  - The Council must be asked, through the appropriate channel, to approve/adopt the document/policy. The Council will then be giving authority to the senior officer within the Council to implement. Using resources for which the officer already has delegated authority to use or by delegating authority to the officer to use additional resources allocated by Council. The process of implementation will be undertaken by relevant officers within the Council, in partnership with those in other organisations.
  - This provides a method by which CPB led initiatives can be implemented by partner organisations, including the Council.
- 2) CPB asked to adopt documents, after being adopted by partner organisations

Convenor and Forum Chairs, with mandate from Council to represent the views of the local authority and local communities on CPB:

- Environment and Transportation Forum Chair
- Social Forum Chair
- Economic Development Forum Chair.

Chief Executive

Executive Director – Community Services, as Member of EMT with lead corporate responsibility for community planning, delegated authority from the Chief Executive and with authority to spend SIC funds for community planning.

### **To Attend**

Executive Director – Infrastructure

### **Links with Strategic Groups**

For the Executive Director – Community Services to formalise links between the CPB and the **Community Learning and Development Partnership; Cultural Strategy Partnership and Ensuring Equal Opportunities Group.**

For the Executive Director – Infrastructure Services to formalise links between the all associated environmental strategic groups.

Actions Required to Implement:

- Convenor and Chief Executive to be asked if the note from CPB meetings can go to Executive Committee for information.
- Establish system whereby Final Note emailed to all Councillors.
- Ask Council, via Executive Committee, to expand remit of Forum Chairs to provide a short verbal update on matters of note arising from stakeholder input into formation of policy.
- Ask Executive Committee if the Convenor can be appointed to the Community Planning Board, in addition to the three Forum Chairs.

- To Staff
  - o Final Minute emailed to senior management team members;
  - o Information distributed via senior management team

### **Decision-Making and Delegated Authority**

Decisions reserved for the NHS Board include the approval of all service strategies, charters and plans.

The NHS Board Chief Executive is delegated responsibility for budgets and approval to spend funds, for all revenue expenditure, or as delegated by her.

- Therefore Officer Members of the NHS Board have delegated authority (directly or indirectly) from the Board to make spending decisions at the Community Planning Board.
- Policy decisions taken at the Community Planning Board would be required to be agreed/adopted by the NHS Board before becoming NHS policy.

### **Membership of Board**

Chairperson – NHS Shetland

Chief Executive – NHS Shetland

### **To Attend**

Director of Public Health

Possibly CHP Representative

### **Links with Strategic Groups**

For the Director of Public Health to formalise links between the CPB and the **Health Action Team, Joint Future Implementation Group** and **CYPSPG**.

Actions Required to Implement:

- to discuss with Board members, the distribution of final minute
- to discuss with senior management team, communication systems
- establish email and other communication systems for distribution of information

Formal communication is via the Board meeting which is held on a two monthly basis. Informal communication is by letter, e mail, meeting and telephone. This occurs on a regular basis.

Staff: Staffing is 13.5 fte, all of whom are based in the Lerwick office. Formal communication is via the weekly staff meeting, and informal communication takes place on a daily basis.

### **Decision-Making and Delegated Authority**

Shetland Enterprise forms part of the Highlands and Islands Enterprise Network. The Network delivers a range of business, skills and community support throughout an area stretching from Shetland to Arran. The Network has shared policies and guidelines that are interpreted and delivered at the local level.

The Network has a formal project appraisal process, which includes consideration of such as viability; management; additionally; displacement and risk. All applications for funding are subject to the project appraisal process.

Shetland Enterprise has a delegated authority of £100,000. For projects seeking in excess of this amount, the proposal must be assessed and approved at the local level, and subsequently forwarded to the parent body, Highlands and Islands Enterprise, for their consideration.

Within the context of community planning:

Any proposal will be subject to the project appraisal process

For projects which are identified as priorities via the appraisal process, and which seek funding of up to £100,000, the decision will be made at the local level. For funding beyond this level, the project requires subsequent approval by Highlands and Islands Enterprise.

For Shetland Enterprise to support community planning policy decisions, these would need to complement those of the HIE Network.

### **Membership**

Shetland Enterprise Board member

Chief Executive or Deputy Chief Executive

Link with strategic groups

The Chief Executive will formalise links between the CPB and the **Local Economic Forum**.

### **Actions Required to Implement**

The Chief Executive will review company membership of the CPB.

### **Northern Constabulary**

### **Decision-Making and Delegated Authority**

The Area Commander has devolved responsibility and accountability from and to the Chief Constable, Northern Constabulary for operational decision-making.

The Chief Constable is responsible to the Police Board for effective and efficient use of the police budget.

The Area Commander, therefore, has devolved responsibility for the effective and efficient use of the police budget within the Shetland Area Command: he has flexibility in spending and policy decisions of local applicability, within broad corporate parameters.

Within the context of the Community Planning Board:

The Area Commander has devolved responsibility for any spending decisions required at the Community Planning Board.

The Area Commander has devolved responsibility for local policy, since a significant amount of policy is devolved to suit the local context.

The Area Commander requires agreement from the Chief Superintendent (Head of Operations) for any decisions taken at the CPB that impinge on Corporate Policy.

### **Membership of Board**

Chief Constable Northern Constabulary (delegated to Area Commander in his absence).

### **Links with Strategic Groups**

For the Area Commander to formalise links between the CPB and the **Community Safety Partnership**.

### **Actions Required to Implement:**

Establish system for emailing Final Note to Police Board Members.

Report back on Community Planning Board matters as standing item of bi-annual ASCC meetings  
Regular consultation with ASCC members, which is likely to be through the Joint Liaison Group, on matters of particular note being addressed by the CPB, or which they would wish the CPB to address  
To Community Council Clerks  
ASCC member of staff disseminate information accordingly through existing mechanisms

### **Decision-Making and Delegated Authority**

The Chair of the ASCC is elected from the membership of Community Councils across Shetland.  
The Chair is currently on the CPB, with authority to fulfil this role on behalf of the ASCC, to represent their views.  
The Community Councillors of the Joint Liaison Group (consisting of six Community Councillors and six Councilors) is proposed to act as a core advisory team on community planning, assisting the Chair in providing a mandate to enable the views of all Community Councils to be represented.

### **Membership of Board**

Chair of ASCC

### **To Attend**

Secretary/Treasurer of ASCC

### **Actions Required to Implement:**

Clarify decision-making and delegated authority, at ASCC meeting in October.  
Establish regular reporting mechanisms at the bi-annual ASCC meetings.  
Establish mechanisms to ensure the views of ASCC members can be raised at CPB meetings.  
Use existing communication mechanisms to disseminate information to and from CPB and CC clerks.

Community Safety Partnership – Chief Inspector, Northern Constabulary  
 Ensuring Equal Opportunities – Executive Director – Community Services, SIC  
 Community Learning and Development Partnership – Executive Director – Community Services, SIC  
 Local Economic Forum – Chief Executive, Shetland Enterprise  
 Joint Future Implementation Group – Director of Public Health, NHS  
 Children and Young People’s Services Planning Group – Director of Public Health, NHS  
 Cultural Strategy – Executive Director – Community Services, SIC  
 Environmental strategic groups – Executive Director – Infrastructure Services, SIC

#### Role Required

Report/ensure report on 6 monthly basis to CPB, with assistance from relevant lead officers and Policy and Development Co-ordinator.

Ensure feedback to strategic group from, including any actions to be undertaken, and by whom.

Provide informal mechanism at CPB/strategic meetings on an on-going basis.

Champion this area of activity.

#### **E: TIME TABLE FOR CHAIR/VICE- CHAIR**

Time		
From June 2003	Chairperson (Non-SIC)	Vice Chairperson
From September 2004		
From March 2005	Chairperson (SIC)	Vice Chairperson
From March 2006		
Continued...		

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# REPORT

To: Executive Committee

7 September 2004

From: Head of Finance

**Air Travel: Corporate Procurement Policy**  
**Report No: F-039-F**

## 1. Introduction

- 1.1 At a meeting of the Environment and Transport Forum on 31 May, Loganair indicated that the Council's approach to air travel South differed from other Councils' and this has led to there being less of the cheap air fares available to the general public.
- 1.2 This report examines some of the facts surrounding this issue and presents alternative approaches for Members' consideration.

## 2. Background information

- 2.1 Set out in Appendix 1 is a summary of the flights from Sumburgh to the main Scottish mainland destinations: Aberdeen Inverness, Glasgow and Edinburgh. This reveals that:-
- (i) there are 1,120 seats each way to Aberdeen per week of which 336 go on to Glasgow
  - (ii) there are 238 seats each way to Inverness per week all of which go on to Glasgow, giving 574 to Glasgow in total
  - (iii) there are 238 seats each way to Edinburgh per week .

Thus, a grand total of 1,596 plane seats arrive/depart Sumburgh every week.

- 2.2 Full statistics of Council usage of flights is difficult to obtain without undertaking a substantial manual exercise. However, an inspection of computer records of invoices from the two local travel agents for external travel items over £100 (to exclude rail fares) indicated approximately 450

cheapest price, then another 6-7 or so, at a price somewhat higher and so on until about half the plane is somewhat reduced. The reduction on the seat prices thereafter is then quite modest.

- 2.4 in addition, without the aforementioned detailed manual analysis being done, it is difficult to be clear about what price is being paid by the Council, as compared to what could have been paid for that journey at full price. However, an initial analysis indicated that around 5% of our tickets were between £100 and £150, 25% of our tickets were between £150 and £200, 40% between £200 and £300 and 30% over £300. To put these figures in context, the absolute minimum available on the Internet to Aberdeen, booking weeks ahead is just over £100 and travelling to Edinburgh tomorrow and returning the next day is about £360. It would appear therefore that only a very small percentage (less than 5%) of the already small proportion of total available seats used by the Council (2.2%), are at the very cheap end of the spectrum. So although the precise number of potentially available low price seats is uncertain, it is clear that the Council is only utilising a small proportion of them.

- 2.5 This is not entirely surprising as for routes other than to Aberdeen, it appears necessary to stay over a Saturday night to take advantage of the significantly reduced fares and this is not generally an option that is appropriate to individuals travelling on Council business. It is also necessary to book some weeks in advance and again that is not always possible given the short notice that is often given in regard to meetings South.

- 2.6 Indeed, this initial analysis indicates, if anything, that a larger number than expected of the journeys made are at, or close to, full fare despite the fact that administrative staff involved in booking have indicated that the cheapest available fare is always sought, (unless there are effectively none left and saving a few tens of pounds to buy a non-transferable ticket is not worth the saving for the lack of flexibility and an expressly full fare is sought). Further analysis would be required to ascertain whether earlier booking would have been possible, thereby effecting savings over what was actually bought.

### **3. Policy options**

- 3.1 The current policy in practice is to buy the cheapest fare available unless the loss of flexibility is not matched by a substantial saving over the full price ticket. This is consistent with the policy in Western Isles who also buy the cheapest appropriate ticket (i.e. only buy full price if flexibility is expressly required). According to Orkney's official policy, which was set back in 1997, staff are meant to buy the cheapest refundable fare (i.e. more or less full price) although in practice many budget holders do purchase reduced fare tickets when they are

at least the cheapest transferable ticket in all circumstances. As travel budgets are fixed this would not in itself cost the Council any more in cash terms. However, travel budgets have borne the brunt of budget reduction exercises in recent years and are now much reduced. To be required to pay full fare from fixed, but smaller, budgets would mean that Members and Officials would have to miss important meetings that ought to be attended on an even more regular basis than is the case at present, with potentially substantial indirect costs to the Council.

- 3.3 Furthermore, this alternative would lead to absolutely less journeys by air being made by Council Members and Officials with no guarantee that these journeys would be taken up by the public, adding further pressure on the downturn in passenger numbers that has been occurring at Sumburgh in recent times. As the actual number of significantly reduced seats freed up by this policy would be minimal, it is unlikely to provide a significant increase in the availability of seats at the prices people are prepared to pay to travel privately.
- 3.4 There is also the possible consequence that Officials/Members would feel obliged to travel by boat as it would be considerably cheaper than full fare flights adding to the pressure on cabin availability on the Northlink route.

#### **4. Financial Implications**

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

#### **5. Delegated Authority**

- 5.1 All corporate matters regarding financial policy are referred to Executive Committee.

#### **6 Recommendations**

- 6.1 I recommend that Committee note the information provided on Council air travel as compared to the total available.
- 6.2 I recommend the Committee reiterate the present policy of requiring all purchases of air tickets to be made at the cheapest available price, taking due account for the need for flexibility if that is a requirement.



# REPORT

To: Executive Committee

7 September 2004

From: Head of Business Development

**REPORT NO: DV059-F**  
**PROJECTS ASSISTED UNDER DELEGATED SCHEMES – 2003/04**

## **1.0 Introduction**

1.1 This report has been prepared to provide the Executive Committee with details of the 2003/04 approvals under the grant assistance schemes that the Economic Development Unit (Chief Executive) has delegated authority to administer. The report also requests the Committee to make adjustments to some of these delegated authorities in relation to the Business Enterprise Scheme Phase III and the Chief Executive's Discretionary Delegated Authority.

## **2.0 Background**

2.1 The delegated schemes each have specific purposes with established eligibility criteria. Decision making is therefore much more efficient because the Chief Executive and Economic Development Unit staff are able to exercise judgement without having to place applications before the Executive Committee for a decision. Applicants who are refused assistance still have the right to request their case to be placed before the Executive Committee for a decision.

below:

Lime and Fertiliser	}	Dev Comm 06/11/02 [64/02] SIC 19/02/03 [171/02]
Midterm Land Improvement		
Future Maintenance / Common -		
Grazing Development		
Leatherjacket Control		
Potato, Vegetable and Horticultural		
Bull Purchase		
Beef Heifer		
Dairy Heifer		
Finished Lamb		
Agricultural Contractors		
Agricultural Grant		
Business Enterprise III		
Discretionary Delegated Authority		
Economic Research Assistance		
First Time Shareholders		
Fish Factory Improvement		
Fishing Vessel Modernisation		
Tourism Financial Assistance		
Textile Factory Improvement		
Rural Shop Improvement	}	Exec Comm 11/5/04 [48/04] SIC 19/5/04 [59/04]
Rural Retail Services		

3.2 The Economic Development Unit also operates the Marketing Development Programme under delegated authority but that scheme was reported in detail earlier this year. It is proposed that the Executive Committee notes the contents of Appendix 1 and approves the continuation of the delegated schemes.

3.3 The Business Enterprise Scheme (BES) Phase III was approved for EU funding by Highlands and Islands Special Transitional Programme (HISTP) in 2000. Unlike the earlier 2 phases of the BES, Phase III has proven to be sluggish in the uptake despite repeated attempts to advertise the scheme in Shetland. Following 2 poor years of approval the Council approached HISTP to seek a 2-year extension for Phase III until the end of December 2005 and to raise the project ceiling cost from £100,000 up to £250,000. This means that the Council's grant level can now be as high as £33,750 while the EU element can be as high as £45,000 per project. The scope to include bigger projects has meant a better uptake of the scheme in recent months. It is proposed that the Executive Committee confirms that the level of the Chief Executives delegated

- 3.4 The current system of Discretionary Delegated Authority requires the Chief Executive to make decisions on all grant applications up to a ceiling level of £25,000. Approvals are made according to the policies contained in the Council's Economic Policy Statement. Given the large number of smaller awards under Discretionary Delegated Authority it would be more appropriate for decisions on grants under the ceiling level of £5,000 to be made by the Heads of Service in the Economic Development Unit. Until such time as a Director of Development is appointed it is proposed that Discretionary Delegated Authority for grant up to and including £5,000 rests with the Economic Development Manager, the Head of Business Development and the Head of Development Resources.

#### **4.0 Financial Implications**

- 4.1 There are no financial implications arising out of this report. All assistance is approved under the relevant budget headings agreed in the Council's annual budgetary exercise.

#### **5.0 Policy and Delegated Authority**

- 5.1 The various delegated schemes fulfil a broad range of the Council's economic development policies that were approved by Executive Committee on 9 December 2003 [Min Ref 34/03] and by the Council on 17 December 2003 [Min Ref 161/03].
- 5.2 This report is being presented to the Executive Committee in accordance with its remit for policy and planning co-ordination and economic strategy [Min Ref 90/03]. Apart from detailing the decisions taken under delegated schemes in 2003/04, this report is seeking changes to the delegated authority relating to BES III and Discretionary Delegated Authority. These changes to policy lie outside the remit of the Executive Committee. The Committee has to make recommendations to the Council.

#### **6.0 Conclusion**

- 6.1 During 2003/04 there was a downturn in the number of grant approvals in comparison with previous years and compared with what is apparent, so far, this year. This downturn appears to be attributable to a quiet year in most of the traditional sectors, particularly fisheries. Having made this statement, the projects approved still resulted in an estimated 36 jobs being created and 100 jobs being safeguarded.

- b) Reaffirms the Chief Executive's delegated authority relating to each of the schemes;
- c) Confirms the Chief Executive's level of delegated authority on Business Enterprise Scheme III to be £25,000 for the Council's contribution and £33,333 for the EU contribution (which is reclaimed);
- d) Enables the Executive Committee to take decisions on Business Enterprise Scheme III applications that are above the level of the Chief Executive's delegated authority in line with the conditions shown in appendix 2; and,
- e) Delegates authority under Discretionary Delegated Authority for approvals up to and including a ceiling level of £5,000 to be made by the Economic Development Manager, the Head of Business Development and the Head of Development Resources.

Our Ref: NH/DI/  
26 August 2004

Report No: DV059-F

## **Section 1 – Agriculture**

- **Fertiliser Grant Scheme**

<b>No of Applicants</b>	<b>Tonnes Applied</b>	<b><u>Total Grant</u></b>
303	2,575	£112,478.80

- **Lime Grant Scheme**

<b><u>No of Applicants</u></b>	<b>Tonnes Applied</b>	<b><u>Total Grant</u></b>
40	1,444	£18,572

- **Midterm Land Improvement Scheme**

This scheme exists to assist in the upkeep of reseeded or regenerated land

<b>No of Applicants</b>	<b><u>Total Grant</u></b>
2	£275.06

- **Future Maintenance / Common Grazing Development**

This scheme exists to assist Common Grazing shareholders to undertake improvements. The grant level is 25% and applies to ditching, re-seeding, roads, tanks and dippers, fencing and buildings.

<b>No of Applicants</b>	<b><u>Total Grant</u></b>
4	£6,031.18

- **Leatherjacket Control Scheme**

<b>No of Applicants</b>	<b><u>Total Grant</u></b>
-	-

- **Potato, Vegetable and Horticultural Scheme**

25% grant assistance towards the purchase of specific machinery, buildings and equipment.

<b>Applicant</b>	<b>Description</b>	<b>Grant</b>
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- **Beef Heifer Scheme and Home Rearing of Dairy Heifers**

£100 per beef heifer and £135 per dairy heifer to encourage the breeding of replacement heifers.

<b>Grant Scheme</b>	<b>No of Applicants</b>	<b><u>Total Grant</u></b>
Beef Heifers	64	£19,800
Home Rearing of Dairy Heifers	4	£5,070

- **Finished Lamb Incentive Scheme**

The scheme provides an acreage grant of £50 per acre for forage crops and a headage payment of between £1.50 and £8.00 per lamb (depending on the number of finishing weeks).

<b><u>Grant Scheme</u></b>	<b><u>No of Applicants</u></b>	<b><u>No of Finished Lambs</u></b>	<b><u>Total Grant</u></b>
Headage	37	4,899	£22,481.75
Acreage	14	1,676	£5,865.60

- **Agricultural Contractors Scheme**

25% grant towards the cost of agricultural machinery.

<b>Applicant</b>	<b>Description</b>	<b><u>Grant</u></b>
Derek Flaws	Silage Trailers	£3,000
James Budge	Combine Harvester	£1,125
Organic Group	Agricultural Equipment	£3,057
J & R Leslie		£12,213

<b>Applicant</b>	<b>Description</b>	<b><u>Grant</u></b>
B Ridland	Fencing / Reseeding	£3,000
B R Nicolson	Stone Clearance / Flattening of land	£450
Eric Graham	Converting Silo to Slatted Court	£7,250
Robert Ramsay	Reconditioning of Reseeded Grassland	£1,750
Eric Graham	Ditching / Fencing	£1,270
J Priest	Reseeding	£310
A Leslie & Sons	Access Track	£3,000
GB & AM Anderson	Reseeding	£318
GB & AM Anderson	Fencing / Gates	£2,213
J & A Sinclair	General Purpose Shed	£3,750
JAJ Johnson	Re-cladding building	£1,396
R Eunson	Constructing Cattle Feed Area / Fencing	£3,525
Grant Hunter	Fencing / Ditching	£2,600
H S Hunter	Fencing / Ditching	£2,930
Alex GG Hughson	Fencing	£535
R Thompson	General Purpose Agricultural Building	£10,920
R Thompson	Fencing	£2,935
A Leslie & Son	Steel Portal Implement Shed	£4,700
John Flaws	Automatic Byre Scraping System	£1,855

## **Section 2 – Fisheries**

- **First Time Shareholder Grant**

Once again there were no First Time Shareholder grants awarded in 2003/04 reflecting the low state of the industry.

- **Fishing Vessel Modernisation Scheme**

<b>Applicant</b>	<b>Project</b>	<b><u>Total Project Cost</u></b>	<b>Total Grant Awarded</b>	<b>Jobs Safeguarded</b>
MFV Resilient	Installing New Power Block Crane	£18,300	£1,830	2

- **Shellfish Vessel Improvement Grants**

<b>Applicant</b>	<b>Project</b>	<b><u>Amount Approved</u></b>	<b>Jobs Created</b>	<b>Jobs Safeguarded</b>
Valkyrie	Winch Replacement and Associated Works	£3,000	0	1
Sondra	Deck Crane Replacement and Associated Works	£22,500	0	2
Meridian	Net Drum, Winches, gallows and hydraulics Replacement	£3,756	0	1

- Fish Factory Improvement Scheme

20% grant towards the capital costs of improving fish factories in Shetland.

<b>Applicant</b>	<b>Project</b>	<b>Amount Approved</b>	<b>Jobs Created</b>	<b>Jobs Safeguarded</b>
McNabs Kippers	Refrigerated Van	£1,800	2	0
Saga Seafoods Ltd	Buffer Tanks	£5,424	2	0
Shetland Seafish	Ultra Light Scaler Machine	£320	0	0
Saga Seafoods Ltd	Slush Ice Machine	£6,250	0	0
C & A Thomason	Mussel Station Equipment	£2,668	0	0
D Watt (Shetland) Ltd	Filleting Machine	£16,552	0	0
Shetland Fish Products	Hydraulic Crane	£20,000	0	3
Blue Shell Mussels	Mussel Dispatch and Purification Centre	£20,000	4	4
Hunter Fish Van	Cold Store	£1,200	0	0
Shetland Seafish	Freezing Equipment	£7,457	0	0
MacMussels	Depuration Bins	£319		
Shetland Norse Ltd	Freezer Upgrade	£7,978	0	3

## **Section 3 – General**

- Rural Shops Improvement Scheme**

<b>Applicant</b>	<b>Project</b>	<b>Amount Approved</b>	<b>Jobs Created</b>	<b>Jobs Safeguarded</b>
JWJ (Whalsay)	Purchase of Scanning Equipment and Scales	£2,718	0	0
Mossbank Post Office	New Secure Door	£500	0	0
Lochend Post Office	Relocating Post Office	£588	0	0
Robertson & Read	Improvements to Shop Office	£1,400	0	0
Tulloch of Shetland	Computer	£572	0	0
Tetley & Anderson	Shop Van and Outside Doors	£5,290	0	1
Tagon Stores	Fuel pumps	£3,155	0	1
Skibhoul Stores	Freezers	£634	0	0
Skibhoul Stores	IT Equipment	£740	0	0
Skibhoul Stores	Label Printing Scale	£428	0	0
R S Henderson	Deep Freeze	£600	0	0
J & K Anderson	Refrigerator	£1,826	0	0
Scalloway Meat Co	Flooring Works	£549	0	6
Walls Shop	Chill Unit	£990	0	0
Brae Stores	Refuse bins	£900	0	0
John I Herculson	Forklift Truck	£4,625	0	0
JWJ (Whalsay) Ltd	Shop Van and Payroll Software	£6,188	0	1
R Robertson & Son	Shop Van	£7,725	0	1
C & G Williamson	Chiller	£1,150	0	0
	Freezer	£470	0	0

C & G Williamson				
<b>Applicant</b>	<b>Project</b>	<b>Amount Approved</b>	<b>Jobs Created</b>	<b>Jobs Safeguarded</b>
Tulloch of Shetland	Shop Van	£8,033	0	1
A Humphray	Chiller Cabinet	£215	0	0
Scalloway Post Office	Flooring Works	£313	0	0
A Halcrow	Working Capital Grant and Shop Van	£6,095	0	0
Johnston's Motor Garage	Fuel Pumps	£2,617	0	1
Robinson & Morrison	Shop Van	£8,047	0	1
Midway Stores	Working Capital	£5,000	0	1
A Halcrow	Working Capital	£5,000	0	0
Scalloway Meat Co	Rates	£3,933		
M Robinson	Rates	£221		
Timberlake	Rates	£1,887		

- Shetland Rural Retail Services Scheme**

<b>Applicant</b>	<b>Project</b>	<b>Amount Approved</b>	<b>Jobs Created</b>	<b>Jobs Safeguarded</b>
J & K Anderson	IT Equipment	£6,975	0	1
The Checkout	New storeroom and Improved Access	£20,000	0	4
A Halcrow	Working Capital	£20,000	1	0
P & T Coaches	Petrol Pumps	£4,092	0	2
Brae Stores	Extension to Car Park and Installation of Air Conditioning	£13,074	0	3
Ollaberry Shop	Insulation of Ceiling	£1,310	0	0

Executive Committee - Tuesday 07 September 2004

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Sandwick Baking Co	Ventilation System	£8,350	Up to 3	4
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- **Tourism Financial Assistance Scheme**

20% grants for improvement projects

<b>Applicant</b>	<b>Project</b>	<b>Amount Approved</b>	<b>Jobs Created</b>	<b>Jobs Safeguarded</b>
Wind Dog Café	Upgrading Kitchen and Service Area	£1,318	0	2FT, 1PT
Wast Banks	Renovation of Croftthouse to Provide Self-Catering Accommodation	£4,500	2	0
Unst Heritage Centre	Unst Boat Haven – New Information Room	£3,574	0	0
Grace Leask	Upgrading Service Accommodation	£438	0	0

- **Business Enterprise Scheme III**

See Appendix 2 for scheme conditions

<b>Applicant</b>	<b>Project</b>	<b>Amount Approved</b>	<b>Jobs Created</b>	<b>Jobs Safeguarded</b>
Ocean Kinetics	Computerised Equipment	£31,457	2	25
Shetland Composites	Solar Powered Light	£5,489	1 temp P/T	4
Jamieson's Knitwear	Shimaseiki Knitting Machine	£9,450	2	0
Shetland Wind Power	Environmental Noise Measurement Equipment	£1,518	0	2
Shetland Sheepskin Rugs Direct	Curing Plant and Equipment	£3,944		
Jamieson's Knitwear	Design and Finishing Equipment	£3,150	4	11
Walls Bakery	Extension to Bakery and Development of Tearoom	£35,036	5 (3 temp)	8
Shetland Heatwise	Thermal Imaging Camera and Blower Door	£9,251	0.5 FTE	2
Ewen Thomson	Workshop Renovation for Making Violins and	£5,553	0.5 FTE	1

	Other Stringed Instruments			
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• **Economic Research Assistance Scheme**

Applicant	Project	Amount Approved	Jobs Created	Jobs Safeguarded
Dunrossness Community Council	Commission of a Marine Survey and Socio-Economic Study on a Proposed extension to the Grutness Pier	£1,687	0	0
AB Associates	Walls Tea Room Feasibility Study	£1,937		

• **Discretionary Delegated Authority**

Applicant	Project	Amount Approved	Jobs Created	Jobs Safeguarded
<u>Shetland Renewable Energy Forum</u>	Funding of Part-time Posts of Chairman and Secretary and overheads	£12,000	2PT	0
<u>Shetland Renewable Energy Forum</u>	Promotional DVD and Materials	£3,959		
Unst Partnership	Piloting a hybrid renewable energy system incorporating wind power and hydrogen production, storage and re-use, supplying the main industrial estate on Unst	£12,843	0	0
Foula Electricity	Feasibility of Options to Determine the Technology and Location of Generating Plant	£10,575	0	0
Valhalla Brewery	Employment of Financial Controller	£2,644	0	1PT
Laurence Odie	Working Capital Grant	£16,000	8	0
Jonathan Wills t/a Dunter III	Concluding Legal Proceedings	£13,000	0	2
	Accommodation Advisory	£16,000	0	0

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Visit Scotland				
Shetland Knitwear	Administration Grant	£1,250	0	0
Shetland Amenity Trust	Design Work for Proposed Development Sumburgh Head	£5,000	0	0

<b>Applicant</b>	<b>Project</b>	<b>Amount Approved</b>	<b>Jobs Created</b>	<b>Jobs Safeguarded</b>
Shetland Islands Tourism	“Shetland - The Guide” Publication	£15,000	0	0
Aithsvoe Pier Trust	Upgrading of Pier	£10,000	0	0
Shetland Arts Trust	Smithsonian Cultural Festival 2003	£7,021	0	0
Careers Scotland	Shetland Technology Enterprise Programme	£5,000	0	0
Shetland Amenity Trust	Viking Unst – Purchase of Full-Size Replica Viking Longship	£10,000	0	0
Shetland Arts and Crafts	CD/DVD to Promote Member’s Work	£1,118	0	0
Shetland Islands Tourism	Membership Manual	£4,135	0	0
COPE Ltd	Composting Machine	£1,000	0	0
COPE Ltd	Shetland Soap Company – Resurfacing Soap Production Floor	£2,000	0	0
Bod Ayre Products	Seaweed Processing Equipment	£980	0	0
Web Ecosse	Activedition – Website Software	£14,900		
Shetland Litho	Shetland Website – Shetland Business Directory Database	£8,800	0	0
Foula Electricity	Project Manager	£17,075	0	0
Shetland Marts Co-operative Ltd	Assistance with Travel	£2,000	0	0
Shetland Agricultural Association	Commission of Scottish Agricultural Organisation Society to Undertake the Business Planning for Amalgamation of 5 Shetland Agricultural Organisations	£4,900	0	0

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Shetland Agricultural Association	Legal Fees via Amalgamation of 5 Shetland Agricultural Organisations	£4,500	0	0
Scottish Crofting Foundation	Administration Grant	£3,500	0	0

Executive Committee - Tuesday 07 September 2004  
 Agenda Item No. 07 - Public Report

<b>Applicant</b>	<b>Project</b>	<b>Amount Approved</b>	<b>Jobs Created</b>	<b>Jobs Safeguarded</b>
Shetland Cattle Herdbook Society	Administration Grant	£4,900	0	0
Brain Leslie	Dairy Building Improvement	£75,000	0	2
Shetland Flock Book Trust	Improvement of Breed	£1,950	0	0
Mr & Mrs Isbister	Shetland Croft Project	£2,216	0	0
Unst Agricultural Show	Trailer and Cattle Gates	£836	0	0
SAGTA	Agricultural Training	£10,090	0	6 PT
Hunter Mussel Farm	New Boat and Equipment	£8,887	0	0
Oceansafe Ltd	Net Washing Machinery and Associated Works	£4,507	1	2
Johnson's Shellfish Ltd	Purchase of Smartfarm AS Systems	£18,066	0	2
Seafood Shetland	Administration Grant	£3,000	0	0



## **Shetland Business Enterprise Scheme Phase III**

The Shetland Business Enterprise Scheme was established as a joint venture between the Council and Shetland Enterprise to assist business start-ups and expansion where the need is for relatively small sums of money required fairly quickly. It has received European Regional Development Fund assistance under the Highlands & Islands Special Transitional Programme.

### **Eligibility**

To be eligible a project needs to contain some of the following elements:

- Diversification:** Improving the range of goods and products.
- Innovation:** New product and process development, feasibility studies.
- New Technology:** Improving access to new technology to improve the business' profitability and increase the access to and application of the IT network. Technology transfer and specialised services.
- Adding Value:** For example, secondary processing experiments, adding value to local raw materials.
- Environment:** Energy saving, recycling, general site improvements.
- New Business Start-Ups:** A new company needing start-up capital.
- Targets:** Existing traditional industries and new initiatives, excluding agriculture, tourism accommodation, fisheries, and retail activities. In practice therefore this scheme is aimed at areas such as knitwear, crafts, new manufacturing and service businesses. Both new local companies and ones coming into Shetland from outside will be eligible.
- Project Size:** In total up to £250,000. Sums above this level are more appropriate for assistance through loans.
- Grant Rate:** Normally up to 45% of eligible costs, that include capital investment in buildings and equipment and eligible working capital as well as other start up costs such as feasibility studies, business plans, etc.
- Method:** The scheme is operated by officers of the Council and Shetland Enterprise taking decisions on the majority of individual projects under delegated authority. This ensures consistent treatment from both organisations and speedy decision making which is seen as vital to the scheme's success.





# Shetland Islands Council

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## REPORT

To: Executive Committee

07 September 2004

From: Development Officer

**REPORT NO: DV058-F**  
**BUSINESS ENTERPRISE SCHEME, PHASE III**  
**COPE LTD**  
**SHETLAND SODA COMPANY**

### 1. Introduction

- 1.1 This report concerns an application for grant assistance and European Union Bridging Finance from the Shetland Soda Company, which is a new social enterprise business under the umbrella of COPE Ltd. It has been prepared because the project is above the delegated authority level for the Economic Development Unit.
- 1.2 The Company are requesting a grant of £33,750 towards the building of a purpose built factory at the Port Business Park, Lerwick for the production of soft drinks, spring water products, energy drinks and bottled carrot juice; and £45,000 European Union bridging Finance which will be claimed back from the European Union under the Business Enterprise Scheme Phase III (BES III)

### 2. Background

- 2.1 BES III was established as a joint venture between the Council and Shetland Enterprise to assist business start-ups and expansion. It has received European Regional Development Fund assistance under the Highlands and Islands Special Programme. The maximum project size is £250,000.
- 2.2 COPE is a social firm established as a charity in 1998 and currently provides training and employment opportunities to 23 adults with learning and physical disabilities. Over the last five years the enterprise has grown and continues to diversify in order to meet demand for places. It has a proven track record in developing a range of genuine employment opportunities to suit the skills of participants, including an outside catering business, plant nursery and the Shetland Soap Company.
- 2.3 The Shetland Soda Company would be established as a wholly owned trading subsidiary of COPE, and come under the same management arrangements as the other COPE business

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units. This arrangement has worked well for the Shetland Soap Company. COPE is a Company Limited by Guarantee with Charitable Status.

- 2.4 The Shetland Soda Company intends to create and develop a range of high quality locally branded soft drinks, including bottled carrot juice, energy drinks and mineral water products.
- 2.5 COPE has researched the market for soft drinks, summary details of which are attached as appendix 1 and reached an agreement that the Shetland Soda Company would service one principle local wholesaler and distribution company (J W Gray & Co) to effectively target the local market, Orkney and beyond.
- 2.6 The proposed factory has been designed to be an efficient production model meeting the needs of the target group. It is not intended to establish a high tech complex with the capacity to compete with the major players in the soft drinks industry but a small versatile unit which can meet the demands of the local market including Orkney and the shipping lines Smyril and Northlink with the ability to readily adapt to market changes.
- 2.7 It is intended that that the factory would use a renewable energy system and by-products from the carrot juicing operation would go to the Shetland Soap Company for creating a new range of cosmetic rejuvenating products. In the longer term it would also like to offer a bottle recycling service for all its drinks.
- 2.8A suitable spring has been identified and Scottish Water has agreed to gift the water to The Shetland Soda Company. Shetland Spring Water would be registered and recognised under a trade description name of source and form part of the list of natural mineral waters recognised by the U.K.
- 2.9 Exploratory talks with the Port Authority and SIC Planning have indicated that a site at the Port Business Park Lerwick would receive the necessary consent for both the factory and a renewable energy source.

### 3 Proposal

- 3.1 The proposal is to offer a £33,750 grant to the Shetland Soda Company towards the costs of building a new purpose built factory for the production of soft drinks, spring water products, energy drinks and bottled carrot juice; and £45,000 European Union bridging Finance, which will be claimed back from the European Union under BES III.
- 3.2 The total capital cost of the project is £250,000. A detailed breakdown of capital costs, equipment specifications, site plan and proposed factory layout are included in the business plan and are available from the Economic Development Unit on request. Additional marketing and production details are provided in appendix 1.
- 3.3 The project will generate an additional 5 FTE jobs and indirectly support the training of 10 trainees with learning and physical disabilities

### 4. Financial Implications

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- 4.1 It is estimated that the total project cost of erecting a new building and purchasing the required machinery and equipment will be in the region of £250,000.

**Costs**

Purpose Built factory Unit	£120,000
Ref Estimate Arch Henderson and Partners)	
Equipment and Installation	
(Ref Suppliers lists and quotations)	£130,000
<b>Total Cost</b>	<b>£250,000</b>

	<b>Proposed Funding</b>	<b>%</b>
Own Funds (COPE)	15	£ 37,500
Development Trust loan	40	£100,000
Shetland Enterprise	13.5	£ 33,750
European Union	18	£ 45,000
SIC Economic Development Unit	13.5	£ 33,750
<b>Total Funding</b>	<b>100%</b>	<b>£250,000</b>

- 4.2 Financial projections attached as appendix 2 show that the Shetland Soda Company would return a profit in year 4. Cash flow until that time will be managed using COPE funding. COPE has recently attracted a gift of £200,000 from the Development Trust Surplus towards its wider social and economic aims and objectives.
- 4.3 It is proposed that the additional support and training costs associated with employing adults with special needs, would be met through Leader Plus and Shetland Enterprise supporting the salary of the trainer, plus training materials.
- 4.4 COPE has also attracted a grant from the Esmee Fairbairn Foundation to employ a sales and marketing person whose main task will be to design and implement a marketing strategy for the Shetland Soap Company and, if the project goes ahead, the Shetland Soda Company.
- 4.5 It should be noted that Shetland Soap Company estimate that in the longer term a further investment of £10,000 for washing and rinsing equipment would be required if the business is to develop a culture of bottle recycling and an additional £14,000 to expand plant capacity in year 4 or beyond to meet any additional export requirements.
- 4.6 The scale of this project is such that the BES III budget for 2003-04 (RCD 1556 2406) cannot sustain the costs. Accordingly, it is suggested that a sum of £78,750 is vired from the Economic Infrastructure Capital Grant budget (RCD 1560 2406) into the BES III budget to enable the project to proceed in this financial year. This sum is required because most of the EU element included in the finding package will not be reclaimed until 2004-05.

**5. Policy and Delegated Authority**

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- 5.1 The proposal for which assistance is sought is consistent with Council Policy to promote sustainable economic development and employment. The application accords with the following policies included in the Council Economic Development Policy Statement Reference Handbook 2003-2007.

2.2. Skills Development:

- 2.2.6 Young People advice and guidance, promote opportunities education, training and employment available in Shetland

2.4 Economic Diversification:

- 2.4.5 Support new processes and expansion in manufacturing and crafts.

- 5.2 The project is also consistent with BES objectives specifically targeting new manufacturing.

Diversification	Improving the range of goods and products
Adding Value	Secondary Processes which add value to local raw materials
Innovation	New product development
Environment	Energy saving, recycling
New Business	A new company needing start up capital

- 5.3 For most projects the Economic Development Unit operates the Shetland Business Enterprise Phase III Scheme under delegated authority. The cost of this project is above the ceiling limits of delegated authority and is therefore being referred to the Executive Committee. The Scheme permits grant funding of up to 13.5% of total project cost and 18% European Union Bridging Finance to assist eligible business start ups and expansion.

- 5.4 This report is being presented to the Executive Committee in accordance with its remit for policy and planning co-ordination and economic strategy (Min Ref 90/03). The Executive Committee does not have specific authority to approve BES III projects at this time. Another report on the agenda is inviting the Committee to ask the Council for this authority. The Committee therefore has to make a recommendation to the Council for this individual case.

## 6. Observations

- 6.1 Commercial success of the project will be dependant on local consumer loyalty and therefore could be considered to have high risks attached to it. However COPE's success in marketing and selling its other products, particularly soap, to local consumers, the fact that independent research shows that the market for bottled water is going to increase rapidly over the next 3-5 years (ref appendix 1) and the positive working relationship COPE has established with the islands largest soft drinks wholesaler are all reflected in the view that the Company can achieve it sales targets.
- 6.2 COPE plays an important role in the Shetland Economy. Without projects such as this there would be a much greater level of exclusion in the Shetland work force for adults with learning and physical disabilities.

Agenda Item No. 08 - Public Report

- 6.3 Frank Millsopp the general manager of COPE is well respected in the Shetland business community and has successfully managed a number of diverse projects in the last few years.

## **7. Conclusion**

- 7.1 The proposal carries risks but appears to be commercially viable. The financial projections indicate that the project will return a profit from year four and onwards if all the capital grants are approved.
- 7.2 The project appears to be well conceived and offers good value for money. Without the level of assistance requested the project cannot go ahead.

## **8. Recommendation**

- 8.1 I recommend that the Executive Committee recommends to the Council that:
- a) the Shetland Soda Company be offered the proposed grant of up to £33,750 towards the cost of building a new purpose built factory and purchasing the required machinery and equipment for the production of soft drinks and up to £45,000 European Union bridging Finance under the Shetland Business Enterprise Scheme Phase III.
  - b) a sum of £78,750 is vired from the Economic Infrastructure Capital Grant budget (RCD 1360 2406) to enable the project to proceed in this financial year.

Date: 26 August 2004  
Our Ref: LC/RF

Report No: DV058-F

**Market and Production**

Locally COPE estimate that 800,000 litres of spring water are sold in the Northern Isles each year taking into consideration wholesalers and local supermarkets and based on sales figures from J W Gray alone that currently sell around 200,000 litres of water annually.

In a survey of 400 people in Shetland, 48% indicated that they purchase water daily with another 40% purchasing weekly. Therefore it can be taken that 9 out of 10 Shetlanders purchase water at least once a week. This coupled with the 77% surveyed who indicate they purchase lemonade at least once a week, and the kind of local support COPE has already been able to cultivate for its other products, gives an indication that a local market is attainable.

According to the Plant manufacturers, the bottling plant can produce 10,000 litres of soft drinks/mineral water a week (based on a 40 hour week). Their conservative assumption is, given levels of disability, the level of supervision required, and possible other duties designated for the manager (dealing with care management, etc), that as a team they should be able to produce 66% capacity.

The factory would aim to produce 100,000 litres of spring water in the first year satisfying 16% of the Northern Isles imported water requirements and by year 3, supply around 320,000 litres of water (40% market share) to Shetland and Orkney.

The Shetland Soda Company is of the view that the sales forecasts are realistic, particularly in light of a recent Mintel report showing that the UK bottled water market has almost tripled (179% growth) in volume over the past four years, with volumes last year topping 2 billion litres compared to just 720 million in 1998. Furthermore, the market is showing no signs of reaching saturation, with volume set to reach 4 billion litres by 2007

Initial soundings from a range of agencies also suggest good export potential for the Shetland Soda Company in the longer term. 'Shetland' in its own right is a strong brand, capturing images of remoteness, romanticism, and naturalness. These 'drivers' have worked well for the Shetland Soap Company which is experiencing a growing export market, and COPE management are confident such drivers will also be at work with their water products, especially with regard to the bottle and flavoured water ranges.

**Summary from the Shetland Soda Company Business Plan May 2004**

<b>Revenue Costs</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Indirect Salaries	56,000	57,680	59,410	80,862	83,288	337,240
<b>Direct Labour</b>	<b>11,154</b>	<b>11,154</b>	<b>22,308</b>	<b>22,308</b>	<b>33,462</b>	<b>100,386</b>
Employers' NI	6,802	9,038	10,592	13,288	15,138	54,859
Recruitment	500	500	500	500	500	2,500
Heat/Light/Power	2,600	2,678	2,758	2,841	2,926	13,803
Ground Rent	1,500	1,545	1,591	1,639	1,688	7,963
Telephone	600	600	600	700	700	3,200
Materials, repairs & renewals	4,500	2,000	2,000	2,250	2,500	13,250
Print, stat and copying	1,000	1,000	1,000	1,200	1,200	5,400
<b>Cost of sales</b>	<b>17,897</b>	<b>42,505</b>	<b>55,608</b>	<b>86,288</b>	<b>105,463</b>	<b>307,760</b>
Sundries	4,000	4,000	4,000	4,000	4,000	20,000
Professional Fees	5,000	3,000	3,000	3,000	3,000	17,000
Training	4,500	4,500	4,500	4,500	4,500	22,500
Promotion, etc.	5,000	5,000	5,000	6,000	7,000	28,000
Utilities	2,000	2,060	2,122	2,185	2,251	10,618
Insurance	2,200	2,200	2,200	2,200	2,200	11,000
Depreciation	35,024	26,518	20,139	18,604	14,203	114,488
<b>Total Revenue Costs</b>	<b>160,277</b>	<b>175,978</b>	<b>197,328</b>	<b>252,365</b>	<b>284,019</b>	<b>1,069,967</b>
	7 months	12 months	→			
<b>Break even sales value £</b>	<b>233,633</b>	<b>220,028</b>	<b>215,201</b>	<b>255,645</b>	<b>257,846</b>	
<i>Break even litres</i>	<i>584,082</i>	<i>550,071</i>	<i>538,003</i>	<i>639,114</i>	<i>644,616</i>	
<i>Annual capacity-litres</i>	<i>480,000</i>	<i>480,000</i>	<i>480,000</i>	<i>960,000</i>	<i>960,000</i>	
<b>Litres sold</b>	<b>105,000</b>	<b>249,375</b>	<b>326,250</b>	<b>506,250</b>	<b>618,750</b>	
Sales value £	57,680	136,990	179,220	278,100	339,900	991,890
<b>Trading profit / (loss)</b>	<b>(102,597)</b>	<b>(38,988)</b>	<b>(18,108)</b>	<b>25,735</b>	<b>55,881</b>	<b>78,077</b>
revenue Training grant income	62,672	63,212	0	0	0	125,884
Interest and finance costs	(5,419)	(7,436)	(7,436)	(7,436)	(7,436)	(35,165)





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## **REPORT**

To: **Executive Committee**

**7<sup>th</sup> September 2004**

From: **Single Status Project Manager**

**Report No: CE-35-F**

### **SINGLE STATUS PROJECT UPDATE REPORT**

#### **1 Introduction**

- 1.1 This report seeks to summarise the Council's current state of progress on the Single Status Project, highlight current issues and set out plans and recommendations for future progress.

#### **2 Current Progress**

- 2.1 Job Evaluations – It is estimated that there are over 700 individual evaluations to be done. Although over 350 interviews have been completed to date, some of these require to be revisited due to organisational changes that have occurred since the original interview. Approximately 200 job overviews have been sent out for agreement, of these 51 have been agreed and signed off by Managers.

Job Evaluations are on target to be completed by the end of 2004.

- 2.2 Evaluation Sign Offs – It was previously agreed that managers should comment on, or sign-off a job overview within one month. This time limit is now in place for all new evaluations and this has increased the rate of return.

Managers who received overviews before the time limit was in place are now being informed of the new one-month time limit.

- 2.3 Terms and Conditions – The Terms and Conditions Negotiation Forum continue to meet.

- 2.4 Pay & Grading – The lack of agreed job evaluations means that there is not enough quality data to allow modelling to commence.

#### **3 Future Progress**

## Executive Committee - Tuesday 07 September 2004

### Agenda Item No. 09 - Public Report

- 3.1 Part Time Analysts – The availability of part time analysts to support the full time analysts continues to be a problem. A bulletin has been issued to all staff asking for additional part time analysts. It is hoped that this will attract at least 6 new analysts.
- 3.2 Evaluation Selection – Evaluations are being carried out on a service-by-service basis. A member of the project team attends a staff meeting to brief managers and staff on the scheme. This is followed by a discussion with managers to decide which posts will be evaluated and which posts can be grouped with others.
- 3.3 Communication – The sixth single status newsletter will be circulated to all staff concerned in early September.
- 3.4 Pay & Grading – Pay modelling will commence once enough data is available from job evaluations. It is unlikely that any substantial modelling can begin before September 2004. It is anticipated that negotiations on pay and grading will commence around October 2004.

## **4 Financial Implications**

- 4.1 Any potential costs of new arrangements will be reported to members in partnership with the Head of Finance, when work has progressed sufficiently to identify options for consideration.

## **5 Recommendations**

- 5.1 It is recommended that the Executive Committee note the contents of this report.

Date: 30 August 2004

Ref: JMcL/DH

Report No: CE-35-F



# Shetland Islands Council

## REPORT

To: Executive Committee  
June 2003~~2004~~<sup>th</sup>

7 September 24<sup>th</sup>

From: Head of Organisational Development  
Senior Special Projects Manager

REPORT No: CE-37-F31-D120-D1

### ORGANISATIONAL DEVELOPMENT PRIORITIES BEST VALUE UPDATE

#### 1 INTRODUCTION Introduction

~~1.1~~ The purpose of this report is to inform the Executive Committee ~~of the perceived priorities of the Organisational Development Service, set out some proposals for tackling those priorities and provide an opportunity for discussion and feedback to help work planning on the progress and plans for Best Value and associated matters~~

#### 2 BACKGROUND Background

~~2.1~~ The creation of an Organisational Development Service was approved by the Council in February 2003 to enable a more focussed and better resourced integrated service for;

- ~~2~~ Policy & Planning Coordination
- ~~2~~ Organisational Development and Structures
- ~~2~~ Community Planning & Focus
- ~~2~~ Best Value

~~2.2~~ The remit to deliver this agenda was seen to be vested in the new Executive Committee.

~~EST~~ ~~Test~~ ~~ALUE~~ ~~value~~ ~~AND~~ ~~and~~ ~~ERVICE~~ ~~service~~ ~~LANNING~~ ~~lanning~~  
Best Value Audit

Shetland Islands Council is in the first group of Councils in Scotland to have an "Audit of Best Value" carried out. This is intended to review the Councils delivery of its statutory duties around Best Value, Community Planning and Public Performance Reporting.

Key aspects of the Audit are the performance of the Council within its local context, the involvement, for the first time, of elected members in this kind of audit process reflecting their key role in scrutiny of performance and monitoring the effectiveness of management and a focus on the effectiveness and impact of management processes.

The audit requires a self-assessment of corporate and service performance to be done as a first step. The Councils Best Value Audit Submission is attached to this report as appendix 1.

The Council will present this submission to Audit Scotland on Tuesday 21<sup>st</sup> September with audit activity taking place over the following weeks.

The final Audit report will be considered by the Accounts Commission and will be a published document. It is anticipated during December.

### ~~EDUCATION~~ducation BestEST VALUEalue SERVICE REVIEWService Review

The recommendations of the Education Best Value review are now being discussed and consulted on across all involved communities. There will be a report following the completion of this exercise to Services Committee during October.

~~2.3A Head of Service was appointed for Organisational Development on the 1<sup>st</sup> May and this report is a brief summary of the perceived key priorities for discussion.~~

### ~~3ORGANISATIONAL DEVELOPMENT PRIORITIESest Value AuditEST VALUE AUDIT~~

#### Support Services Best Value Service Reviews

The review of Support Services is completing the baseline information collection stage. We have gathered information comparing our arrangements and performance with other similar organisations and got the views of users and providers of services on what is working and what can be improved.

The next stage is to focus on those areas where there is poor performance or with potential significant service improvement, investigate the options, and make recommendations on which to implement.

### ~~BEST VALUE RESOURCINGBest Value Resourcing Corporate Plan~~

~~As this is perhaps the key political statement made by the Council it would seem appropriate that the Executive Committee forms the "working group" that develops the plan.~~

~~Officer support will primarily come from Organisational Development as other senior managers main function in relation to this plan will be to develop appropriate service responses to implement its objectives. These responses should be captured in the Service Plans, an area which the External Auditors felt warranted higher priority. Guidance is now sought on the timetable for corporate plan development.~~

~~3.2 Community Planning Board and Community Plan — With the Local Government Scotland Act, the Community Planning now has a statutory basis and the Council has an obligation to facilitate and co-ordinate the Community Planning process. The Community Planning Board is in the process of updating the Community Plan and would expect to inform and be informed by the Council's Corporate Plan. The Community Plan, in general, must seek to balance economic, social and environmental objectives and reflect cross-cutting themes such as equality, health improvement and sustainable development. Council member appointment to the Community Planning Board is made by the Executive Committee. The last Council had a single political representative on the Community Planning Board; as there is a general wish to engage on environmental, economic and social themes a wider representation with links to each of the stakeholder forums may be an alternative option.~~

~~The Community Planning Board will have its next meeting on the 7<sup>th</sup> July and is continuing to update its community plan and develop supporting structures to strengthen effective community planning.~~

~~3.3 Best Value — Best value has also become a statutory duty with the adoption of the Local Government Scotland Act. The Council now has to "achieve continuous improvement in the performance of all its functions" and provides the Accounts Commission with the power to ensure that is happening.~~

~~Locally Best Value has found progress limited beyond the Education Service Review and options will have to be examined to complete work in that area. In the short term this will be informed by the seminar on the 26<sup>th</sup> June. Regardless of the outcome regarding Education effective progress will also have to be made in other areas.~~

~~In the previous Council the Standing Committee was the "member working group" providing political leadership to this process. The Executive Committee are requested to confirm that it will assume that role from now on.~~

~~Following that confirmation a detailed review of the overall state of progress regarding service reviews and options for next steps will be brought forward.~~

~~3.4 Single Status — The single status initiative to harmonise terms and conditions of staff is the biggest individual project being run out of Organisational Development. It is perhaps the biggest internal project the Council has ever undertaken and there are~~

~~significant concerns about its timetable. An update report was provided to Council in February that overviewed progress and obtained approval to augment the project team with additional staff funded from existing Council budgets. Progress must now be made in this area and confirmation is sought from this committee that this project should continue to feature as a high priority for the service in order to achieve the implementation date of April 2005.~~

~~3.5 Staff Development and Training — There is widespread agreement that the Council's main asset is their staff and that if any real service improvement is going to be delivered it will be through the development and better application of the skills and abilities of staff and members. A Performance Appraisal scheme for Executive Directors and Service Heads has been in place since June 2000 and it is necessary to consider the next stage in the natural development of this scheme which is to cascade to other levels within the organisation. There is currently much discussion and debate ongoing about how the Council's staff development functions should be organised with Induction, Management Development and the College and Training Section Reviews all currently happening. It seems likely the conclusion of all these reviews will identify the need for proper co-ordination of Staff Development requirements, including members, within the core of the organisation. That will probably require a Staff Development role to be re-established within the Personnel Service, however that will be the subject of future reports.~~

~~Currently the general views of the Executive Committee are invited on the relative priority of staff development, particularly on any member training and development issues, as efforts will be made to deal with these, if possible, without waiting for all reviews to be complete.~~

~~3.6 Communications — The last Council's Corporate Plan recognised the need to improve Council communications. To that end a Communications Strategy and Customer Care Guidelines have been prepared and are now ready to be brought forward for final discussion and implementation.~~

~~The overall package of work also includes revised Public and Staff Suggestion Schemes, and updated Complaints Scheme and a revised version of the Council's Corporate Styles and Standards. The strategy contains proposals regarding Internal, External and Media Communications and recommends that the vacant Communications Officer post is filled to provide a dedicated member of staff whose prime function is to assist and improve the Council in all aspects of its communications.~~

~~The responsibility for ensuring a corporate approach to communication has not been delegated to any Committee or officer, therefore a decision of Council will be sought prior to implementation, with detailed reports next cycle. However the views of the Executive Committee regarding the priority of this work area is sought to inform the planning of future activities within Organisational Development.~~

#### **4 FINANCIAL IMPLICATIONS** Financial Implications

~~There are no direct financial implications associated with this report. There are no direct financial implications contained within this report.~~

~~4.1 Detailed proposals to progress each of the priority activities will be brought forward as required.~~

## **5POLICY & DELEGATED AUTHORITYPolicy & Delegated Authority**

~~5.1 The Organisational Development and Best Value are part of the remit of the Executive Committee. The Executive Committee has delegated authority to implement decisions within its remit for which overall objectives have been approved by the Council, in addition to appropriate budget provision. However, whilst the Executive Committee has a responsibility for overseeing and monitoring the conduct of a Best Value audit, the outcomes and decisions affect all service areas of the Council, and has therefore not been specifically delegated. Accordingly, the BV Submission requires adoption by the Council (SIC 90/03).~~

~~Council is currently considering the delegated responsibilities and decision making powers of the Executive Committee. However the nomination of Member representation of the Community Planning Board was specifically delegated by the Council to the Executive Committee, Minute Ref SIC 70/03.~~

## **6CONCLUSIONSConclusions**

~~6.1 It is important for the Council to use best value as an effective tool in promoting continuous service improvement, which is also a statutory requirement.~~

## **7RECOMMENDATIONSRecommendations**

~~I recommend that the Executive Committee should recommend the Council endorse the attached Best Value Audit Submission and notes progress with regard to the reviews of Education and Support Services.;~~

~~7.1 Confirm member appointment(s) to the Community Planning Board, and~~

~~7.2 Note the other contents of this report.~~

Date: ~~20 August 2004~~ 10<sup>th</sup> June<sup>nd</sup> November 2003 November 2003

Our Ref: ~~JRS/JJAMAAMA~~ Report No: CE-37-F20-D131-D1

Report N<sup>o</sup>:





# Operational Plan

## 2004/2005

Section 1: Executive summary

Section 2: Introduction: Strategic

Section 3: Overall management ar

Section 4: Curriculum developme

Section 5: Widening access

Section 6: Financial overview

Appendix 1: Operational Targets

Appendix 2: Curriculum

## Section 1: Executive Summary

1.1 The purpose of the Operational Plan is to establish operational objectives and targets towards the strategic aims of Shetland College in 2004/2005. Progress on specific objectives and targets in 2003/2004 is set out in Appendix 1. Objectives and targets for 2004/2005 are set out in Appendix 2. The curriculum planned for 2004/2005 is summarised in Appendix 3.

1.2 **Review of progress in 2003/2004:** In its previous Operational Plan the college identified three priority areas for action in 2003/2004:

- **Improving governance and management arrangements:** In 2003 Shetland Islands Council (SIC) established a Board of Management with nine members with delegated authority and overall responsibility for Shetland College and Train Shetland. A review of the management structure will be reported in August 2004.
- **Widening access:** The SFEFC report on Supply and Demand within the Further and Higher Education sector highlighted the continued need for the College to focus on increasing and widening participation levels in post school education. The College has continued to achieve a significant increase in participation levels and will continue to focus on this strategic objective during 2004/2005.
- **Achieving financial sustainability:** The increase (40%) in the target level of student activities approved by SFEFC for 2003/2004 enabled the college to sustain this increase in participation. The college maintained this increase with a reduced staff complement and with reduced staffing costs and property costs. In 2003/2004 the SIC addressed the accumulated college deficit.

1.3 **Priorities 2004/2005:** The college will maintain these priorities in 2004/2005. In addition the college will focus on quality improvement in line with SFEFC circular FE/16/04 and in line with the HMle follow up inspection report.

- completing review of governance and management arrangements
- widening access
- maintaining financial stability
- quality improvement

<p><b>When the report of the recent HMle inspection visit becomes available, the college will consider its recommendations and as necessary will supplement this operational plan with a further action plan.</b></p>
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## Section 2: Purpose of the Operational Plan

- 2.1 The purpose of the Operational Plan is to establish operational objectives / targets for progressing the strategic aims of Shetland College in 2004/2005.
- 2.2 The strategic aims set out in the College's Strategic Plan for 2004/2007 are:

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

### Section 3: Overall Management Arrangements

#### ***Review - 2003/2004***

- **Improving Governance and Management Arrangements:** In 2003 Shetland Islands Council (SIC) established a Board of Management with nine members, comprising six SIC Councillors and three external members. Replacing Shetland College Council (which had a limited advisory role), the Board has delegated authority and overall responsibility for Shetland College and Train Shetland. In its first year of operation the Board has formed sub-groups to review various management functions of Shetland College and Train Shetland.
- Pending the outcome of that wider review of Shetland College and Train Shetland, some changes to the management structure within Shetland College were postponed until 2004/2005.
- The college operated with six fewer lecturers' posts in 2003/2004, including five senior lecturers' posts (in Computing, Construction, General Studies, Guidance and Hospitality.) Temporary internal appointments were made in the subject areas of Computing and in Construction and these will continue in 2004/2005.

#### ***Plan - 2004/2005***

- A report on an integrated management structure for Shetland College and Train Shetland will be reported to the Board of Management in August 2004, subject to approval, for implementation in 2004/2005.
- Subject to approval of the overall management structure, the review of the management structure within the college will be completed by June 2005.
- Pending the outcome of this review, temporary internal appointments will be made in the two subject areas of Computing and Construction and in three cross-college areas: Health & Safety, Access & Inclusion and Quality Improvement.

## Section 4: Curriculum Development

- 4.1 The college's first strategic priority is to promote broad based Further and Higher Education, Lifelong Learning and Social Inclusion. The management team with the Academic Board of Shetland College annually review the curriculum offered to potential students and approve the introduction of new courses each year, the development of existing courses and the development of new courses and new methods of delivery which will be introduced in future years.

### 4.2 Curriculum changes in 2003/2004

#### Courses introduced in 2003/2004

As planned, the college introduced the following courses in 2003/2004:

##### **Computing and Management**

- HNC e Business

##### **Care**

- SQA Higher Psychology
- COSCA Diploma in Counselling
- SVQ Playwork Level 2

##### **Textiles and Design**

- HE Diploma in Contemporary Textiles

##### **Support for Learning**

- Foundation for Work (extending the college's provision for young people at risk of exclusion)

##### **Computing**

- The Advanced European Computer Driving Licence (ECDL) course, originally planned for late 2003/2004, will be introduced in 2004/2005.

##### **Hospitality**

- In 2003/2004 the college withdrew its two year full time course in Hospitality where demand was low. As planned, the college reviewed its provision with employers and plans to introduce SVQ provision in 2004/2005.

## Section 4: Curriculum Development continued

**4.3 Curriculum Changes in 2004/2005:** following development in 2003/2004 the college plans the following changes in 2004/2005

**Care**

- Development of HE provision (with UHI), BA Child and Youth Studies & HNC Childcare and Education
- PDA for Classroom Assistants

**Art, Design & Textiles**

- Development (over two years) of degree programme in Contemporary Textiles for validation in 2004/2005

**Hospitality:**

- Comprehensive review of the entire course provision taking into consideration market demand and skills requirements of local students and employers.

**Business, Management and Computing:**

- Scottish Group Award in Business to include the additional award of European Computer Driving Licence (ECDL)
- HNC and HND Accounting to be revised in line with new SQA guidelines and introduced from September 2004
- HNC and HND Administration and Information Management to be revised in line with new SQA guidelines and introduced from September 2004
- SVQ Level 4 Registered Managers' Award to be developed (with the Care Section) for managers of care homes

**Construction**

Vocational Pathways pilot programme for S3 secondary school pupils (Scottish Progression Award: Building)  
SVQ2 Construction and Civil Engineering Services General Operatives

**E-learning** Management Studies and Cultural Studies lecturers working with UHI colleagues continued to develop e-learning in 2003/2004. A working group was formed to broaden the range of e-learning across the college and a report will be brought forward for implementation in 2005. The working group will advise on staff development and curriculum development and disseminating best practice as the college continues to participate in collaborative UHI developments. In a related development in 2004/2005 the college will share evening classes by video conference with Orkney College.

**Section 5: Widening Access**

**5.1 Review** In 2003/2004 the college improved access to courses, consolidating the recent strong growth in participation.

Wider Access: Shetland College Enrolments	Further Education		Higher Education		Total
	Full time	Part time	Full time	Part time	
Total 2003/2004	80	628	70	122	900
Total 2002/2003	92	605	46	142	885
Total 2001/2002	128	298	45	113	584
Total 2000/2001	120	175	48	102	445
Total 1999/2000	118	172	40	62	392

5.2 The process of consolidation addressed widening access to provision previously fragmented among different providers in Shetland.

Wider Access: Total Enrolments in Shetland in 2003/2004	Further Education		Higher Education		Total
	Full time	Part time	Full time	Part time	
Shetland College	80	628	70	122	900
Short Course Training with Train Shetland		1608			1608
Engineering (with NAFC)	8	6			14
<b>Total</b>	<b>88</b>	<b>2242</b>	<b>70</b>	<b>122</b>	<b>2522</b>

5.3 Consolidation was the key priority in the college's Operational Plan for 2003/04. This period of consolidation was necessary for two main reasons: (1) the impact on teaching capacity of staff reductions at the end of 2002/2003; and (2) the need to manage growth in line with funded activity.

5.4 Consolidating this overall total, however, also included wider access and increased numbers of enrolments (1) in particular subject areas (2) in targeted geographical areas and (3) among target groups. In **Hospitality** full-time provision was withdrawn, the effect offset by new part-time provision with 114 part-time enrolments (46 WSUMS). **Community Learning** continued to meet growing demand with 151 part-time enrolments (351 WSUMS) widening access to courses and participation outside the main Lerwick area. **Care** continued to meet strong growth in demand with 158 part-time enrolments (606 WSUMS). Care collaborated with Community Learning to make part-time evening classes available to Learning Centres by video conference.

5.5 **Community Learning** in line with the Adult Literacy and Numeracy Action Plan, in 2003/2004 the college extended its provision of basic skills courses enrolling 151 part-time students mainly in local learning centres in the two pilot areas of the South

Mainland and Whalsay. In 2004 the college achieved ESF funding to extend the pilot programme to three new areas in Shetland, the West Mainland, North Mainland and North Isles in 2004/2005.

**5.6 Support for Learning** similarly in line with the Adult Literacy and Numeracy Action Plan widened access through

- Supporting adults with learning difficulties in the Eric Gray Centre (working with the Adult Literacy and Numeracy Partnership)
- Training tutors for Adult Basic Education,
- English classes for speakers of other languages (both college based and outreach)
- Life skills classes for adults with learning difficulties (both college based and outreach)
- Learning support and extended learning support for mainstream students.

**5.7 Business and Management** undertook pilot programmes to improve access by

- developing expertise in on-line and video-conferencing delivery
- web-site development to enable access to a range of programmes
- staff development events and sharing good practice with colleagues in other sections
- reviewing procedures to improve retention

**5.8 School/College links** were developed to widen access to school pupils

- **Care** taught Higher Psychology at Anderson High School from August 2003
- **Construction** developed Vocational Pathways course for S3 and S4 pupils (to be taught from August 2004)

**5.9 Physical access:** following an access audit of the main college buildings, the college undertook a programme of improvements in 2003 and 2004. Major improvements to the main entrance were completed on schedule in September 2003. The college plans to replace the lift in the main building by September 2004 and to improve access to the smaller second building in the summer of 2005.

**5.10 Quality Improvement:** with widening access as a priority in 2003/2004, staff development included training for all staff on the Disability Discrimination Act Part 4 and was followed by an audit of all course provision. Arising from this audit, widening access is the college's main quality improvement priority with further staff and curriculum development planned for 2004/2005 (Appendix 1).

**5.11** For 2004/2005 the college plans to widen access and to utilise fully the target level of student activities (4,865 WSUMS).

<b>Wider Access: Planned enrolments at Shetland College (including short courses and Engineering) in 2004/2005</b>						
	<b>Further Education</b>			<b>Higher Education</b>		<b>Total planned enrolments 2004/2005</b>
	Full time	Part time	Estimated SUMS value	Full time	Part time	
<b>Art Design &amp; Textiles</b>	14	64	478	8	4	<b>90</b>
<b>Business &amp; Management</b>	10	20	189	15	90	<b>135</b>
<b>Care</b>	30	118	1,197	20	2	<b>170</b>
<b>Community Learning</b>		245	542			<b>245</b>
<b>Computing</b>	7	120	620	6	6	<b>139</b>
<b>Construction</b>	11	54	428		8	<b>73</b>
<b>Cultural Studies etc</b>			N/A	10	4	<b>14</b>
<b>Hospitality</b>		126	82			<b>126</b>
<b>Support for Learning</b>	10	92	806			<b>102</b>
<b>Shetland College total</b>	<b>82</b>	<b>839</b>	4,342	<b>59</b>	<b>114</b>	<b>1,094</b>
Train Shetland		1600	380			1,600
Engineering (NAFC)	8	6	280			14
<b>Shetland Total</b>	<b>90</b>	<b>2,445</b>	<b>5,002</b>	<b>59</b>	<b>114</b>	<b>2,708</b>

## Section 6: Financial Overview

- 6.1 **Review 2003/2004:** The college Operational Plan set **financial sustainability** as a major priority for 2003/2004 and the college now plans a balanced budget with no accumulated deficit in 2004/2005. Shetland Islands Council has addressed the deficit which had started to accumulate prior to the introduction of SUMS funding to Shetland in 2000/2001. The college has increased its income, mainly through the 40% increase of target student activities agreed by SFEFC for 2003/2004. The college met this significantly increased target and with significantly reduced costs, mainly staffing costs (with an estimated annual saving of £213,000) and property costs (with an estimated annual saving of £60,000).
- 6.2 The table below summarises the college **income and expenditure account for 2004/2005.**

	£
<b>Income</b>	
SFEFC	(1,082,384)
SHEFC (through UHI)	(288,000)
Shetland Islands Council	(368,000)
Course fees	(284,935)
Training Grants	(260,770)
Canteen/Nursery/Other Services	(117,060)
European Social Fund	(62,778)
<b>Total Income</b>	<b>(2,463,927)</b>
<b>Expenditure</b>	
Employee Costs	1,487,605
Supplies and Services	506,968
Property Costs	368,000
Proposed Additional Staff	101,354
<b>Total Expenditure:</b>	<b>2,463,927</b>

- 6.3 The budget estimates include provision for 3 FTE (full time equivalent) additional lecturers' posts. 1 FTE post in Care and 1 FTE post in Construction reflect growth in demand in these areas and will enable the college to continue to meet its target level

of student activities. The third FTE post comprises cross college responsibilities identified to enable the college to address the SFEFC priority for Quality Improvement.

**Appendix I: Operational Targets 2004/2005 and Management Action Plan**

<b>Strategic Aim 1</b>	<b>To promote broad based Further and Higher Education, Life Long Learning and Social inclusion, through the identification of the training, education and vocational needs in Shetland and delivery of provision to meet them.</b>	
<b>Action</b>	<b>Responsibility for delivery &amp; achievement of target</b>	<b>Review Date &amp; Monitoring Body / Person</b>
<b>Further and Higher Education</b>		
To consolidate the range of subjects, improved access and participation and improved part-time enrolments at Shetland College	Section Heads and Senior Management	Review by March 2005 Academic Board
From August 2005 further staff development to promote access and inclusion and to ensure DDA compliance	Senior Management	Report to Academic Board December 2004
Complete review of course materials and compile report and appropriate action plan by December 2004 For implementation from January 2005	Each Head of Section Co-ordinated by Senior Lecturer, Support for Learning	Reports to Academic Board December 2004 June 2005
To promote access and inclusion each college teaching section to review provision for learning centres To set development targets for January to June 2005	Each Head of Section Co-ordinated by Senior Lecturer, Community Learning	Reports to Academic Board December 2004 June 2005
From August 2005 staff development to promote e-learning across all teaching sections	Senior Management	Review by March 2005 Report to Academic Board
To continue to integrate Business & Management provision with Computing Also to align this integrated provision with business needs (including SIC) for improved management skills and for continuing professional development	Section Heads Business and Management and Senior Management	Review by March 2005 Academic Board
Continuing the development of Care to match developing sector needs	Section Head Care and Senior Management	Review by March 2005 Academic Board

**Appendix I: Operational Targets 2004/2005 and Management Action Plan**

<b>Strategic Aim 1 continued</b>		<b>To promote broad based Further and Higher Education, Life Long Learning and Social inclusion, through the identification of the training, education and vocational needs in Shetland and delivery of provision to meet them.</b>
<b>Action</b>	<b>Responsibility for delivery &amp; achievement of target</b>	<b>Review Date &amp; Monitoring Body / Person</b>
<b>Partnership</b>		
Continue joint promotion of evening classes with SIC community Development (introduced in 2003/2004)	Senior management Section heads	December 2004 Academic Board/SIC Community Development
Achieving 245 part-time enrolments in learning centres and in community schools (increase of 95)	Section Heads Section Head, Community Learning	June 2005 Academic Board
Jointly working to review the Community Learning Strategy and Local Learning Plans	Senior management Section Head, Community Learning	June 2005 Academic Board
Monitor special programmes for those at risk of exclusion	Section Head, Support for Learning	June 2005 Academic Board
<b>Strategic Aim 2</b>		<b>To promote, and meet the needs of, indigenous industries and support new and sustainable industries.</b>
Review training needs analysis conducted by LEF for each subject section	Senior Management with Heads of Section	Reports to Academic Board from December 2004
Work with other partners (eg Shetland Enterprise, SIC Development Section, Arts Trust, SKTA, Shetland Craft, Yell Craft, Weavers Spinners and Dyers Guild, Shetland Knitting Club, Schools) to promote skills training and new product development	Section Head, Art & Design	Review with operational plan to Academic Board and Board of Management, June 2005
Continue to develop Textiles Facilitation Unit and consultancy service for the assessment of textile and craft quality and new product development / production runs for SMEs.	Section Head, Art & Design	June 2005 Academic Board

Continue with partners to develop support for economic regeneration projects such as indigenous craft development	Section Head, Art & Design	June 2005 Academic Board
Further develop HN and BA modules in Small Business Planning and Development for e-learning	Section Heads, Business & Management	June 2005 Academic Board
<b>Appendix I: Operational Targets 2004/2005 and Management Action Plan</b>		
<b>Strategic Aim 2 continued</b>	To promote, and meet the needs of, indigenous industries and support new and sustainable industries.	
<b>Action</b>	<b>Responsibility for delivery &amp; achievement of target</b>	<b>Review Date &amp; Monitoring Body / Person</b>
Provide a technical resource base and training unit for local e-Commerce developers and professionals	ICT technicians Computing section	June 2005 Academic Board
Support recent trainee and develop other trainee placements in college sections	Senior Technician and Senior Management	Report to Board of Management June 2005
Continue to develop partnerships with NHS Shetland to deliver <ul style="list-style-type: none"> <li>Community Mental Health Care Certificate</li> <li>COSCA certificate and diploma courses in Counselling</li> </ul> Childcare Partnership <ul style="list-style-type: none"> <li>SVQ Playwork Level 2</li> <li>HNC Childcare and Education</li> </ul> SIC Education Services <ul style="list-style-type: none"> <li>PDA for Support for Learning Assistants</li> <li>PDA for Classroom Assistants</li> </ul> SIC Social Care and Shetland Welfare Trust <ul style="list-style-type: none"> <li>Assessors training</li> <li>SVQ4 Registered Managers Award.</li> </ul>	Section Head, Care	Review with operational plan to Academic Board and Board of Management, June 2005
<b>Strategic Aim 3</b>	To promote social and cultural development and Shetland's heritage.	

Complete funding package by January 2005 and acquire the estate for the Shetland Study Centre (SSC) in Unst	Senior Management	Complete funding package by January 2005 and acquire the estate for the Shetland Study Centre (SSC) in Unst
Develop Contemporary Textiles course from diploma level to degree level, for validation 2004/2005 Subject to validation, to be introduced September 2005	Section Head, Art & Design	Develop Contemporary Textiles course from diploma level to degree level, for validation 2004/2005 Subject to validation, to be introduced September 2005
<b>Appendix I: Operational Targets 2004/2005 and Management Action Plan</b>		
<b>Strategic Aim 3 continued</b>	<b>To promote social and cultural development and Shetland's heritage.</b>	
<b>Action</b>	<b>Responsibility for delivery &amp; achievement of target</b>	<b>Review Date &amp; Monitoring Body / Person</b>
With UHI and local partners further develop and deliver <ul style="list-style-type: none"> <li>• Cultural Studies</li> <li>• Environment and Heritage</li> <li>• Archaeology</li> </ul>	Lecturer, Cultural Studies and Archaeology	Review with operational plan Academic Board, June 2005
<b>Strategic Aim 4</b>	<b>To achieve a position of financial health and stability.</b>	
To achieve target level of student activities of 4,865 FE WSUMS and target level of HE student activities	Senior Management	Income and expenditure regularly monitored and reported to each meeting of Board of Management throughout 2004/2005
To achieve target level of student activities in each section	Each Head of Section	
To achieve targets for other income	Senior Management	
Continue to improve efficiency towards a target of 240 WSUMS (or equivalent other income) per lecturer	Heads of Section Senior Management	

Monitor costs of service against sector benchmark targets	Senior Management	
<b>Strategic Aim 5</b>	<b>To strengthen the governance and management arrangements</b>	
By August 2004 Board of Management Sub-Group to review senior management arrangements for Shetland College and Train Shetland. Subject to approval, changes to be implemented 2004/2005.	Chairman SIC Head of Service	Board of Management
Following outcome of senior management review, other college management to be reviewed in 2004/2005.	Chairman Senior management	Board of Management
Pending outcome of reviews, temporary appointments made in teaching areas of Computing and Construction and in cross college areas of quality improvement and access & inclusion.	Principal	Board of Management
<b>Appendix I: Operational Targets 2004/2005 and Management Action Plan</b>		
<b>Strategic Aim 5 continued</b>	<b>To strengthen the governance and management arrangements</b>	
<b>Action</b>	<b>Responsibility for delivery &amp; achievement of target</b>	<b>Review Date &amp; Monitoring Body / Person</b>
Academic governance will be undertaken through the revised structure of two main academic committees - the Academic Board and the Quality Assurance Committee	AB members QAC members	Academic Board
Quality Assurance Committee will monitor and report to	Senior Management	Reports to Academic Board December 2004

Academic Board on Quality Improvement		June 2005
<b>Strategic Aim 6</b>	<b>To continue to develop the physical environment and IT infrastructure through continued investment and use of ICT and maintenance of the College properties</b>	
By September 2004 replace lift to complete refurbishment of main building with improved access	Senior Management	Board of Management October 2004
Review plan to upgrade access to second building	Senior Management	Board of Management May 2005
By September 2004 upgrade equipment <ul style="list-style-type: none"> <li>• Replace computers in one classroom at main campus</li> <li>• Funded by Shetland Enterprise, provide computers for new learning centres</li> <li>• Equip one additional classroom for video conference</li> <li>• Replace major item in Construction</li> </ul>	Senior Technician	Academic Board September 2004
In collaboration with UHI, replace Library Information System by June 2005	Librarian	Academic Board June 2005
In collaboration with UHI, monitor and continue to develop Management Information System to full capacity	Senior Management	Report to Academic Board and Board of Management by March 2005

<b>Appendix I: Operational Targets 2004/2005 and Management Action Plan</b>		
<b>Strategic Aim 7</b>	<b>To promote the achievement of excellence through commitment to quality standards and continued investment in staff development</b>	
<b>Action</b>	<b>Responsibility for delivery &amp; achievement of target</b>	<b>Review Date &amp; Monitoring Body / Person</b>

Maintain UHIMI OUVS standards for College Higher Education provision	Senior Management Section Heads	Quality Assurance Committee And Academic Board
Retain Scottish Qualifications Authority College devolved authority for course approval and work closely with UHIMI partners to progress SQA centre approval for UHI MI	SQA Co-ordinator Section Heads	QAC and Academic Board
Maintain the Scottish Quality Management System standards	Senior Management	QAC and Academic Board
Maintain the Investors in People quality standard and invest appropriately in staff to further enable quality improvement	Senior Management	QAC and Academic Board
Further improve the quality of College provision through the continuing development and monitoring of Smart Targets <ul style="list-style-type: none"> <li>• Each teaching section to undertake student satisfaction surveys each term</li> <li>• By the following term report results and actions required/taken</li> <li>• Annual course reports to include all PIs including SARUs and be reported by December</li> </ul>	All college staff and <ul style="list-style-type: none"> <li>• Heads of Section</li> <li>• Heads of Section</li> <li>• Course Team Leaders</li> </ul>	QAC and Academic Board
One workshop each term to disseminate good practice across all teaching sections	Senior Management	Report to Academic Board by June 2005
Maintain investment in staff development including <ul style="list-style-type: none"> <li>• SITS management information system</li> <li>• UHI Virtual Learning environment</li> <li>• Disability Discrimination Act Part 4</li> <li>• TQFE with Stirling University</li> </ul>	Senior Management	By June 2005 report to Academic Board and Board of Management

**Appendix II: Curriculum**

<b>Art, Design &amp; Textiles</b>		
<b>Course Title</b>	<b>Level</b>	<b>Planned Enrolments</b>
NC Art Design & Craft (full-time)	National Certificate	14
NC Art Design & Craft (part-time) 1 day per week.	National Certificate	6
Printmaking evening class 40 hour module	National Certificate	10
Dip HE Contemporary Textiles f/t	Level 1 Cert HE	7*
Dip Contemporary Textiles f/t	Level 2 Dip HE	4*
Dip HE Contemporary Textiles p/t	Level 1 & 2	4*
Introduction to Crafts Module SQA 40 hours	Introduction Level	10
Knitted Textile Manufacture and Finishing, block course (40 hours)	Continuing Professional Development	12
Knitted Textile Manufacture and finishing Outreach Block course (40 hours)	Continuing Professional Development	10
Lifeskills Textiles and Craft Servicing	Provision for people with special needs	25
Contemporary Art Practice Exhibition viewing and discussion evening class 40 hrs	Continuing professional development	12
Contextual Studies, Historical and Contemporary Art & Design Viewing and discussion day class	Continuing professional development	5 infill

<b>Services for industry and academic partners</b>	<b>Estimated value</b>
Quality Audit for Textile Industry	£15,000
Quality Audit for craft industry	£4,000
Shetland Knitting Club Support	£1,200
Textiles Facilitation Unit design and product development and production	£15,000

**Appendix II: Curriculum** continued

<b>Business and Management Studies</b>		
<b>Course Title</b>	<b>Level</b>	<b>Planned Enrolments</b>
Scottish Group Award in Business	Intermediate 2	8 (f/t)
Administration	Intermediate 2/Higher	2 (p/t) (to infill above)
Accounting and Finance	Intermediate 2/Higher	4 (p/t) (to infill above)
Administration and Information Management	HNC	4 (f/t) 25 (p/t)
Administration and Information Management	HND	4 (f/t) 2 (p/t)
Accounting	HNC	4 (f/t) 10 (p/t)
Accounting	HND	2 (p/t)
input to Registered Managers' Award	SVQ 4	13 (p/t/work-based)
Assessor/Verifier Awards	D32/33/34 and new A/I	6 (p/t)
Teaching Qualification in Further Education (with Stirling University)	Under-Graduate and Post-Graduate	5 (p/t)
HNC Business Admin FT & PT	HNC	23
HND Business Admin	HND	1
BA Business Admin	BA	6
ILM Introductory	HN	36
ILM Certificate	NH	36

<b>Computing</b>		
<b>Course Title</b>	<b>Level</b>	<b>Planned Enrolments</b>
NC	NC	5
HNC eCommerce	HNC	6
HNC eCommerce P/T	HNC	4
HND Computing	HND	3

Cisco	HNC	3
City & Guilds	NC	3
HNC IT P/T	HNC	4
ECDL	NC	175

Appendix II: Curriculum **continued**

<b>Care</b>		
<b>Course Title</b>	<b>Level</b>	<b>Planned Enrolments</b>
SGA Care	FE Intermediate 2	10
Access to Nursing	FE Higher	5 * * most of course
Access to Social Work	FE Higher	3 * taught jointly
Individual Programmes	FE Higher	3 *
Higher Psychology	FE Higher	36
Day Release Higher Care	FE Higher	6 to join f/t students
Community Mental Health		
Care Certificate	FE Level 3	10
PDA Support for Learning Assistants	FE Int 2	14
PDA Classroom Assistants	FE Int 2	14
Psychology Evening Class	FE Int 2	14
SVQ Playwork	Level 2	6
SVQ Registered Managers Award	Level 4	12 Partnership with Business Studies
Certificate in Counselling Skills	FE	14
HNC Childcare and Education	HNC	14
BA Child and Youth Studies	HNC First Year	4
Diploma in Counselling	Professional Higher	12

Appendix II: Curriculum **continued**

<b>Community Learning</b>		
<b>Course Title</b>	<b>Level</b>	<b>Planned Enrolments</b>
Augmentative Communication Outreach		1
New Directions	Intermediate 1	12
New Directions Outreach	Intermediate 1	15
Family Learning Reading	Intermediate 1	10
Family Learning Writing	Intermediate 1	10
Communication-Confidence-Computers	Intermediate 1	25
Number Skills	Intermediate 1	10
English as an Additional Language Outreach	Access	4
Interview Skills	Intermediate 1	10
Oral History		5
Basic IT Outreach	Intermediate 1	24
Intermediate IT Outreach	Intermediate 2	54
ECDL Outreach	Intermediate 2	54

<b>Construction</b>		
<b>Course Title</b>	<b>Level</b>	<b>Planned</b>

		<b>Enrolments</b>
Building Crafts (new)	SPA	12
Carpentry and Joinery	SVQ 2	11
Carpentry and Joinery	SVQ3	17
Construction Site Operations (new)	SVQ2	25
Construction Management	HNC	8

<b>Cultural Studies and Archaeology</b>		
<b>Course Title</b>	<b>Level</b>	<b>Planned Enrolments</b>
Cultural Studies Cert HE	H1	2 FT 2 PT
Environment and Heritage Cert HE	H1	1 FT 1 PT
Cultural Studies Dip HE	H2	5 FT 3 PT
Cultural Studies BA	H3	5 FT

**Appendix II: Curriculum continued**

<b>Hospitality</b>		
<b>Course Title</b>	<b>Level</b>	<b>Planned Enrolments</b>
Intermediate Hygiene	Int	10
Servewise	Elementary & plus	40
Evening class	Int	36

<b>Support for Learning</b>		
<b>Course Title</b>	<b>Level</b>	<b>Planned Enrolments</b>
Get Ready for Work	Access	15
Foundation for work	Access	5
English as additional language (EAL)	Access	/ 18

	Intermediate	
English as additional language (EAL)	Higher	3
EAL outreach	Access	3
Life Skills	Access	25
Learning support workshops	All	30
Extended Learning Support	All	15

## **SCOTTISH FURTHER EDUCATION FUNDING COUNCIL**

### **Circular letter FE/23/04**

## **Guidance: college operational plans for 2004-05**

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1. This letter provides guidance on colleges' operational plans for 2004-05. A copy of the college's operational plan should be sent to the Council by 31 July 2004, or earlier if possible. This is a month later than previously indicated.

### **Background**

2. The plan is the college's document, and should be approved by the board of management. As in previous years, the format and structure of plans are for colleges' to determine. However, there are some general areas of good practice which we would expect colleges to observe. In addition, we ask that colleges use their plans to provide the Council with some specific information on key issues.
3. The operational plan also provides information to Her Majesty's Inspectorate of Education (HMIE) on quality improvement strategies.

### **Areas of good practice**

### ***Legal and statutory requirements***

4. It is sensible that where colleges have not already done so, they address, in their operational plans, legal and statutory requirements coming into force. Examples are the Disability Discrimination Act (Amendment) Regulations (1 October 2004), and those aspects of the **Fixed-term employees (prevention of less favourable treatment) regulations 2002** that have full effect from 2006.

## **Integrated planning**

5. The plan should set out how the college will make progress towards its strategic objectives in 2004-05. Operational objectives and targets should be linked clearly to the longer term strategic objectives set out in the college's three-year strategic plan. Operational objectives should also be SMART i.e. specific, measurable, achievable, realistic and time-limited.
6. There should be a clear link between the allocation of resources (financial, human and physical) and the activities set out in the operational plan. Operational planning and resource planning must be an integrated process. In particular, colleges should ensure that their financial forecast returns and operational plans demonstrate this integration.
7. For boards' and the Council's monitoring purposes, colleges should identify and explain where changes in the operating environment, resources available or other events have led to the amendment of previous objectives in strategic and operational plans, or a significant delay in the achievement of objectives.

### ***Management and monitoring of the operational plan***

8. The operational plan should set out clear lines of responsibility for achievement of objectives and targets. It should also set out the arrangements the board has for monitoring progress towards strategic and operational objectives, and include an analysis of the key risks and appropriate plans to manage these risks.

Specific information to be included

### ***Management action plan***

9. College boards agreed and presented SFEFC with a management action plan at the end of 2001, including answers to a series of challenge questions across seven key areas: corporate governance, strategic planning, marketing, quality assurance, financial management, human resource management and estate management. Operational plans for 2004-05 must address:
  - how any priority actions still outstanding will be addressed in 2004-05; and

- how the college will continue to embed MAP good practice in its business processes.

### ***Quality improvement***

10. To meet a Council condition of grant, operational plans must contain the operational aspects of the college's quality improvement strategy. Circular letter FE/40/01 and annex B of the main grant letter for 2004-05 (circular letter FE/16/04) provide relevant information. This information should include actions the college is taking in response to recent HMIE reviews. Where the Council has asked for a specific action plan in response to an HMIE review this should also be incorporated into the operational plan

### ***Student number estimates***

11. Since it is a key parameter in institutional planning, and to meet SFEFC information needs, the plan should show estimated student number (headcount) projections for 2004-05, 2005-06 and 2006-07 and a commentary explaining how these relate to the college's strategic objectives and referencing relevant operational planning objectives or tasks.

### **Providing copies of the college's operational plan**

12. Please send two copies of the college operational plan together with an electronic copy to Angela Iannetta, Administrative Officer, Governance & Management: Appraisal and Policy, by 30 June 2004 (email address) [aianetta@sfc.ac.uk](mailto:aianetta@sfc.ac.uk). A copy should also be sent to the college HMI.

### **Further information**

13. For further information about the issues in this circular letter, please contact Ian M Robertson, Strategy Manager, Tel:0131 313 6594, e-mail: [irobertson@sfc.ac.uk](mailto:irobertson@sfc.ac.uk).

Roger McClure

Executive Committee - Tuesday 07 September 2004  
Agenda Item No. 11 - Public Appendix

Chief Executive



## **Shetland Islands Council**

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### **REPORT**

**To: Board of Management  
Shetland College and Train Shetland**

**22<sup>nd</sup> July 2004**

**From: Principal, Shetland College**

**Report No: BM024-F**

**Shetland College Budget Estimates 2004/2005**

#### **1.0 Introduction**

- 1.1** This report is further to report DV052-F previously issued to Board Members and presented to Executive Committee 28<sup>th</sup> June 2004 and Council 30<sup>th</sup> June 2004.

#### **2.0 Background**

- 2.1** At its meeting on 30<sup>th</sup> June the Council delegated to the Executive Director Infrastructure (as the Chief Executive's deputy) and the Head of Service Finance the authority to deal with report DV052-F and clarify to their satisfaction any outstanding matters.

- 2.2 Most of the queries raised by the Head of Service Finance have been dealt with to his satisfaction but there are two items that he thinks the Board should consider carefully before proceeding with the proposals within the report.
- 2.2 The main area of concern is the proposal to create the following posts at Shetland College:
- 1 Lecturer Health and Care
  - 1 Lecturer Construction
  - 1 Post to progress cross-college initiatives such as flexible learning and widening access and inclusion.
  - 1 Skillseeker within the Colleges' IT Technician Service
- 2.3 There is also concern that the estimated income from course fees for 2004/2005 has been overstated and that if the anticipated income does not materialise the additional posts will be unaffordable.

### 3.0 Current Position

- 3.1 The Head of Service Finance and the Executive Director Infrastructure are now satisfied that the Health and Care Post and the Construction Post will generate more income than they will cost and are therefore financially justified in their own right.
- 3.2 However, there is concern that the Cross College Post and the IT Technician Skillseeker Post are not justified in similar income generation terms, so their establishment depends on whether they are worthwhile to the College and whether the College can afford them.
- 3.3 The IT Technician Skillseeker Post has been proposed to provide a training opportunity within the College for a school leaver who wishes to develop skills in this area. The training programme is being managed by Train Shetland and utilises the Skillseeker funding available from Shetland Enterprise. The cost to the College is envisaged to be in the region of £4,500 each year of the training programme.
- 3.4 The College delivers an increasing number of externally funded courses in five outreach centres – South Mainland, North Mainland, West Mainland, Whalsay and the North Isles. There is a need to extend technical support in order to sustain this provision. The proposed training opportunity provides an opportunity to work towards that.
- 3.5 It may be that the Cross College Post will not directly impact on student activity but it will allow the College to properly manage issues such as Widening Access and Inclusion, Marketing and Flexible Learning. The ability to address these issues will enhance the quality of student activity. Failure to address these issues will have a negative impact on the College's ability to meet the quality standards set by the agencies who audit the College's performance, including HMle, Scottish Quality Management Systems and Investors in People.
- 3.6 It is not envisaged that this will be a distinct post but rather that the equivalent of a full-time post enables responsibilities to be appropriately assigned amongst senior staff. This will allow the College to respond satisfactorily to agencies such as HMle when they ask who has particular responsibility for these issues. In line with SFEFC priorities and conditions of funding, HMle wish to see these areas of responsibility clearly established within colleges and reflected in their Operational Plan.

- 3.7 With regard to income for course fees the Head of Service Finance now agrees that a comparison with the actual income received during the 2003/04 college year give more credence to the estimated income for 2004/05 that the SIC 2003/04 results indicated.

- 3.8 However, there is concern that this £285,000 estimate is critical to whether the College can afford the Cross College Post and the IT Technician Skillseeker Post. If the extra income doesn't materialise then there is doubt as to whether these posts can be afforded.
- 3.9 The estimated income for next year has been based on projected enrolments provided by Section Heads in their detailed operational plans for 2004/05. The projected increase in income is a reflection of the projected increase in student activity for next year, particularly in Construction and Health and Care.
- 3.10 Financial reports will continue to be made regularly to each meeting of the Board of Management. These reports will show actual figures relating to income and expenditure as the college year progresses and will allow the Board to take any remedial action should it become necessary. Enrolment figures relating to Further Education and the corresponding WSUMs generated are also monitored and regularly presented. This will be extended during the next college year to include details of Higher Education activity and projects funded from other sources.
- 3.11 Monitoring of this type will provide the information required to identify problems and areas of under-performance as the year progresses. The Board will then be in a position to consider possible solutions.

#### 4.0 Conclusion

- 4.1 There is no dissent as to whether the two new lecturer posts are justified in terms of the income they will generate. The other two new posts mainly depend on whether the assumed Course Fee income materialises, and this could constitute a financial risk. The College Board of Management may wish to consider that risk before proceeding to recruitment.
- 4.2 The Executive Director Infrastructure is content that the Board should consider the wisdom of taking on the risks, having considered the reservations expressed.
- 4.3 However, I would assert that the justification for proceeding with all the recruitments proposed in Report DV052-F is made in Section 3 of this report. Expenditure and income from all sources, including WSUMs

generation, will be closely monitored and reported to the Board to ensure that any risks are identified and addressed at the earliest opportunity.

## 5.0 Financial Implications

5.1 The budget proposed in Report DV052-F is summarised below:

	£
Income	(2,463,927)
Employee Costs	1,487,605
Supplies and Services	506,968
Property Costs	368,000
Proposed Additional Staff	101,354
Total Expenditure:	<hr/> 2,463,927

5.2 As previously stated the main areas of concern are that the assumed course fees income will not materialise. In that circumstance the appointment to two of the proposed new posts constitutes a financial risk.

5.3 Expenditure and income from all sources, including WSUMs generation, will be closely monitored and reported to each meeting of the Board and any issues impacting on the financial position of the College will be reported separately as and when they arise.

## 6.0 Policy and Delegated Authority

6.1 The Board of Management has delegated authority and responsibility for the financial and other affairs of the College. At its meeting on 30<sup>th</sup> June the Council delegated to the Executive Director Infrastructure (as the Chief Executive's deputy) and the Head of Finance Service the authority to deal with report DV052-F and clarify to their satisfaction any outstanding matters.

## 7.0 Recommendation

- 7.1 I recommend that the Board of Management submit the proposed budget for Shetland College detailed in report DV052-F for approval by the Executive Director Infrastructure and the Head of Service Finance in accordance with the authority delegated to them by Council on 30<sup>th</sup> June 2004.

Ref: GD/ES  
Date: 13 July 2004

Report No: BM024



# Shetland Islands Council

## MINUTE

## A & B

**Special Meeting of**  
**Shetland College/Train Shetland Board of Management**  
**Council Chamber, Town Hall, Lerwick**  
**Thursday 22 July 2004 at 2.15 pm**

**Present:**

F B Grains  
W A Ratter (Chairman)  
W N Stove

**Apologies:**

A J Cluness  
C B Eunson  
E Fullerton  
W H Manson  
J L B Smith

**In attendance (Officers):**

G Dargie, Principal, Shetland College  
G Johnston, Head of Finance  
E Smaaskjaer, Admin Officer, Shetland College  
W Shannon, Economic Development Manager  
K Smith, Service Manager, Train Shetland

Executive Committee - Tuesday 07 September 2004  
Agenda Item No. 11 - Public Report

H Anderson, Clerk to the Board

**Chairperson**

Mr W A Ratter, Chairman of the Board, presided.

**Circular**

The circular calling the meeting was held as read.

48/04 **Minute**

The minute of the meeting held on Monday 7 June 2004 was held over until the regular meeting on 24 August 2004.

**49/04 Shetland College Operational Plan 2004/2005**

Mr Dargie spoke to his report (Appendix 1), explaining that the production of an Operational Plan was an annual requirement of the Funding Council due for submission on 31 July each year. Next year the date had been changed, and the date of submission for both the Strategic Plan and Operational Plan would be 30 June. He drew members' attention to the Guidance form the Funding Council at Appendix B, which each year indicated the items they wished covered. In particular he mentioned Quality Improvement and the Disability Discrimination Act, which drove much of the curriculum and physical development within the College.

The Chairman suggested that there should be a regular reporting back mechanism to the Board, either quarterly or at each meeting, on the progress made.

Mr Stove referred to a seminar he had attended on the Disability Discrimination Act, and said that his understanding was that there would be quite a substantial task in ensuring compliance with this Act. Mr Dargie agreed, saying that all reasonable attempts must be made, but that ongoing work will be required. He explained that a major task this year had been the audit of all work undertaken by subject departments to ensure that materials were suitable for Dyslexic students. The College had also focused on teaching and assessment procedures for students with mental health problems.

The physical requirements were probably quicker to fix, and he was pleased to say that the work to install a new lift was taking place during the summer vacation.

Mr Stove then enquired as to what work was done to gather market intelligence on courses, so that decisions could be made on what courses were provided. Mr Dargie explained that the Local Economic Forum were undertaking skills audits in the different sectors, and that should provide a more comprehensive set of market info. In certain sectors, the College had quite close contact with the market, and he cited Care as an example, where legislative changes often drive the need for training, thus leading to the ability to predict requirements.

Mr Stove's final question was whether Shetland College provided courses in Customer Care. Mr Dargie confirmed that they did.

Mrs Grains queried whether receipt of the HMIE Report might have any impact on the Operational Plan. Mr Dargie said that it could have. The Operational Plan had been based on verbal feedback from the HMI rather than sight of a draft report. He drew members attention to the note at the bottom of page 2 of the Operational Plan, which said "When the report of the recent HIME Inspection visit becomes available, the college will consider its recommendations and as necessary will supplement this operational plan with a further action plan".

Noting that regular updates should be provided to the Board of Management on progress, Mr Stove then moved the adoption of the Operational Plan for 2004/2005, and Mrs Grains seconded the motion.

49/04

#### **Shetland College Budget Estimates 2004/2005**

The Chairman referred to the report (Appendix 2) and said that he felt justifications for the first two Lecturer posts had been well made, and that the Skill Seeker post should not be a problem. However, he was less convinced with regard to the cross-college post.

**Mr Dargie recognised that the sub-group of the Board was still considering the restructuring of the college and that it might be some time before this was completed. While the HMIE report was not yet to hand, he advised that it was likely to contain recommendations that cross college responsibilities should be clearly identified. When the HMIE report became available then a report identifying cross college responsibilities would be brought to the Board and no appointment would be made without such a report. At this stage, when**

**the Board was considering its budget for the coming year, there was a recommendation for the inclusion of financial provision for an anticipated requirement of one full-time equivalent post.**

Mr Johnston said that he had the approval of Mr Graham Spall to say that they were happy for this report to proceed.

The Chairman moved the adoption of the recommendations, and Mr W N Stove seconded the motion.

50/04

**Shetland College HMIe Follow Up Inspection**

It was noted that there was no report on this item, as the Principal would not receive the draft report from the HMIe until the following week. The final report would be subject to an embargo of publication until a date stipulated by the HMI; however, this was expected to be approximately mid-August. Members agreed that this report would therefore be dealt with at the next regular meeting of the Board, with the Principal agreeing to ensure that the report would be circulated to Board Members, prior to issue to the Press.

51/04

**Date of Next Meeting**

Tuesday 24 August 2004.



## **Shetland Islands Council**

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### **REPORT**

**To: Board of Management  
Shetland College and Train Shetland**

**22<sup>nd</sup> July 2004**

**From: Principal, Shetland College**

**Report No: BM023-F**

### **Shetland College Operational Plan 2004/2005**

#### **1.0 Introduction**

- 1.1** The Board is asked to consider and, subject to any amendment it might care to make, to approve the Operational Plan for 2004/2005 (Appendix A).

#### **2.0 Background**

- 2.1** As a condition of funding the Scottish Further Education Funding (SFEFC) requires the Board to submit an Operational Plan by 31 July 2004.

- 2.2 In March 2004 the Board approved and submitted a Strategic Plan setting out the college's strategic direction over the next three years. Following these strategic aims, the Operational Plan reviews progress to date and sets out operational targets and objectives for the coming academic year.
- 2.3 In May 2004 SFEFC set out guidance on college operational plans for 2004/2005 (Circular Letter FE/23/04 – Appendix B). Among the aspects to be covered by the operational plans is a condition of grant that each college sets out how it will operate a quality improvement strategy (paragraph 10).

### 3.0 Issues

- 3.1 The main issues are set out in the Operational Plan. In summary here the plan shows how the college intend to meet its target level of student activities of 4,865 WSUMS and includes student number projections. To continue to meet this target will require adjustments to the college's teaching capacity. The Board is asked to note the decline in some areas offset by continuing strong demand in Care.
- 3.2 Budget estimates for 2004/2005 have been prepared separately for approval by the Board. Estimates include provision for staffing in areas of growth to offset the effect of declining numbers in other areas. Reservations regarding new appointments at the College are addressed in that report.

### 4.0 Financial Implications

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

### 5.0 Policy and Delegated Authority

- 5.1 Shetland Islands Council has delegates responsibility and authority to the Board of Management to approve the operational plan for Shetland College.

### 6.0 Recommendation

Executive Committee - Tuesday 07 September 2004  
Agenda Item No. 11 - Public Appendix

- 6.1 Subject to any amendment that the Board might care to make, I recommend that the Board approve the Operational Plan for 2004/2005.

Ref: GD/ES  
Date: 12 July 2004

Report No: BM023

NOTE FOR ACTION / INFORMATION
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**Economic Development Forum**  
**Council Chamber, Town Hall, Lerwick**  
**Tuesday 15 June 2004 at 2.15pm**

**Present:**

Core Members

W A Ratter, Chairperson - Economic Development Forum  
L Angus, Spokesperson - Europe  
W H Manson, Chairman - SCT  
J A Inkster, Chairperson - Environment and Transportation Forum  
W N Stove, Chairperson - Social Forum  
Captain G G Mitchell, Spokesperson - Transport  
Dr A Black, Chief Executive, Shetland Enterprise  
A Vernal, Depute Chief Executive, Shetland Enterprise  
N Grant, General Manager, Shetland Development Trust  
J Smith, Head of Organisational Development  
D Irvine, Head of Business Development

SIC Officers

W Shannon, Economic Development Manager  
J Anderson, Strategy Officer  
T Coutts, Research Officer  
L Adamson, Committee Officer

Apologies:

A J Cluness, Convener - SCT  
F B Grains, Vice-Convener

Chairperson

Mr W A Ratter presided.

**Action/Info**

**7/04 11 Update from Community Planning Board - Chairperson**

The Chairman explained that community planning is becoming increasingly central to economic development issues, with more legislative underpinning. He explained that the Community Planning Board (CPB) had held a training day for Board members which had discussed in depth economic development issues and the critical nature of economic development to community development. Discussions had taken place regarding streamlining and eliminating overlap and suggestions made on how to integrate the CPB and the economic development forums. Members noted that this will be discussed further at Item 4 on the Agenda.

The Head of Organisational Development reported that the CPB also held a Partnership day in Aith at the beginning of June. This meeting raised the profile of the CPB and discussion took place regarding economic development issues.

**8/04 Employers Survey 2003**

The Forum considered a report by the Research Assistant (RECORD Appendix 1).

The Head of Business Development summarised the background to this report. He tabled colour copies of Appendix 3, which included a page which had been omitted (RECORD Appendix 1A). He referred to the Employers Survey carried out in 2003 and explained that more questions had been included in this survey to help identify characteristics of the local industry. He said that generally there appears to be an

increase in employment in the Services Sector, although he indicated a note of caution, as comparisons of general surveys are often difficult. The Head of Business Development was of the opinion that employment in Shetland shows a small increase although indicators show businesses having a lack of confidence in future growth at present.

In response to a query regarding the figure for total employees in the Services Sector, the Strategy Officer referred to Figure 3 on Factsheet 1 and confirmed that this table showed the number of employees in this sector.

Referring to the fact that private sector employment depends on two industries, fisheries and oil, which are both in decline, the Head of Business Development said that more private sector growth was needed to avoid further imbalances between the private and public sector. He added that a key role for the economic development agencies is to try to support more private sector business in Shetland.

Referring to the Factsheets, the Strategy Officer said that they were for general consumption and that there is a wealth of information from the Survey results which could be analysed further. The Economic Development Manager referred to the Skills and Training Factsheet, and said that the figures should be further analysed and used by colleges, the community and individuals.

9/04 **Economic Survey Work**

The Forum considered a report by the Head of Business Development (RECORD Appendix 2).

Mr L Angus stated that more survey work should be carried out on a regular basis and that there is a lack of market research carried out into Shetland products. He also suggested that there is a need for survey work to be carried out into the labour market of the Shetland workforce to highlight training and other needs. The Chairman suggested that base line data is required to develop a foundation to build upon.

Capt G G Mitchell suggested that Shetland's archaeology was a potential market which could be marketed to the USA archaeological societies and suggested that a package should be drawn together to encourage visitors to Shetland.

The Chairman suggested that more detailed work be carried out into how to progress future Economic Survey Work and a report presented to the Executive Committee.

The Chief Executive, Shetland Enterprise explained that at present Shetland Enterprise carry out six-monthly surveys of the local economy and that survey work on housing is commissioned to AB Associates. The Local Economic Forum (LEF) also currently commission three skilled surveys - Hospitality, Tourism and the Service Sector; Knowledge, Information and Technology; and the Food and Drink Sector. These are jointly funded by various organisations.

10/04 **Streamlining the Economic Forums**

The Forum considered a report by the Head of Business Development (RECORD Appendix 3). A Press Release from Audit Scotland on the Future of Local Economic Forums was tabled at the meeting (RECORD Appendix 3A).

Executive Committee - Tuesday 07 September 2004  
Agenda Item No. 12 (a) - Public Report

The Chairman referred to the press release from Audit Scotland and stated that he generally agreed with its content. He said that the LEF had done an important job but said that the work which it was established to carry out is probably now complete.

The Head of Business Development summarised the background to the establishment of the LEF and the duplication between the LEF and the Economic Development Forum (EDF). He referred to the paper written in February presented to the LEF which suggested streamlining the economic forums. The Press Release from Audit Scotland also suggests that the CPB have to some extent eclipsed the role of the LEFs.

The Chief Executive of Shetland Enterprise stated that she entirely endorses the proposal to have one group which would report to the CPB. She added that this recommendation would be made at the next meeting of the LEF, arranged for August. The Chairman suggested that the EDF should continue and the minutes presented to the CPB as well as to the SIC's Executive Committee. It was agreed that some legal advice should be sought to ensure that the changes proposed are in line with Council procedure.

The meeting concluded at 2.45pm.

.....  
W A Ratter  
Chairperson



## **Shetland Islands Council**

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## **NOTE**

**Special Environment & Transport Forum  
Council Chamber, Town Hall, Lerwick  
Thursday 17 June 2004 at 2.15 p.m.**

**Councillors:**

J A Inkster      J H Henry  
I J Hawkins      Capt G G Mitchell

**In Attendance (Officers):**

G Spall, Executive Director, Infrastructure Services  
D Irvine, Head of Economic Development  
D Haswell, Committee Officer

**Apologies**

J C Irvine  
D Sandison, Shetland Salmon Farmers' Association  
R Henderson, Seafood Shetland  
Mr Braithwaite, Aberdeen Harbour Board  
A Black, Shetland Enterprise

**Invited to Attend:**

W H Manson  
J Tait, Seafood Shetland  
A Vernel, Shetland Enterprise  
H Balfour, Shetland Transport  
D Paul, JBT Transport  
A Wishart, Lerwick Port Authority  
C Eunson, National Farmers Union Shetland  
M Anderson, National Farmers Union Shetland  
W Fraser, ASCC  
A Steven, Shetland Islands Tourism  
J Budge, Shetland Livestock Marketing Group  
K Simpson, Shetland Livestock Marketing Group  
K Scott, Shetland Salmon Farmers' Association and Scottish Seafarms  
G Drummond, SFPA and Scottish Seafarms  
N Leslie, Northwards Ltd

**Also:**

C Graham, Scottish Executive  
A Maclaren, Scottish Executive

**Chairperson:**

Mr J A Inkster, Chairperson of the Forum, presided.

**Circular:**

The circular calling the meeting was held as read.

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

The Chairperson welcomed Ms C Graham and Mr A Maclaren from the Scottish Executive's Maritime Division of the Enterprise and Lifelong Learning Department to the meeting today.

Mr Maclaren said that he and Ms Graham were very pleased to be attending the meeting today. He said that he and Ms Graham were taking the lead in the Service Specification for the Northern Isles Lifeline Ferry Services and gathering information together for Scottish Ministers. He added that from the introductions today and the range of industries represented, it was clear to the Scottish Executive that transport to Orkney and Shetland was very important.

Mr Maclaren said that one reason for having the Forum meeting today was the timescale involved for submission of comments on the consultation paper. Consultation with stakeholders was an important part of the process. Mr Maclaren said that the Scottish Executive were also having a meeting in Orkney with relevant stakeholders and a meeting with the Livestock Working Group would be held in Orkney on 28/29 June. He said that he and Ms Graham were at the meeting today to make themselves available to stakeholders as part of the consultation process, to clarify issues and also to listen to stakeholders. Referring to the consultation paper, he said that it was not a legal document but explained what the Scottish Executive was trying to achieve.

The Executive Director advised that the Infrastructure Committee had considered the consultation paper at its meeting on Tuesday. Members had agreed that the Council's response to the consultation paper should include the views of the Forum today and also the views of the Livestock Working Group meeting in Orkney. He said that the Forum should have a discussion today, which would help formulate a response, and indicated that there was a tight timescale in which to respond.

The Forum agreed to consider section 5.4 of the consultation paper.

#### **5.4.1 Service Routes**

The Chairperson said that people were basically tied to the routes and ports mentioned. Mr M Anderson, NFUS, said that there was not much scope for changing the routes but said that there was a problem with livestock coming from Caithness. When asked about figures, he said that the problem was seasonal. Mr J Tait, Seafood Shetland suggested that other ports should have been considered. The Chairperson said that the Council had previously agreed that Aberdeen Harbour was the preferred port but he recognised that some ships were constrained from entering Aberdeen Harbour because of the depth of the Harbour. He

said that the Council should discuss this issue with Aberdeen Port Authority and to determine what plans they had for the future.

Mr Maclaren said that there had always been a traditional link with Aberdeen. Mr J Tait said that there had been a lot of problems with Aberdeen Harbour being closed during times of bad weather. The Chairperson advised that this was one of the issues that would be discussed with Aberdeen Port Authority. He said that Shetland had good harbours and, in his view, Aberdeen Port Authority could do likewise. However, Aberdeen Port Authority may have reasons for not improving the harbour. It may be possible to build new breakwaters outside the existing breakwaters and this would be one of the issues which would be discussed with Aberdeen Port Authority.

The Executive Director said that during the previous consultation process for the Northern Isles Ferry Service, the people of Shetland were at the forefront of ensuring that Aberdeen remained the main port. He confirmed that the concerns raised about Aberdeen Harbour would be raised with Aberdeen Port Authority.

Capt G G Mitchell said that Aberdeen had been the traditional port for a number of years but, previously, Leith had been the traditional port. He suggested that Rosyth could be considered as an extension to the route in the future.

Mr W H Manson said that Aberdeen had been the main port for the past 30 years. He suggested that a survey should be done to find out the actual destination of passengers coming off the boat in Aberdeen and also a survey of the freight industries.

From a tourism point of view, Mr A Steven, Shetland Islands Tourism said that he would favour the central belt as the main port, particularly Rosyth.

Mr Maclaren said that this could be an option for ferry services in the future as long as it did not prejudice the normal ferry service but would be an add-on.

#### **5.4.2 Ports**

Considered as part of 5.4.1 above.

#### **5.4.3 Timetables**

Mr J Tait said that from a seafood industry point of view, it would be beneficial if the boat sailed as late as possible and arrived as early as possible into Aberdeen Harbour. He said that there was a lot of seafood products which had to be put on the cargo boat. He also requested if the 3 sailings via Orkney could be reduced. Ms Graham said that Orkney residents had asked if the boat could get into Hatston even earlier than it did at present and this would mean the boat leaving Shetland even earlier. Mr Maclaren said he understood the points made but, as he understood it, the 3 times per week services to Orkney

were working well. Mr Tait said that the Orkney seafood industry had a choice to go to Aberdeen or Scrabster but the Shetland seafood industry did not have that choice. In his view, the previous service had been superior.

The Executive Director said that some discussions had been held with representatives of Orkney Islands Council on the Draft Service Specification and, with the exception of the timetable, both Orkney and Shetland Islands Council had very little comments on the Draft Specification. He said it was clear that Orkney residents wanted the present timetable to continue and this was for the benefit of passengers and the tourist industry. Whilst he recognised that there were 2 sides to the argument, the Council would continue to argue the point that the Shetland seafood industry would like as late as possible sailings from Shetland.

Mr A Steven said that the existing timetable was good from a tourist and business point of view. The Chairperson confirmed that the Shetland perspective would be put forward.

#### **5.4.4 Passenger and Vehicle Service**

Agreed.

#### **5.4.5 Fares and Prices**

Mrs I J Hawkins said that the situation at present meant that the Scottish Executive were having to subsidise the whole service and questioned how this would be prevented from happening in the future. Mr Maclaren said that the Scottish Executive's position was that they would subsidise lifeline ferry services although it could be questioned how lifeline ferry services were defined. He said it was inevitable that there would be costs involved and, from a Scottish Executive point of view, they would provide finance where it was identified that the needs of island communities had to be met. He added that the Scottish Executive were open to any suggestions as to how to keep costs at the level that the Executive were committed to doing. He confirmed that Scottish Ministers would not leave Shetland in the lurch but were also committed to achieving value for money. The Scottish Executive would not issue a "blank cheque" and, therefore, it was important to get the balance right.

The Executive Director said that the current situation was not desirable and the Scottish Executive would have to regularise the situation. The service was going out to tender to ensure that the best possible price was achieved. He said that Shetland should ensure that the best possible service was obtained and, in his view, the Scottish Executive should be allowed this privilege.

In response to a question from Mr A Wishart, Mr Maclaren said it would be very acceptable if fares were reduced but he questioned if this would be viable. Mr Wishart said that, in his view, the fares and prices should not be restrictive.

A brief discussion ensued on the issue of prices for livestock. Mr Maclaren said that the Scottish Executive were trying to learn lessons from the previous contract. Part of this process was to seek the views of the livestock industry. The Executive Director said that it was fair to say that the pricing regime that Northlink had in place for passengers was better than it had been on the previous contract. The new Draft Specification now had this pricing regime as standard.

In response to a question from Mr W H Manson as to whether or not maximum fares and price levels would be based on the existing prices used by other operators, Mr Maclaren said that this would apply up to a point.

Mr A Steven advised that there were a number of passengers who travelled who did not wish to share a cabin and suggested that this should be looked at as it could be the case that some people were not travelling cost-effectively. The Chairperson said that the administration side of things could be examined.

#### **5.4.6 Freight**

In response to a question from Mr K Scott as to whether there was a subsidy available for freight, Mr Maclaren explained that there was no specific subsidy available for specific sectors. He added that within the Draft Specification, an explanation had been given providing the background and the definition of the subsidy. The subsidy regime now encompassed freight. He continued to say that the subsidy was, essentially, a block grant and provided the balancing part of the block grant. Fares and charges also had to be taken into consideration. As previously explained, the subsidy regime encompassed freight and would maintain the impact on fares and controls. In response to a comment from Mr J Tait, Mr Maclaren said that the Scottish Executive understood that freight charges were a key element for commercial businesses. He added that a lifeline ferry service was required for Orkney and Shetland which would encompass all elements including passengers and freight.

Ms Graham said that the service that would be delivered was 2 boats going from Aberdeen to Shetland. The Scottish Executive would be paying the difference between the cost of running the boats and the amount of revenue the operator could obtain. Therefore, the subsidy paid for the difference between operating costs and revenue. Mr Maclaren added that the boats operating the service should be able to carry cars, coaches, passengers, trailers etc and, in his view, he did not think that people would want this to change. He said that the Executive were trying to achieve stability and did not wish to destruct markets.

The Chairperson said that the message from the Forum was that the issue of freight was very important because Shetland was geographically remote. Although it was recognised that the people of Shetland would have to accept the cost of freight to and from the

islands, it should be managed as much as possible. He added that it was clear that the successful tenderer would wish to make a profit but it should be made clear that freight was very important and everyone was concerned about this issue.

Mr C Eunson said that, as previously advised, a meeting of the Livestock Working Group would be held in Orkney later on this month.

Concern was again expressed that the new operator could end up in the same position as Northlink were at present. Mr Maclaren said that this would depend on the circumstances and the contract. He reiterated the point that the Scottish Executive were trying to learn lessons from the existing contract which would allow the Executive to deal with a similar situation whilst bearing in mind what European rules allowed the Executive to do and also to achieve value for money. In response to a question as to how many operators would be shortlisted, Mr Maclaren said that this would depend on how many passed the pre-qualification assessment.

Ms Graham said that she had tried to compile as much information as possible regarding crossings and this was detailed in Annex A. She said that if anyone had any further information, she would be pleased to receive this. As stakeholders, and parties interested in a good service, any additional information that could be provided to the Scottish Executive could then be provided to any potential bidder.

In response to a comment that it was clear that the 2 passenger vessels and one freight vessel were unable to accommodate what was needed, Ms Graham said that this was a good point. However, the Scottish Executive had not wished to specify a vessel size or a specification for freight. The Scottish Executive wanted any potential bidder to talk to local industry to find out what capacity for freight was required so that a potential bidder could submit something that would comply with market requirements but the Executive had not wanted to restrict any potential bidders.

The Chairperson agreed that the specification should not be over-prescriptive and any potential bidder should be allowed to use their own expertise.

#### **5.4.7 Hazardous Goods**

Agreed.

#### **5.4.8 Livestock**

Mr C Eunson said that a meeting of the Livestock Working Group would be held in Orkney. He said that a situation had occurred where the present operator would not take livestock on passenger boats. It was hoped that the new operator would accommodate livestock on passenger boats although he questioned what would happen if the new operator turned around in 4/5 years time and said that there was no livestock vessels.

Mr Maclaren said that the Scottish Executive were aware that they were dealing with an industry which they recognised was vital for Shetland. Therefore, it should be brought into the existing contract. The Scottish Executive had tried to spell out what was required and the level of capacity required to meet market needs.

Mr Eunson questioned if money was available in years 4 and 5 for livestock vessels. Ms Graham said that this would very much depend on livestock numbers but when/if it comes down to the basics, the Scottish Executive were there for the transport side of things but were trying to develop a specification for a ferry service. In a worse case scenario, if something happened and the ferry service could not remove animals from the island then this came down to animal welfare and would be the responsibility of SERAD.

Mr Maclaren said this scenario would depend on how such a situation happened and when it happened. He said that his objective would be that the contract would allow for this to happen.

Mr C Eunson said that the present company did advise people at one stage that livestock boats were not available. He questioned what would happen if this situation occurred again. Mr Maclaren said he hoped that the Livestock Working Group meeting in Orkney would address this and hoped that feedback and suggestions could be provided to the Scottish Executive.

Mr A Wishart said that not all passengers wished livestock to be carried on passenger ferries. The Executive Director said that this was a change on the position that the Council had submitted previously. The Council had expressed the view that there should be separation between passengers and livestock and that was the position that was adopted. If this position was now different then the Council would have to explain this.

Mr H Balfour said that it was the wish of the industry that livestock could be shipped out of Shetland during times of bad weather and this would allow the best use of the ferry service. In his view, he did not consider it a problem for animals and passengers to be carried on the same vessel but he appreciated that some passengers complained about animals.

The Chairperson said that the Council wanted to ensure as much as possible that there would be adequate facilities for livestock and freight.

In response to a comment from a Stakeholder that it was important to make best use of the cost effectiveness of the ferry service. Ms Graham suggested that this could, perhaps, be achieved with the provision of a daily freight service. The Stakeholder agreed and said that this would help if it was exclusively freight.

Mr J Tait said that this problem had been highlighted 2 years ago when the industry had been unable to get livestock on vessels. He added that the passenger vessels were much more stabilised and comfortable for animals and, in his view, livestock should be able to go on passenger vessels. Mr Tait asked if the contract covered the supply of on-shore facilities for livestock, i.e. lairage?

Ms Graham explained that the contract detailed that this could lie directly with operators or could be provided by sub-contractors. Mr Maclaren added that the requirement was for secure shore handling arrangements. This could be provided by sub-contractors and could be arranged between parties and the industry. The Executive Director said that these arrangements should be related into the contract and said that this issue could be discussed at the Livestock Working Group. Mr Maclaren said that the Scottish Executive would take cognisance of the points made at the meeting today.

Mr W H Manson said that there were 2 issues, firstly, the ongoing need to transport a comparatively small amount of livestock all the year round and then the requirement to transport a large amount of livestock during the hairst. Mr Manson said that as long as the ventilation system was sufficient on the passenger vessels then it should be in order for livestock to be carried. He concluded by saying that extra vessels or specialised vessels were required. Mr Maclaren responded by saying that the Scottish Executive were aware of this and, therefore, that was why operators should be given the flexibility to do as suggested. Ms Graham said that Scottish Executive vets who were experts on animal welfare regulations would check out the livestock arrangements. Mr M Anderson advised that the Scottish Executive vets had already been involved.

A Stakeholder questioned if the pricing structure would change from the present lairage structure to a meterage system. In his view, he was unsure of the importance of this and unsure how much it would cost. The Chairperson advised that this was another issue that could be discussed at the Livestock Working Group in Orkney.

Ms Graham advised that ferry companies who published their freight charges on their website used a meterage system but she could not assume that those that did not publish their charges were not using such a system.

The Executive Director advised that what the Draft Specification was trying to achieve was a shipping form that would not result in people having to pay more in charges than what they were paying at the moment. He said this would be a challenge but was unsure if many issues would be resolved today. He confirmed that the issues raised today would be discussed more fully at the meeting in Orkney.

The Head of Business Development said that it was important to ensure that any lairage facilities complied with animal health regulations and there may be a need to isolate livestock.

#### **5.4.9 Vessels**

The Chairperson said that the Council would have to ensure as much as possible that adequate capacity was available to deal with freight and passengers.

#### **5.4.10 Change Mechanisms**

Agreed.

#### **5.4.11 Local Consultation Arrangements**

The Chairperson said that in his view, in the past, local consultation arrangements had been slightly inadequate but Northlink did provide an excellent service. The Executive Director said that when Northlink had started up, they held regular meetings with the Council but these had tailed off. He said that the Council had to make sure that regular meetings were held.

#### **5.4.12 Market Information**

Agreed.

#### **5.4.13 Existing Operator, Staff and Crew**

Capt G G Mitchell advised that a lengthy legal judgement had recently been published which indicated that TUPE rules did apply on the transfer from P&O to Northlink. Therefore, he assumed that TUPE regulations would apply in the transfer from Northlink to the new operator. Mr Maclaren said that the Scottish Executive were happy to handle this situation in this way.

#### **5.4.14 Handover Date**

Mr Maclaren said that 31 May 2005 was the target date for the handover. If the operator agreed this date then the Scottish Executive would have to deal with it. It was hoped that the preferred bidder could be announced between autumn and Christmas this year.

The Chairperson said that he accepted the anticipated handover date. He questioned if the Scottish Executive were confident that the handover date could be achieved and, if not, if there was some flexibility in place for the service to continue. Ms Graham confirmed that, if the handover date was not met, there was flexibility for the Northlink service to continue.

#### **5.4.15 Vessel Safety**

The Chairperson said that this was a very important issue. Mr J H Henry agreed and said that Members would have to accept that a vessel would sail in bad weather and that this decision was the decision of the Captain of the ship. Ms Graham said that this also fell under the Performance Regime (as indicated in section 5.4.16).

The Chairperson said that, in his view, the Performance Regime section should be examined again because it was slightly ambiguous. Mr Maclaren confirmed that this section would be re-examined. He added that if consultees could include their comments in their response on the Draft Specification, this would be beneficial to the Scottish Executive.

Mr J Tait said that from his experience of operators shipping freight, the current operators did not ship freight in bad weather whereas the former operators had. He provided information in relation to a particular incident when the Norrona had sailed into Lerwick Harbour during bad weather.

Ms Graham said that in such circumstances, the Scottish Executive were unaware of the weather conditions in Shetland and they relied on other people to clarify what conditions were like. She added that it would be useful for the Scottish Executive to be made aware of circumstances at that present time. The Scottish Executive could then find out where a vessel had been tied up and this could be built into the Specification.

#### **5.4.16 Performance Regime**

As above.

#### **5.4.17 Financial Viability**

The Chairperson said that, in his view, all interested parties had been provided with much more information.

#### **5.4.18 Harbour/Ports**

The Chairperson said that this issue had previously been discussed. Mr J H Henry said that it was not a simple matter of just lengthening the breakwater at Aberdeen Harbour.

#### **5.4.19 Marketing**

Mr A Steven said that the promises being made by Northlink at the moment had to be retained in the future from both the point of view of visitors and the travelling public. Mr Maclaren advised that the Scottish Executive were in discussion with Northlink on these issues. Ms Graham advised that Northlink were happy to provide pricing structures and timetables until 2006.

In response to a question from Mr J Tait, Mr Maclaren advised that the leasing arrangements with the Royal Bank of Scotland for the present vessels was 15 years. Ms Graham said that the problem was getting vessels that were compliant with SOLAS. Mr Maclaren added that the Scottish Executive had a technical advisor who assisted them with these issues.

The Chairperson said it was important to have safe vessels at all times.

The Executive Director said that if individual organisations had already submitted their comments directly to the Scottish Executive, it would be

useful if a copy of the comments could also be submitted to the Council. He said that he wanted to ensure that the Council's comments were not in conflict with those of industry. It would be useful if comments were available prior to the meeting in Orkney as it was important that the comments were co-ordinated.

Executive Committee - Tuesday 07 September 2004

Agenda Item No. 12 (b) - Public Report

The Chairperson thanked everyone for attending the meeting today, in particular Mr Maclaren and Ms Graham from the Scottish Executive.

CHAIRPERSON



**Economic Development Forum  
Council Chamber, Town Hall, Lerwick  
Tuesday 6 July 2004 at 10.30am**

**Present:**

Core Members

W A Ratter, Chairperson - Economic Development Forum  
L Angus, Spokesperson - Europe  
W H Manson, Chairman - SCT  
Captain G G Mitchell, Spokesperson - Transport  
W N Stove, Chairperson - Social Forum  
N Grant, Shetland Development Trust  
D Irvine, Head of Business Development  
A Cooper, Head of Development Resources

Invited to Attend

H Black, Shetland Fishermen's Association  
D Hammond, Seafood Shetland  
B McLeod, Seafood Shetland  
R Henderson, Seafood Shetland  
R Simpson, LHD Ltd.

**In Attendance**

J H Henry, SIC  
H Curtis, Seafish  
P Dryburgh, North Atlantic Fisheries College  
I Napier, North Atlantic Fisheries College  
W Goudie, Shetland Development Trust  
S Keith, Shetland Development Trust  
G Mohamed, Shetland Enterprise

SIC Officers

W Shannon, Economic Development Manager  
N Henderson, Principal Officer - Marketing  
M Smith, Development Officer  
J Anderson, Strategy Officer  
L Adamson, Committee Officer

Apologies

F B Grains, Vice Convener  
J A Inkster, Chairperson - Environment and Transport Forum  
Dr A Black, Shetland Enterprise  
D Sandison, Shetland Salmon Farmers' Association  
S Laurensen, Shetland Seafood Auction Company

Chairperson

Mr W A Ratter presided.

The Chairman welcomed Ms Gail Mohamed, Depute Chief Executive of Shetland Enterprise.

**Action/Info**

**11/04 Presentation by Ms Hazel Curtis of Seafish entitled “Value Chain Analysis of Cod, Haddock and Nephrops”**

The Chairman welcomed Hazel Curtis, Chief Economist, of Seafish Industry Authority.

The presentation illustrated the main findings from research into the UK value chain for cod, haddock and nephrops. Diagrams illustrated the volume and value flows for each of the species, from the imports/UK landings stage through to the amount of finished product that goes to UK consumption through the foodservice sector and retail sector. The economic performance of the species and the implication for the industry, Government and Seafish were also explained. (Copy of the presentation is attached as RECORD Appendix 1). A brochure outlining the key features from the study were tabled at the meeting (RECORD Appendix 1A). Ms Curtis advised that the full report is available on CD and that further copies of the key features brochure are also available.

The Chairman thanked Ms Curtis for the interesting presentation. He noted, with disappointment, that there were no actual front line fishermen at the meeting though representatives from the fishermen's side of the industry were present. He suggested that a focused discussion and any questions from the presentation should be included in the next agenda item.

**12/04 Discussion on the Marketing Analysis Required to Guide Value Adding in Shetland Fish Processing**

The Chairman advised that the SIC's Economic Development Unit, the North Atlantic Fisheries College and Shetland Enterprise can assist with marketing analysis.

In response to a query as to what can be done to increase the value of seafood landed in Shetland, Ms Curtis stated that value can be increased by improving the catching effort; the way the fish are treated before they are caught; consideration given to how much volume should be caught for the size of the boat; consideration into other catching techniques; the way the fish are treated when they are caught; care taken not to damage the fish; making sure there are not too many fish in a box; ensuring that reliable scales are used and that the hold of the boat is designed to accommodate whichever type of boxes are used. All these steps can improve the quality of the fish landed and can increase the revenue per kilo.

Ms Curtis explained that transportation costs have to be taken into consideration and the distance from the market can make it difficult to add value to the fish. She suggested that in order to minimise costs, processors should do more filleting and less exporting of whole fish, although if processors are exporting fillets to specific customer groups they get more per kilo for live weight.

Ms Curtis suggested that Shetland could carry out research into maximising the value of fish. Effort should be made in marketing Shetland fish as being special, and to work with businesses that can use good quality Shetland fish in order to find the most profitable supply chain.

Regarding secondary processing, Ms Curtis questioned whether it would be economically viable for Shetland producers to carry out secondary processing unless large volumes of fish were available. The cost of transportation to the market would also have to be taken into consideration. She added that secondary processing in Shetland may be viable for smoked fish and salmon.

Referring to the processing chain, it was noted that the margins appear to be fairly tight for the three species researched. Ms Curtis stated that there have been a marked reduction in the number of fish processing businesses trading over the last 15-20 years and some businesses have merged in order to survive.

The Chairman thanked Ms Curtis for the interesting presentation and said that it would be useful if the full report could be distributed to allow more thought to be given to the detailed information on the value chain of the three species.

#### 13/04 **Regional Advisory Councils**

The Forum considered a report by the Head of Development Resources (RECORD Appendix 2).

Mr I Napier gave a brief overview of the report which included the background to the establishment of the Regional Advisory Councils (RACs), the proposed structure, membership and operation. He explained that the RACs will be advisory only, but they can submit recommendations on fisheries matters to the European Commission. He added that the opinions on the value of RACs are divided, although it is a small first step towards breaking down the centralised fishing system in Europe.

The Forum questioned the effectiveness of RACs but agreed that it was important for Shetland to be involved at this early stage.

Referring to SHOAL, the organisation established by the SIC and the industry to jointly represent Shetland's interests in fisheries matters, it was suggested that if SHOAL has a future, more resources, staff time and effort would need to be invested in the organisation.

The Chairman referred to the questions set out in section 2.2. of the report. Following discussion on some of the questions, the Forum agreed that the best way to proceed is for the Shetland Fishermen's Association and other industry representatives to respond to the questions in detail, following which a meeting can be arranged to discuss this matter further.

14/04 **FIFG 2007-2013**

The Forum considered a report by the Head of Development Resources (RECORD Appendix 3).

The Head of Development Resources stated that he had concerns regarding FIFG post 2006. Reference was made to the proposal for a single fisheries programme to be administered by SEERAD and it was suggested that it would be advantageous to Shetland to remain under the current Highlands and Islands Programme.

Reference was then made to the questions set out in the report. Following some discussion, the Forum agreed that further consideration was required with industry representatives in order to produce an in depth response on the future of community structural funding for the seafood industry.

15/04                      Agency Roles and Responsibilities in the  
Development of the Shetland Fish Catching Sector

The Chairman advised that Mr Peter Dryburgh, the Director of the North Atlantic Fisheries College also occupies the position of Head of Fisheries for the SIC. He explained that as from September all fisheries projects requiring investment decisions will be dealt with by the Economic Development Unit and Shetland Development Trust and all fisheries technical matters will be dealt with at the NAFC.

The meeting concluded at 12.20pm.

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W A Ratter  
Chairperson

NOTE FOR ACTION / INFORMATION
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**Economic Development Forum**  
**Council Chamber, Town Hall, Lerwick**  
**Tuesday 10 August 2004 at 2.15pm**

**Present:**

Core Members

W A Ratter, Chairperson - Economic Development Forum  
L Angus, Spokesperson - Europe  
A J Cluness, Convener  
Captain G G Mitchell, Spokesperson - Transport  
W N Stove, Chairperson - Social Forum  
Dr A Black, Shetland Enterprise  
G Johnston, Head of Finance  
J Smith, Head of Organisational Development

Invited to Attend

F A Robertson, SIC/Director of SSMO  
J G Simpson, SIC/Director of SSMO  
C Jamieson, Shetland Shellfish Management Organisation (SSMO)  
I Walterson, Director of SSMO/Association of Shetland Community Councils  
L Williamson, Director of SSMO/Shetland Fish Processors' Association  
P Dryburgh, North Atlantic Fisheries College  
Dr I Napier, Chairman of SSMO/North Atlantic Fisheries College  
C Laurenson, North Atlantic Fisheries College  
S Marrs, North Atlantic Fisheries College

**In Attendance**

J H Henry, SIC  
G Pieraccini, SEERAD  
B Isbister, Shetland Fishermen's Association  
K Hall, Scottish Natural Heritage  
W Goudie, Shetland Development Trust  
M Holmes, North Atlantic Fisheries College  
D McGregor, SEPA

SIC Officers

J Anderson, Strategy Officer  
L Adamson, Committee Officer

Apologies

F B Grains, Vice Convener  
W H Manson, Chairman - SCT  
J A Inkster, Chairperson - Environment and Transport Forum  
H Black, Director of SSMO/Shetland Fishermen's Association  
J Scott, Director of SSMO/Shetland Fishermen's Association  
S Henderson, North Atlantic Fisheries College  
D Riley, North Atlantic Fisheries College  
A Nicolson, North Atlantic Fisheries College

16/04 **11 Update from Community Planning Board -Chairperson.**

The Chairman reported that there was no particular update, but this would be a standing item on the Agenda for future meetings.

17/04 **Strategic Review of Inshore Fisheries. Presentation by Ms Gabriella Pieraccini, Head of SEERAD's Inshore Fisheries Branch.**

The Forum considered a report by the Development Officer (RECORD Appendix 1).

The Chairman welcomed Ms Gabriella Pieraccini, Head of SEERAD's Inshore Fisheries Branch.

Ms Pieraccini gave a presentation outlining the Strategic Review of Inshore Fisheries Management in Scotland, currently being carried out by SEERAD. Ms Pieraccini summarised the basic background; who will be involved; what the proposals are; where they apply and how the inshore strategy will work. (A copy of the presentation is attached as RECORD Appendix 1A).

Ms Pieraccini explained that the Scottish Inshore Fisheries Advisory Group (SIFAG) are proposing to establish local Area Management Groups covering all Scottish inshore waters. There will be overarching objectives for inshore fisheries to apply to the whole of Scotland, although individual Area Management Groups will have local management responsibilities and objectives.

Regarding the composition of the local Area Management Groups, Ms Pieraccini said that it has been decided that fishermen must form the core membership and that the other members could consist of processors, advisers, scientists, environmental interests, community members and other marine users.

The presentation concluded with a schedule of proposed dates for the consultation exercise: the deadline for responses to the consultation is 31 August 2004 (although the date has been extended to 30 September for individual fishermen); the date for finalising the proposals is March 2005; Summer 2005 to commence establishing the Area Management Groups, and the primary legislation date being Spring of 2006.

The Chairman stated that Shetland has a considerable interest in the review of the inshore fisheries.

Mr J G Simpson said that the Regulating Order in Shetland works very well, although the policing of the Order requires to be looked at and enforced. Ms Pieraccini said that the SFPA will be taking on the enforcing of the Order. She added that although Shetland has a Regulating Order in place, no other area of Scotland did.

Mr J G Simpson, said that in his opinion, it would be beneficial for SIFAG to have an independent Chairman. Ms Pieraccini took on board this point.

Dr I Napier said that the proposal in the Strategic Review for the Area Management Groups to set up Regulating Orders appears to be bringing the rest of Scotland in line with Shetland 4-5 years ago. He stated that the proposals did not represent any step forward for Shetland, and that in fact they could represent a retrograde step. He added that the existing legislation for Inshore Fisheries is 30-40 years old and was disappointed that there were no proposals to update the legislation as many issues have changed since the legislation was written. Dr Napier highlighted the onerous workload which the Area Management Groups would have to deliver, for example, in establishing objectives, preparing management plans and monitoring performance indicators.

Dr Napier commented on SIFAG's role and the composition of the Group. Ms Pieraccini said that the membership of the Group may be looked at in the future.

Mr A J Cluness stated that the 12 mile limit around Shetland is a community resource. He said that the SIC will be developing a strategy which will include proposals for local management of the 12 mile limit. Mr Cluness hoped that the Scottish Executive would look carefully at what was best for individual areas.

In response to a query, Ms Pieraccini said that there was definite scope for Area Management Groups to take on more than one responsibility, for example, to include both farmed fish and wild fish.

Mr P Dryburgh said that he was surprised that there were no funding proposals in place for the Area Management Groups.

Mr A J Cluness said that this was an ideal opportunity for Scotland to look at what is best for each individual area. He stressed that the proper management of inshore fisheries is important to sustain small coastal communities.

Ms Pieraccini explained that although each individual area

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would produce local objectives, there would be a need for coherence to ensure the groups gel together.

The Chairman thanked Ms Pieraccini for the very clear presentation. He stated that many issues have been raised which would assist in producing Shetland's response.

The meeting concluded at 3.20pm.

.....  
W A Ratter  
Chairperson



## Shetland Islands Council

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### NOTE

**Environment & Transport Forum**  
**Council Chamber, Town Hall, Lerwick**  
**Tuesday 17 August 2004 at 10.30 a.m.**

**Councillors:**

J A Inkster      J H Henry  
I J Hawkins      Capt G G Mitchell

**In Attendance (Officers):**

A Hamilton, Head of Planning  
V Hawthorne, Service Manager, Development Plans  
A Taylor, Conservation Manager  
D Haswell, Committee Officer

**Apologies**

E Perring  
A Wishart, LPA  
A Black, Shetland Enterprise

**Invited to Attend:**

F B Grains  
J Uttley, SNH  
P Ellis, RSPB  
P Dinsdale, SEPA  
J L B Smith, Shetland Federation of Small Businesses  
J Arculus, Shetland Civic Society

**Chairperson:**

Mr J A Inkster, Chairperson of the Forum, presided.

**Circular:**

The circular calling the meeting was held as read.

19/04      **Verbal Update from Community Planning Board - Chair**

The Chairperson took Members through a briefing note from the Community Planning Board meeting held on 12 July 2004. A copy of the briefing note is attached as Appendix 1.

Mrs I J Hawkins said that, as she had previously suggested, it would be useful for a seminar to be held which clarified the role of the Community Planning Board and to ensure that more people were aware of the

Community Planning Board and its purpose. Members agreed that this would allow people to be better informed.

The Chairperson advised that at the moment, Community Planning Board meetings were held in private but discussions were taking place in an attempt to open up meetings to the public. The Head of Planning added that there had been discussions about the role, remit and membership of the Community Planning Board being broadened to enable particular issues such as the environment and the economy to be discussed. The Head of Environment was progressing this issue.

In response to a comment from the Chairperson, the Forum agreed that it was important that links were made to ensure an overall strategy for Shetland.

Mr J L B Smith, a Member of the Community Planning Board representing Shetland Enterprise, advised that since the initial establishment of the Community Planning Board, great progress had been made. A number of organisations were represented on the Board but he agreed that membership should be increased with meetings being formalised and the debate at meetings reported back to the public.

20/04

**Pilot Survey – Vacant Sites in Small Settlements**

The Forum considered and noted a Discussion Paper by the Planning Officer – Development Plans (Appendix 2).

The Service Manager, Development Plans took Members through the report and, in response to a comment from Mrs I J Hawkins, noted that Scalloway had been omitted in error but confirmed it would be included in the Pilot Survey. As indicated in the report, the findings of the survey would be reported to the Infrastructure Committee before being submitted to the Scottish Vacant and Derelict Land Survey Working Group.

In response to a question from Mrs F B Grains, the Service Manager, Development Plans advised that the General Register Office Scotland had provided the definition of a “settlement” the criteria for which was highlighted in section 3.2 of the report. He said that in Shetland some settlements were quite spread out but Shetland could benefit from this and it would be possible to highlight areas on a map where it was felt there should be the cut-off point for a settlement.

Capt G G Mitchell said that, where land that was not being used was identified and it was considered for private housing or industrial development, it would also have to fit the requirements of the zoning policy. In response, the Head of Planning said that this would eventually be the case and would be taken into account. However, he suspected that the plots that may be identified as a result of this survey would be quite small.

Capt G G Mitchell said that the Council had agreed some time ago to try and identify all the land it owned and said it would be useful if this was tied into the survey.

The Service Manager, Development Plans said that, in his view, it was very good that the Council had the opportunity to be involved in the survey as it could help identify any problems and development opportunities. He asked that, if Members were aware of any other sites that could be included in the survey, they should bring these to the attention of Officers so they can be assessed to determine if they met the criteria.

In response to a request from Mr J L B Smith that Community Councils should be provided with descriptions and guidelines of the criteria during the consultation process, the Service Manager, Development Plans confirmed that guidance would be provided. Community Councils would be given maps and asked to highlight the areas of land larger than 0.1 ha and which met the other criteria. If they highlighted areas that did not meet the criteria they would be kept as a local record.

The Forum otherwise noted the report.

21/04

**The Shetland Structure Plan Review**

The Forum noted a Discussion Paper by the Head of Planning (Appendix 3).

The Head of Planning provided Members with a PowerPoint presentation. Copies of the slides used are attached as Appendix 3A.

The Chairperson thanked the Head of Planning for the presentation and said it had included all of the very important areas and topics that would have to be considered. As indicated in the Discussion Paper, it was hoped that the review could be completed by the autumn of 2005 with approval by the Scottish Executive in early 2006.

Mr J H Henry was of the view that the Council should not wait until the Scottish Executive brought forward a Bill in the Scottish Parliament which proposed the replacement of Structure Plans and should proceed with a review of the Shetland Structure Plan. With regard to the slide that indicated Shetland continued to depend on the quality of the land and marine environment as a foundation for most of its industry, Mr Henry said that there had been a demise of sand eels in Shetland over the last few years and this was a serious problem. The Chairperson agreed and said this had an impact on Shetland and the Shetland community. The Chairperson said that there was also a noticeable absence of seabirds and seabirds were now becoming landbirds because of the lack of feed from the sea. This, he said, was a serious situation.

Mrs I J Hawkins referred to the recent water shortage and said that this was very strange considering that the summer weather had been

similar to this summer for the last 2 years. In relation to renewable energy, Mrs Hawkins said that a number of groups were involved in this but there seemed to be a lack of overview and the Council should look at this. Mrs Hawkins continued to say that, in her view, decentralisation was very important and young people should be encouraged to stay in Shetland, rather than leaving. In this regard, to increase the population, she said that every small area in Shetland should be developed as much as possible. If the high house prices continued as they were at present, this would damage communities. She said that she agreed with the comment made about the proportions of money being spent on different forms of public transport, for example ferries and buses, and felt that this resulted in other communities not being given the chance of social inclusion.

The Head of Planning said that the notion of growth points might merit consideration, but it would pose some very difficult questions when it came to defining them. For instance, was it better to try and encourage growth in some areas and ensure that (for example) those areas were provided with good bus services but with the implication that what happened elsewhere would be limited? Growth points might be the best way of achieving the long-term survival of the Shetland community but the issues were not simple. He said that the Council would have to thoroughly examine what it did and how it did it and that would include having to say "no" in some cases.

Capt G G Mitchell said it was clear that there was a demand for public sector housing in Lerwick. If public sector housing was proposed to be built outwith Lerwick, this would mean having to apply to Communities Scotland for financial support and providing a business plan to indicate that there was demand for public sector housing in a particular area. He added that it was difficult to make a decision to build public sector housing in areas other than Lerwick. In conclusion, he said that a lot of debate would have to take place before a Structure Plan was achieved that would satisfy everyone.

In response to a request from Mr J L B Smith, the Head of Planning confirmed that those persons involved in renewable energy, coastal issues, environmental issues and fisheries issues and who had the expertise in those areas would be involved in the consultation and the review process from the early stages. He added that if the Council wished to achieve the things it wished to achieve, this would mean the Shetland community embracing this and taking things forward themselves.

Mrs F B Grains said that the Structure Plan and the Community Plan would have to be brought together to ensure they both kept up-to-date with one another. In relation to the issue of social inclusion, she said that people had to be realistic.

Mr J Uttley said that the presentation had been very comprehensive. From a SNH point of view, the new environmental duty on the

promotion of biodiversity, etc would be very important, not only for the Structure Plan but also for all other agencies involved in Shetland. He advised that Living Shetland had produced a Local Biodiversity Action Plan and this could be one way of taking things forward. It would have to be linked to the Structure Plan. Mr Uttley advised that some local authorities in Scotland included protected areas in their Structure Plans. These did not form part of the Structure Plan but were highlighted as areas that were protected. He said that the Council might wish to consider doing this in the future. In relation to renewable energy, he said that the pace of change in this area was very fast and, in this regard, it was important that any reference to renewable energy in the Structure Plan was adaptable to change. Mr Uttley concluded by saying that he was unsure how much the Coastal Management Strategy would link to the Structure Plan but, in his view, they should be consistent.

The Conservation Manager said that one thing requested by communities was the inclusion in the Structure Plan, in general terms, of sites of local interest. This is one area in which Living Shetland could assist. He added that there were key crosscutting themes that would affect everything the Council did, e.g. equal opportunities and sustainable development. In relation to the reference that wage levels in Shetland were 33% higher than the Scottish average, he said that there were a number of people who were on reduced incomes and, therefore, this had to be borne in mind, especially with regard to the development of housing. He concluded by saying that the Council would have to be proactive in this regard.

The Chairperson said that the review would be a long, complex process.

The Head of Planning advised that a report would be presented to the Infrastructure Committee, in the near future, setting out the ground rules for the review and who would be involved, etc.

CHAIRPERSON





## Shetland Islands Council

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### NOTE

**Social Forum**  
**Council Chamber, Town Hall, Lerwick**  
**Thursday 19 August 2004 at 10.30am**

**Councillors:**

W N Stove      C B Eunson  
F B Grains      E J Knight

**Stakeholders:**

B Baker, Church Representative  
M Hannah, Teacher Representative  
C Hughson, Shetland Council of Social Service  
J Garden, Association of Shetland Community Councils  
I MacBride, Shetland Welfare Trust  
A Pearson, Shetland Community Drugs Team

**Also:**

Councillor T W Stove

**Apologies:**

Councillors W H Manson and G G Mitchell  
Association of Shetland Community Councils – W Fraser  
Hjaltland Housing Association  
NHS Shetland  
Shetland Childcare Partnership  
Shetland Children's Panel Reporter  
Shetland Recreational Trust  
Shetland Youth Information Service

**In Attendance (Officers):**

J Watt, Executive Director – Community Services  
C Ferguson, Community Care Manager  
A Jamieson, Service Manager – Housing Business Support  
S Menary, Joint Future Assistant  
S Ward, Administration Officer  
L Geddes, Committee Officer

**Chairperson:**

Mr W N Stove, Chairperson of the Forum, presided.

**Circular:**

**Minutes:**

The note of the meeting held on 10 June 2004 was confirmed.

16/04      **Verbal Update from Community Planning Board - Chairperson**

The Chairperson advised that he had been unable to attend the last meeting of the Board, but he outlined to Forum members the benefits of community planning, including the ability of agencies to work together in partnership on a common set of priorities which should enable, amongst other things, more strategic services reflecting the needs of individuals in the community.

The Executive Director advised that discussions had taken place at the last meeting of the Board in relation to:

- Timetabling of meetings to coincide with the Council's meetings
- Holding a "visioning" day to help shape the future vision for Shetland to 2020
- Moving forward Community Health Partnerships by focusing on locally based service delivery and increasing public engagement
- The proposed visit by Andy Kerr, Minister for Finance and Public Services. This had now taken place, and the feedback received indicated community planning in Shetland was well advanced.

The Chairperson said that it was hoped that representatives of the Board would attend a future Forum meeting in order to explain community planning to the Forum.

17/04      **Direct Payments**

The Forum considered a report by the Community Care Manager (RECORD Appendix 1).

Ms Elsie Normington, Direct Payments Scotland, gave a presentation to the Forum in which she outlined the background to the Direct Payments system in Scotland, and its operation. She explained that a direct payment is money given by the local authority to a person who is disabled in order that they can purchase the help and services they require. Ms Normington pointed out that it was now a statutory duty for local authorities to offer direct payments to those who were eligible and willing to receive them. Nationally, 900 people in Scotland used direct payments. However there were only four in Shetland, compared with 30 in Orkney. Direct payments now incorporated children's services, although there tended to be a low uptake.

She went on to say that there was no support organisation to promote and assist with the delivery of direct payments in Shetland. She felt that it was extremely important to have someone in place to promote and

assist with direct payments, as direct payments could normalise people's lives, and assist with innovative services being delivered rather than institutionalised ones.

Ms Normington then went on to speak about her own personal experience of using direct payments to purchase help and services for her son, outlining a number of ways in which they had utilised the money they received. She said that direct payments had helped create freedom and flexibility, as her family now had control over the money and how they chose to use it. She explained that her son also received funding through the Independent Living Fund (ILF). This fund was a good lever for getting funding into an area, and it would be in the interests of local authorities to promote it.

The Chairperson referred to paragraph 2.2 of the report, and noted that there was no additional funding from the Scottish Executive to support the implementation of direct payments.

The Community Care Manager explained that direct payments were an alternative to existing service provision. Although the Social Work service had started promoting direct payments in 2001, there had not been much interest locally. There was no additional money available to set up a support organisation from scratch, but tentative discussions had taken place with the Citizens' Advice Bureau (CAB) regarding running a direct payments service. The CAB already provided a welfare rights service which worked extremely well, and it may be possible to use an existing organisation to provide the back up and employment for a direct payments support service.

Ms Normington said she felt, in demographic terms, it would be useful to consider housing a direct payments support service within an existing organisation. Direct Payments Scotland would assist by offering mentoring and support systems. In response to a query regarding whether such a service would be more appropriately located in an organisation specialising in disability issues, Ms Normington said that the key issue was that the service should be user-led, and that the worker involved had the remit to develop a user-led influence.

Ms Normington went on to explain that the ILF fund was a central government fund for people with higher support needs. For ILF funding to apply, there had to be a commitment from the local authority to provide £200 of care per week. In her son's case, the funding provided through ILF was greater than that provided by direct payments, and she felt that it would be in the interest of local authorities to explore this option. ILF funding worked well in a package with direct payments funding.

The Community Care Manager confirmed that some people in Shetland were in receipt of ILF funding, and efforts were made to utilise it. She also explained that the people in Shetland currently using direct payments represented a wide range of client groups, and it was being used to provide a range of services. Money received through direct payments was used instead of provision of the service by the local

authority. For example, there were options for users of direct payments to be offered respite care from the Council or to purchase it through a direct payment instead.

In response to a query regarding how direct payments fitted in with the "Supporting People" funding, Ms Normington explained that people had the right to access "Supporting People" funding as a direct payment. There were some issues regarding the 'ring-fencing' of funding, and there were a number of test cases at the moment with people hoping to access funding as a direct payment as they were unhappy with the agency providing their housing support.

Members commented that people were often discouraged from using direct payments, as they had to become employers.

Ms Normington agreed that there were responsibilities associated with becoming an employer. There was a need for a support agency to offer information and advice on employment issues and legislation. She enquired if the Council would be supportive of a proposal from the voluntary sector to access the community care budget for a support worker.

The Community Care Manager said she felt the Council would probably be supportive of such a request, but that it was important to use sustainable models for the future. There had been a proposal in the past which had not been supported by the Council, as it proposed setting up a completely new organisation.

The Chairman thanked Ms Normington for her presentation. Members of the Forum commented that they had enjoyed Ms Normington's presentation, and said that they felt the use of direct payments should be promoted and taken forward.

The Executive Director suggested that to explore the issue further with the voluntary sector, it would be worthwhile having a meeting with all interested parties.

18/04

**Disability Strategy**

The Forum considered a report by the Community Care Manager (RECORD Appendix 2).

The Executive Director summarised the main terms of the report, pointing out that the appendix was a summary of the main document. It was hoped that there would be maximum discussion and debate on the document.

A member referred to the figures quoted on page 9 in relation to the predicted number of adults with learning disabilities, and enquired how this figure was calculated.

The Community Care Manager explained that the Council, NHS Shetland and the voluntary sector kept databases showing levels of disabilities. Future levels were more difficult to ascertain, but the

figures were based on what was already known in Shetland, and statistics and trends, particularly around the increase in autism.

A member commented that it was estimated that a large number of people in Shetland, around 2,500 people, were affected by mental illness. However, in each section of the document, mental illness featured only briefly as the final paragraph in each section. As people suffering mental health problems were already stigmatised and somewhat neglected, he felt strongly that the mental health element of the strategy should be strengthened and have a higher profile.

Another member referred to the paragraph in page 18 of the strategy relating to difficulties in operating ILF and Direct Payments schemes. He felt that the wording was negative and that the sentence should either be removed or reworded to say that efforts were being made to address these difficulties.

The Executive Director agreed that these comments should be addressed and said that she would refer them back to the Disability Strategy Group.

19/04

**Alcohol Byelaw**

The Forum considered a report by the Community Safety Officer (RECORD Appendix 3).

The Chairperson said that he would welcome comments from the Forum regarding the proposed consultation exercise.

A member enquired about consultation with the voluntary sector.

The Executive Director pointed out that a wide range of voluntary agencies would be consulted, and that Shetland Alcohol and Drugs Action Team would be asked to collate the views of both the Drugs and Alcohol Forums.

20/04

**Issues for Future Discussion**

A member said that he would like to discuss the Council's policy in relation to senior members of staff in the same school being allowed to retire at the same time, as he felt that this was detrimental to the pupils and the school.

The Chairperson pointed out that as this related to staffing policy, it would not be appropriate to discuss this at the Social Forum. However it would be appropriate for this to be raised through the Employees' Joint Consultative Committee, and he would pass this on to the relevant people.

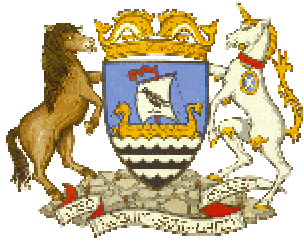
The Executive Director said that it was intended to bring forward a report on the work of the Equalities Group, and that the Forum would also be consulted on the Community Safety Strategy and the Anti-Social Behaviour Strategy.

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She also added that the Community Services Department were working hard to ensure that the bid for the Cinema and Music Venue would be submitted by the end of next week, and that there would be an update at a future Forum.

CHAIRPERSON



## MINUTE

## CONFIDENTIAL

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**Shetland Development Trust**  
**Conference Room, MV Norrona**  
**Wednesday 26<sup>th</sup> May 2004 at 1 p.m.**

**Present:**

L Angus	R Eunson
J Hutton	W A Ratter
D Rommel	R Hunter

**Apologies:**

A J Cluness	J Simpson
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**In Attendance (Officers):**

N Grant, General Manager, Shetland Development Trust  
N McDougall, Financial Controller, Shetland Development Trust  
S Keith, Project Manager, Shetland Development Trust (Minute Taker)

**Chairman:**

Mr L Angus, Chairman of the Trust, presided.

**Circular:**

The circular calling the meeting was held as read.

**Minutes:**

The minutes of the meeting held on 28 April 2004 were confirmed, on the motion of Mr W A Ratter, seconded by Mr L Angus.

**Minute Reference 28/04 Blackwood Distillers**

Ms D Rommel requested clarification of the investment conditions relating to this project as the new Trustees were not aware of the details contained in the original report. The General Manager agreed to report on these conditions at the next meeting of the Trustees.

**34/04      Aqua Farm Ltd**

Trustees considered a report (Appendix 1) by the General Manager. Ms D Rommel declared an interest in this item and took no part in the discussion or decision making.

The General Manager provided a background on this company to the point which they approached the Trust for funding assistance with this specific project.

The Chairman expressed his concern over the age of the partners. Mr R Eunson questions the level of funding being made available from the partners personal funds. He stated that he was not primarily against the project as the sales performance has been considerable but he had reservations regarding the Natural Choice branding. The Trustees agreed with this opinion and the consensus was that Natural Choice should be on a sound footing before the total project funds be approved.

Mr W Ratter said that he was impressed with the way that Natural Choice had gained market share. However, he did stress that the need for viable quality standards now rather than later. He was keen to see Frank Johnson commit to the project regarding the need for regulatory quality standards.

Mr R Hunter expressed his concern regarding the capital requirements and lack of liquid personal funds contributed to the overall cost of the project. He also sees the projections and associated turnover as ambitious. The General Manager clarified that the 2003 turnover was low due to the level of losses from IPN.

Mr J Hutton questioned the situation with the smolt supplier, KLD and stated that he saw this as a high risk project as due to the restricted likelihood of sustainable high margins for Natural Choice. The General Manager confirmed that KLD have confirmed in writing that they have agreed not to take retention of title to the fish.

In summary the Chairman noted the views of the Trustees on quality issues and suggested that a person be employed to work in a monitoring role to offer some protection to the Trust's aquaculture investments. He stated that there was a reluctance to invest more money in the industry without credible monitoring. All Trustees agreed that this was an area which should be investigated further.

There was unanimous agreement amongst the Trustees to support the project. It was therefore agreed to provide a sum of £50,000 over the next two months on the terms and conditions stated in the investment report under sections 7.1 and 7.2, less the condition relating to the release of securities by the Royal Bank of Scotland to enable the Trust to take first ranking security over all the assets of Aqua Farm. The funds are to enable the company to trade in the immediate term whilst formulating and agreeing a strategy addressing the concerns over the quality issues of Natural Choice.

The Trust is to reconsider additional funding at a future meeting once clarification on the monitoring aspects of the project has been gained.

Mr R Eunson suggested that SSQC be invited to a Trust meeting to give a presentation of what their work entails. This was agreed and the General Manager is to invite them to make a presentation.

35/04      **Disbursement of Surpluses**

The General Manager highlighted the need for agreement from the Trustees on how the £1,016k surpluses (net of tax over the last three years) should be allocated to charitable purposes. These surpluses are to be disbursed at the discretion of the Trustees.

Each Trustee is to consider the possible options related to economic development and a list of ideas is to be brought to the next Trustees meeting for further consideration.

36/04      **Investment of Trust Funds**

Trustees considered a report by the Financial Controller (Neil McDougall) (Appendix 3).

After a general discussion Ms D Rommel proposed that 75% of the International Loan Note sum be invested in the Fund and 25% in cash, as per Option 4 of the report. However, there was no seconder for this motion.

Mr W Ratter proposed that Option 2 of the report be adopted, this was seconded by Mr J Hutton.

37/04      **Skerries Salmon Ltd.**

Trustees considered a report by the General Manager (Appendix 4).

After some discussion Trustees unanimously approved that the SDT sell the assets of Skerries Salmon back to the Skerries Community (Skerries Development Trust) for £60,000.

38/04      **Draft Activity Report**

The General Manager took the Trustees through the main points in the report (Appendix 5) and the basis and value of the debtor provisions were approved by the Trustees.

39/04      **April Monthly Report**

Trustees noted the above monthly report (Appendix 6). It was agreed that the Trustees be provided with the summary report on the SDT enquiries register at all future meetings.

40/04      **Faroese Visit Agenda**

Trustees noted the agenda (Appendix 7) and their responsibilities while in Faroe.

41/04      **Smyril Line Accounts**

Trustees noted the accounts (Appendix 8) and were to raise any questions on the accounts with the Smyril Management at the meeting scheduled for that afternoon.

42/04

**AOCB**

The Chairman expressed his concern on how the Trust was represented following the General Manager's bi-annual report to the Council. It was unanimously agreed that a press release be prepared prior to the meeting highlighting the positives of the Trust, giving as much detail as possible.

(The meeting concluded at 2.40pm)

CHAIRMAN

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## MINUTE

## CONFIDENTIAL

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**Shetland Development Trust**  
**Conference Room, MV Norrona**  
**Wednesday 28<sup>th</sup> May 2004 at 10.30 a.m.**

**Present:**

L Angus	R Eunson
J Hutton	W A Ratter
D Rommel	R Hunter
A J Cluness	

**Apologies:**

J Simpson

**In Attendance (Officers):**

N Grant, General Manager, Shetland Development Trust  
N McDougall, Financial Controller, Shetland Development Trust  
S Keith, Project Manager, Shetland Development Trust (Minute Taker)

The following are bullet points highlighting the main points from the informal meeting held following the visit to Faroe by the Trustees and staff.

**Aqua Farm Ltd.**

- The General Manager had spoken to Gibbie Johnson explaining the need to stabilise Natural Choice before further funding would be approved by the Trust
- Chairman noted the current lack of monitoring of investments
- Mr B Hunter suggested that security on the works licence be extended to take security over the seabed lease

**Sildarvinnsland**

- Mr W Ratter noted that he had stressed to Peter Holm the need to urgently petition the LPA with regard to the use of the Dales Voe site
- Trustee to await response of discussions and meeting planned between the company and LPA in the near future

**Kaupthing Bank**

- Trustees discussed potential projects and relationships which could be jointly ventured with the bank, ie. Northlink route, North Atlantic Corridor projects.
- Agreed to arrange a future meeting in Shetland to discuss these ideas further

Agenda Item No. 13 (b) - Exempt Report

- Mr R Eunson asked whether a project relating to salt fish in the Skerries could be investigated with United Seafoods.
- General Manager to ask Graham Johnston to do a prudential check on the bank

**Farex**

- It was noted that this was a very good sales company with a £20m annual turnover
- Trustees asked if the slides from the Farex presentation could be obtained

**Smyril Line**

- Mr L Angus to ask informally about the current problems local freight companies have in shipping goods to the continent through Hantsholm in Denmark
- Progress will be required with regard to the Northlink contract
- If the Northlink contract is to work it was felt that it would have to be run from a separate Smyril operation in Shetland



## MINUTE

## CONFIDENTIAL

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**Shetland Development Trust**  
**Business Innovation Centre, Gremista, Lerwick**  
**Wednesday 23 June 2004 at 2 p.m.**

**Present:**

L Angus	A J Cluness
R Eunson	R Hunter
J Hutton	W A Ratter
J Simpson	

**Apologies:**

D Rommel

**In Attendance (Officers):**

N Grant, General Manager, Shetland Development Trust  
W Goudie, Project Manager, Shetland Development Trust  
S Keith, Project Manager, Shetland Development Trust  
J Pottinger, Minute Taker

**Invited to Attend:**

### For Item 1

Michael Laurensen }  
Alec Miller } Representatives of Blue Shell Mussels Ltd

### For Item 5

Ivor Johnson – Director of Johnson Seafarms  
Karol Rzepkowski – VCB Associates  
Laurent Viguie – VCB Associates

**Chairman:**

Mr L Angus, Chairman of the Trust, presided.

**Circular:**

The circular calling the meeting was held as read.

**Minutes:**

The minutes of the meeting held on 26 May 2004 were confirmed, on the motion of Mr R Hunter, seconded by Mr R Eunson.

Minute Reference 34/04 – Aqua Farm Ltd

The General Manager gave an update on the current situation during which he said that SSQC would be invited to a meeting of this Trust to see how they would provide a monitoring role. He said that the Bank was putting pressure on the Company Directors and that a full report would be coming forward to the July meeting of the Trust for a decision.

Minute Reference 37/04 – Skerries Salmon Ltd

The General Manager informed Trustees that Officers of the Trust were in the middle of packaging all of the assets of Skerries Salmon Ltd which would be sold on to the Skerries Development Company. He said that the company was not properly constituted at this time and that he had written to them saying that this needed to happen before the assets could be sold back to the community.

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Hoganess & Wester Sound Salmon Ltd

The General Manager gave an update to Trustees of the current financial position of this company and its parent company Marine Farms. He said that in his view there was no further action that should be taken by the Trust at this point of time.

43/04      **Blue Shell Mussels Ltd – Application for Financial Assistance**

Trustees considered a report by the Project Manager (W Goudie) (Appendix 1).

(Mr Michael Laurenson and Mr Alec Miller attended the meeting)

During the discussion which followed Mr Laurenson answered Trustees' questions on various aspects of the project. In response to a question he said that although there may be a possibility for a Shetland brand in the future it was more beneficial for the company at the present time to sell their produce through the Scottish shellfish marketing group. Mr Laurenson also explained to Trustees how the company are considering processing scallops on behalf of another company to ease the cash flow problems during the "off season" for mussel production.

(Mr Laurenson and Mr Miller left the meeting)

Trustees, on the motion of Mr J Simpson, seconded by Mr R Eunson, approved the recommendation in 8.1 of the report, namely, that, loan assistance of £190,000 be offered to Blue Shell Mussels Ltd on the terms and conditions outlined in the loan schedule attached as Appendix 1 to the report.

44/04      **Shetland Soda Company – Application for Financial Assistance**

Trustees considered a report by the Financial Controller (N McDougall) (Appendix 2).

The General Manager summarised the main points of the report.

During the discussion which followed Trustees generally were in support of the project but were of the view that SLAP would be the appropriate body for financing this project as the request was for mortgage finance assistance for building a factory.

After some discussion Trustees unanimously approved the recommendation in 7.1 of the report, namely, that, loan assistance of £100,000 be offered to the Shetland Soda Company on the terms and conditions outlined in the Loan Schedule attached as Appendix 1. It was further agreed that before the funds were formally committed to the project there should be negotiations with SLAP.

45/04 **Mfv "Laurel" KY986 – Iain McDonnell & Partner – Fishing Vessel Equity and Partnership Investment**

Trustees considered a report by the Project Manager (S Keith) (Appendix 3), and agreed, on the motion of Mr J Simpson, seconded by Mr A J Cluness, that recommendation 9.1 of the report be approved, namely, that, an equity investment of £125,000 in the form of shares in a LLP be offered to the partners of the mfv "Laurel", subject to a Partnership Agreement being accepted with the inclusion of the terms details in Appendix 2.

46/04 **Michael Blance – Bod Ayre Products**

Trustees considered a report by the General Manager (Appendix 4).

The General Manager summarised the main points of the report. He added that there was a fairly rigorous monitoring procedure in place for keeping a check on the project.

Trustees, on the motion of Mr A J Cluness, seconded by Mr W A Ratter, approved the recommendation in paragraph 6 of the report, namely, that Michael Blance be offered a loan of £12,000 under terms and conditions to be agreed by the General Manager.

47/04 **Johnson Cod Marketing Assistance**

Trustees considered a report by the General Manager (Appendix 5).

During the discussion which followed Trustees although supportive of the project were generally not happy with the principle of the Trust offering grants to companies as this would set a precedent. Mr A J Cluness pointed out that currently there was no policy in place for the Trust providing grant assistance. Mr W A Ratter felt that at least there should be some kind of report to back this request up from the Council's marketing company. It was generally the view of Trustees that more equity could be offered to the company, but the General Manager informed Trustees that this had been offered and that there had been a very clear answer that the directors were unwilling to consider further equity investment.

(Messrs I Johnson, K Rzepkowski and L Viguié attended the meeting)

The Chairman explained to the representatives of Johnson Cod that Trustees had turned down the company's application for grant assistance. He added that there would need to be a policy for marketing Shetland as a whole including the percentage of projects which could be grant aided. The Chairman asked the representatives of the company if they would consider more equity but Mr K Rzepkowski, on behalf of the company, replied that this was unacceptable.

The Representatives of Johnson Cod expressed their disappointment at the Trust's response to their application. They expressed the view that it was difficult to know the correct body to approach for grant assistance but at a recent meeting with the Chief Executive of the SIC they had been advised to approach Shetland Development Trust. Mr A J Cluness said that he would clarify this matter with the Chief Executive and would write to Johnson Cod in the event of them being misinformed. Mr W A Ratter said that as Chairman of the Economic Development Forum he would look into the possibility of the project receiving grant assistance from the Council and would contact Mr Rzepkowski in the next few days.

(Messrs I Johnson, K Rzepkowski and L Viguie left the meeting)

48/04 **Zenith Outstanding Debt**

Trustees considered a report by the Project Manager (S Keith) (Appendix 6).

Trustees unanimously agreed to support the General Manager or his nominee to take appropriate steps to recover the outstanding debt in line with Section 9 of the SDT Investment Policy.

49/04 **Disbursement of Surpluses**

Trustees considered a report by the General Manager (Appendix 7).

(Mr A J Cluness declared an interest in the North Atlantic Fisheries College)

(Mr J Hutton declared an interest in the Shetland Arts Trust)

After some discussion Trustees unanimously agreed to the following:-

- £26,500 to be awarded to the Shetland Amenity Trust for works at the Old Scatness Broch. However, talks to take place between the Trust and the Shetland Amenity Trust before further disbursements are made in regard to the proposed Viking Unst and NORCE projects.
- £132,000 to be awarded to COPE for 1 year only as revenue funding to enable them to assist 32 people with learning disabilities including employment of 5 in full time jobs.

- Agreed in principle to disburse £30,000 to the Shetland Arts Trust for a Music Development project, and £15,000 for craft and culture developments.
- A report to be prepared for a future meeting of the Trust laying out a more detailed proposal for the disbursement of funds to a new organisation in regard to promoting and marketing Shetland via events e.g. 2005 Island Games.

50/04 **Proposed Amendment to Investment Policy**

Trustees considered a report by the Financial Controller (Appendix 8).

(Mr R Hunter left the meeting)

During the discussion which followed Trustees did not feel they could make a decision which would fix rates at a certain level. Officers were also of the view that there needed to be some flexibility depending on the particular project.

Trustees unanimously agreed to defer a decision for a further meeting of the Trust and after the Trust's staff had given it further consideration.

(Mr W A Ratter left the meeting)

51/04 **Unsecured Loans Scheme**

Trustees considered a report by the Project Manager (S Keith) (Appendix 9).

Trustees unanimously agreed to approve the recommendations in section 9 of the report with the addition that the term of loan should be no longer than 5 years.

52/04 **Activity Report for 12 Month Period ended 31 March 2004**

Trustees noted the above report by the General Manager (Appendix 10).

53/04 **Monthly Report to Trustees – May/June 2004**

Trustees noted the above monthly report by the General Manager (Appendix 11).

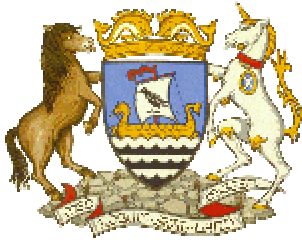
54/04 **Press Statement**

Trustees unanimously agreed that a Press Statement detailing the current financial position of the Trust should be put out now and not wait until after the presentation to the Council in September.

(The meeting concluded at 4.10 p.m.)

CHAIRMAN





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## MINUTE

## CONFIDENTIAL

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**Shetland Development Trust**  
**Meeting Room, Greenhead**  
**Friday 2 July 2004**

**Present:**

L Angus	R Eunson
J Simpson	R Hunter
A J Cluness	

**Apologies:**

D Rommel	J Hutton
W A Ratter	

**In Attendance (Officers):**

N Grant, General Manager, Shetland Development Trust  
W Goudie, Project Manager, Shetland Development Trust

**Chairman:**

Mr L Angus, Chairman of the Trust, presided.

The Chairman declared the meeting open, as a quorum of Trustees was present.

54/04      **Aqua Farm Ltd**

The Trustees considered an update report by the Project Manager (W Goudie).

The Chairman provided an overview of the situation.

After discussion of the main issues Mr Gibbie Johnson was invited into the meeting to answer questions.

(Mr G Johnson left the meeting)

Further discussion was held. On the motion of Sandy Cluness it was unanimously agreed that the General Manager, in consultation with the Chairman, prepare an offer of a loan up to £50,000 to purchase feed for a

6 week period. The decision was subject to the following conditions being applied to the offer:

- The offer be subject to a satisfactory assessment of the fish stock
- The Trust will pay the funds directly to the feed supplier and arrange supply to Aqua Farm Ltd
- The Directors of Aqua Farm matching any funds provided by the Trust
- The Trust's appointment of a representative to monitor farm activity
- The Directors agreeing to sell the factory assets, including lease, to the Trust at market value.

55/04      **Sildarvinnslan**

The Trustees considered an update report by the Project Manager (S Keith).

A J Cluness commented that if the pier was to be used solely for the fishmeal plant the the Trust should be responsible for the project. However, if the pier was to be used for other activities, the SIC should be involved.

Mr B Hunter enquired as to whether the Civil Engineer's position would be advertised. The General Manager confirmed that a tendering process would be undertaken.

Trustees indicated that they they wished to see the Memorandum of Understanding signed by all parties before comitting further expenditure.

The General Manager noted that he would be taking necessary steps to get relevant information for a decision to within the next 6 weeks. Costs of this are likely to be £15,000 - £20,000.

CHAIRMAN



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## MINUTE

## CONFIDENTIAL

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**Shetland Development Trust**  
**Shetland Amenity Trust Building, Garthspool**  
**Wednesday 21 July 2004 at 2 p.m.**

**Present:**

L Angus	R Eunson
J Hutton	W A Ratter
D Rommel	J Simpson

**Apologies:**

A J Cluness	R Hunter
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**In Attendance (Officers):**

N Grant, General Manager, Shetland Development Trust  
W Goudie, Project Manager, Shetland Development Trust  
S Keith, Project Manager, Shetland Development Trust  
J Pottinger, Minute Taker

**Invited to Attend:**

### **For Agenda Item 3 (SSQC Presentation)**

Peter Dryburgh – Principal, North Atlantic Fisheries College and Managing Director of SSQC  
Arthur Inkster, Section Leader, SSQC

### **For Agenda Item 7 (Zenith Outstanding Debt – Minute Reference 48/04)**

Robert Williamson

**Chairman:**

Mr L Angus, Chairman of the Trust, presided.

**Circular:**

The circular calling the meeting was held as read.

**Minutes:**

The minutes of the meeting held on 23 June 2004 were confirmed, on the motion of Mr W A Ratter, seconded by Mr J Simpson.

The Chairman said that Mr Robert Williamson had been invited to this meeting to give his point of view in regard to the recent decision of the Trust on the above.

The minutes of the meeting held on 2 July 2004 were confirmed, on the motion of Mr J Simpson, seconded by Ms D Rommel.

57/04      **Disbursement of Surpluses**

Trustees considered a report by the General Manager (Appendix 1).

After a brief discussion, Trustees, on the motion of Mr W A Ratter, seconded by Ms D Rommel, approved the recommendation in the report, namely, that Shetland Amenity Trust be awarded a further £60,000 of surplus funds for the NORCE and Viking Unst projects.

(Mr Hutton attended the meeting)

58/04      **Proposed Acquisition of SLAP Assets**

Trustees considered a report by the Financial Controller (N McDougall) (Appendix 2).

During the discussion which followed some Trustees expressed some concerns about the Trust purchasing the assets of SLAP particularly some of the assets which could have state aid or legal implications. A Trustee was of the view that until the Shetland Development Trust was set up in a fashion which was wholly independent from the Council the state aids issue could create difficulties for the Trust. It was pointed out, however, that Development Trust money was considered by government bodies to be private money. The General Manager advised that KPMG Auditors were comfortable with the valuations which had been placed on the various assets in the SLAP portfolio.

Mr W A Ratter moved that the recommendations in section 4 of the report (under the heading “Decision Required”) be approved. Mr J Hutton seconded.

Ms D Rommel moved as an amendment that a decision on this issue be deferred until further information was available. Mr R Eunson seconded.

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

Amendment (D Rommel)	-	2
Motion (W A Ratter)	-	3

(Mr Dryburgh and Mr Inkster attended the meeting)

59/04      **SSQC Presentation**

Mr Inkster gave a Powerpoint presentation on SSQC detailing its background, structure, accreditation of the Scheme and how it operates.

With reference to Natural Choice he said that the SSQC Scheme would need to be accepted as the base standard and that there would be a need to identify the key attributes that differentiate Natural Choice from the SSQC scheme. He said that it was possible that it could become an addendum to the SSQC scheme standards subject to approval by the Technical Advisory Committee and the SFQC certification council.

Mr P Dryburgh outlined several projects by both NAFC and SSQC which he said could not start without extra funding which included proposals for a potential "Shetland Brand" for farmed salmon; market research; resources for the Shetland Shellfish Management Organisation to enable it to expand the local inshore shellfish management policy and also a jigging project. With reference to the jigging project he said that detailed project costs were almost finalised and would be available for the next Development Trust meeting.

During the discussion which followed the Chairman asked the representatives from SSQC if their organisation would be able to take on the monitoring of the Natural Choice product and also the technical monitoring of salmon sites this Trust has invested in. Mr Dryburgh said that if additional resources were available it would be possible to monitor the technical compliance of the Trust's investments on a more regular basis including the Natural Choice products but that they would not be able to do any marketing work.

After some more discussion in regard to Natural Choice and its certification as a verifiable scheme it was agreed that the representatives from SSQC would give some consideration on how they could become involved in this scheme and what the potential costs would be.

(Mr Dryburgh and Mr Inkster left the meeting)

60/04 **Natural Choice Study**

The Project Manager (W Goudie) advised Trustees that the technical and financial analysis for the above study could be done by SSQC but it would be necessary to buy in the service for the market analysis. She advised that they had already received 2 quotes from outside companies for phase 1.

During the discussion which followed Trustees generally were of the view that a lot of money should not be spent on conducting a world wide analysis.

Trustees agreed on the motion of Mr W A Ratter, seconded by Ms D Rommel, that no decision should be taken on the market analysis for Natural Choice until SSQC had reported back to the Trust within a month in regard to them providing the technical and financial services for the study.

61/04 **Salmon Farming Investments - Update**

Trustees noted information on the above (Appendix 3)

- 62/04      **Update on Shetland Soda Company – Application for Funding**  
Trustees considered a report by the Financial Controller (N McDougall) (Appendix 4).

After some discussion Trustees, on the motion of Mr W A Ratter, seconded by Ms D Rommel, agreed to offer a loan of £100,000 to the Shetland Soda Company subject to terms being agreed.

(Mr R Williamson attended the meeting)

- 63/04      **Minute Reference 48/04 – Zenith Outstanding Debt**  
Mr R Williamson explained in detail to Trustees all the financial difficulties which had been encountered with the boat which had ultimately led to a decision to decommission the boat. He argued that the Shetland Development Trust would have been “worse off” if they had not decommissioned and added that he felt that they had done pretty well in the circumstances by managing to pay the “shore side” debts etc. He said that they had lost all of their investment and made the point that he would not qualify for the first time buyer’s grant again and asked for all of the above, including the current crisis in the fishing industry, to be taken into consideration when Trustees reconsidered their previous decision for the paying back of this debt.

(Mr R Williamson left the meeting)

(Mr J Hutton left the meeting)

After some discussion, Trustees although sympathetic to Mr Williamson’s situation, were unanimous in agreement that the previous decision (Min. Ref. 48/04) should not be changed. It was also agreed that Mr Williamson should be informed, courteously and sympathetically, that if some token payment was not paid in the next couple of weeks the debt would be pursued, but if the debt was paid off on the terms previously agreed any new investment he wished to make in the fishing industry in the future would be looked on favourably.

- 64/04      **Shetland Aerogenerators Ltd – Request for Approval on variations of Share Agreement**  
Trustees considered a report by the Financial Controller (N McDougall) (Appendix 5).

After a brief discussion Trustees, on the motion of Mr J Simpson, seconded by Mr W A Ratter, agreed to the requests from Shetland Aerogenerators as laid out in paragraphs 1, 2, 3 and 4 of the attached report and also give specific written approval as outlined in the report.

- 65/04      **Sildarvinnslan Update**  
Trustees noted a report by the Project Manager (S Keith) (Appendix 6).

- 66/04      **June Monthly Report**

Trustees considered a report by the General Manager (Appendix 7).

Hoove Salmon Ltd

Although Trustees had some concerns on the request to reschedule capital payments on an outstanding loan to the above, they agreed to the recommendations in the attached memo to the monthly report and gave delegated authority to the General Manager to process the request for the rescheduled payments with the recommended conditions.

Floating Dock

Trustees agreed that the General Manager should again pursue with the Chief Executive of Shetland Islands Council the possibility of selling the Dock back to the Council.

67/04 **Seafood Development Team – Brief for the Study**

Trustees noted the above paper (Appendix 8)

(N Grant, S Keith and W Goudie left the meeting)

68/04 **Shetland Development Trust – Trustee Remuneration**

Trustees considered a report by the General Manager (Appendix 9).

During the discussion which followed Trustees referred to the letter dated 6 April 2004 (and in particular item 3) from Shetland Development Trust to the SIC Payroll/Pensions Manager and were in agreement that Trustees should receive £200 for travelling days as well.

Mr J Simpson was of the view that as he was paid for being an elected member of the Council he was already paid for the role he played on this Trust. He accordingly moved that the Member Trustees should stay on the £50 per meeting rate. However, he did not receive a seconder.

As the discussion continued the point was made that Elected Members on other bodies were paid the same as the other members of that body.

Ms D Rommel moved that the Member Trustees should receive the same daily rate for attending meetings and other business of the Trust as the Non Member Trustees. Mr W A Ratter seconded and the motion was declared the finding of the meeting.

(The meeting concluded at 5 p.m.)

CHAIRMAN





# Shetland Islands Council

## REPORT

To: Executive Committee

7 September 2004

From: Principal Officer – Business Technical

**REPORT NO: DV060-F**  
**VIKING ENERGY LTD**  
**PROCUREMENT OF MET MASTS**

NOT FOR PUBLICATION  
Local Government (Scotland) Act, 1973,  
Schedule 7A, para(s)

Head of Legal and  
Administrative Services

### 1.0 BACKGROUND

- 1.1 It is recommended that this report is considered in private as it contains commercially sensitive and contractual information. Members will be familiar with the details of the last progress report on Viking Energy, circulated directly to each Member, via e-mail, in July.
- 1.2 Appendix 1 to that report detailed the key elements of ongoing work required to take the project further, together with indicative costs for each element. This is attached as Appendix 1 to this report.
- 1.3 The model for developing Viking Energy is based on equity leveraging the majority of the required capital through commercial borrowings. The ratio envisaged is 20% equity to 80% borrowing. The borrowing will be obtained if it is clearly demonstrated the project is “bankable”.
- 1.4 The Met Masts will provide the core data upon which Viking Energy would be made “bankable”. The output data will pinpoint how many MWh per year the wind farm will produce. It will be run through the business model to ensure the level of debt is sustainable and the business is viable against its capital and revenue costs.
- 1.5 The masts must have warranty/insurance to cover against failure. The important technical end is what is of central importance however. The data gathering and analysis are keys to success. It must be carried out by industry specialists with established reputation and expertise. The bank will require a warranty via an operation and maintenance agreement on the turbines chosen. The upshot of this is that the warranty pays out to cover bank debt in the event that the output of the

turbines (within predicted tolerances) does not meet those projected. The liability of the warranty falls upon the turbine manufacturer.

- 1.6 No bank will lend, and no turbine manufacturer will supply, without watertight confidence in the predictions for wind regime and output.
- 1.7 The wind test mast height, and locations for them, have been selected following expert guidance from the National Laboratory of Denmark based at Risø. They are recognised world leaders in wind modelling. Commercial analysts such as Garrad Hassan and Sgurr use their methodology.

## **2.0 PROPOSAL**

- 2.1 It is proposed that the Council procures wind test masts and related items such as weather vanes, anemometers, data loggers and telemetry equipment. The package includes erection of the masts.
- 2.2 It is further proposed that the Council procures the necessary civil works required to support these masts. The civils will involve the running of a central concrete pad and, at least, three pads (for each mast) to which the masts will be guyed. Tracked heavy plant will need to be brought in to access the remote locations erection will take place at.
- 2.3 It is proposed that Shetland Islands Council allocates sufficient funds to allow the equipment and works to be sourced by direct procurement.
- 2.4 It is initially proposed that the Council retains ownership of the masts and the data they produce. It is expected that data for up to 32 months will be required. After this, some mechanism will need to be found to absorb one of the masts into Viking Energy for use as an on-going reference mast. The other masts would be made available for use by community groups and/or private wind development projects at the Executive Committee's discretion.

## **3.0 FINANCIAL IMPLICATIONS**

- 3.1 Advice on what equipment to use has been obtained from leading industry experts namely Risø, Garrad Hassan and Sgurr.
- 3.2 The heights of the test masts to be procured is unusually high as the trend in the industry is for larger turbines. The wind testing regime is to be instigated with this move to larger turbines in mind.
- 3.3 The expert advice we have is that very few suppliers, of masts of the heights and specification required, exist. To achieve the warranty/insurance, certification and climbability (a must for replacement/maintenance of components in Shetland's harsh environment) this has been narrowed down to one. The supplier involved is Carl-C AS of Denmark and its UK arm Radtech Ltd. This company also has a 100m mast in Faroe which provides a track record of placing an exceptionally tall mast in a similar environment.

Executive Committee - Tuesday 07 September 2004  
Agenda Item No. 14 - Exempt Report

- 3.4 To supply and erect one 100m reference mast and three 70m test masts complete with required level of certification and warranty is £90,143 plus VAT. A contingency for currency fluctuations and weather delays brings this up to £100,000.
- 3.5 A separate procurement of widely available equipment to kit out the mast will need to be organised. Again the choice will be based on expert advice from the leading wind analysis specialists Risø, Garrad Hassan and Sgurr. Based on guidance from Sgurr it would be prudent to set aside £30,000 for this purpose.
- 3.6 Data analysis through Garrad Hassan or Sgurr, to ensure bankable data through the leading industry sources, is likely to cost around £7,000 up front plus around £120 per mast, per month, for 20 months. Extra manipulation of data as/when required will result in further additional costs.
- 3.7 The level of lighting required on each mast has not yet been established. A contingency of £2,000 per mast to cover the maximum cost of lighting and wiring will need to be made ie, £8,000 in total.
- 3.8 A tracked dumper and tracked digger plus drivers will need to be hired to do the groundworks. The indicative costs for these has been set at £250-£400 per day. Given local terrain and logistics, four days per mast should be allowed. To be prudent the upper hire figure should be used ie, £400 x 4 masts x 4 days = £6,400. Concrete is roughly £100 per cube and the estimate is that 18 cubes will be required ie, £1,800 plus truck waiting time – say £3,600 in total.
- 3.9 A limited weather window now exists if potential locations are to be accessed before the onset of the autumn rain.
- 3.10 The figures for civils will be run past the Council's road engineers for an assessment of cost, quality and most particularly the timescales available. The work will be subjected to competitive bid, but the process must reflect the limited weather window which we now have.
- 3.11 The total budget to be set aside is therefore:

**Capital: Revenue (Data Analysis):**

£148,000 plus labour on civils months

£7,000 plus £480 per month for 20

- 3.12 Sufficient funds exist in the Reserve Fund Budget: RCD15592406 - Renewable Energy Project. The total of this budget currently stands at £175,000.

Members are asked to note the items contained in Appendix 1. Significant virements are likely to be required if the Viking Energy project, and the momentum it creates in obtaining a connection to the UK grid, (as explained in my previous reports), are to be maintained. The

requirements of Viking Energy and to the Foula Electricity Trust are creating significant pressure on this budget.

The State Aid implications of the Council providing on-going funding for the services required are far from clear. Viking Energy Ltd is currently 90% owned by the Council. It is not expected that a State Aid issue will arise in the on-going development of the project. If one is highlighted then it will obviously be addressed depending on the specific issues raised.

- 3.13 Public Supply Contracts Regulations dictate that public contracts for supplies and services must be tendered at a threshold of £153,376. For works the threshold is £3,834,411. The supply and works element of the foregoing project are clearly split into many different individual contracts from clearly separate sources. All elements are indisputably within the thresholds.

#### **4.0 Policy and Delegated Authority**

4.1 The work to implement the Viking Energy project is being done in relation to the following Economic Development policy:

Economic Diversification

- 2.4.3 Encouraging the development of a renewable energy sector in Shetland including ancillary manufacturing and maintenance.

The policy was adopted as part of the Economic Policy Statement by the Executive Committee on 9 December 2003 (Min Ref 34/03) and by the Council on 17 December 2003 (Min Ref 161/03).

4.2 Standing Orders apply as this procurement is a Council project. The equipment is to be obtained through selected suppliers.

Standing Order H13(b) applies: Where the appropriate Director considers that a tender should be negotiated with one person, he shall, before entering into negotiations, obtain the approval of the appropriate Committee both in respect of the negotiation and of the person with whom the tender is to be negotiated.

4.3 The Executive Committee has delegated authority to deal with project specific issues, leaving the Council free to deal with broad strategy and planning considerations (SIC Min Ref: 135/03).

#### **5.0 Observations**

5.1 If we are to have a renewables industry in Shetland, with its vast potential for wealth creation (eg, annual turnover for Viking Energy could be up to £160m) and employment opportunities, we need an interconnector to the UK Mainland. The mechanisms for achieving this, and how it will be paid for, are

becoming much more transparent. A report will be brought forward on this shortly. Without demonstrated progress on projects, of sufficient MWh output, the cable investment equation will not stand up to Ofgem scrutiny.

- 5.2 Unless we make clear and tangible progress on developing large-scale onshore wind projects in Shetland, to justify the £250m+ cost of an interconnector, the cable investment will not take place. Shetland would lose an opportunity on a scale equivalent to Sullom Voe.
- 5.3 We must start to commit significant, high-risk funds, to the items contained in Appendix 1.
- 5.4 A planning submission for the masts is currently being drafted. Full consultation and pre-application discussion will take place with landowners, crofting tenants and statutory consultees.

## **6.0 Recommendation**

- 6.1 I recommend that the Executive Committee approve the proposals contained in this report and approve the required spending.
- 6.2 I recommend that the Executive Committee approves the application of Standing Order H13(b) in respect of sourcing equipment from selected suppliers.

Date: 27 August 2004  
Our Ref: AP/NH/RF1029

Report No: DV060-F

**Appendix 1**

**Viking Energy Ltd**

<u>Activity</u>	<u>Project Timetable</u>	<u>Indicative Costs</u>	<u>Explanation</u>
Interconnector cable Advance Service Agreement – cost underwrite	2004 – Cable underwrite costs met	£845,000	It becomes payable in the event that Viking Energy Ltd does not proceed to the energy production stage. (EU TENS grant may be available)
Head of Agreement with Utility Partner	Late 2004	£100,000	Specialist financial and legal advice
Wind Study	Ongoing – Scoping Exercise	£3,000	
	Summer 2004 – Test Mast Planning Application	£150,000	This work is central to obtaining project finance.
	Autumn 2004 – Test Mast Installation		
	Autumn 2004 - Autumn 2006 - Data Collection and Analysis		
Wind farmer Software	Complete – Acquired and Installed		The manipulation of this software is central to planning the project “footprint”.
	Complete – Training		
	Summer 2004 – 2006 – use in Land Deals, Planning process/ Consultation		
Bird Study / EIA	Ongoing – Scoping Exercise	£2,500	The bird study is the key EIA element. If the project goes to full Public Inquiry these costs may escalate exponentially.
	Summer 2004 – Tender Bird Study	£95,000	
	Autumn 2004 – Commence Study		
	Summer 2006 – Bird Study Completion		
	2005 – EIA e.g. visual impact, noise, drainage, landscape flora and fauna, archaeology, statutory consultations e.g. CAA, MOD	£100,000	
Land Deal	Summer 2004 – Draft Leases Ready	5 leases @ £5,000 each	No land = No project
	Summer 2004 – Access secured for Test Mast		
	Late Summer/Autumn 2004 – Leases signed		

Executive Committee - Tuesday 07 September 2004

Agenda Item No. 14 - Exempt Report

Ariel Photography	August 2004	£8,628 (Viking Energy Element)	Joint photography exercise with SSE and other Council Departments. Will allow visualisation of turbine sites in conjunction with wind farmer software.
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