



# Shetland Islands Council

**Special Harbour Board  
Special Shetland Islands Council**

**8 February 2012  
9 February 2012**

## **Harbour Dues 2012/13**

### **F-008-F**

**Report Presented by Head of Finance and  
Executive Manager – Harbour Master and  
Port Operations**

**Corporate Services and  
Infrastructure Services**

#### **1.0 Summary**

- 1.1 The purpose of this Report is to consider and approve the Harbour Dues for 2012/13. The charging basis has changed to alter the banding range for towage charges for tankers resulting in an increase in towage income. The average rate of increase is 5.5%, resulting in an overall estimated increase in Harbour income of £2m. The Harbour Users Panels expressed disappointment at the proposed increases, but accepted that it was necessary. The Harbour Users Panels also discussed the change in towage bands and expressed a desire to get the new charges on the Worldscale as soon as possible. There is a requirement to publicise any changes to Harbour Dues six weeks before the implementation date of 1 April 2012.

#### **2.0 Decisions Required**

- 2.1 The Harbour Board recommends that the Council **RESOLVES** to approve and implement the Tables of Dues at Appendices A and B with effect from 1 April 2012.

#### **3.0 Detail**

- 3.1 On 19 August 2009 (min ref: 107/09), the Shetland Islands Council approved the budget strategy to be adopted for the Harbour Account through to 2016. Members agreed that the Harbour Account should continue to pursue efficiency savings and appropriate charging levels to at least maintain the level of profitability on the Harbour Account at £4m per annum to 2016. This is to recognise the commercial trading nature of the harbour activities in relation to the port of Sullom Voe. Adopting the Harbour Dues and fees and charges as set out in this Report would mean that the overall financial objective has been met, with an overall estimated surplus for 2012/13 at £5.2m.

- 3.2 The Charge Equalisation Reserves which were set up to enable the phased closure of the Port (then expected around 2000/01) without distorting charge levels unreasonably, was eliminated in 2005/06. The Port now requires, as a minimum, to operate without drawing on any Reserves. Charge setting in the future will predominantly be influenced by the volumes of oil passing through the Terminal in the absence of a mechanism to cushion the impact of a continued volume decline.
- 3.3 The proposed charging system is to be levied from 1 April 2012. Sullom Voe charges are presented as Appendix A (this also incorporates charges for all services not just Harbour Dues). Appendix B sets out the charges for all Ports and Harbours facilities. It is proposed to adjust the charges by 5.5% except for those items detailed in paragraph 3.6 below.
- 3.4 A consolidated Sullom Voe Port charge, which includes harbour, mooring, pilotage and boarding and landing elements, has been established. It is recommended that the Council increase the charge for 2012/13 by 5.5%, to support the viability of the Port. In addition, it is proposed that the middle band for charging for towage services be modified from 65,000gt-100,000gt to 60,000gt-100,000gt. The consolidated charge for a segregated ballast tanker visiting the harbour in 2012/13 is proposed to be £0.96 per gross tonne (gt), compared to £0.91 in the current year.
- 3.5 Legally the Council is required to stipulate separate charges for each of the chargeable elements and proposals are set out in the Table of Dues (attached as Appendix A). A separate agreement is in place concerning shipping dues paid by the vessel importing Schiehallion cargo.
- 3.6 Some charges have remained at the same rate as last year or have been increased at a different rate, as follows:-
- (a) Scale D - the ad valorem charge for fish and shellfish remains at the same rate; and
  - (b) Scale F - Ship-to-Ship transfer of oil charges have increased by one pence and the charging structure modified.
- 3.7 New charges have also been inserted into the proposed Tables of Dues, these include:
- (a) a security administration charge;
  - (b) a charge for staff investigating oil related incidents;
  - (c) a charge for vessels working within the Harbour Limits of Yell Sound;
  - (d) a charge for renewable devices that do not fit under current charges;
  - (e) a charge for the removal of waste oil;
  - (f) an increased charge for the minimum payment for the supply of water; and
  - (g) a change to the pilotage charges at Scalloway.

## Charges and Yield

- 3.8 It is proposed to increase the fees and charges by 5.5%, increasing income by £2m which is estimated to provide an overall return of £5.2m to Reserves. Table 1 below sets out the estimated yield for the major income streams, should the proposals be accepted. The basis of the earnings assumptions have been checked and are considered to be realistic. The yield is considered to be achievable, based on the current projected volume of traffic but does not take into consideration any major unforeseen disruption to service.

Table 1: Charges and Yield

<b>Charge Type</b>	<b>Annual Yield (£000)</b>
Harbour Dues	6,157
Compounded Annual Dues	148
Period Dues	74
Fish/Pleasure Boat Dues	11
Mooring	332
Boarding & Landing	371
Pilotage	766
Towage	7,168
Fish, Salmon & Shellfish Dues	244
Ship to Ship	200
Others	2,902
<b>Total</b>	<b>18,373</b>

## 4.0 Implications

### Strategic

- 4.1 Delivery On Corporate Priorities – There is a specific objective within the Corporate Improvement Action Plan to ensure that, “The Council has established a rigorous process to ensure that its use of resources is on a footing consistent with implementing and sustaining its financial strategy, and demonstrate that it delivers services in a way which achieves best value”.
- 4.2 Community /Stakeholder Issues – The proposed charges were considered and accepted at the Harbour Users Panels on 12 January 2012.
- 4.3 Policy And/Or Delegated Authority –
- 4.3.1 Under section 2.7.3 of the Council's Scheme of Administration and Delegations, the Harbour Board should consider all development proposals and changes of service level within the harbour undertaking, including dues and charges, and make appropriate recommendations to the Council.
- 4.3.2 Setting of dues and charges is a matter reserved by the Council.

4.4 Risk Management – The main risk for the Harbour Account is to ensure that the income levels can be secured, recognising the commercial trading environment in which the service operates. Failure to achieve the predicted income carries a significant risk of the Council's financial policies not being adhered to resulting in a further draw on Reserves.

4.5 Equalities, Health And Human Rights – NONE.

4.6 Environmental – NONE.

#### Resources

4.7 Financial – This Report sets out the proposed Harbour Charges to be levied for the financial year 2012/13.

4.8 Legal – There is a legal obligation to give the harbour users six weeks' notice of any changes to Harbour Dues.

4.9 Human Resources – NONE.

4.10 Assets And Property – NONE.

#### 5.0 Conclusions

5.1 This report sets out the proposed Harbour Charges for 2012/13 as put forward by the Executive Manager - Harbour Master and Port Operations, in consultation with the Harbour Users Panels.

5.2 A review of charges at Sullom Voe has been undertaken and the proposals are detailed in Appendix A. Changes are proposed with respect of the banding for towage charges and an overall average rate of increase has been set at 5.5%.

5.3 The charges proposed for all the Council's harbours (including Sullom Voe) are detailed in Appendix B. These charges are proposed to be increased by an average of 5.5%.

5.4 Some exceptions have been made, where it is suggested that some charges remain at the current level and others are increased at a different rate, as specified in paragraph 3.6 above.

5.5 New charges have been identified as set out at paragraph 3.7 above.

5.6 The policy direction is to secure £4m of profit from the Harbour Account, on an annual basis until the review point at 2016. This objective has been met, with a net surplus of £5.2m estimated for 2012/13, if the increases on fees, charges and harbour dues set out in this Report are implemented and there is no significant deviation in shipping numbers.

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30 January 2012

List of Appendices

Appendix A: Charges for the Port of Sullom Voe 2012/13

Appendix B: Charges for all Piers and Harbours 2012/13

Background documents:

NONE

END



**SHETLAND ISLANDS COUNCIL  
TABLE OF DUES TO BE LEVIED AT SULLOM VOE  
FROM 1ST APRIL 2012  
(Harbours Act 1964)**

**DEFINITION**

**1. Segregated Ballast Tanker**

- 1.1 A tanker holding an International Oil Pollution Certificate showing the ship to have segregated ballast tanks in full compliance with Regulation 13 of MARPOL. In addition the ship must be operated in this manner.

**CONSOLIDATED CHARGE**

**2. Consolidated Charge**

- 2.1 The consolidated charge for segregated ballast tankers entering the Port of Sullom Voe will be £0.96 for segregated ballast tankers and £1.15 for LPG/Other vessels. This charge is made up of the following elements, ship dues, pilotage, mooring and boarding and landing.

Example - Consolidated Charge for segregated ballast tankers is made up of the following:

Shipping Dues	applied per visit	£0.79
Mooring Charge	applied per visit	£0.03
Pilotage Charge	applied (£0.046 x 2)	£0.10
B & L Charge	applied (£0.020 x 2)	£0.04
Total Consolidated Charge		<u>£0.96</u>

**RATES AND CONDITIONS OF TOWAGE – SULLOM VOE AREA**

**3. Cost per arrival/departure**

<b>Gross Tonnage</b>	<b>Per Visit - Tanker</b>	
	<b>Arrival</b>	<b>Departure</b>
0 up to but not including 10,000	£17,863	£8,932
10,000 up to but not including 60,000	£21,864	£10,932
60,000 up to but not including 100,000	£32,950	£16,475
over 100,000	£46,239	£34,679

<b>Gross Tonnage</b>	<b>Per Visit - LPG/Other</b>	
	<b>Arrival</b>	<b>Departure</b>
0 up to but not including 10,000	£8,932	£8,932
10,000 up to but not including 60,000	£16,398	£10,932
60,000 up to but not including 100,000	£32,950	£16,475
over 100,000	£46,239	£34,679

## 4. Tariff - Towage

### 4.1 Cancellation

A charge of 10 per cent of the above rates will apply if tugs depart the tug jetty and are cancelled before making fast to vessel.

### 4.2 Aborted Berthings or Sailings

A charge of 50 per cent of the above rates will apply if a movement is unable to be completed after a tug or tugs have been made fast, or have commenced assistance.

### 4.3 Push Up

A charge of £723 per tug per hour or part thereof will be levied if a tug or tugs are required to push-up on a vessel during periods of extreme weather conditions.

### 4.4 Escorting Charges

Minimum charge of £2,220 for 3 hours and £723 per hour, per tug thereafter.

### 4.5 Standby Charge

A charge of £723 per tug per hour or part thereof will be levied if tugs are not used within an hour of order time.

### 4.6 Fire fighting and Oil Dispersal Duties

Within the Terminal and approaches will be charged at a minimum of £2,220 per 3 hours and £723 per hour per tug thereafter plus cost of fire fighting foam and oil dispersant liquids.

### 4.7 Late Order Charges

A surcharge of 15 per cent may be charged if less than 12 hours notice is given in writing.

### 4.8 Bunker Charges

A bunker surcharge will be charged per tug movement, dependent on fuel costs (rates available on application).

### 4.9 Other

Charges for towage operations not listed above are charged on a case-by-case basis. Rates available on application at time of hire.

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**ALL TOWAGE UNDERTAKEN SUBJECT TO UNITED KINGDOM STANDARD  
CONDITIONS FOR TOWAGE AND OTHER SERVICES (REVISED 1986)  
COPIES OF WHICH ARE AVAILABLE ON REQUEST**

**SHIPS DUES**

**Conditions**

1. Ship Dues shall apply to all vessels entering the limits of any of the Council's harbours except in circumstances mentioned at (2) and (3) below. These rates shall also be charged by way of berth rents where a Council pier is used in any location outside the Council's harbour areas. Vessels will be allowed to overstay the four-day period in port without additional charge if the harbour is closed, or if cargo/unberthing is suspended due to adverse weather conditions, or if the vessel is permitted to wait alongside until a second crude oil type becomes available. For the avoidance of doubt, if for operational reasons, the Terminal requires the berth to be vacated, then the above will NOT apply.
2. Ship Dues will not be levied on any vessel, which enters a harbour area in order to enable a pilot to board in difficult weather conditions, and subsequently has to depart as a result of the pilot not being able to board. Pilotage and Boarding and Landing charges will however apply in accordance with section 2 (ii) of the schedule of Pilotage Charges.
3. If a vessel is required to leave the harbour by the Harbourmaster for any reason unconnected with defects in the vessel, or the vessel's operation, no ship dues will be levied on the subsequent re-entry. Please note this concession does not apply to pilotage, boarding and landing or mooring boats.
4. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
5. In calculating charges a fraction of a gross tonne shall be reckoned as one gross tonne.
6. Craft based at Sullom Voe and operated by the Oil Industry for the sole purpose of pollution control shall be exempted from Harbour Dues provided they occupy berths designated by the Harbourmaster. When berthed other than at a berth designated for the purpose by the Harbourmaster the full Harbour Dues will be payable.
7. With reference to the four-day period in section 1 above, the following times will be subtracted from the overall time in port:
  - (a) Tankers that for operational reasons, are called to the pilot station in advance of bad weather conditions, a fixed period of 12 hours.
  - (b) Tankers that are required to move berth for two or more types of crude oil, a fixed period of three hours per move.
8. Ships dues are inclusive of a fee for garbage waste disposal.

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## SCALE A - VESSELS PER ENTRY AND STAY PER FOUR-DAY PERIOD OR PART THEREOF

VESSELS ENGAGED IN THE PROVISION OF SERVICES, SUPPLY OF MATERIALS OR EXPORT OF PRODUCTS FROM THE SULLOM VOE OIL TERMINAL AND THE GAS PROCESSING PLANT

Per gross tonne	Segregated ballast tankers	£0.80
	LPG	£0.95
	Other	£0.84

### ANY OTHER VESSEL CALLING AT A COUNCIL PIER OR HARBOUR

Per gross ton	£0.48
Barges - Gross Tonnage by calculation or certificate	£0.48
Passenger vessels/Accommodation Barges – Long Term Rate (minimum 1 month stay – per GT per day)	£0.08
Passengers disembarking per person - (tourist traffic/ passenger liners only)	£2.38
Vessels and barges working within the harbour limits in Yell Sound and not passing inward past number 5 buoy will be charged per gross tonne. (Note: vessels transiting Yell Sound are not liable to charges.)	£0.40
Vessels (renewable devices etc) which have no GT assigned Up to 40 metres- per 4 day period	£6.00 per metre
Rate for each metre in excess of 40 metres per 4 day period	£4.00 per metre

### Annual Compounded or Composite Rates

Proof of 3<sup>rd</sup> party insurance cover is required before annual composite rates are applied. Movements within the harbour prior to successful application of annual composite rates will be charged at published period rates.

### Live Fish Carriers

Vessels carrying live fish can apply for an annual composite rate charge equivalent to 40 trips x gt rate.

### Fish Feed Ships

Vessels regularly involved in the transport of salmon feed using SIC pier and harbours can apply for an annual composite rate charge equivalent to 40 trips x gt rate.

For vessels primarily engaged in the supply/operation or harvesting of farmed fish/farmed shellfish can apply for an annual rate based on the gt bands below:

Up to 15 gt	£198.30
16 gt to 100 gt	£396.61
101 gt to 150 gt	£1,983.03
151 gt to 200 gt	£2,771.15

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201 gt to 300 gt	£3,966.04
301 gt to 400 gt	£5,288.07
401 gt to 500 gt	£6,610.08

#### SALMON CAGES LAUNCHED AND FLOATING IN HARBOUR per 4 day period

Up to 70 Metre Cage	£39.75
70 Metre Cage	£40.08
80 Metre Cage	£46.57
90 Metre Cage	£52.42
100 Metre Cage and over	£58.24
MINIMUM CHARGE PER ENTRY AND STAY	£9.00

#### SCALE B - COMPOUNDED ADVANCE ANNUAL CHARGES COVERING USE OF ALL COUNCIL PIERS AND HARBOURS

Proof of 3<sup>rd</sup> party insurance cover is required before annual compounded rates are applied. Movements within the harbour prior to successful application of annual compounded rates will be charged at published period rates.

A seasonal compound annual fee, payable in advance, will be charged for each pleasure craft berthed within a Harbour area, but not within an established Marina.

The following seasonal fee covers 1 April to 30 September, inclusive:

a) Exceeding 15m overall length	£108.39
b) Exceeding 10m and up to 15m	£79.52
c) Up to 10m	£50.57

Charge per calendar month between 1 October and 31 March inclusive, in addition to section 1 above:

a) Exceeding 15m overall length	£27.12
b) Exceeding 10m and up to 15m	£19.89
c) Up to 10m	£12.66

For registered fishing vessels and salmon farm tenders

(a) Up to and including 8m overall length	£31.97
(b) In excess of 8m overall length, per metre or part of overall length	£22.57

Vessels regularly providing services within a Council harbour (over 8 metres overall length) - per gross tonne	£35.80
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The compounded charge herein referred to shall cease to be applicable to any vessel continuously occupying a berth at a pier for a period in excess of 2 calendar months. Such vessels will then be liable for period dues as per Scale A.

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#### GOODS DUES

## Conditions:

9. (i) Goods dues shall apply to all goods discharged or loaded over one of the Council's piers or handled in the fish market, or to any transfer of goods from craft to craft, craft to shore and from shore to craft which takes place within the limits of a Council harbour but which does not involve the use of a pier except as in (ii) below. Goods dues SHALL NOT apply to goods carried on scheduled ferry services operated or subsidised by the Council. Goods dues SHALL NOT apply in respect of oil or gas loaded into tankers over the oil jetties in Sullom Voe.
- (ii) Salmon Farmers and Shellfish Farmers operating within or serviced from a harbour area but not making use of a Council pier or landing place are required to pay a due of £161.87 annually. Where a Council pier or landing place is used, the full tariff is applicable.

## SCALE C - RATES ON FISHING GEAR

Vessels storing nets on any pier, outwith designated net mending areas - per net per day £38.15

However, where nets are stored in bins as provided by the Council the following bin rates apply:

Per Glass Fibre Bin per annum	£138.37
Per Small Metal Bin (1.925m x 1.925m) per annum	£302.07
Per Large Metal Bin (1.925m x 2.60m) per annum	£342.08

The above rates are inclusive of insurance and shall be applied to pro rata on a daily basis as appropriate.

Where insufficient bins are available to meet demand, charges are abated for nets left in the designated storage areas to those applicable to a large metal storage bin during the period until a bin is available.

Charge for the use of designated net mending area where not paying compounded dues or landing dues on that visit - £81.33 per net for the first seven days, thereafter the rates for use of hard standing areas will apply.

Where excessive waste net materials are left behind after use of the net mending area vessels will be charged for collection and disposal of the materials.

Minimum Charge per hour £35.08

## SCALE D - RATES ON GOODS

Fresh fish and shellfish - per £1.00 value ad valorem	£0.025
Farmed Fish - per tonne	£8.32
Farmed Shellfish - per tonne	£4.16
Any fish or shellfish landed outwith a Council pier and stored in the Fish market - per £1.00 value ad valorem	£0.025

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Fishing vessels less than 15gt engaged in inshore fishing will be required to purchase a Landing Disc for 6 or 12 months as below:

6 month disc	£70.02
12 month disc	£127.74

Vessels as above who land mackerel through Scalloway Fish Market will be eligible to apply for a 6 or 12 month disc as above.

NB This exemption will not apply to fish/shellfish being landed through the Fish Market other than as stated above.

Fishermen, vessel owners and agents are advised that if the value of fish consigned through a Shetland Islands Council port is not declared within 1 calendar month of landing, a charge of £3.19 per box will be levied in lieu of the published dues.

Tractors, lorries, machinery and motor cars, (any goods which they might be carrying will be charged separately in accordance with the table of dues) - per tonne	£7.46
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#### Bulk Materials

Aggregates both coarse and fine, fertilisers, boulders and cement/sand - per tonne (bulk includes carriage in flexible intermediate bulk containers - FIBC's)	£0.19
Salmon Feed - per tonne	£1.46
Salmon Nets (from/to cages) per net	£22.50
Ice – per tonne	£1.85
Fuel/Gas Oil/Diesel	£1.85
Live Animals	£0.39
Any other goods not specified above, per tonne	£1.91
Minimum charge on any one item	£7.73

Water Per Tonne	£1.91
Min Charge	£10.00

When water is supplied from the water bollards a minimum charge of £6.36 will apply over a seven day period.

Where staff are required outwith normal working hours an additional charge will apply. Rates available on application.

Electricity - when electricity is supplied from the power bollards a minimum charge of £6.36 will apply over a seven day period.

Where staff are required outwith normal working hours an additional charge will apply. Rates available on application.

#### SCALE E - RATES FOR USE OF HARD STANDING AREA

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### **Outdoor Storage**

Short Term - per square metre per day	£0.19
Long Term (min 120 days) - per square metre per day	£0.08
(NB: Long Term Storage rates only apply on receipt of a written request)	

### **Warehouse – Indoor Storage, Scalloway**

Short Term – per square meter per day	£0.27
Long Term (min 120 days) - per square metre per day	£0.09
(NB: Long Term Storage rates for Warehouse will only apply on receipt of a written request)	

Trailers/Containers parked on harbour property not engaged in loading/discharging of goods unless a written request for long term storage is received shall be liable for the following charge

Per day	£4.46
Minimum charge	£6.37

However, to avoid any delay to the ship when bulk cargo is being handled e.g. sand, aggregate, limestone etc., the consignee/shipper shall be assigned an area of the quay for stock piling purposes at the rate of 400m<sup>2</sup> per 1000 tonnes. The shipper shall be responsible for clearing up the designated area after the total cargo has been shipped. One week (7 days) per cargo will be allowed free of hard standing storage fees. Any cargo remaining after one week will attract hard standing storage dues at the above rate.

### **Salmon Cages under Construction**

Storage of parts before construction commences – as hard standing rate above.

Whilst construction takes place - £70.16 per day plus hard standing charge for parts.

Charges for building aquaculture cages in harbour waters will be based on the area times an assumed GROSS TONNAGE. Therefore charges will be levied as per Scale A plus hard standing charge for parts.

## **CHARGES FOR HARBOUR CRAFT AND PLANT**

10. A daily hire rate for any of the following plant can be negotiated at time of hire.

Hire of the Sullom Spindrift/ Sullom Shoormal/ Sullom	
Spray per hour or part thereof	£345.00
Hire of the Sullom 'A', 'B' or 'C' per hour or part thereof	£122.31
Hire of Sullom Shearwater per hour or part thereof	£156.64
(Subject to availability)	
Hire of the Marine Travel Lift per hour or part thereof	£134.84
Hire of Fork Lift Truck per hour or part thereof	£40.00

## **SCALE F – MISCELLANEOUS CHARGES**

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## 1. Attendance of Officers and Administrative Support

This charge is levied on all parties responsible for the incident, jointly and severally, when officers of the Harbour Authority attend oil pollution incidents to investigate the cause and / or supervise the clean-up and for any other appropriate recharges  
Administrative Support

£80 per officer per hour or part thereof.

£35 per hour or part thereof.

## 2. Security<sup>[RM1]</sup>

A security / administration surcharge is applicable to all vessels, not belonging to the Authority, that are required to report to the Harbour Authority under ISPS regulations and that are not on annual dues.

£55 per visit

A security / administration surcharge is applicable to all vessels, not belonging to the Authority, that are required to report to the Harbour Authority under ISPS regulations and have paid annual dues.

£55 per year.

## 3. Waste Oil

Where the port removes waste oil a charge is levied jointly and severally on the parties responsible for waste oil.

£ Cost plus  
10%

## 4. Access

Gangways - where available and supplied - per day  
per week

£33.24  
£99.70

Personnel access control barriers - where available - per day.  
Long Term Rates available on request.

£3.33

## SCALE G – SHIP-TO-SHIP TRANSFER OF OIL

### 1. Ship-to-ship transfers of oil at a Sullom Voe Terminal jetty, excluding bunker transfers:

- (a) Import vessel(s) per gross cargo tonne
- (b) Export vessel

Free of Charge  
£0.39

The above includes Ship Dues/Pilotage/Boarding and Landing/Mooring/Normal Towage. Any other services will be charged as detailed in the Table of Dues.

For each STS operation up to three hires of the Harbour Launch will be allowed free of charge, thereafter the full hourly/part thereof hire charge for Harbour Craft will apply.

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2. Where an export tanker loads crude ex shore tankage before or after a ship-to-ship transfer:
 

(a) Import vessel(s) per gross cargo tonne	Free of Charge
(b) Export vessel per gross tonne	£0.39
(c) Export vessel will be moved once	Free of Charge

Thereafter the export vessel will attract Ship Dues/Pilotage/Boarding and Landing/departure towage, as published, and any other harbour charges as detailed in the Table of Dues.

3. Hire of craft to transfer hoses and fenders to/from vessels involved in Ship-to-Ship operations:
  - (a) Deployment of materials £1055 (includes hire of vessel up to 3 hours). Hourly rate of hire thereafter £320.
  - (b) Retrieval of materials £686 (includes hire of vessel up to 2 hours). Hourly rate of hire thereafter £320.

Note: Above figures do not include hire of any shore cranes.

**SULLOM VOE HARBOUR AREA  
SCHEDULE OF MOORING RATES  
Effective from 1st April 2012**

1. At any one of the oil loading jetties, per mooring operation:

Segregated ballast tankers	£0.03
LPG/Other	£0.05

A 'mooring operation' shall be any occasion on which the services of one or more mooring boats are required for the purposes of mooring. Where a vessel is required to shift from one jetty to another the above rates will apply for each separate mooring.

At any other jetty - per mooring boat per hour or part thereof	£122.31
At any jetty but not requiring a mooring boat - per hour or part thereof	£56.53

**SULLOM VOE HARBOUR AREA  
SCHEDULE OF PILOTAGE CHARGES  
(PILOTAGE ACT 1987)  
Effective from 1st April 2012**

1. The following charge is payable for piloting a vessel inwards or outwards in the Harbour Area and for each piloted movement within the harbour:

Segregated ballast tankers - per gross tonne	£0.046
LPG/Other - per gross tonne	£0.06
Minimum charge per act of pilotage	£120.00

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2. A charge of £70.84 per hour or part thereof shall be applicable in the following cases:
  - (i) When a pilot is requested for the departure, moving or arrival of a vessel and the vessel fails to move or arrive within one hour of the stated time of departure, move or arrival;
  - (ii) When a pilot is requested and the requirement is cancelled after the pilot has set out to undertake pilotage;
  - (iii) For detention aboard ship of a pilot by request of the Master, Owner or Agent and no pilotage service is being rendered, and
  - (iv) When a pilot is in attendance on board a vessel berthed alongside during periods of severe weather.
3. Vessels, which are being towed, by a vessel under pilotage and any vessel being led within the Harbour Area by a vessel which is under pilotage shall pay pilotage dues as if the pilot were on board.
4. Marine Officers of the Shetland Islands Council undergoing training may from time to time accompany the pilot but such trainees shall not be considered to be assistants to the pilot and no extra charge shall accrue to any vessel in respect of such trainees.
5. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
6. In calculating pilotage charges a fraction of a gross tonne shall be reckoned as one gross tonne.

**SULLOM VOE HARBOUR AREA  
SCHEDULE OF BOARDING AND LANDING CHARGES  
(PILOTAGE ACT 1987)  
Effective from 1 April 2012**

1. For each act of pilotage undertaken every vessel shall pay a boarding fee or a landing fee of:

Segregated ballast tankers - per gross tonne	£0.02
LPG/Other - per gross tonne	£0.02

Minimum charge per act of pilotage	£120.00
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2. If the pilot launch is detained under any of the circumstances as mentioned in paragraph two of the scale of charges for pilotage a charge shall apply as follows:

For each hour or part thereof	£345.00
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3. When a helicopter is used to board or land the Pilot all charges incurred in respect of aircraft usage, including abortive missions, will be charged to the ship's account. In addition, as a launch is required for safety cover, the normal boarding and landing fee will be charged.
4. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
5. In calculating charges a fraction of a gross tonne shall be reckoned as one gross tonne.
6. Vessels which cannot provide regulation boarding equipment and in particular those with forward leading accommodation ladders, may receive or land their pilots by helicopter, if a helicopter is available. In such cases all charges incurred in respect of aircraft usage, including abortive missions will be charged to the ships account.
7. Special rates are applicable for the performance of duties outside those normally associated with pilotage and these are available on request from the Executive Manager / Harbourmaster – Ports and Harbours Operations.

The Shetland Islands Council reserve the right to apply discretionary rates to any charge in the Table of Dues on application.

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**SHETLAND ISLANDS COUNCIL  
TABLE OF DUES TO BE LEVIED AT ALL PIERS AND HARBOURS  
FROM 1ST APRIL 2012  
(Harbours Act 1964)**

**DEFINITION**

**SHIPS DUES**

**Conditions**

1. Ship Dues shall apply to all vessels entering the limits of any of the Council's harbours except in circumstances mentioned at (2) and (3) below. These rates shall also be charged by way of berth rents where a Council pier is used in any location outside the Council's harbour areas. Vessels will be allowed to overstay the four-day period in port without additional charge if the harbour is closed, or if cargo/unberthing is suspended due to adverse weather conditions.
2. Ship Dues will not be levied on any vessel, which enters a harbour area in order to enable a pilot to board in difficult weather conditions, and subsequently has to depart as a result of the pilot not being able to board. Pilotage and Boarding and Landing charges will however apply in accordance with section 2 (ii) of the schedule of Pilotage Charges.
3. If a vessel is required to leave the harbour by the Harbourmaster for any reason unconnected with defects in the vessel, or the vessel's operation, no ship dues will be levied on the subsequent re-entry. Please note this concession does not apply to pilotage, boarding and landing or mooring boats.
4. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
5. In calculating charges a fraction of a gross ton shall be reckoned as one gross ton.
6. Ships dues are inclusive of a fee for garbage waste disposal.

**SCALE A - VESSELS PER ENTRY AND STAY PER FOUR-DAY PERIOD OR PART THEREOF**

**VESSELS CALLING AT SCALLOWAY HARBOUR**

Per gross ton	£0.48
Passengers disembarking per person - (tourist traffic/passenger liners only)	£2.38

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## ANY OTHER VESSEL CALLING AT A COUNCIL PIER OR HARBOUR

Per gross tonne	£0.48
Barges – Gross Tonnage by calculation or certificate	£0.48
Passengers disembarking per person - (tourist traffic/passenger liners only)	£2.38
Vessels (renewable devices etc) which have no GT assigned	
Up to 40 metres- per 4 day period	£6.00 per metre
Rate for each metre in excess of 40 metres per 4 day period	£4.00 per metre

### Annual Compounded or Composite Rates

Proof of 3<sup>rd</sup> party insurance cover is required before annual composite rates are applied. Movements within the harbour prior to successful application of annual composite rates will be charged at published period rates.

### Live Fish Carriers

Vessels carrying live fish can apply for an annual composite rate charge equivalent to 40 trips x gt rate

### Fish Feed Ships

Vessels regularly involved in the transport of salmon feed using SIC piers and harbours can apply for an annual composite rate charge equivalent to 40 trips x gt rate.

For vessels primarily engaged in the supply/operation or harvesting of farmed fish/farmed shellfish can apply for an annual rate based on the gt bands below:

Up to 15 gt	£198.30
16 gt to 100 gt	£396.61
101 gt to 150 gt	£1,983.03
151 gt to 200 gt	£2,771.15
201 gt to 300 gt	£3,966.04
301 gt to 400 gt	£5,288.07
401 gt to 500 gt	£6,610.08

## SALMON CAGES LAUNCHED AND FLOATING IN HARBOUR

Per 4 day period

Up to 70 Metre Cage	£39.75
70 Metre Cage	£40.08
80 Metre Cage	£46.57
90 Metre Cage	£52.42
100 Metre Cage and over	£58.24
MINIMUM CHARGE PER ENTRY AND STAY	£9.00

## **SCALE B - COMPOUNDED ADVANCE ANNUAL CHARGES COVERING USE OF ALL COUNCIL PIERS AND HARBOURS**

Proof of 3<sup>rd</sup> party insurance cover is required before annual compounded rates are applied. Movements within the harbour prior to successful application of annual compounded rates will be charged at published period rates.

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A seasonal compound annual fee, payable in advance, will be charged for each pleasure craft berthed within a Harbour area, but not within an established Marina.

The following seasonal fee covers 1 April to 30 September, inclusive:

(a) Exceeding 15m overall length	£108.39
(b) Exceeding 10m and up to 15m	£79.52
(c) Up to 10m	£50.57

Charge per calendar month between 1 October and 31 March inclusive, in addition to section 1 above:

(a) Exceeding 15m overall length	£27.12
(b) Exceeding 10m and up to 15m	£19.89
(c) Up to 10m	£12.66

For registered fishing vessels and salmon farm tenders:

(a) Up to and including 8m overall length	£31.97
(b) In excess of 8m overall length, per metre or part of overall length	£22.57

Vessels regularly providing services within a Council harbour (over 8 metres overall length) - per gross ton	£35.80
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The compounded charge herein referred to shall cease to be applicable to any vessel continuously occupying a berth at a pier for a period in excess of 2 calendar months. Such vessels will then be liable for period dues as per Scale A.

## GOODS DUES

### Conditions:

7. (i) Goods dues shall apply to all goods discharged or loaded over one of the Council's piers or handled in the fish market, or to any transfer of goods from craft to craft, craft to shore and from shore to craft which takes place within the limits of a Council harbour but which does not involve the use of a pier except as in (ii) below. Goods dues SHALL NOT apply to goods carried on scheduled ferry services operated or subsidised by the Council. Goods dues SHALL NOT apply in respect of oil or gas loaded into tankers over the oil jetties in Sullom Voe.
- (ii) Salmon Farmers and Shellfish Farmers operating within or serviced from a harbour area but not making use of a Council pier or landing place are required to pay a due of £161.87 annually. Where a Council pier or landing place is used, the full tariff is applicable.

## SCALE C - RATES ON FISHING GEAR

Vessels storing nets on any pier, outwith designated net mending areas:

Per net per day	£38.15
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However, where nets are stored in bins as provided by the Council the following bin rates apply:

Per Glass Fibre Bin per annum	£138.36
Per Small Metal Bin (1.925m x 1.925m) per annum	£302.16
Per Large Metal Bin (1.925m x 2.60m) per annum	£342.12

The above rates are inclusive of insurance and shall be applied to pro rata on a daily basis as appropriate.

Where insufficient bins are available to meet demand, charges are abated for nets left in the designated storage areas to those applicable to a large metal storage bin during the period until a bin is available.

Charge for the use of designated net mending area where not paying compounded dues or landing dues on that visit - £81.33 per net for the first seven days, thereafter the rates for use of hard standing areas will apply.

Where excessive waste net materials are left behind after use of the net mending area vessels will be charged for collection and disposal of the materials.

Minimum charge per hour	£35.08
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#### **SCALE D - RATES ON GOODS**

Fresh fish and shellfish - per £1.00 value ad valorem	£0.025
Farmed Fish - per tonne	£8.32
Farmed Shellfish - per tonne	£4.16
Any fish or shellfish landed outwith a Council pier and stored in the Fish Market - per £1.00 value ad valorem	£0.025

Fishing vessels less than 15gt engaged in inshore fishing will be required to purchase a Landing Disc for 6 or 12 months as below:

6 month disc	£70.02
12 month disc	£127.74

Vessels as above who land mackerel through Scalloway Fish Market will be eligible to apply for a 6 or 12 month disc as above.

NB This exemption will not apply to fish/shellfish being landed through the Fish Market other than as stated above.

Fishermen, vessel owners and agents are advised that if the value of fish consigned through a Shetland Islands Council port is not declared within 1 calendar month of landing, a charge of £3.19 per box will be levied in lieu of the published dues.

Tractors, lorries, machinery and motor cars, (any goods which they might be carrying will be charged separately in accordance with the Table of Dues) - per tonne	£7.46
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## Bulk Materials

Aggregates both coarse and fine, fertilisers, boulders and cement/sand

- per tonne (bulk includes carriage in flexible intermediate bulk

containers - FIBC's)

£0.19

Salmon Feed - per tonne

£1.46

Salmon Nets (from/to cages) per net

£22.50

Ice – per tonne

£1.85

Fuel/Gas Oil/Diesel

£1.85

Live Animals

£0.39

Any other goods not specified above, per tonne

£1.91

Minimum charge on any one item

£7.73

Water Per Tonne

£1.91

Min Charge

£10.00

When water is supplied from the water bollards a minimum charge of £6.36 will apply over a seven day period.

Where staff are required outwith normal working hours an additional charge will apply. Rates available on application.

Electricity - when electricity is supplied from the power bollards a minimum charge of £6.36 will apply over a seven day period.

Where staff are required outwith normal working hours an additional charge will apply. Rates available on application.

## SCALE E - RATES FOR USE OF HARD STANDING AREA

### Outdoor Storage

Short Term - per square metre per day

£0.19

Long Term (min 120 days) - per square metre per day (NB: Long term storage rates only apply on receipt of a written request)

£0.08

### Warehouse – Indoor Storage, Scalloway

Short Term - per square metre per day

£0.27

Long Term (min 120 days) - per square metre per day (NB: Long term storage rates for Warehouse will only apply on receipt of a written request)

£0.09

Trailers/Containers parked on harbour property not engaged in loading/discharging of goods unless a written request for long term storage is received shall be liable for the following charge:

Per day

£4.46

Minimum charge

£6.37

However, to avoid any delay to the ship when bulk cargo is being handled e.g. sand, aggregate, limestone etc., the consignee/shipper shall be assigned an area of the quay for stock piling purposes at the rate of 400m<sup>2</sup> per 1000 tonnes. The shipper shall be responsible for clearing up the designated area after the total cargo has been shipped. One week (7 days) per cargo will be allowed free of hard standing storage fees. Any

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cargo remaining after one week will attract hard standing storage dues at the above rate.

## SALMON CAGES UNDER CONSTRUCTION

Storage of parts before construction commences – as hard standing rate above.

Whilst construction takes place - £70.16 per day plus hard standing charge for parts.

Charges for building aquaculture cages in harbour waters will be based on the area times an assumed GROSS TONNAGE. Therefore charges will be levied as per Scale A plus hard standing charge for parts.

## CHARGES FOR HARBOUR CRAFT AND PLANT (BASED AT SCALLOWAY HARBOUR)

8. A daily hire rate for any of the following plant can be negotiated at time of hire.

Hire of the Scalloway Harbour Launch per hour or part thereof	£85.45
Hire of the Scalloway Harbour Launch to assist berthing per hour or part thereof	£162.75
Hire of Fork Lift Truck per hour or part thereof	£39.81
Hire of power washers per hour or part thereof	£18.30
Hire of Sullom Spindrift/Spray/Shoormal (if available) per hour or part thereof	£345.00

## SCALE F – MISCELLANEOUS CHARGES

1. Attendance of Officers and Administrative Support

This charge is levied on all parties responsible for the incident, jointly and severally, when officers of the Harbour Authority attend oil pollution incidents to investigate the cause and / or supervise the clean-up and for any other appropriate recharges  
Administrative Support

£80 per officer per hour or part thereof.

£35 per hour or part thereof.

2. Security<sup>[RM1]</sup>

A security / administration surcharge is applicable to all vessels, not belonging to the Authority, that are required to report to the Harbour Authority under ISPS regulations and that are not on annual dues.

£55 per visit

A security / administration surcharge is applicable to all vessels, not belonging to the Authority, that are required to report to the Harbour Authority under ISPS regulations and have paid annual dues.

£55 per year.

3. Waste Oil

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Where the port removes waste oil a charge is levied jointly and severally on the parties responsible for waste oil.

£ Cost plus 10%

#### 4. Access

Gangways - where available and supplied - per day	£33.24
per week	£99.70
Personnel access control barriers - where available - per day.	£3.33
Long Term Rates available on request.	

**SCALLOWAY HARBOUR AREA  
SCHEDULE OF PILOTAGE CHARGES  
(PILOTAGE ACT 1987)  
Effective from 1 April 2012**

1. The following charge is payable for piloting a vessel less than 300 Gross Tonnage inwards or outwards in the Pilotage District to or from either an anchorage, buoy or berth and for each piloted movement within the harbour:

Per act of pilotage £39.00

2. Vessels in excess of 300 Gross Tonnage entering Scalloway Harbour shall pay the following charge

Per gross ton £0.13

3. A charge of £39.00 per hour or part thereof shall be applicable in the following cases:

- (i) When a pilot is requested for the departure, shifting or arrival of a vessel and the vessel fails to move or arrive within one hour of the stated time of departure, shift or arrival;
- (ii) When a pilot is requested and the request is cancelled after the pilot has set out to undertake pilotage, and
- (iii) For detention aboard ship of a pilot by request of the Master, Owner or Agent and no pilotage service is being rendered.

4. Vessels that are being towed by a vessel under pilotage and any vessel being led within the Pilotage District by a vessel, which is under pilotage, shall pay pilotage dues as if the pilot were on board.

5. Marine Officers of the Shetland Islands Council undergoing training may from time to time accompany the licensed pilot but such trainees shall not be considered to be assistants to the pilot and no extra charge shall accrue to any vessel in respect of such trainees.

6. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.

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7. In calculating charges a fraction of a gross ton shall be reckoned as one gross ton.
8. Special rates are applicable for the performance of duties outside those normally associated with pilotage and these are available on request from the Executive Manager - Harbourmaster & Port Operations.

**SCALLOWAY HARBOUR AREA  
SCHEDULE OF BOARDING AND LANDING CHARGES  
(PILOTAGE ACT 1987)  
Effective from 1 April 2012**

1. For each act of pilotage undertaken every vessel shall pay a boarding fee or a landing fee of:  
  
£85.45 per hour or part thereof for use of the pilot cutter plus, outside normal working hours, there shall be an additional charge for labour involved. Rates available on application.
2. If the pilot launch is detained by virtue of any of the circumstances in paragraph three of the scale of pilotage charges, a charge shall apply as follows:  
  
For each hour or part thereof £85.45
3. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
4. In calculating charges a fraction of a gross ton shall be reckoned as one gross ton.

The Shetland Islands Council reserves the right to apply discretionary rates to any charge in the Table of Dues on application.

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# Shetland Islands Council

**Special Harbour Board  
Special Shetland Islands Council**

**8 February 2012  
9 February 2012**

## **Harbour Account Revenues Estimates 2012/13**

**F-009-F**

**Report Presented by Head of Finance and  
Executive Manager – Harbour Master and  
Port Operations**

**Corporate Services and  
Infrastructure Services**

### **1.0 Summary**

1.1 The purpose of this Report is to:

- approve the revenue budget for 2012/13 for the Harbour Account;
- consider and approve the funding mechanism for the outstanding liability of £7.6m to the Pension Fund in respect of the Shetland Towage; and
- note the Marine Superannuation Fund actuarial valuation as at January 2012; and
- agree to a formal process for costing all the potential future liabilities for the closure of Sullom Voe Harbour operation, including when and how to hold any future liability in the accounts.

1.2 The overall financial policy objective is to secure an annual surplus of £4m on the Harbour Account, to contribute to other services and projects. That objective has been achieved, with an estimated surplus of £5.4m in 2012/13, subject to the predicted levels of shipping being achieved.

### **2.0 Decisions Required**

2.1 That the Harbour Board recommends that the Council RESOLVES to approve to:

- a) fund the outstanding liability of £7.6m to Shetland Islands Council Pension Fund in respect of the Shetland Towage deficit by four near equal instalments of £2m from the Harbour Account surpluses between 2012/13 and 2015/16, subject to review each year in line with income projections;
- b) note the Marine Superannuation actuarial valuation indicates an estimated additional requirement of £7.8m at January 2012;

- c) undertake a formal project to calculate all the potential liabilities from the closure of the port of Sullom Voe which will include a recommendation as to how and when to hold any provision for future liabilities in the accounts and the impact that might have on the current policy of a target of £4m per annum;
- d) agree the overall Harbour Account estimates set out at Appendix 1; and
- e) note the availability of £2.2m to contribute to the reserves, to pay for General Fund projects and programmes, leaving £1.2m as a general contribution to the Reserve Fund to help replenish the reserves in the longer term, to £250m over a 10 year period.

### 3.0 Detail

3.1 On 19 August 2009 (min ref:107/09), the Shetland Islands Council approved the budget strategy to be adopted for the Harbour Account through to 2016. Members agreed that the Harbour Account should continue to pursue efficiency savings and appropriate charging levels to at least maintain the level of profitability on the Harbour Account at £4m per annum. This is to recognise the commercial trading nature of the harbour activities in relation to the port of Sullom Voe.

3.2 The strategic objectives for the Harbour Authority are:

- realise required return as set by Council;
- maintain Document of Compliance for towage service and ISO accreditation for the port;
- achieve necessary permits to continue and promote Ship-to-Ship Transfer operations;
- develop a prioritised port development strategy;
- assist in development of marine renewables;
- assist in maximising opportunities for servicing off-shore renewables, including the development of infrastructure (ports and vessels) and skills;
- work with the oil industry and other marine sectors to identify future opportunities and diversification for Sullom Voe Terminal;
- working towards sustainable and efficient service;
- continuing to support our infrastructure throughout Shetland; and
- providing access to learning and development opportunities for all employees.

3.3 The Director of Infrastructure Services and the Director of Development Services are working together on the long term future for the port of Sullom Voe. This work will investigate the most cost effective way of maintaining existing service levels, recognising the changing pattern of business needs at the port. The work programme will also draw on the

recommendations from *Professor A G Kemp of Aberdeen University*, 'Potential Diversification of Uses for Sullom Voe Terminal', reported to Development Committee on 19 November 2009, as to future business opportunities and investment potential to secure the viability of the port into the longer term. This work will form part of the business planning process for the port and will be reported each year in terms of business opportunities and the long term investment requirements, together with an assessment of the business risk and viability.

3.4 The Harbour Account activity has gone through a period of significant structural change, through the Ports for the Future project and investment in new vessels. This has resulted in changes to staffing levels and patterns of work, all of which has now been captured in the estimates for 2012/13.

3.5 The Harbour Account is required to operate at a surplus.

### 3.6 Harbour Dues

A separate report on the Harbour Dues and other fees and charges is prepared and, as such, does not form part of this report. However it should be noted that Sullom Voe Harbour charges are proposed to increase by 5.5% and income arising from that level of charging is included in these estimates. The overall yield from fees and charges is estimated to generate a surplus of £5.4m in 2012/13.

### 3.7 Expenditure

3.7.1 The services supported by the Harbour Account are set out below in Table 1, showing an estimate of the cost for 2012/13 and a comparison with the current year.

Table 1: Services Summary

<b>Service</b>	<b>2011/12 Approved Budget £000</b>	<b>2012/13 Proposed Estimate £000</b>	<b>Fav/(Adv) Variance £000</b>
Management & Support Services	1,699	1,586	113
Sullom Voe	-4,592	-7,920	3,328
Other Harbours	790	938	-148
Surplus on Harbour Activity	-2,103	-5,396	3,292
Transfer to Reserves	2,103	5,396	-3,292
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

3.7.2 The costs are also presented on the type of expenditure incurred on harbour activities, in Table 2, as follows:

Table 2: Type of Costs Summary

<b>Service</b>	<b>2011/12 Approved Budget £000</b>	<b>2012/13 Proposed Estimate £000</b>	<b>Fav/(Adv) Variance £000</b>
Management & Support Services	1,699	1,586	113
Direct Staffing Costs	5,923	4,707	1,217
Operating Costs	5,010	5,590	-580
Capital Financing Costs	2,839	2,507	333
Depreciation to General Fund	-1,355	-1,434	79
Income	-16,220	-18,351	2,131
Surplus on Harbour Account	-2,103	-5,396	3,292
Transfer to Reserves	2,103	5,396	-3,292
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 3.7.3 The main variances over the current year are in respect of staffing costs, operating costs and income. The staffing costs have reduced as a result of the implementation of the Ports for the Future project, in respect of overall staffing numbers and shift patterns. The operating costs are increased in relation to additional jetty maintenance, wholly funded by BP, and income is estimated to increase by £2.1m, over the current year budget as outlined in the Harbour Dues report.
- 3.7.4 The capital financing costs for 2012/13 under the agreed funding mechanism for the new vessels is £1.1m. This is based on an outstanding debt level of £14.5m, plus interest and expenses. The debt is carried internally by the Council (on the Capital Fund) and is in respect of the financing arrangements for the new vessels.
- 3.7.5 The outstanding Pension Fund liability in respect of the Shetland Towage transfer needs to be addressed. In 2009, when the Shetland Towage operations were transferred into the Council and merged with the harbour operations, the outstanding pension liability was calculated at £4m. The main reason for the deficit is that the Council agreed to more preferential pension terms for the then Shetland Towage staff who transferred to the Council, than would have been available to other eligible organisations joining the Pension Scheme, in awarding year for year scheme membership. An actuarial valuation was carried out in 2010, which increased the deficit to £8m. At that time, the Council put on hold any decision on how best to address the issue, as several reviews were outstanding, namely: Single Status; Ports for the Future; and Pathfinder (the national procurement review of pension fund arrangements). Now these reviews are complete, it is possible to address the matter. The actuarial valuation of the Pension Fund has just been completed and the deficit is now valued at £7.6m. In light of the fact that it is a Harbour Account matter, for a service which is predominantly commercial in nature, it is appropriate that the cost should fall to the Harbour Account. It is therefore proposed

that the cost of the outstanding liability of £7.6m be met by four near equal instalments of about £2m per annum, from the surpluses generated on the Harbour Account between 2012/13 and 2015/16. This will reduce the ability of the Harbour Account to contribute surpluses to fund other services and projects.

- 3.7.6 In developing the Council's Reserves Policies, there has been no explicit direction yet set for the value of each of the funds which combine to make up the policy target of replenishing the reserves to £250m over a 10 year period. There is merit in ensuring that the Reserve Fund makes up a significant proportion of the value of the funds, because it is the most flexible in use and application. If Members are minded to give greater protection to the Reserve Fund, when moving towards the policy target over the next 10 years, there is a mechanism whereby the deficit of £7.6m payable to the Pension Fund in respect of Shetland Towage could be taken from the Capital Fund instead. By doing so, the Council would reduce the value of the Capital Fund by £7.6m and increase the value of the Reserve Fund by £7.6m, over the period in question.
- 3.7.7 The Council holds a specific ring fenced reserve, called the Marine Superannuation Fund, which was valued at £2.6m at 31 March 2011. The Fund exists to hold in reserve the estimated cost of enhanced exit packages for staff working within this service, should the port of Sullom Voe close. An actuarial valuation has been carried out as at January 2012 and the estimated additional requirement is valued at £7.8m. There is no statutory duty for the Council to hold this fund and no other staff group within the Council has anything similar in place.
- 3.7.8 Instead of moving immediately to make a recommendation to contribute the deficit of £7.8m into the Marine Superannuation Fund in respect only of staffing liabilities, it is proposed instead to consider the wider implications of all the potential future liabilities which might fall, were the port of Sullom Voe to close. This work will assist the Council to develop a policy on how much reserves need to be set aside for potential future costs, and what a reasonable timescale might be. There is a direct connection to the work being developed by the Directors of Infrastructure and Development into the long term future viability of the port. In this way, the investment requirements, all the future potential costs and the likely timescales for each can be drawn together and matched to the Council's overall financial policy framework.

### 3.8 Reserves

- 3.8.1 The Marine Superannuation Fund was valued at £2.6m at 31 March 2011. The Fund is used to set aside the cost of enhanced exit packages for the staff working in this field, were the port of Sullom Voe to close with immediate effect. An actuarial valuation has been carried out and the deficit to be met is £7.8m. It is not proposed to make any further contribution to the Marine Superannuation Fund until the work is complete on

the long term development strategy for the port of Sullom Voe, alongside a project on identifying all the potential liabilities from closure.

3.8.2 The Pilot Boat Renewal Fund was valued at £0.9m at 31 March 2011. There are no plans to use this Fund in 2012/13.

3.8.3 The Harbour Account Bad Debt Provision was valued at £9,521 at 31 March 2011. The actual level of write-offs over the past three years has been:

2008/09 - £5,662

2009/10 - £3,606

2010/11 - £6,961

An estimate of the current situation is a need to write off £3,778. The level of provision is therefore considered adequate, as it represents more than 2 years worth of potential write-offs for bad debts. There is therefore no proposed charge to the Revenue Account to increase the level of provision.

### 3.9 Overview

3.9.1 Table 3 below shows the overall position on the Harbour Account.

Table 3: Overall Harbour Account Estimates

<b>Overall Harbour Estimates</b>	<b>2011/12 Approved Budget £000</b>	<b>2012/13 Proposed Estimates £000</b>
<b>Expenditure:</b>		
Management & Support Services	1,699	1,586
Sullom Voe	12,515	11,378
Other Harbours	1,258	1,426
	<b>15,471</b>	<b>14,389</b>
<b>Income:</b>		
Harbour Dues	-13,551	-15,330
Fees & Charges	-2,669	-3,021
Depreciation to General Fund	-1,355	-1,434
	<b>-17,575</b>	<b>-19,785</b>
<b>Surplus on Harbour Activities</b>	<b>-2,103</b>	<b>-5,396</b>
<b>Surplus transferred to Reserves</b>	<b>2,103</b>	<b>5,396</b>

3.9.2 The detailed breakdown of services for 2012/13 is shown in Appendix 1.



## 4.0 Implications

### Strategic

- 4.1 Delivery On Corporate Priorities – There is a specific objective within the Corporate Improvement Action Plan to ensure that, “The Council has established a rigorous process to ensure that its use of resources is on a footing consistent with implementing and sustaining its financial strategy, and demonstrate that it delivers services in a way which achieves best value”.
- 4.2 Community /Stakeholder Issues – NONE.
- 4.3 Policy And/Or Delegated Authority – Section 2.7.3 of the Council's Scheme of Administration and Delegations states that the Harbour Board will consider all Harbour undertakings including dues and charges and make appropriate recommendation to the Council. Approval of the Budget is a matter reserved by the Council. Once approved, the budget forms the basis of the Director of Infrastructure's delegated authority to deliver services, within policy and within budget.
- 4.4 Risk Management – The main risk for the Harbour Account is to ensure that the income levels can be secured, recognising the commercial trading environment in which the service operates.
- 4.5 Equalities, Health And Human Rights – NONE.
- 4.6 Environmental – NONE.

### Resources

- 4.7 Financial – This Report sets the resources to be allocated, by way of budget provision, to each service within the Harbour Account for 2012/13.
- 4.8 Legal – NONE.
- 4.9 Human Resources – NONE.
- 4.10 Assets And Property – NONE.

## 5.0 Conclusions

- 5.1 The policy direction is to secure £4m profit from the Harbour Account, on an annual basis until the review point at 2016. This objective has been met, with a net surplus of £5.4m estimated for 2012/13.
- 5.2 The Revenue Budget put forward by the Executive Manager – Harbour Master and Port Operations is robust. The income assumptions are reasonable and based on current predictions and information, considering all the variable factors associated with trading in a commercial environment.

- 5.3 The port operation has gone through a period of significant change, with the implementation of the Ports for the Future project and the investment in new vessels.
- 5.4 The outstanding liability to the Shetland Islands Council Pension Fund in relation to the Shetland Towage transfer is valued at £7.6m and it is proposed to meet that cost by four near equal instalments from the surpluses between 2012/13 and 2015/16.
- 5.5 To support the future financial planning for the Harbour Account, it is proposed to undertake a formal project to investigate all the potential liabilities in connection with the port of Sullom Voe were it to close. This will help to inform the Council as to how much to set aside for this purpose and within what timescale. There is a natural link with the project to establish a Port Development Strategy.
- 5.6 Early predictions for the following financial years show a significant reduction in throughput, and thus income, to the Harbour Account. Work will be required throughout the upcoming year to plan and manage for the predicted reduction in throughput and to maximise returns to the Reserve Fund.
- 5.7 Overall, a surplus of £5.4m is estimated to be generated in 2012/13. Of this amount, £2.0m could fund a contribution to the liability in respect of the Pension Fund, £2.2m can be made available to the Council to fund other projects and services, as set out in the Strategic Budget Plan, leaving £1.2m as a contribution to the Reserve Fund, to start to replenish the reserves over the next 10 years.

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2 February 2012

### List of Appendices

Appendix 1: Detailed Cost Centres / Services 2012/13

### Background documents:

NONE

END

		<b>Approved Budget 2011/12 £</b>	<b>Proposed Estimate 2012/13 £</b>	<b>Fav/(Adverse) Variance £</b>
<b>SUPPORT LEDGER : COST CENTRE SUMMARY (excluding recharges out)</b>				
SRM0001	Recruitment Expenses	17,000	17,000	-
SRM0100	Support Services	260,464	266,686	(6,222)
SRM2000	Operations Management	1,292,740	1,188,656	104,084
SRM2001	Towage Management	40,346	24,440	15,906
SRM3001	Port Engineering Services	556,432	546,405	10,027
SRM3050	Port Admin Building	142,594	133,011	9,583
<b>TOTAL</b>		<b>2,309,576</b>	<b>2,176,198</b>	<b>133,378</b>

**HARBOUR ACCOUNT : COST CENTRE SUMMARY**

PRM0150	Canteen Service	25,386	28,922	(3,536)
PRM2002	Depreciation	-1,354,816	-1,434,052	79,236
PRM2100	Sullom Voe	-5,915,400	-6,197,622	282,222
PRM2101	B & L Sullom Voe	-281,862	-280,137	(1,725)
PRM2102	Pilotage Sullom Voe	-719,294	-720,404	1,110
PRM2103	Mooring Sullom Voe	-309,446	-307,849	(1,597)
PRM2104	Ship to Ship	-267,681	-170,284	(97,397)
PRM2110	Marine Officers	940,407	630,918	309,489
PRM2111	Launch Crews	1,319,957	1,007,378	312,579
PRM2112	Towage Crews	-1,959,077	-4,259,249	2,300,172
PRM2113	VTs Operators	294,603	333,550	(38,947)
PRM2116	Pollution Control	65,637	60,433	5,204
PRM2120	SOTEAG	9,849	9,121	728
PRM2121	SVA	106,000	106,000	-
PRM2122	SVOSAG	9,049	8,321	728
PRM2140	Nav Aids/Comms - SV	229,223	178,876	50,347
PRM2141	Buildings - SV	210,623	274,980	(64,357)
PRM2142	Pilot Boats - SV	387,344	396,871	(9,527)
PRM2143	Mooring Boats - SV	69,315	79,203	(9,888)
PRM2144	Workboats - SV	50,971	34,208	16,763
PRM2145	Vehicles - SV	111,380	108,917	2,463
PRM2146	Plant - SV	89,602	22,482	67,120
PRM2147	Sellaness Tug Jetty	306,967	111,673	195,294
PRM2148	Tug Boats - SV	3,341,162	3,197,184	143,978
PRM2150	Jetties/Spur Booms - SV	166,907	207,017	(40,110)
PRM2200	Blacksness	234,243	413,161	(178,918)
PRM2201	B & L Scalloway	-7,000	-7,000	-
PRM2202	Pilotage Scalloway	-9,500	-14,500	5,000
PRM2205	Nav Aids Scalloway	45,267	54,467	(9,200)
PRM2206	Pilot Boat Scalloway	7,324	9,535	(2,211)
PRM2207	Workboat Scalloway	33,716	31,902	1,814

**SHETLAND ISLANDS COUNCIL  
2012/13 REVENUE ESTIMATES**

**F-009 Appendix 1**

		<b>Approved Budget 2011/12 £</b>	<b>Proposed Estimate 2012/13 £</b>	<b>Fav/(Adverse) Variance £</b>
PRM2208	Vehicles Scalloway	9,125	7,135	1,990
PRM2300	Baltasound	27,979	35,145	(7,166)
PRM2301	Collafirth	36,636	33,754	2,882
PRM2302	Toft	4,028	6,234	(2,206)
PRM2303	Garth & Graven Pier	10,667	10,127	540
PRM2310	Billister	4,800	2,036	2,764
PRM2312	Cullivoe	19,627	23,450	(3,823)
PRM2313	Easterdale	6,009	5,453	556
PRM2314	Fair Isle	31,901	30,891	1,010
PRM2315	Hamnavoe	4,912	6,804	(1,892)
PRM2316	Melby Pier	225	227	(2)
PRM2317	Mid Yell	59,021	28,087	30,934
PRM2318	Out Skerries	30,996	50,718	(19,722)
PRM2319	Symbister	215,065	247,110	(32,045)
PRM2320	Toogs	6,786	6,233	553
PRM2321	Uyeasound	149,226	151,665	(2,439)
PRM2322	Vaila/Grutness	22,492	19,713	2,779
PRM2323	West Burrafirth	26,137	25,219	918
PRM2324	Humber Inflatable	24	21	3
PRM2325	Orkney Spinner	8	6	2
PRM2326	Avon Searider	19	16	3
<b>TOTAL</b>		<b>-2,103,461</b>	<b>-5,395,934</b>	<b>3,292,473</b>

**RECHARGED LEDGER : COST CENTRE SUMMARY (excluding recharges out)**

VRM3205	Nav Aids Sullom Voe	41,694	42,447	(753)
VRM3206	Radar Sullom Voe	15,856	16,055	(199)
VRM3207	VHF Radio Sullom Voe	10,500	10,500	-
VRM3210	Maintenance Workshop	74,955	65,773	9,182
VRM3211	Helicopter Hangar	4,521	4,938	(417)
VRM3212	Meteorological Office	2,572	2,696	(124)
VRM3213	Long Term Store	2,763	2,949	(186)
VRM3214	Crew Accommodation	7,523	8,128	(605)
VRM3215	Pollution Store	20,566	22,982	(2,416)
VRM3221	Sullom Shoormal	40,820	40,615	205
VRM3222	Sullom Spindrift	38,970	38,561	409
VRM3223	Sullom Spray	36,469	36,060	409
VRM3225	Dunter	435,257	321,328	113,929
VRM3226	Shalder	165,442	197,702	(32,260)
VRM3228	Tirrick	186,269	376,030	(189,761)
VRM3229	Tystie	410,238	325,309	84,929
VRM3230	Sullom A	7,119	7,057	62
VRM3231	Sullom B	22,119	22,057	62
VRM3232	Sullom C	7,119	7,057	62
VRM3235	Vehicles Sullom Voe	32,730	32,730	-
VRM3236	Boat Hoist	-1,031	-1,029	(2)
VRM3237	Small Plant	4,810	4,810	-
VRM3239	Sullom Shearwater	13,429	13,321	108
VRM3240	Tug Jetty	60,674	71,087	(10,413)
VRM3241	Solan	414,084	340,139	73,945
VRM3242	Bonxie	414,084	340,139	73,945

**SHETLAND ISLANDS COUNCIL  
2012/13 REVENUE ESTIMATES**

**F-009 Appendix 1**

		<b>Approved Budget 2011/12 £</b>	<b>Proposed Estimate 2012/13 £</b>	<b>Fav/(Adverse) Variance £</b>
VRM3250	Jetty 1	7,504	154,360	(146,856)
VRM3251	Jetty 2	7,504	173,896	(166,392)
VRM3252	Jetty 3	7,504	173,896	(166,392)
VRM3253	Jetty 4	7,510	173,902	(166,392)
VRM3254	Construction Jetty	32,130	34,862	(2,732)
VRM3255	Spur Booms	12,510	12,510	-
VRM3256	Jetties Diving	50,000	0	50,000
VRM3257	Jetties Maintenance Contract	950,000	950,000	-
VRM3259	Jetties Cathodic Protection	50,000	0	50,000
VRM3261	Nav Aids Scalloway	12,025	12,025	-
VRM3262	Offices & Stores Scalloway	30,824	32,161	(1,337)
VRM3263	Fish Market	24,444	105,547	(81,103)
VRM3264	Piers Scalloway	83,133	107,189	(24,056)
VRM3266	Vehicles Scalloway	4,548	4,330	218
VRM3267	Lyrie	12,956	12,811	145
VRM3270	Baltasound Pier Maintenance	26,560	26,810	(250)
VRM3271	Collafirth Pier Maintenance	28,230	28,283	(53)
VRM3272	Toft Pier Maintenance	3,561	3,589	(28)
VRM3273	Garth Pier Maintenance	9,554	9,581	(27)
VRM3280	Billister Pier Maintenance	2,017	2,036	(19)
VRM3282	Cullivoe Pier Maintenance	32,090	32,909	(819)
VRM3283	Easterdale Pier Maintenance	5,452	5,453	(1)
VRM3284	Fair Isle Pier Maintenance	16,777	17,016	(239)
VRM3285	Hamnavoe Pier Maintenance	4,166	4,195	(29)
VRM3286	Melby Pier Maintenance	77	81	(4)
VRM3287	Mid Yell Pier Maintenance	27,627	17,664	9,963
VRM3288	Out Skerries Pier Maintenance	7,848	23,060	(15,212)
VRM3289	Symbister Pier Maintenance	30,613	50,876	(20,263)
VRM3290	Toogs Pier Maintenance	6,229	6,233	(4)
VRM3291	Uyeasound Pier Maintenance	10,294	10,489	(195)
VRM3292	Vaila/Gruting Pier Maintenance	10,987	11,047	(60)
VRM3293	West Burrafirth Pier Maintenance	11,747	9,318	2,429
<b>TOTAL</b>		<b>3,995,973</b>	<b>4,555,570</b>	<b>(559,597)</b>



**Special Shetland Islands Council****9 February 2012****Housing Revenue Account Revenues Estimates and Charge Setting 2012/13**

F-010-F

**Report Presented by Head of Finance and  
Executive Manager - Housing****Corporate Services / Finance  
Development Services / Housing****1.0 Summary**

1.1 The purpose of this Report is to:

- approve the revenue budget for 2012/13 for the Housing Revenue Account; and
- approve the rent levels for 2012/13.

**2.0 Decisions Required**

2.1 The Council RESOLVES to make the following decisions:

- a) consider and agree the increase to average rent of 5.3% and approve the 2012/13 rent levels, as shown in Appendix 1;
- b) agree to draw £1.43M from the Housing Repairs and Renewals Fund, towards funding the Housing Revenue Account Asset Investment Plan;
- c) consider and agree the charges as detailed in Table 1;
- d) consider and agree the decant compensation payments, at Table 3; and
- e) approve the overall Housing Revenue Account estimates set out at Table 5.

**3.0 Detail**

3.1 In November 2011, the Executive Committee considered the findings from a detailed review of the operation of the Housing Revenue Account. The key financial policies approved in respect of the Housing Revenue Account were:

- (a) that the Housing Revenue Account cannot, at the moment, afford any new build proposals beyond the 30 units currently committed;
  - (b) to develop the Housing Revenue Account estimates from an affordable rents for existing tenants perspective (CPI plus 0.5%);
  - (c) that the Housing Repair and Renewal fund will be used to generate income towards the maintenance programme for existing stock.
- 3.2 The Council also determined that it would wish to negotiate with the Scottish Government for reasonable transitional arrangements, if the Housing Support Grant were to be abolished in 2013/14, as was suggested in a recent consultation paper.
- 3.3 The Local Housing Strategy, agreed on 30 August 2011, sets the strategic direction for housing service across Shetland. The Housing Revenue Account provides services in support of this strategy, alongside other funding streams and from other partners. The key objectives of the Local Housing Strategy are to address the need for secure, safe, affordable and appropriate housing relating to:
- future housing supply
  - an ageing population
  - fuel poverty
  - homelessness
- 3.4 The Council is required to set a balanced budget for the Housing Revenue Account.
- 3.5 Income
- 3.5.1 It is proposed that Members consider increasing average rent by Consumer Price Index (CPI) plus 0.5%, in line with the recommendations from the business plan review. This represents an average increase of 5.3%; an increase in average rent from £61.04 to £64.27.
- 3.5.2 The increase in rents is estimated to generate an additional £164,462 over the current financial year.
- 3.5.3 In order to fulfil the requirements of the Housing (Scotland) Act 2001 and the provisions of the Council's Tenant Participation Strategy, all tenants and the Shetland Tenants Forum should be consulted on the proposed rent increases. Unfortunately due to the late decision on the HRA budget strategy and the unfortunate illness of the two key office bearers of the Shetland Tenants Forum, the usual detailed consultation has not taken place.
- 3.5.4 Initial consultation with the Shetland Tenants Forum on the HRA budget strategy gave a strong message that tenants are concerned about affordability of rents and about the level of cuts and how that might impact on service. Existing tenants are happy to pay for the service they receive but not supportive of any rent increases to fund new build housing. There is also a



concern about the level of debt on the Housing Revenue Account and how this may continue to affect rents.

- 3.5.5 It is our intention to develop a consultation with all tenants on longer term rent levels in line with the outcomes of the Housing Revenue Account Business Planning review. An initial survey to all tenants will be issued with the rent notification letters this year to start off that process.

#### Fees and Charges

- 3.5.6 As well as income from rents, the Housing Revenue Account also generates income from garages, garage sites and sheds. It is proposed to increase the fees and charges by 5.3%, which is estimated to yield an additional £5,826. Table 1 below sets out the proposed charges for 2012/13 compared to the charge in 2011/12.

Table 1: Garages, Shed and Site Charges

TYPE OF CHARGE	2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %
<b>GARAGES:</b>			
Garage Rents (no electricity)	6.15	6.50	5.63
Garage Rents (electricity)	9.10	9.60	5.52
Double Garage (electricity)	13.65	14.35	5.15
Garage Site Rent	1.35	1.40	3.82
<b>SHEDS:</b>			
Soldian Court and Voderview, Lerwick	0.85	0.90	5.30

#### 3.5.7 Housing Support Grant

In the current year, the Housing Support Grant was originally estimated at £1.2M but the amount payable will be £0.9M. The latest information from the Scottish Government indicates that the amount payable in 2012/13 will be reduced further to £760,950. Members will be aware that the Scottish Government has recently consulted on the abolition of the Housing Support Grant by 2013/14. Members considered this issue at a meeting of the Executive Committee on 28 November 2011 and agreed the following recommendations:

- (i) to challenge the Scottish Government's assertion that withdrawal of Housing Support Grant would have no significant impact on Shetland Islands Council tenants; and
- (ii) to not agree in principle to the abolition of the Housing Support Grant from 2012, unless and until appropriate one-off or transitional arrangements can be put in place

to secure the long term sustainability of the Housing Revenue Account.

3.5.8 The Council submitted a response to the consultation in early January 2012 (copy attached at Appendix 2). A meeting with the Scottish Government officials is planned for early February 2012, where more detailed discussions on the potential value of transitional arrangements will take place. The loss of Housing Support Grant is a significant risk to the ongoing sustainability of the Housing Revenue Account and it is imperative that appropriate compensation is secured through the transitional arrangements.

### 3.6 Expenditure

3.6.1 The services supported by the Housing Revenue Account are set out below in Table 2, together with an estimate of the cost for 2012/13 and a comparison with the current year.

Table 2: Services and Cost Centre Summary 2012/13

<b>Service/Cost Centre</b>	<b>2011/12 Approved Budget £</b>	<b>2012/13 Proposed Estimates £</b>	<b>Variance £</b>
Supervision & Management	697,345	959,678	262,333
Repair & Maintenance	2,408,795	2,214,732	(194,063)
Void Rents & Charges	179,900	137,429	(42,471)
Hostel	44,701	0	(44,701)
Garages	29,487	45,524	16,037
Capital Funded from Current Revenue	0	1,992,622	1,992,622
Capital Charges - Dwellings	2,883,331	2,821,495	(61,836)
Capital Charges - Hostel	87,664	0	(87,664)
<b>Total</b>	<b>6,331,223</b>	<b>8,171,480</b>	<b>1,840,257</b>

3.6.2 The Repairs and Maintenance Programme has been developed from the Property Maintenance Strategy in line with the Scottish Housing Quality Standards requirements. Investment at this level will ensure that the stock reaches the required standard by the due date of 2015.

3.6.3 Capital funded from current revenue for 2012/13 is £1,992,622. To meet this cost there will be a draw of £1.43m from the Housing Repairs and Renewals Fund (to pay for repairs and maintenance) which will result in £2.0m being available from rents.

The capital charges are based on an outstanding debt level of £40.1M, plus interest and expenses. The debt is carried internally by the Council (on the Capital Fund). As part of the Business Plan review, the Council agreed that it was not possible, at the moment, for the Housing Revenue Account to support any new capital investment, beyond the 30 units already committed. There is an explicit need for the Council to ensure

that the Housing Revenue Account complies with the Prudential Code, around affordability of capital, sustainability of funding streams and the impact on the rent payers. As part of the Housing Support Grant negotiations, there have been strong indications that the Scottish Government feel the level of debt carried by the SIC Housing Revenue Account is unsustainable. This view has been verified from the external business plan review. With that in mind, there will be no increase on the level of debt on the Housing Revenue Account from that in place as at 31 March 2011.

- 3.6.4 From time to time, the Housing Service need to decant tenants from their existing properties, in order to carry out improvement works. The level of decant compensation payments to tenants for 2012/13 is set out in Table 3 below. This reflects a standstill budget.

Table 3: Decant Compensation Payments 2012/13

<b>DECANT COMPENSATION PAYMENTS</b>			
<b>Payment Description</b>	<b>2011/12 £</b>	<b>2012/13 £</b>	<b>% Increase</b>
Disturbance Allowance	250	250	-
Special Disturbance Addition***	500	500	-
Per Room Allowance	130	130	-
Flooring Allowance *	90	90	-
Carpet Allowance **	255	255	-

\* Flooring Allowance only paid when the kitchen and bathrooms have been altered

\*\* Carpet Allowance one-off payment when size of room is increased,

\*\*\* Special Disturbance Addition only where property is demolished and rebuilt

### 3.7 Reserves

- 3.7.1 The Housing Repairs and Renewals Fund was valued at £12.035M at 31 March 2011. The purpose of the Fund is to improve the condition of the Council's housing stock. Due to the changes in the capital financing arrangements, there is an expected draw of £2.2M in the current year (2011/12). In order to release rents to fund the net capital programme in 2012/13, there will be a requirement to draw £1.43M. In the longer term, once the 30 new housing units are built, the objective is to retain the value of the fund at a level at which a significant contribution can be made each year to assist with the long term viability of the Housing Revenue Account. The amount will be clarified, once the negotiations on the transitional arrangements for Housing Support Grant are concluded. The estimated closing balance by 31 March 2013 is £8.9M, as shown in Table 4 below.

**Table 4: Housing Repair and Renewal Fund to 2012/13**

Fund Movements	Opening Balance	Earnings	Draw	Closing Balance
	£m	£m	£m	£m
31 March 2011	12.053	0.000	-2.200	9.853
31 March 2012	9.853	0.443	-1.430	8.866
31 March 2013	8.866			

3.7.2 The Housing Revenue Account Bad Debt Provision was valued at £154,664 at 31 March 2011. The actual level of write-offs over the past three years has been:

2008/09	£41,629
2009/10	£59,718
2010/11	£41.843

An estimate of the current situation is a need to write off £38,643. The level of provision is therefore considered adequate, as it represents more than 4 years worth of potential write-offs for bad debts. There is therefore no proposed charge to the Revenue Account to increase the level of provision.

### 3.8 Overview

3.8.1 Table 5 below shows the overall position on the Housing Revenue Account.

**Table 5: Overall Housing Revenue Accounts Estimates**

	2011/12 Approved Budget £	2012/13 Proposed Estimates £	Variance £
<u>Expenditure:</u>			
Supervision & Management	697,345	959,678	262,333
Repair & Maintenance	2,408,795	2,214,732	(194,063)
Void Rents & Charges	179,900	137,429	(42,471)
Hostel	44,701	0	(44,701)
Garages	29,487	45,524	16,037
Capital Funded from Current Revenue	0	1,992,622	1,992,622
Capital Charges - Dwellings	2,883,331	2,821,495	(61,836)
Capital Charges - Hostel	87,664	0	(87,664)
Total: Expenditure	6,331,223	8,171,480	1,840,257
<u>Income:</u>			
HSG - General	(1,200,000)	(760,950)	439,050
Interest on Revenue Balances	(18,509)	(18,509)	0
Rents - Dwellings	(5,212,500)	(5,838,900)	(626,400)
Rents - Hostel	(66,432)	0	66,432
Rents - Other	(107,220)	(120,246)	(13,026)
Contribution from Housing R & R Fund	273,438	(1,432,875)	(1,706,313)
Total: Income	(6,331,223)	(8,171,480)	(1,840,257)
Balanced HRA	0	0	

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – There is a specific objective within the Corporate Improvement Action Plan to ensure that, “The Council has established a rigorous process to ensure that its use of resources is on a footing consistent with implementing and sustaining its financial strategy, and demonstrate that it delivers services in a way which achieves best value”.
- 4.2 Community /Stakeholder Issues – the feedback from the tenants have informed the level of rents to be set for 2012/13 and a more comprehensive rents policy will be developed during the year, which will include detailed consultation on options for change.
- 4.3 Policy And/Or Delegated Authority – Approval of the Budget is a matter reserved by the Council. Once approved, the budget forms the basis of the Director of Development’s delegated authority to deliver services, within policy and within budget.
- 4.4 Risk Management – The main risk for the Housing Revenue Account is the future financial sustainability to ensure that there is an appropriate compensation in place if the Housing Support Grant is to be abolished by 2013/14.
- 4.5 Equalities, Health And Human Rights – NONE.
- 4.6 Environmental – NONE.

### Resources

- 4.7 Financial – This Report sets the resources to be allocated, by way of budget provision, to each service within the Housing Revenue Account for 2012/13.
- 4.8 Legal – NONE.
- 4.9 Human Resources – NONE.
- 4.10 Assets And Property – Approval of this budget will enable the service to work towards securing the Scottish Housing Quality Standards by 2015.

## **5.0 Conclusions**

- 5.1 The Council has undertaken an external evaluation of the financial policy framework through a Housing Revenue Account Business Plan.
- 5.2 The policy direction was to build the estimates for the Housing Revenue Account from an affordable rents perspective, set at CPI plus 0.5%.

- 5.3 The Revenue Budget put forward by the Executive Manager – Housing is robust and appropriate to the levels and standard of service, set out in the Local Housing Strategy and Service Plan.
- 5.4 The funding for the capital programme has changed, to reflect the outcome of the Business Plan review. Specifically, in order to ensure the long term viability of the Housing Revenue Account, the outstanding debt levels will remain at the 31 March 2011 level and current and future capital investments will be funded predominantly from the Housing Repairs and Renewals Fund.
- 5.5 The Scottish Government is consulting on the abolition of the Housing Support Grant. This is a significant element of the overall funding for the Housing Revenue Account, at 7.34% of gross spend. There is in place a sequence of events to negotiate appropriate transitional arrangements, the outcome of which will be reported regularly over the next few months.
- 5.6 There is a need to draw £1.43m from the Housing Repairs and Renewals Fund, to free up rent income to meet the cost of capital from current revenue to pay for 30 new units..

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2 February 2012

### List of Appendices

Appendix 1: Detailed Rent Levels 2012/13

Appendix 2: Response to Consultation on Abolition of Housing Support Grant

### Background documents:

Housing Revenue Account Business Plan Review, Executive Committee, November 2011

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12700>

END

**Appendix 1**  
**Rent Levels 2012/13**

Apt. Size	Area	Category	2011/12 Rent Per Week £	2012/13 Rent Per Week £	Weekly Increase £
8 Apartment	Lerwick	Rent Only	108.76	114.43	5.67
8 Apartment	Lerwick	Central Heating	119.54	125.77	6.23
8 Apartment	Lerwick	Double Glazing	114.31	120.27	5.96
8 Apartment	Lerwick	Both	125.09	131.61	6.52
7 Apartment	Lerwick	Rent Only	97.98	103.09	5.11
7 Apartment	Lerwick	Central Heating	107.78	113.40	5.62
7 Apartment	Lerwick	Double Glazing	102.88	108.24	5.36
7 Apartment	Lerwick	Both	112.68	118.55	5.87
6 Apartment	Lerwick	Rent Only	87.20	91.75	4.55
6 Apartment	Lerwick	Central Heating	96.02	101.03	5.01
6 Apartment	Lerwick	Double Glazing	91.45	96.21	4.76
6 Apartment	Lerwick	Both	100.27	105.49	5.22
5 Apartment	Lerwick	Rent Only	76.10	80.06	3.96
5 Apartment	Lerwick	Central Heating	83.61	87.97	4.36
5 Apartment	Lerwick	Double Glazing	80.02	84.19	4.17
5 Apartment	Lerwick	Both	87.53	92.09	4.56
4 Apartment	Lerwick	Rent Only	65.32	68.72	3.40
4 Apartment	Lerwick	Central Heating	71.85	75.60	3.75
4 Apartment	Lerwick	Double Glazing	68.59	72.16	3.57
4 Apartment	Lerwick	Both	75.12	79.03	3.91
3 Apartment	Lerwick	Rent Only	54.54	57.39	2.85
3 Apartment	Lerwick	Central Heating	59.77	62.88	3.11
3 Apartment	Lerwick	Double Glazing	57.16	60.13	2.97
3 Apartment	Lerwick	Both	62.38	65.63	3.25
2 Apartment	Lerwick	Rent Only	43.44	45.70	2.26
2 Apartment	Lerwick	Central Heating	48.01	50.51	2.50
2 Apartment	Lerwick	Double Glazing	45.72	48.11	2.39
2 Apartment	Lerwick	Both	50.30	52.92	2.62
1 Apartment	Lerwick	Rent Only	32.66	34.36	1.70
1 Apartment	Lerwick	Central Heating	35.93	37.80	1.87
1 Apartment	Lerwick	Double Glazing	34.29	36.08	1.79
1 Apartment	Lerwick	Both	37.56	39.52	1.96

## Appendix 1 Rent Levels 2012/13

Apt. Size	Area	Category	2011/12 Rent Per Week £	2012/13 Rent Per Week £	Weekly Increase £
8 Apartment	Non Lerwick	Rent Only	103.32	108.71	5.39
8 Apartment	Non Lerwick	Central Heating	113.56	119.48	5.92
8 Apartment	Non Lerwick	Double Glazing	108.60	114.25	5.65
8 Apartment	Non Lerwick	Both	118.83	125.03	6.20
7 Apartment	Non Lerwick	Rent Only	93.08	97.93	4.85
7 Apartment	Non Lerwick	Central Heating	102.39	107.73	5.34
7 Apartment	Non Lerwick	Double Glazing	97.74	102.83	5.09
7 Apartment	Non Lerwick	Both	107.04	112.62	5.58
6 Apartment	Non Lerwick	Rent Only	82.84	87.16	4.32
6 Apartment	Non Lerwick	Central Heating	91.22	95.97	4.75
6 Apartment	Non Lerwick	Double Glazing	86.88	91.40	4.52
6 Apartment	Non Lerwick	Both	95.25	100.22	4.97
5 Apartment	Non Lerwick	Rent Only	72.29	76.06	3.77
5 Apartment	Non Lerwick	Central Heating	79.43	83.57	4.14
5 Apartment	Non Lerwick	Double Glazing	76.02	79.98	3.96
5 Apartment	Non Lerwick	Both	83.15	87.49	4.34
4 Apartment	Non Lerwick	Rent Only	62.05	65.29	3.24
4 Apartment	Non Lerwick	Central Heating	68.26	71.82	3.56
4 Apartment	Non Lerwick	Double Glazing	65.16	68.55	3.39
4 Apartment	Non Lerwick	Both	71.36	75.08	3.72
3 Apartment	Non Lerwick	Rent Only	51.82	54.52	2.70
3 Apartment	Non Lerwick	Central Heating	56.78	59.74	2.96
3 Apartment	Non Lerwick	Double Glazing	54.30	57.13	2.83
3 Apartment	Non Lerwick	Both	59.26	62.35	3.09
2 Apartment	Non Lerwick	Rent Only	41.27	43.42	2.15
2 Apartment	Non Lerwick	Central Heating	45.61	47.99	2.38
2 Apartment	Non Lerwick	Double Glazing	43.44	45.70	2.26
2 Apartment	Non Lerwick	Both	47.78	50.27	2.49
1 Apartment	Non Lerwick	Rent Only	31.03	32.64	1.61
1 Apartment	Non Lerwick	Central Heating	34.13	35.91	1.78
1 Apartment	Non Lerwick	Double Glazing	32.58	34.28	1.70
1 Apartment	Non Lerwick	Both	35.68	37.54	1.86
AVERAGE RENT			61.04	64.27	3.23
Notes:					
a) Central Heating is base + 10%					
b) Double Glazing is base + 5%					
c) Both is base + 15%					
d) Non-Lerwick properties have a 95% rent differential					



## Appendix 2

### Shetland Islands Council Response to the Scottish Government's Abolition of Housing Support Grant Consultation

Shetland Islands Council welcomes the opportunity to respond to the Scottish Government's publication, Council Tax on Long Term Empty Properties and the Housing Support Grant (the consultation).

By way of background information, the main issues for Shetland Islands Council in respect of housing is set out below.

The main housing issues for Shetland Islands Council are set out in our Local Housing Strategy 2011-2016. The Local Housing Strategy is based on the evidence gathered in the Housing Need and Demand Assessment (both documents are available in full at <http://www.shetland.gov.uk/lhs/default.asp>).

In summary there are 5 key themes identified in the Strategy document:

- Housing Supply – there is huge demand for housing in Shetland (currently approximately 1,000 applicants on the waiting list). Reducing funding means there are real challenges in seeking affordable housing solutions for Shetland. The Council works well in partnership with Hjaltsland Housing Association, the only housing association in Shetland, and a number of joint projects, joint agreements and funding arrangements to provide local solutions have been developed.
- Shared ownership /Shared Equity - Shared ownership was a product that worked very well in Shetland and allowed a number of people to access the property ownership market in an easy to understand and affordable way. The scheme is no longer available and has been replaced with the Shared Equity scheme, which has caused great difficulty in working locally. In general the average incomes are higher and property values lower in Shetland than mainland counterparts; this produces an inverse response to the criteria for the scheme and makes it unworkable. A scheme with the principles of Shared Ownership could increase the housing options for a number of people on the waiting list.
- Ageing population – there is a recognised need to address housing and care needs for the future – making strategic links between services, being innovative with our approach and aware of challenges of some solutions and their effectiveness in dispersed rural communities, eg telecare.
- Homelessness – the Council is experiencing an increasing number of homeless presentations; we are moving to a prevention strategy for dealing with homelessness. Currently the Council has achieved 86% towards the national target 2012 target but solutions to homelessness rely on supply and availability within a confined geography. Again, in partnership with Hjaltsland Housing Association, the Council are using nominations and section 5 agreements to best effect to find permanent housing solutions for those who find themselves homeless.
- Private Sector – the private sector both private rented and private developer markets in Shetland are very different to mainland Scotland. The private rented sector is very small and relatively unknown/unrecorded. There are

very few 'commercial' landlords and this makes it difficult to find private rented solutions for homelessness, for example. Indeed, many of the initiatives and incentives targeted at assisting the provision of housing solutions involve private sector are not achievable here, e.g the National Housing Trust model which relies on the role of the developer to provide housing solutions. There are no private developer/speculative build house builders in Shetland. Mid-market rent is a difficult concept locally. As there is a relatively unknown and company-let dominated private sector, there is no real benchmark for mid-market rent values. There is a real danger locally that if any new supply was seen to be mid-market rent rather than Council/HHA rent, it would be seen as some tenants paying extra to jump the queue and would create a two-tier market which would be difficult to justify unless social supply could also be released or increased.

- Self-build is prevalent in Shetland and the Council is also keen to see if there are any incentives or initiatives that we can develop to assist self-builders.

With that background information, Shetland Islands Council noted with interest that the consultation is proposing the abolition of the Housing Support Grant from April 2013.

Shetland Islands Council would wish the Scottish Government to understand that the withdrawal of Housing Support Grant would have a significant impact on Shetland Islands Council tenants. Housing Support Grant is a significant component of securing affordable rents in Shetland for 1,800 tenants. Removal of this funding stream will place considerable strain upon the sustainability of the fund, and the services provided.

Shetland Islands Council has undertaken an external business plan review of the operation of the Housing Revenue Account. That work puts in place a framework to ensure sustainability into the future, particularly in respect of how new investment in affordable housing will be funded and the application of the Prudential Code. A key conclusion from this work was that the Housing Revenue Account is reliant on Housing Support Grant for the viability of the fund.

Shetland Islands Council welcomes the transitional arrangements put forward in the Consultation Paper and is pleased to be working with the Scottish Government to seek a resolution to this matter.

There are no significant savings from administration from the removal of this grant funding mechanism. The arrangements are well established and embedded into operating practices.

Shetland Islands Council welcomes the Scottish Government's approach to finding flexible, locally based, partnership arrangements to increase the supply of local housing. Shetland's Local Housing Strategy supports this community planning approach.

Shetland Islands Council therefore do not agree to the abolition of the Housing Support Grant from 2012 unless and until appropriate one-off or transitional arrangements can be put in place to secure the long term sustainability of the Housing Revenue Account.

ENDS

**Special Shetland Islands Council****9 February 2012****General Fund Revenues Estimates 2012/13**

F-011-F

**Report Presented by Head of Finance****Corporate Services / Finance****1.0 Summary**

1.1 The purpose of this Report is to:

- approve the revenue budget for 2012/13 for the General Fund (including the Reserve Fund, General Fund Trading Accounts, Rechargeable and Support Services accounts);
- consider and, as appropriate, approve the efficiencies and savings proposals put forward by the Chief Executive and Directors; and
- consider and approve the funding proposals, taking account of the Council's financial policy objectives.

1.2 This Report contains the following sections:

- Policy Framework
- Overview
- Income Budgets
- Expenditure Budgets
- Reserves
- Communication Feedback
- Assurance Statement and Ratios
- Future Direction
- Formal Resolutions

1.3 In a short space of time, the Chief Executive and Directors have made considerable progress in working towards securing a long term sustainable budget position. The level of managerial efficiencies found at £9.9M is significant. Plans to further reduce the base costs, through further reviews, are well in hand. There is evidence that the Corporate Management Team is taking an active role in directing a systematic cost reduction philosophy throughout the Council, through their

management teams. Were it not for the inevitable cost pressures, the transfer of projects from capital and the reduction in Government Grants, the Strategic Budget Plan savings targets would have balanced the budget. As it stands, overall, the Council remains £7.1M in deficit by 2013/14 and further action will be required next year to meet the financial policy framework set.

## **2.0 Decisions Required**

2.1 In considering this Report, Members will need to consider and reach decisions on the following topics, where a range of options will be available:

- the budget to deliver core service levels, where over 90% of the existing services will continue to be delivered;
- the managerial efficiencies identified by Chief Executive and Directors, which will have no significant impact on front line service delivery;
- the service change savings proposals identified by Directors, which will impact on front line services, to a varying degree;
- the level of investment in maintenance works, set out in the Council-wide Asset Maintenance Plan;
- the level of charges to levy, for services provided to individuals, families and the wider community;
- the draw on reserves, balancing the service, economic and community aspects with the Council's short and medium term financial plans and the agreed level of sustainable draw on reserves; and
- set the direction for the 2013/14 Budget, through a number of reviews and projects.

2.2 The Council RESOLVES to make the following decisions:

- a) approve the revenue budgets for 2012/13, set out in Appendices 1, 2, 3 and 4, with regard to core service provision, managerial efficiencies, service change savings proposals, inevitable growth and further review work for the:
  - i. Chief Executive's Department
  - ii. Children's Services Department
  - iii. Community Care Services Department
  - iv. Corporate Services Department
  - v. Development Services Department
  - vi. Infrastructure Services Department
- b) approve the charges for services, at Appendix 5;
- c) approve the Asset Maintenance Plan, at Appendix 6;

- d) agree to fund the outstanding liability to the Shetland Islands Council Pension Fund in respect of the Shetland Towage Pension Fund shortfall of £7.6M through four equal instalments from the surpluses on the Harbour Account from 2012/13 to 2015/16;
- e) agree to freeze the Council Tax at current levels, in line with the Concordat between the Council and the Scottish Government;
- f) note the Non Domestic Rates levels set by the Scottish Government;
- g) agree the transfer between funds as follows:

From	To	Value £m	Reason
Capital Fund	General Fund Revenue Balances	7.2	Revenue Source: to Fund Revenue Budget Deficit
Provision for Contingent Liabilities	General Fund Revenue Balances	2.4	Revaluation of Outstanding Contingent Liabilities: to fund Revenue Budget Deficit
Total		9.6	

- h) consider and approve the funding deficit, as follows:

2012/13	£m
Total Net Expenditure	119
Funded By:	
Government Grants	-90.7
Council Tax	-8.0
Trading Activity: DLOs	-0.9
Trading Activity: Shetland Development Trust	-1.0
Trading Activity: Harbour Account	-2.2
Reserve Fund: Sustainable Draw	-3.3
Repairs and Renewals Fund: Sustainable Draw	-3.3
General Fund Revenue Balances	-9.6
Total Income	-119.0

- i) set the direction of travel for the Strategic Budget Plan for 2013/14 to secure a balanced budget with no draw from reserves, as follows:
- increase the ongoing recurring savings target for 2013/14 of £26M by £7.1M to £33.1M.
- j) adopt the Assurance Statement and note the financial ratios at Appendix 8;
- k) adopt the Formal Resolutions set out in Appendix 9;

- l) approve a local investment plan limit for the Economic Development Services at £3M for 2012/13, held on the Balance Sheet;
- m) note that approval of this Report will give authority to enable the Chief Executive and Directors to:
- i. deliver services in line with policy and approved budgets in accordance with the Scheme of Delegations;
  - ii. implement the operational managerial efficiencies which have no legal or policy implications, with effect from 1 April 2012;
  - iii. implement the managerial efficiencies which have legal, human resources, contractual or other implications only after due legal and policy processes have been followed, with effect from the earliest possible date; and
  - iv. for the areas of significant review where there is a requirement for policy, service standards or methods of delivery proposals to be further developed in detail, to report back to the Council for formal decisions, prior to implementing the budget proposal agreed in principle with this report; and
  - v. to note, for completeness, that Appendices 2 and 3 include the category under which each of the proposals will be implemented, as follows:
    - Implement – immediate implementation from 1 April 2012;
    - Assess – assess for legal, human resources, contractual and other impacts with the relevant advisers within the Council, including all the necessary consultations, and implement at the earliest possible date only after due process has been followed; and
    - Review - subject to formal reports to committee with detailed options for change to secure the savings agreed in principle in this budget report.

### **3.0 Detail**

3.1 A number of changes have been made to the format of financial reporting over the past year. In approving the budgets for the next financial year, Members will consider:

- this report, which addresses all the revenue account services for the General Fund (including the Reserve Fund, General Fund Trading Accounts, Rechargeable Costs and the Support Services Ledger). This is to enable Members to focus Council wide on the level of services provided. Although separate ledgers are kept, it is important to recognise this is all General Fund activity;
- a separate report, on today's agenda, for the Housing Revenue Account for budget approval and setting rent levels;

- two separate reports on today's agenda, for the Harbour Account for budget approval and for setting the harbour dues.

A separate report on the capital programme, now called the Asset Investment Plan, will be presented to the March cycle of meetings.

### 3.2 Policy Framework

#### 3.2.1 This section sets out:

- The financial policy framework
- The Strategic Budget Plan
- The Policy and Performance Management Framework
- The socio-economic aspects of changes to budgets
- The Equalities, Human Rights and Poverty Impact assessments

3.2.2 The Council approved a Corporate Improvement Action Plan in November 2010, in response to the findings of the Accounts Commission. Included within the Action Plan were objectives to make improvements in the Council's governance, decision making and management of financial matters. There was a need for the Council to provide focus and direction to the financial strategies, and put in place effective arrangements to ensure those objectives are achieved. In support of this improvement plan, in November and December 2011, the Council approved two key financial policy reports. These reports set the Reserves Policies, for the short and medium term, and set an explicit Strategic Budget Plan for the 2012/13 and 2013/14 financial years. The Council's financial policy objectives are:

- to reinstate the reserves floor at £250M, over a 10 year period, recognising the impact of fund management valuation fluctuations in the budget decisions each year;
- to reduce the current expenditure base by £26M on an ongoing basis by 2013/14;
- no new services and avoid growth in existing services;
- a presumption against service extensions, which will cost more;
- a focus on efficiencies, especially internal efficiencies; and
- to reduce by at least 50% the level of non-contractual and non terms and conditions overtime payments; and
- priority to be given to the provision of statutory services, delivered to national standards with an allowance for the cost of Shetland factors.

3.2.3 The Council recognised that this was a challenging savings target, hence the two year timeframe. In some cases, time is required to restructure the fixed costs associated with some services (such as buildings and staffing costs). The Reserves Policy therefore agreed that the draw on reserves for 2012/13

only be agreed once the detailed budget work was carried out. The policy states:

“The Council takes a specific decision as part of the 2012/13 budget exercise to agree the draw on reserves appropriate to balance the budget in that financial year, as part of the transitional arrangements required to move towards the account being in balance from national grant and Council Tax by 2013/14.”

3.2.4 The Strategic Budget Plan, approved in November 2011, set out the detailed recommendations for the budget process including:

- strategic and service priorities, built on the Single Outcome Agreement commitments
- financial planning assumptions and targets, with risks highlighted for income assumptions (particularly around government grants) and potential growth in expenditure
- key messages and communication tools
- governance and project management arrangements
- the budget process, including staff and community engagement
- the timetable, for completion of the process by February 2012 for the Revenue Budget and March 2012 for the Capital Budget.

3.2.5 In July 2011, the Council approved the Policy and Performance Management Framework. This framework puts in place arrangements to ensure that there is formal connection between the strategic policy direction set by the Members, and the operational delivery by staff and service providers. It has a focus on performance and continuous improvement. Specifically, related to this Report, the framework seeks to ensure that the budget process is aligned with the service plans of each Department, to make sure there is direct connection between the strategic direction and the resources allocated to services. The framework sets out the connections between:

- the Single Outcome Agreement
- the Corporate Plan
- Service Plans
- Budgeting – Revenue and Capital
- Performance Measures and Benchmarking
- Performance Reviews
- Best Value and Continuous Improvement
- Community Engagement
- Service user feedback

3.2.6 In preparing the budget proposals for 2012/13, the Chief Executive and Directors have ensured that budgets and resources are aligned with the approved Service Plans and the overall strategic policy direction set by the Council. The agreed



strategic priorities to influence resource allocation choices through the budget process were agreed as:

- Population – impact on the number of economically active people in Shetland
- Equalities – impact on the fair and equitable distribution of resources in a way which does not widen the equality gap
- Economic – impact on employment opportunities and building economic potential
- Early Intervention – impact on the distribution of resources which supports the early intervention of services and avoidance of higher cost services later
- Carbon reduction – promotion of carbon reduction initiatives, which reduce carbon emissions and tax implications

3.2.7 The socio economic impact of any significant change to the Council's finances has to be taken into account. The Council is a major employer in the isles providing 26% of the total employment and there is reliance from the private and voluntary sector on how the Council spends money on goods, services and projects. Each of the savings proposals have been assessed initially by the Economic Development Service for the likely impact of change, and included at Appendix 3. In some cases, the scale of the change is significant enough to warrant a full review. The Economic Development Service has made an overall assessment of the "Potential Implications of Shetland Islands Council Budgets on the Local Economy", attached as Appendix 10 (i), and have also commissioned The James Hutton Institute (who are presently working on the Shetland 2011 Input / Output Study) to assess the Implications of the proposed Council savings on the Shetland Economy, and is attached as Appendix 10 (ii).

The Director of Development has commented as follows:

"The external report provides analysis of the possible effects on the economy of the proposed £26M reduction in Council revenue spend. Whilst the reduction in Council expenditure on its own if all other economic activity were stagnant could reduce FTE jobs in the islands by 597 and create a contraction of 4.5% in Shetland's total output, this could be balanced by a 9% growth in the Oil and Gas sector or 4.7% growth in the Seafood sector.

It should be noted that the economic assessment of the gas plant project alone was £200M to the Shetland economy over the life of the project, and given the significant growth in the value of the Seafood industry, Agriculture and Tourism in recent years it is not unreasonable to predict further growth.

Further it should be noted that the £7M of cuts already made by the Council in 2011/12 appear to have been absorbed by growth in the private sectors.

It is the case that the Shetland economy is generally in good shape when looking at measures, unemployment 1.25%, economic growth 2%, and average weekly wage, 1.09% of UK average, as at December 2011.

Shetland has also been ranked 30<sup>th</sup> out of 32 Scottish Local Authority areas in terms of resilience to public sector cuts, reflecting the strength of the Shetland economy”.

- 3.2.8 There is a legal requirement on the Council to assess the likely Equality and Human Rights impact of any significant changes to service delivery. Staff have undertaken that assessment, on behalf of Directors, and enhanced that work with a poverty and deprivation assessment. These are detailed in Appendix 3 to assist Members in their decision making.

### 3.3 Overview

- 3.3.1 This section will cover:

- A review of the current year to the 9 month period, including investment performance
- A summary of the Budget for 2012/13, against the workplan set in the Strategic Budget Plan
- Highlight any key issues for Members to consider when assessing the detailed budgets

- 3.3.2 In order to provide a consistent approach to financial planning, it is useful to consider the situation in the current year, when planning for next financial year. On the Revenue Account, expenditure and income on the core budgets is on track at the 9 month period, with the projected outturn expected to be below the budget approved taking account of the Council-wide savings targets by about £0.8M.

- 3.3.3 However, the earnings target on fund investments in the year of 5.75% has not been met. In order to balance the books this year, the Council expected to generate £10.2M on income from fund investments, in bonds, equities and cash. The revised income assumption, based on the performance for the first nine months of the year, has been based on a nil return on investments, and the average for the year may yet be negative. This is evidence of a negative year; an inevitable part of the long term financial planning policy.

- 3.3.4 At the 9 month point of the year, the latest projections estimate that a net draw on reserves of £25.3M will be required.

3.3.5 The Strategic Budget Plan set out a broad outline of the total expenditure and income patterns over the 3 year period. In essence, by 2013/14, the Council needs to ensure the net revenue expenditure can be met without drawing further on reserves. This is so that the Council can start to make contributions into the reserves each year, to rebuild the balance up to around £250M over a 10 year period.

**Table 1: Strategic Budget Plan: Overall Revenue Projections**

	2011/12	2012/13	2013/14	% Change
	Revised	Projected	Projected	2011/12 -
	Budget	Budget	Budget	2013/14
	£m	£m	£m	%
Chief Executive	1.6	1.6	1.6	0.0
Children's Services	46.2	46.0	39.8	-13.9
Community Care Services	26.4	22.0	21.0	-20.5
Corporate Services	15.7	15.8	15.3	-2.5
Development Services	18.7	17.9	17.5	-6.4
Infrastructure Services	24.4	23.0	21.8	-10.7
Council Wide Savings	0.0	-1.7	-5.1	
Support Services Costs	-5.6	-5.6	-5.6	
Charged to Other Funds				
Total Expenditure	127.4	119.0	106.3	-16.6
Funded By:				
Government Grants	-91.6	-90.7	-89.8	
Council Tax	-8.0	-8.0	-8.0	
Trading Activity: DLOs	-0.9	-0.9	-0.9	
Trading Activity: Shetland Development Trust	0.0	-1.0	-0.5	
Trading Activity: Harbour Account	-2.0	-2.2	0.0	
Reserve Fund: Sustainable Draw	-3.3	-3.3	0.0	
Repairs and Renewals Fund: Sustainable Draw	-3.3	-3.3	0.0	
Sub Total: Income Sources	-109.1	-109.4	-99.2	
Additional Draw from Reserves	18.3	9.6	7.1	

3.3.6 The net estimated expenditure put forward in the budget proposals for 2012/13 total £119.0M. This is £9.6M greater than overall funding sources from estimated known income and potential earnings on reserves. It is proposed to meet this deficit by the adjusting the overall reserves, as follows:

	£m
Contribution from the Capital Fund into General Fund Revenue Balances	7.2
Contribution from Contingent Liabilities into General Fund Revenue Balances	2.4
Total	9.6

- 3.3.7 The Chief Executive and Directors have made excellent progress in identifying efficiencies and savings, up to the value of £30M. Unfortunately, inevitable cost pressures have occurred which total £7.7M. In view of the nature of some of the proposals and the period required for their implementation, the timing of the savings is different to that anticipated at the time the Strategic Budget Plan was written. More efficiencies and savings are required to be implemented in 2013/14 than was originally envisaged. This should not be seen as a negative issue as it provides more time to plan and deliver these.
- 3.3.8 The approved sustainable draw on reserves for the Reserve Fund and the Repair and Renewal Fund for 2012/13 is £3.3M from each. This will reduce in later years, as a result of the revision downwards of the long term interest rate on investments to 4.5% and the policy objective of the Council to reduce the draw to zero by 2013/14 in order to rebuild the reserves over a 10 year period. The Harbour Account will be required to meet the cost of the Shetland Towage liability on the Pension Fund, which will significantly reduce the contribution to the Reserve Fund (and therefore the current projects and services supported - predominantly economic development).
- 3.3.9 The Corporate Improvement Action plan changes are working their way through the budget process. Members will be aware that many of the savings are being done on a “spend to save” basis so this financial year, and next year, will carry some one-off costs of staff exit packages as well as up front costs for some other change measures with the ongoing savings being secured by 2013/14. It is important that Members understand that there may be delays in achieving a significant proportion of the savings, if the reviews identify a need to release staff through the enhanced exit packages, as the one-off costs will need to be met first, before ongoing savings can be secured.
- 3.3.10 Another key issue is the representation of the maintenance projects previously presented as part of the capital programme. All these projects will be accounted for on the revenue account. The overall expenditure is estimated at about £11M but the sustainable draw from reserves is £3.3M. Overall this has resulted in growth pressure of £3.3M being built into the base budget. The level of spend and method of delivery is the subject of one of the key service reviews for 2012. At this stage, it should be noted that this level of spend is unsustainable in the longer term without identifying compensatory savings.

3.3.11 As expected a significant element of the service savings put forward, at £8.6M, is subject to future service redesign reviews during 2012, for implementation in 2013/14. If the savings identified by Directors are not approved by Council from these reviews, alternative savings from other sources will need to be found to produce a balanced budget. The reviews are as follows:

Review	Purpose	Estimated Savings	Timescale
		£M	
Education Blueprint	Rationalisation of school estate	3.00	March 2014
Ferry Review	Review of service levels, fare structures and method of delivery	1.50	Sept 2012
Air and Bus Services Review	Review of service levels and method of delivery	0.25	Oct 2012
Roads Review	Review of service standards, service levels and method of delivery for both roads and winter maintenance	0.44	Sept 2012
Music Instruction	Level and breadth of provision	0.20	June 2012
Additional Support Needs in Schools	Service levels and method of delivery	0.50	March 2013
Community Councils as a Service Provider	Alternative means of service delivery	Yet to be quantified, target of 5%	Sept 2012
Insurances	Risk assessment of further self insurances	0.10	Sept 2012
Vehicles, Plant and Equipment	Review of vehicle numbers, service need and procurement and sustainability of replacement programme	0.10	Sept 2012
Car Parking in Lerwick, including charging	Traffic Management and development of a sustainable income stream for funding transport and roads.	0.10	Sept 2012
Training Review	Identification of needs, organisation and delivery methods	Yet to be quantified, target of 5%	June 2012

3.3.12 The issue of the former Shetland Towage Pension Fund liability needs to be addressed. It is recommended that the most appropriate way to fund this is from Harbour Account surpluses, paid in near equal instalments of approximately £2M per annum over a four year period to 2015/16. There is a mechanism whereby the Council could choose instead to meet the deficit from the Capital Fund. This would be appropriate if the Members were minded to give priority to the protection of the Reserve Fund, the most flexible of the Council's funds, at the expense of the Capital Fund. At the moment, there is no specific policy decision to give greater protection to the Reserve Fund within the approved financial policy framework.

### 3.4 Income

3.4.1 This section includes:

- Revenue Support Grant
- Council Tax
- Non Domestic Rates
- Reserves Contributions
- Fees and Charges

#### Revenue Support Grant

3.4.2 The Revenue Support Grant for the next 3 years has been announced by the Scottish Government. The table below provides an outline of the grant which the Council can expect to receive. For 2012/13, the grant awarded is £0.9M less than predicted at the time the Strategic Budget Plan was set. The total allocation by the Government to all local authorities remains consistent over the period at £9,949.0M, however the percentage of Shetland Islands Council's allocation reduces each year as resources are allocated to other authorities.

**Table 2: Revenue Support Grant 2012/13, 2013/14 and 2014/15**

	2012/13 £M	2013/14 £M	2014/15 £M
Revenue Support Grant	90.682	89.762	88.823

#### Council Tax

3.4.3 The Council has agreed to a freeze on Council Tax since 2008/09, with a compensatory grant support from the Government. For 2012/13, the Scottish Government again has requested that Councils freeze the Council Tax, with compensation of £0.2M. The Leader and Chief Executive wrote to the Cabinet Secretary for Finance, Employment and Sustainable Growth in December 2011 agreeing to a Council Tax freeze. This was a requirement of the offer of Revenue

Support Grant and all Councils were asked to respond by a certain date.

- 3.4.4 The Council Tax Band D for 2012/13 will remain at £1,053. This will produce a yield of £8M, assuming a 95.5% in year collection rate on 8,203 Band D equivalent properties and after the contribution to the Second Homes Property Reserve has been deducted.

#### Non Domestic Rates

- 3.4.5 The Scottish Government sets the charge for non domestic rates and, although it is collected locally, the proceeds are nationally pooled and redistributed on a population basis, using the Aggregate External Finance mechanism.
- 3.4.6 Subject to Scottish Government approval in March 2012, the indications are that for 2012/13 the rate poundage will be 45.0p (an increase of over 5% on the current rate of 42.6p). The large business supplement will remain at 0.7p for all subjects with a rateable value above £35,000.
- 3.4.7 The Small Business Bonus scheme was introduced by the Scottish Government in 2008. The thresholds by rateable value are shown in Table 3 below.

**Table 3: Thresholds by Rateable Value (£) for 2012/13**

Thresholds by rateable value	2012/13 Threshold £
100% relief	10,000
50% relief	12,000
25% relief	18,000
Upper limit for cumulative (rv)*	25,000

#### Reserve Contributions

- 3.4.8 As mentioned, the Council has refined the approach to reserves. There is now a tighter policy focus on each of the Funds, rather than viewing the reserves as a whole. The investment performance information, currently available, indicates that the earnings in the year are likely to be zero, or perhaps negative, to March 2012. There has been an actual recall of funds from the markets of over £20M, to support General Fund revenue expenditure. The estimated likely draw to March 2012 is £25.3M. So, while the expenditure patterns are expected to be within the budget parameters set, the income assumptions (in the year) are significantly lower than the long term trends used to set the financial planning policies. It is, as often discussed in the Council Chamber, difficult to take a long term view, when the

country is in the middle of a significant period of economic downturn, with only uncertainty ahead.

- 3.4.9 Overall, the assessment is that the closing balances on the revenue reserves will be in the order of £115.0M by March 2012, below the original estimate of £119.4M.

#### Fees and Charges

- 3.4.10 In line with the Strategic Budget Plan and the Council's charging policy, each Director has reviewed the fees and charges for services provided. These are detailed in full in Appendix 5. The assessments have taken account of poverty and deprivation issues, comparisons with other local authorities and consideration of cost recovery. Where significant changes are proposed, these are highlighted in the service savings proposals at Appendix 3.

### 3.5 Expenditure

- 3.5.1 This section will set out for each Department the detailed proposals for the budget for 2012/13, including

- Core service provision
- Managerial Efficiencies
- Service change savings proposals
- Inevitable growth
- Future reviews
- Key issues and risks
- The Council wide Asset Maintenance Plan

- 3.5.2 The overall budget proposed to deliver core services is set at £119.0M for 2012/13, the breakdown of which is shown in Table 1 and Appendix 1.

- 3.5.3 Overall, managerial efficiencies have been put forward, totalling £9.9M. This includes the Council wide efficiencies of £5.1M to be achieved by 2013/14, under the direction of the Chief Executive for:

- staff terms and conditions
- non contractual and non terms and conditions overtime
- procurement
- financial / human resources / administration review
- estates management review
- elimination of unnecessary cross charging

- 3.5.4 There have been areas of inevitable cost pressures, due to external factors, lost income and, significantly, the transfer to revenue of projects previously held on the capital programme. The detail of these items are shown on Appendix 4, totalling £7.7M.



3.5.5 The inclusion of a budget for fund managers at £0.8M is an accounting issue. Previously these costs were charged directly to the funds but they are more properly accounted for through the revenue account first. There is no additional cost involved; the fees will be met as before from each of the funds.

### 3.6 Chief Executive

3.6.1 The Chief Executive budget proposals total £1.6M. The savings proposals put forward are £0.1M. The growth items at £0.1M are in connection with funding the Communications Team, an integral part of the Corporate Improvement Action Plan.

3.6.2 The key risk is around the capacity of the organisation to deliver all the change management projects and reviews, in the timescale required for the budget exercise.

### 3.7 Director of Children's Services

3.7.1 The Director of Children's Services has put forward budget proposals of £46.3M for 2012/13, with £1.3M of managerial efficiencies and £0.7M of service savings proposals. There are £1.9M of cost pressures accounted for on this service, all of which relate to Council wide cost pressures.

3.7.2 The services which may be affected as a result of the budget proposals are:

- change the way in which breakfast clubs and out of school clubs operate
- change how some childcare, pre-school, early years and nursery sessions are delivered
- look to involve more volunteering into the junior youth clubs
- Primary and secondary teaching staffing levels reduced

3.7.3 Several major reviews are planned, including:

- revisiting the Education Blueprint
- Music instruction
- Redesign of additional support needs services

3.7.4 The key risk is the impact which the Scottish Government Commission on the Delivery of Rural Education will have on the ability of the Council to influence and implement the future shape of the delivery of education in Shetland through the Education Blueprint. A significant element of the savings proposals at £5.9M is reliant on making savings from rationalising the way in which school services are delivered. There is a risk from the scale of the change required, in a short space of time, to see the budget savings implemented in 2013/14.

### 3.8 Director of Community Care

3.8.1 The Community Care budget proposals total £22.0M for 2012/13, with £1.4M of managerial efficiencies put forward and £3.9M of service savings options. There are pressures associated with priority care needs of £0.1M in respect of an increased up take for Direct Payments and £0.4M for the potential cost of off-island placement for specialist care, if required. There are no major service reviews planned, beyond those already agreed through the Community Health and Care Partnership Agreement.

3.8.2 The services which may be affected as a result of the budget proposals are:

- Relocate and redesign the services currently provided at Viewforth care centre
- Connect and extend the facilities at Edward Thomason and Taing house, to expand services and save on running costs
- Change the way in which day care services are provided in the community, by closing the dedicated provision in the care settings
- Change the way in which meals on wheels are provided, including the introduction of frozen meals where appropriate
- Integrate the care services provided in the north isles, to focus short break services at Isleshavn and more permanent care at Nordalea

3.8.3 The key risk will be managing the expectations with regard to the level of community care services, whilst ensuring that individual care needs are met, particularly for higher level care needs.

### 3.9 Director of Corporate Services

3.9.1 The Director Corporate Services budget proposals total £15.8M for 2012/13. A significant element of delivery of the managerial efficiencies sits in this Department, as Council-wide reviews. The managerial efficiencies are £0.6M and the service redesign savings proposals put forward are £0.1M. The growth items are the Council-wide considerations including: maintenance and energy costs; pension cost increases; the North Ness office accommodation; rates; SIC elections; insurance premiums; and police and fire requisitions.

3.9.2 The major reviews include:

- The Council-wide corporate business process reviews
- Training
- Insurances

- Community Councils as a service provider

3.9.3 The key risk is around the capacity of the organisation to deliver all the change management projects and reviews, in the timescale required for the budget exercise.

### 3.10 Director of Development

3.10.1 Development Services have put forward a budget for 2012/13 of £17.9M, which includes £0.8M of managerial efficiencies and £1.2M of service redesign savings. The cost pressures relate to the indexation payments on school and social work bus contracts, at £0.7M, and the transfer of grant aid payments to third parties, previously shown on the capital programme.

3.10.2 The areas affected by the budget proposals include conservation grants and, more generally, a reduction in grants to external service providers and voluntary organisations.

3.10.3 A major review is planned for transport services, specifically air and bus services.

3.10.4 The Director of Development will also address the issue of releasing some of the assets relating to the Shetland Development Trust, to generate income for the Council, in order to compensate for the projected significant reduction in funding available for economic development activity from the Reserve Fund. This is a key risk area.

3.10.5 In the past, budget provision has been included for local investments. These local investments are Balance Sheet transactions, which do not require to be accounted for through the revenue account; it is a transfer of investments away from fund managers and into local business and industry. It is however, appropriate to set a limit for the level of local investment each year, to ensure that the overall investment portfolio remains in balance and aligned to the Council's overall Investment Strategy. It is proposed to set the level of local investments at £3M, in line with current levels of activity.

### 3.11 Director of Infrastructure Services

3.11.1 The Director of Infrastructure has put forward budget proposals of £23.0M for 2012/13, with £0.8M of managerial efficiencies and £2.2M of service redesign savings proposals.

3.11.2 The inevitable cost pressures for this service area include fuel costs at £0.8M, electricity price increases of £0.4M and landfill tax at £0.05M.

3.11.3 The services which may be affected as a result of the budget proposals are:

- Support for fuel poverty will be sourced from grants available nationally, allowing the local budget allocation to cease

- Scale back on winter maintenance (the ice treatment and snow clearing service)
- Reduce the level of roads and building maintenance work
- Change the domestic bulky waste collection and street cleansing services
- Increase charges for some services

3.11.4 The major reviews planned cover the following service areas:

- Ferries
- Roads
- Vehicles, Plant and Equipment
- Car Parking in Lerwick, including charging

3.11.5 The outstanding Pension Fund liability in respect of the Shetland Towage transfer needs to be addressed. In 2006, when the Shetland Towage operations were transferred into the Council and merged with the harbour operations, the outstanding pension liability was calculated at £4M. The main reason for the deficit is that the Council agreed to more preferential pension terms for the then Shetland Towage staff that transferred to the Council, than would have been available to other eligible organisations joining the Pension Scheme, in awarding year for year scheme membership.

3.11.6 An actuarial valuation was carried out in 2010 and the deficit increased to £8M. At that time, the Council put on hold any decision on how best to address the issue, as several reviews were outstanding, namely: Single Status; Ports for the Future; and Pathfinder (the national procurement review of pension fund arrangements). Now these reviews are complete, it is possible to address the matter.

3.11.7 The actuarial valuation of the Pension Fund has just been completed and the deficit is now valued at £7.6M. The Council has a choice as to how to pay the sum – either a one-off contribution, a phased contribution or annually through increased employer contributions. In light of the fact that it is a Harbour Account matter, for a service which is predominantly commercial in nature, it is considered appropriate that the cost should fall to the Harbour Account. To increase the employers rate Council wide would mean public services carrying an overhead for a trading activity. It is therefore proposed that the cost of the outstanding liability of £7.6M be met by four near equal instalments of about £2M per annum, from the surpluses generated on the Harbour Account between 2012/13 and 2015/16.

3.11.8 There is an alternative mechanism, whereby the Council could use the Capital Fund to pay off the deficit, if it were the case that Members wish to protect the value of the Reserve Fund as part of the overall policy framework. Funding the deficit from the

Harbour Account will reduce the ability to contribute surpluses to the Reserve Fund. It has a direct impact on the level of planned resources for economic development activity. The Director of Development is therefore leading a project to release the assets held in the Shetland Development Trust, to enable income to be generated for the Council to compensate for the reduction in Reserve Fund contributions.

3.11.9 The key risk areas for infrastructure services are in respect of the review of the ferry service, the impact on any national government policy direction for this service and implementing the changes required to secure a significant level of savings.

3.12 Part of the Strategic Budget Plan included a decision to formally split the Council's investment in assets, aligned to the Asset Strategy. The budgets for asset investment, renewal and maintenance will be reported separately, as follows:

Capital Projects, funded by the Capital Fund and external grants – presented as the Asset Investment Plan (separate report to the March cycle of meetings)

Asset renewal, repair, replacement or maintenance – separately presented as the Asset Maintenance Plan at Appendix 6 and incorporated into the revenue account budget. The value of the Asset Maintenance Plan is estimated at £11M for 2012/13.

3.13 The Council will need to consider a number of commitments made in the current year, yet to be spent. This is predominantly in the Development Department, for economic development, community projects and housing projects. While these projects do result in an underspend in the current year, they will have an impact on the draw on reserves if carried into next financial year. There can no longer be a presumption that the Council will be able to carry forward in full the funding for these projects and some degree of re-prioritisation within the year may be required.

### 3.14 Reserves

3.14.1 This section will review the level of reserves and provisions, for current and predicted future activity.

- General Fund balances
- Revenue Spend to Save
- Contingent Liabilities
- Insurances
- Bad Debts
- Capital Fund

3.14.2 The Table below provides a summary of all the Council revenue reserves. At 31 March 2011, the total available for revenue purposes (excluding ring fenced reserves) was £138.5M. The Table shows a dip in the value of Discretionary Reserves, as the Council works through the Strategic Budget Plan, followed by a

small incremental increase in value, as the draw on reserves is reduced to zero and the Council is contributing to replenishing the reserves over a 10 year period. This pattern presumes the full value of the budget savings are achieved, by 2013/14.

**Table 4: Revenue Reserves Summary**

<b>Reserves</b>	<b>Opening Balance 1 April 2010</b>	<b>Closing Balance 31 March 2011</b>	<b>Estimated Closing Balance 31 March 2012</b>	<b>Estimated Closing Balance 31 March 2013</b>	<b>Estimated Closing Balance 31 March 2014</b>
	£000	£000	£000	£000	£000
Reserve Fund	66.7	60.7	47.2	48.2	50.4
Repairs & Renewals Fund	74.3	62.9	52.9	52.0	54.3
General Fund Balances / Contingency	-	3.0	3.0	3.1	3.3
Revenue Efficiency/Spend to Save Reserve	-	0.5	0.5	0.0	0.0
Potential Contingent Liabilities	-	11.4	11.4	9.5	9.9
<b>Discretionary Reserves</b>	<b>141.0</b>	<b>138.5</b>	<b>115.0</b>	<b>112.8</b>	<b>118.0</b>
Quarry Repairs & Renewals Fund	0.1	0.1	0.1	0.1	0.1
Insurance Fund	0.2	0.2	0.2	0.2	0.2
Hansel Funds	0.1	0.1	0.1	0.1	0.1
Central Energy Efficiency Fund	0.1	0.1	0.1	0.1	0.1
Council Tax Second Homes	-	0.4	0.4	0.5	0.6
Bad Debt Provision	-	0.5	0.5	0.4	0.3
<b>Ring Fenced Reserves</b>	<b>0.5</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>
Capital Fund	117.6	108.4	106.3	99.3	99.3
Capital Spend to Save Fund	-	5.0	5.0	5.2	5.5
<b>Capital Reserves</b>	<b>117.6</b>	<b>113.4</b>	<b>111.3</b>	<b>104.5</b>	<b>104.8</b>
<b>Overall Total</b>	<b>259.1</b>	<b>253.3</b>	<b>227.7</b>	<b>218.8</b>	<b>224.2</b>

3.14.3 The Table includes an analysis of the estimated closing balances at March 2012, 2013 and 2014, if all the proposals in this budget report are approved. This shows the value of the discretionary revenue reserves as follows:

Estimated at March 2012 £115.0M  
 Estimated at March 2013 £112.8M  
 Estimated at March 2014 £118.0M

3.14.4 It is appropriate, when setting the budget, to determine if there are any movements required in the level of general provisions and reserves held by the Council for specific purposes. Four new specific reserves and provisions were created in June 2011.

#### General Fund Revenue Balances

3.14.5 There has been no call on the General Fund Revenue Balances during the year. To date expenditure has been able to be accommodated within existing approved budgets. The level of provision remains reasonable at just over 2% of the gross revenue budget.

## Revenue Spend to Save

- 3.14.6 Good progress was able to be made on the Corporate Improvement Action Plan, through accessing the £1M revenue spend to save budget during 2011/12. This provision will enable one off items of external support and assistance to be bought in from time to time. The provision will also be used for any one-off and unforeseen items which occur during the year, which cannot be accommodated within the budget set. The level of existing provision is adequate.

## Provision for Contingent Liabilities

- 3.14.7 The provision for contingent liabilities includes a number of legal matters which remain unresolved. The level of provision has been assessed by the Executive Manager – Governance and Law for the live and unresolved legal cases, including employment tribunals. The Executive Manager – Human Resources has identified the likely potential cost of appeals under Single Status. The unresolved liability of the contribution of £7.6M to the Shetland Islands Council Pension Fund in connection with the transfer in of Shetland Towage staff is dealt with separately, taking it out of the Contingent Liabilities consideration. Taking all this into account, the level of provision can be reduced to £9M, so releasing £2.4M. It is proposed to transfer £2.4M into the General Fund Revenue Balances and use this sum as a contribution to balancing the net budget in 2012/13.

## Insurance Fund

- 3.14.8 There is a requirement to assess the level of the Insurance Fund, under the review to take place in 2012. This will involve a formal actuarial valuation of likely costs, risks and liabilities. No proposal to change the level of provision is being made, until that review is complete.

## Bad Debt Provision

- 3.14.9 The level of Bad Debt Provision stands at £0.5M. The actual level of write-offs over the past three years has been:

2007/08	£83,260
2008/09	£195,859
2009/10	£134,126

An estimate of the current situation is a need to write off £0.1M. The level of provision is therefore considered adequate, as it represents more than 3 years worth of potential write-offs for bad debts.

## Council Tax Second Homes Fund

- 3.14.10 The Council Tax Second Homes fund has been included in this list, which is available for a specific purpose to support

increasing the supply of available housing. The fund is estimated to increase in value from £0.3M to £0.4M over the period in question.

#### Capital Fund / Capital Spend to Save

- 3.14.11 For completeness, I have included at Table 4 a summary of the Capital Reserves - the Capital Fund and the Capital Spend to Save Provision. The Council has approved a sustainable draw on reserves at 4.5% of the market value of the fund each year. Drawing the full amount each year will mean that there is no available funding to contribute to the longer term objective of replenishing the discretionary reserves back to near £250M within a 10 year period. The full details of this review will be addressed in the Asset Investment Plan proposals, to be presented to the March cycle of meetings.
- 3.14.12 Section 93 of the 1992 Act requires Scottish authorities, in calculating the Council Tax, to take into account 'any means by which those expenses may otherwise be met or provided for'. This includes reserves. The Council Tax is fixed for a further year and the Council continues to rely on the use of reserves in 2012/13 to fund a range of services and projects.
- 3.14.13 The value of the Council's reserves has built up over the years and the practice has been, when funds were available, to transfer unused balances into the Capital Fund. The surpluses on the General Fund were available at a time when the rates payable from local industry were at a level to generate a surplus on the cost of services in the year; the original source of some of the Capital Fund balances is therefore from revenue.
- 3.14.14 The Capital Fund is restricted in use to that which is classified as capital expenditure. Retaining some funds in revenue reserves would enable the Council to use the funds for either paying for revenue services or for paying for capital expenditure (known as capital funded from current revenue). So long as it is possible to demonstrate that the source of the original funding is intact, it is possible to transfer some of the balance currently held on the Capital Fund into General Fund Revenue Balances.
- 3.14.15 It is therefore proposed to transfer up to £7.2M from the Capital Fund into the General Fund Revenue Balances, in order to balance the revenue budget in 2012/13. Whilst this does reduce the overall predicted value of the Capital Fund, it is the case that the level of capital expenditure is significantly underspent in the current year, continuing the pattern from previous years. In terms of risk, it is easier for the Council to manage the overall expenditure patterns on capital projects, as there is a considerable degree of discretion on levels of spend and the timing of expenditure. There needs to be a focus, in future, on applying capital investments to Spend to Save projects, to help reduce the ongoing running costs. The Council needs to be confident that it has funds available to pay for



revenue staffing and contractual commitments in the year. This transfer would ensure that adequate funds are available to pay for current levels of service. Members can choose to transfer more than the £7.2M required, if it is the case that they would wish to protect the other, more flexible funds, such as the Reserve Fund.

### 3.15 Communication Feedback

3.15.1 During October and November 2011, the Council undertook to find out what people felt about the Council's spending. They did this in a number of ways:

- There were public meetings held in 10 areas, attended by 419 people.
- People could email, write or phone in with suggestions.
- Staff could contribute to a "Ways to Save" scheme.
- There was a meeting held with Youth Voice, a group representing young people across Shetland.
- The Council placed an advertisement in the Shetland Times dated 27 January 2012.
- To date 615 staff and public suggestions have been submitted through 'Ways to Save' and 'Have Your Say'.

3.15.2 The key themes are set out for Members' consideration at Appendix 7.

3.15.3 All the information and feedback have been provided to Directors, who have taken account of the broad themes in developing their managerial efficiencies and service savings proposals. More work is yet to be done on a range of reviews, where detailed consultation will be an integral part of that work.

### 3.16 Assurance Statement and Ratios

3.16.1 It is good practice for the Section 95 Officer to make an assessment of the robustness of the budget and the adequacy of reserves levels. That statement has been prepared and is included at Appendix 8. This addresses the key risks involved with the proposed budget and how these can be managed. Comments are also made on contingency planning, with regard to the short and medium term financial objectives set by the Council. There is confidence in the robustness of the budget detail but there are risks associated with delivering the savings over the coming year. The risks are identified in Appendix 8 and the key themes are summarised below:

- reliance on securing returns on investments and surpluses on the Harbour Account to pay for projects and services
- the level of savings which are subject to future reviews
- the potential for double counting of savings across the Council
- the continued affordability of the Council's policies on enhanced exit packages, due to the time lag in the savings being realised (up to three years in some cases)
- the growth in services in certain areas, to address new and developing needs
- welfare reform, and the impact on levels of benefits payable and the likely increased demand for related services (such as housing, community care and learning)
- there is a challenge to maintain the Council's current asset base in a safe and fit for purpose condition.

3.16.2 For completeness, it is worthwhile including the outstanding areas of risk identified from the recent findings from the Accounts Commission on the follow up audit of Best Value and Community Planning, as follows:

“ There remain, however, concerns about the pace and extent of change. A number of initiatives are relatively recent and consequently they are not yet fully embedded and have yet to have an impact in terms of improved service delivery or outcomes. In particular there has been limited progress in respect of community planning, the council's Audit Committee remains within the remit of the Executive, and the council is yet to establish a corporate approach to procurement. The council has made some improvements in its joint working arrangements with trusts, but there are still concerns about the clarity of lines of accountability between the council and trusts. The council is also not yet able to demonstrate a tangible improvement in reducing its reliance on reserves.”

3.16.3 The contingency planning and mitigating measures will be developed as part of each of the detailed reviews. Systematic monitoring of the timescales for delivery will be undertaken by Corporate Management Team and the Executive Committee throughout 2012. The fundamental position is that if savings are not found from the planned reviews, savings will need to be found on ongoing running costs from an alternative source.

3.16.4 The Council is committed to ensuring that the financial ratios are included in the Final Accounts for 2011/12. The ratios are intended to provide an indication of the Council's financial sustainability and the affordability of the financial plans. The ratios are set out in the Assurance Statement at Appendix 8.

### 3.17 Future Direction

3.17.1 The level of funding from the Scottish Government has been set for the next three years, due to reduce by about £0.9M per annum. The Council is committed to working towards three-year

budgeting, as the budget moves into a more sustainable and affordable position. New cost pressures and inevitable growth have had to be accommodated and built into the baseline budget. The current high-level projections for the next two years are shown in Table 1 above.

3.17.2 This leads to the conclusion that the Strategic Budget Plan target of securing £26M on recurring savings by 2013/14 would not quite result in a balanced budget. In order to maintain the Council's policy objectives, there is a need to increase this target by £7.1M, to £33.1M of recurring savings by 2013/14. This would result in a balanced budget position by 2013/14, on current projections and presuming current plans are delivered. At that point, Members would be in a position to not draw funds from the Reserve Fund and the Repairs and Renewals Fund and would instead be in a position to make contributions towards replenishing the reserves.

### 3.18 Formal Resolutions

3.18.1 The Council is asked to consider the formal resolutions set out in Appendix 9, with regard to the payment of Council Tax and Non Domestic Rates, the de-minimis level for the Financial Regulation and Contracts and the level of overdraft on the Bank Accounts. The proposals are:

- de minimis amount £10,000
- overdraft limit £800,000

## 4.0 **Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – There is a specific objective within the Corporate Improvement Action Plan to ensure that, “The Council has established a rigorous process to ensure that its use of resources is on a footing consistent with implementing and sustaining its financial strategy, and demonstrate that it delivers services in a way which achieves best value”.
- 4.2 Community /Stakeholder Issues – the feedback from the public, Have YOUR Say, and staff, Ways to Save, consultations have been passed onto Directors to assist in developing the budget proposals. The key themes are summarised in Appendix 7 to enable Members to consider the wider community and staff views when debating the budget.
- 4.3 Policy And/Or Delegated Authority – The relevant policy is the overall financial policy framework, which includes the objective of reinstating general usable reserves to a floor level of £250M, dependent on the potential impact of fluctuations in the stock market, over a 10 year period and only drawing a sustainable amount from reserves. Approval of the Budget is a matter reserved by the Council.

- 4.4 Risk Management – The risks associated with this exercise are assessed at Appendix 8, together with a note of contingency arrangements and mitigating measures.
- 4.5 Equalities, Health And Human Rights – Each of the service savings proposals put forward by Directors have a formal assessment of the potential equalities impact, included at Appendix 3. In some cases, where future reviews are still to be undertaken, a formal equalities and health assessment will form part of those reviews. Each of the managerial efficiencies have been tested by Directors for equalities and Human Rights issues; there are none.
- 4.6 Environmental – The environmental impact of the significant changes have been assessed on a case by case basis and included, where necessary, at Appendix 3. Some of the reviews to be undertaken in the year are significant enough to warrant a fuller Environmental Impact Assessment.

## Resources

- 4.7 Financial – This Report sets the resources to be allocated, by way of budget provision, to each service for 2012/13. That forms the basis of the Chief Executive and Directors' delegated authority to deliver services within policy and within budget. Updating the Strategic Budget Plan also sets the direction for the 2013/14 budget exercise.
- 4.8 Legal – There is a requirement on the Council to set a balanced budget through Section 93 of the Local Government Finance Act 1992. There is a legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the chief financial officer / Section 95 officer has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973 refers). The Council has to have due regard to the requirements of the Prudential Code. The Council must also take into account the auditor's consideration of whether the Council have established adequate arrangements to ensure that their financial position is soundly based. The Council's external auditors, Audit Scotland, have made comment in this regard, as reported in their Annual Report on the 2010/11 Audit and the follow up Report to the Accounts Commission Findings.
- 4.9 Human Resources – There are significant potential implications to the Council's staffing levels and terms and conditions as a result of the need to secure £26M of savings over a 2 year period. All Employment Law and Human Resources policies and procedures will be followed in managing the changes required, to ensure Council wide fairness and consistency in approach, in the implementation of the managerial efficiencies and the service savings proposals. The details are included at Appendices 2 and 3. Where significant changes to staffing levels may be required as a result of proposals, formal reviews will be carried out to ensure that the detailed impact on staffing, as well as services, is fully evaluated.
- 4.10 Assets And Property – The level of maintenance able to be done on the Council's assets, infrastructure and property has reduced as a

result of the budget proposed for 2012/13. This is in line with the Asset Strategy, which seeks to dispose of any surplus assets and reduce overall the Council's property holdings. However, there is a challenge to maintain the Council's current asset base with the funds available. The details are included at Appendices 2 and 3 and the Asset Maintenance Plan is shown at Appendix 6.

## **5.0 Conclusions**

- 5.1 The Council has undertaken a fundamental review of its financial policy framework over the past six months, both in terms of setting renewed reserves policies and in terms of setting a challenging savings target for the revenue budget.
- 5.2 The Reserves Policy direction has moved from a position of maintaining an overall reserves floor at a target balance of £250M to:
- disaggregating the reserves policy, by fund
  - establishing four new specific reserves
  - moving to calculate the long term average rate of return to be based on the market value of investments
  - reducing the estimated long term earnings to 4.5% (from 5.75%)
  - focusing on the sustainable level of earnings, when agreeing the draw on reserves
  - rebuilding the reserves up to £250M over a 10 year period.
- 5.3 In setting the Strategic Budget Plan, Members asked the Chief Executive and Directors to:
- secure savings of £26M per annum on an ongoing basis by 2013/14
  - introduce no new services and avoid growth in existing services, where it will cost more
  - focus on making savings from efficiencies, especially from the way the Council works as an organisation
  - work to make sure that priority is given to statutory services, delivered to national standards but with an allowance for the extra costs of delivering services in Shetland.
- 5.4 The Chief Executive and Directors have put forward savings proposals totalling £29M, which is £3M in excess of the target of £26M. Of this amount, £9.9M has been found from managerial efficiencies. The Strategic Budget Plan emphasised the need to ensure that all internal efficiencies are made in the first instance. These internal efficiencies are those that can be made by managers through re-design processes whereby the service the public receives will not be substantially affected although the detail of delivery may be altered.
- 5.5 Options for making savings on service have been put forward, totalling £19M. These proposals have been assessed against the strategic priorities of the Council and checked for: socio-economic impact; equalities and Human Rights issues; and poverty and deprivation minimisation. In some cases, the service change proposals can only

be implemented once further detailed reviews have been undertaken. However, the Council's budget plan covers a two year period, to recognise the timescales required to make significant service changes.

- 5.6 Unfortunately, inevitable cost pressures of £7.7M have been identified. This places the Council in a position of being out of balance by £7.1M for 2013/14.
- 5.7 The Scottish Government Revenue Support Grant has reduced by about £0.9M and the Council Tax has been frozen at current levels. The market conditions regarding reliance on returns from equity investments continue to cause a risk to the Council in delivering a balanced budget. The policy direction is to take a longer term, yet prudent, view of the economic situation, recognising the direct impact which the Council's resources have on the local economy.
- 5.8 If Members accept the proposals in this Report, the Council will require to draw £9.6M more than the approved sustainable level in order to balance the books in 2012/13. The Strategic Budget Plan recognised that this was a likely scenario, in that it would be challenging to take the full £26M of efficiencies and savings in such a short time (the policy direction was set in October 2011). It is proposed to use transfers from the Contingent Liability Provision and the Capital Fund to balance the deficit in 2012/13.
- 5.9 The work done to move towards securing a sustainable level of spend on the Revenue Account is significant, especially as the work has been done in a very short space of time. There is confidence in the robustness of the core budget data. However, there are risks around the actual delivery of the reviews and projects within the timescales set out, which only when approved by Council will they secure a significant proportion of the savings required. The Council remains in the fortunate position of having resources beyond that normally available to local authorities and the scope, level and quality of service able to be provided locally is greater than would be possible elsewhere. Inevitably, the financial difficulties have resulted in the Council having to move closer to the national norm for some services.
- 5.10 For the 2013/14 financial year, the Council will need to seek further savings and efficiencies of £7.1M, in order to balance the budget from national grants and Council Tax but with no draw from reserves.

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2 February 2012

## List of Appendices

Appendix 1	Revenue Budget 2012/13 Summary
Appendix 2	Managerial Efficiencies
Appendix 3	Service Change Options
Appendix 4	Inevitable Cost Pressures
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Appendix 6	Asset Maintenance Plan
Appendix 7	Communication Feedback
Appendix 8	Assurance Statement and Ratios
Appendix 9	Formal Resolutions
Appendix 10	Implications of Council Savings on the Shetland Economy

## Background documents:

Accounts Commission Recommendations and Corporate Improvement Plan  
<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=11373>

Financial Planning and Budgeting Framework, Executive Committee, 4 July 2011  
<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12297>

Reserves Policy Update, Council, 3 November 2011  
<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12580>

Strategic Budget Plan, Council, 4 November 2011  
<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12581>

Final Accounts 2010/11, Shetland Islands Council, 7 December 2011  
<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12779>

Reserves Policy Update, Executive Committee, 19 December 2011  
<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12839>

Management Accounts Overview: 6 Months, Executive Committee, 19 December 2011  
<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=12836>

Audit Scotland: The Audit of Best Value and Community Planning: Progress Report  
January 2012  
[http://www.audit-scotland.gov.uk/utilities/search\\_report.php?id=8](http://www.audit-scotland.gov.uk/utilities/search_report.php?id=8)

END





Description	Revised Budget 2011/12 £	Managerial Efficiency Savings Proposed 2012/12 £	Service Re-design Savings Options 2012/13 £	Total Savings Proposed 2012/13 £	Total Cost Pressures 2012/13 £	Budget 2012/13 £	Managerial Efficiency Savings Proposals 2013/14 £	Service Re-design Savings Options 2013/14 £	Known Budget Pressures 2013/14 £	Budget 2013/14 £
Executive	1,412,455	(127,229)		(128,100)	126,910	1,411,265	(43,529)			1,367,736
Internal Audit	203,043	(6,380)		(6,380)	325	196,988				196,988
<b>Total Chief Executive</b>	<b>1,615,498</b>	<b>(133,609)</b>	<b>0</b>	<b>(134,480)</b>	<b>127,235</b>	<b>1,608,253</b>	<b>(43,529)</b>	<b>0</b>		<b>1,564,724</b>
Directorate - Children's Services	2,207,166	(166,822)		(166,822)	77,797	2,118,141				2,118,141
Children & Families	1,186,124	(34,377)	(122,199)	(156,578)	774	1,030,320		(17,409)		1,012,911
Children's Resources	4,046,029	(81,505)	(30,908)	(164,525)	113,731	3,995,235		(250,615)		3,744,620
Psychological Services	638,977	(67,518)		(67,518)	1,326	572,785				572,785
Schools/Quality Improvement	35,533,594	(735,500)	(542,637)	(1,382,243)	1,532,428	35,683,779		(5,877,883)		29,805,896
Library	1,048,634	(58,063)	(41,061)	(100,560)	(5,997)	942,077				942,077
Sports & Leisure	1,591,297	(131,018)	(7,000)	(139,838)	184,576	1,636,035				1,636,035
<b>Total Children's Services</b>	<b>46,251,821</b>	<b>(1,274,803)</b>	<b>(743,805)</b>	<b>(2,178,084)</b>	<b>1,904,635</b>	<b>45,978,372</b>	<b>0</b>	<b>(6,145,907)</b>		<b>39,832,465</b>
Directorate - Community Care	2,332,716		(196,877)	(196,877)	1,194	2,137,033				2,137,033
Adult Services	6,900,574	(278,800)	(250,000)	(533,734)	17,021	6,383,861				6,383,861
Community Care Resources	12,587,240	(1,073,500)	(2,990,000)	(4,081,410)	259,238	8,765,068		(250,000)		8,515,068
Criminal Justice	43,190			0	17	43,207				43,207
Mental Health	3,691,727	(33,500)	(500,000)	(533,970)	8,630	3,166,387		(700,000)		2,466,387
Occupational Therapy	817,822			(5)	641,535	1,459,352				1,459,352
<b>Total Community Care Services</b>	<b>26,373,269</b>	<b>(1,385,800)</b>	<b>(3,936,877)</b>	<b>(5,345,996)</b>	<b>927,635</b>	<b>21,954,908</b>	<b>0</b>	<b>(950,000)</b>		<b>21,004,908</b>
Directorate - Corporate Services	107,429			0	0	107,429				107,429
Capital Programme	3,848,283	(246,306)		(421,441)	925,431	4,352,273				4,352,273
Finance	6,498,054	(29,100)	(11,000)	(40,100)	40,218	6,498,172	(211,956)	(13,000)		6,273,216
Governance & Law	1,647,338	(125,697)	(12,221)	(138,693)	34,191	1,542,836		(263,000)		1,279,836
Human Resources	1,574,584	(89,166)	(48,450)	(138,209)	1,272	1,437,647				1,437,647
ICT	1,764,342	(109,405)		(120,104)	22,973	1,667,211	(97,000)			1,570,211
Improvement & Performance	231,532	0		0	230	231,762				231,762
<b>Total Corporate Services</b>	<b>15,671,562</b>	<b>(599,674)</b>	<b>(71,671)</b>	<b>(858,547)</b>	<b>1,024,315</b>	<b>15,837,330</b>	<b>(308,956)</b>	<b>(276,000)</b>		<b>15,252,374</b>
Directorate - Development Services	105,219			0	139	105,358				105,358
Community Planning	2,188,339	(28,040)	(198,782)	(226,846)	449,838	2,411,331		(45,000)		2,366,331
Economic Development	6,359,346	(222,853)	(419,223)	(642,096)	1,731	5,718,981		(332,285)		5,386,696
Housing	2,352,804	(132,933)	(142,000)	(278,716)	45,130	2,119,218				2,119,218
Planning	1,731,261	(57,382)	(148,161)	(205,543)	1,698	1,527,416				1,527,416
Shetland College (Train Shetland)	729,362	(83,098)		(83,098)	1,610	647,874				647,874
Transport Planning	5,206,982	(292,964)	(249,946)	(543,566)	690,083	5,353,499				5,353,499
<b>Total Development Services</b>	<b>18,673,313</b>	<b>(817,270)</b>	<b>(1,158,112)</b>	<b>(1,979,865)</b>	<b>1,190,229</b>	<b>17,883,677</b>	<b>0</b>	<b>(377,285)</b>		<b>17,506,392</b>

Directorate - Infrastructure	791,432	(48,643)		(48,717)	5,745	748,460	(66,310)		682,150
Env Health & Trading Standards	1,763,583	(45,640)	(242,137)	(287,777)	1,101	1,476,907			1,476,907
Ferry Operations	10,809,808	(273,038)	(887,044)	(1,164,374)	1,265,551	10,910,985	(102,390)	(697,444)	10,111,151
Roads	6,280,079	(95,000)	(636,800)	(738,163)	55,477	5,597,393		(75,000)	5,522,393
Environment & Trans Ops	4,800,768	(293,359)	(401,318)	(753,175)	242,576	4,290,169	(149,691)	(100,000)	4,040,478
<b>Total Infrastructure Services</b>	<b>24,445,670</b>	<b>(755,680)</b>	<b>(2,167,299)</b>	<b>(2,992,206)</b>	<b>1,570,450</b>	<b>23,023,914</b>	<b>(318,391)</b>	<b>(872,444)</b>	<b>21,833,079</b>
<b>Council Wide Savings</b>									
Management Review: Stage 1		(350,000)		(350,000)		(350,000)	(350,000)		(700,000)
Single Status Terms & Conditions				0		0		(2,000,000)	(2,000,000)
Reduce Non-contractual/Non Terms & Conditions Overtime		(250,000)	(250,000)	(500,000)		(500,000)	(250,000)	(250,000)	(1,000,000)
Centralise Functions & Rationalise Procurement		(250,000)		(250,000)		(250,000)	(250,000)		(500,000)
Eliminate Cross Charging		(450,000)		(450,000)		(450,000)	(250,000)		(700,000)
Estate Management Review		(100,000)		(100,000)		(100,000)			(100,000)
		(100,000)		(100,000)		(100,000)			(100,000)
<b>Council Wide Savings</b>	<b>-</b>	<b>(1,500,000)</b>	<b>(250,000)</b>	<b>(1,750,000)</b>	<b>0</b>	<b>(1,750,000)</b>	<b>(1,100,000)</b>	<b>(2,250,000)</b>	<b>(5,100,000)</b>
<b>Total Net Controllable Costs</b>	<b>133,031,133</b>	<b>(6,466,836)</b>	<b>(8,327,764)</b>	<b>(15,239,178)</b>	<b>6,744,499</b>	<b>124,536,454</b>	<b>(1,770,876)</b>	<b>(10,871,636)</b>	<b>111,893,942</b>
Financing Costs	6,000			0		6,000			6,000
Recharges	- 5,573,615			0		(5,573,615)			(5,573,615)
<b>Total Cost</b>	<b>127,463,518</b>	<b>(6,466,836)</b>	<b>(8,327,764)</b>	<b>(15,239,178)</b>	<b>6,744,499</b>	<b>118,968,839</b>	<b>(1,770,876)</b>	<b>(10,871,636)</b>	<b>106,326,327</b>
<b>Funded by:</b>									
Trading	- 891,573			(13,272)	0	0			0
SDT Income from EDU budgets	-	(1,000,000)		(1,000,000)	36,014	(868,831)			(868,831)
Government Grants	- 91,594,000			0	0	(1,000,000)	500,000		(500,000)
Council Tax	- 8,036,000			0	909,000	(90,685,000)		913,000	(89,772,000)
				0	0	(8,036,000)			(8,036,000)
<b>(Surplus)/Deficit funded by Reserves</b>	<b>26,941,945</b>	<b>(7,466,836)</b>	<b>(8,327,764)</b>	<b>(16,252,450)</b>	<b>7,689,513</b>	<b>18,379,008</b>	<b>(1,270,876)</b>	<b>(10,871,636)</b>	<b>7,149,496</b>

Ref No	Service Area	Lead Officer	Savings Detail	Implementation Procedure	One-off Saving	Recurring Savings		Notes
					Y1 - 2012/13 £	Y1 - 2012/13 £	Y2 - 2013/14 £	
1	Executive	Peter Peterson	Non-replacement of maternity cover for post - cover through acting up arrangement	Implement	15,700			One off savings for 2012/13 but will be reviewed.
2	Executive	Peter Peterson	Temp reduction in hours of admin post	Implement	5,000			One off savings for 2012/13 but will be reviewed.
3	Executive	Peter Peterson	10% reduction across all revenue budget lines - including Member travel, subsistence and mileage expenses	Implement		36,000		
4	Executive	Peter Peterson	Increase in hire charges for Town Hall. A review of the charging mechanisms will be carried out during 2012-13.	Implement		1,000		
5	Executive	Peter Peterson	Non replacement of temp post when contract expires in March 2012	Implement		26,000		
6	Chief Executive	Chief Executive	Retirement of Assistant Chief Executive and deletion of post from Oct 2012	Implement (Decision already made)		43,529	43,529	
7	Internal Audit	Crawford McIntyre	Salary (savings from approved restructure)	Implement		3,308		Completed.
8	Internal Audit	Crawford McIntyre	Reduction in revenue budgets for Subscriptions/Misc/Travel/Training/Subsistence	Implement		1,572		Potential negative impact on staff development and ability to keep up with changes particularly in relation to Computer audit issues.
9	Internal Audit	Crawford McIntyre	External Consultant (remove ISO accreditation)	Implement		1,500		
					<b>20,700</b>	<b>112,909</b>	<b>43,529</b>	
10	Directorate	Helen Budge	Off Island placements	Implement		166,822		
11	Children & Families	Helen Budge	Savings from the Child Protection co-ordinator post	Implement		23,759		
12	Children & Families	Helen Budge	Review operational budgets in Children and Families	Implement		10,618		
13	Children's Resources	Martha Nicolson	Inclusion Officer	Implement (Vacant Post)		30,908		This post has remained unfilled since post holder left last year. We propose the ASN Out of Term provision will be delivered differently so the service could offer this post up without impacting significantly on service provision.
14	Children's Resources	Martha Nicolson	Admin remove 0.5fte vacant post in Children's Resources	Implement (Vacant Post)		13,813		Efficiency savings from reviewing administration posts across the service. The review would result in no redundancies as there is a vacant admin post.
15	Children's Resources	Martha Nicolson	Islesburgh Pre - school review - redesign of post	Implement		6,531		The Pre-school management should be reduced from 2 Play Practitioners to 1 Play Practitioner. This second post should revert to a Play Support Worker.
16	Children's Resources	Martha Nicolson	Senior Social Care Workers - redesign of posts	Implement		14,976		Review of Children's Residential Services indicates that the service could be adequately supported if the total SSCW's reduced from 7 to 5. These posts must revert to Social Care Worker post, in order to ensure safe service delivery.
17	Children's Resources	Martha Nicolson	Sleep-in Savings	Implement		15,277		Savings have been identified in Children's Residential Services which can be sustained provided there is not a need for additional accommodation to manage/support a child/young person.

18	Library	Karen Fraser	ICT administration hours cut in Library Services	Assess		3,087		
19	Library	Karen Fraser	Admin hours cut in Library Services	Assess		11,456		
20	Library	Karen Fraser	37 hours post changed to 2 x 15 hour posts	Assess		4,182		
21	Library	Karen Fraser	Flexible early retirement – reduced hours 1 post	Assess		10,862		
22	Library	Karen Fraser	Downgrade systems librarian job	Assess		3,773		
23	Library	Karen Fraser	Summer student cover	Implement		6,765		
24	Library	Karen Fraser	Library assistant 14 week post	Assess		6,438		
25	Library	Karen Fraser	Subsistence reduced in Library Services	Implement		1,000		
26	Library	Karen Fraser	Travel reduced in Library Services	Implement		1,000		
27	Library	Karen Fraser	Training budget reduced in Library Services	Implement		6,000		
28	Library	Karen Fraser	Equipment budget reduced in Library Services	Implement		3,000		
29	Library	Karen Fraser	Treble the price of withdrawn books for sale	Implement		500		
30	Psychological Services	Audrey Edwards	Deletion of vacant psychology post	Implement (Vacant Post)		27,500		
31	Psychological Services	Audrey Edwards	Reduction of supply cover for Sensory Service	Implement		3,959		
32	Psychological Services	Audrey Edwards	Reduction of training cover for Sensory Service	Implement		1,410		
33	Psychological Services	Audrey Edwards	Removal of external consultants budget in Psychological Services	Implement		10,000		
34	Psychological Services	Audrey Edwards	Operating efficiencies in Psychological Services	Implement		24,649		
35	Schools	Shona Thompson	Cleaning rationalisation	Assess		206,000		Agreed last year, not yet realised. Will impact on jobs and level of service.
36	Schools	Audrey Edwards	Implement maximum class sizes in primary	Assess		242,000		This will lead to larger classes in primary schools, and increase the probability of classes needing to be reconfigured during a school year. Most particularly it will mean Bell's Brae Primary School and Sound Primary School having to organise their classes into composite classes.
37	Schools	Audrey Edwards	Changes in national terms and conditions for supply teachers	Implement		100,000		Nationally imposed change, already underway.
38	Schools	Shona Thompson	Increase music instruction fees by 50% based on current level of service to £210	Implement		24,500		
39	Schools	Audrey Edwards	No increase in grant per place to Partner Providers	Review		9,000		Subject to a separate report to Committee.
40	Schools	Audrey Edwards	Cease the science and technology fair	Implement		5,000		
41	Schools	Audrey Edwards	Bridges operating efficiencies	Assess		5,000		Acknowledgement of pattern of underspend.
42	Schools	Shona Thompson	Halls of residence operating efficiencies (10%)	Implement		8,500		
43	Schools	Shona Thompson	Science technicians operating efficiencies (10%)	Implement		2,500		
44	Schools	Shona Thompson	International Education agreement with Aberdeen City Council income	Implement		40,000		
45	Schools	Shona Thompson	Ness Out of School Club income	Implement		6,000		Not previously budgeted for.

46	Schools	Audrey Edwards	Reduce work experience training budget	Implement		1,000		
47	Schools	Shona Thompson	Reduce probationer training budget	Implement		2,000		Shetland is now being allocated fewer probationers.
48	Schools	Shona Thompson	Reduce all schools operating budgets	Implement		80,000		
49	Schools	Audrey Edwards	Parent Council administration budget reduced	Implement		4,000		Acknowledgement of pattern of underspend.
50	Sports & Leisure	Neil Watt	Sports and Leisure efficiencies including overtime	Implement		42,269		This would have an impact and reduce the overall quality and level of service proved by the Sport and Leisure Service.
51	Sports & Leisure	Neil Watt	Reduce games hall attendant hours by 261 hours	Assess		2,915		This would have an minimal impact on service delivery and all other Games Hall Attendant staff would have to work more flexibly to cover these hours.
52	Sports & Leisure	Neil Watt	Delete 2 vacant Centre Assistant posts at Islesburgh Community Centre	Implement (Vacant Post)		4,720		This would have an impact on service delivery as there would be no dedicated weekend supervision of the Central Lounge in Islesburgh where many young people congregate and use the facilities.
53	Sports & Leisure	Neil Watt	Decrease Service Level Agreement payment to SRT	Assess		42,000		The current service level agreement between SRT and the Council for the provision of PE and community use is under review. The new SLA for 2012-13 will take account of the reduced amounts of time that schools are using SRT facilities. This reduction in funding is likely to have an impact on SRT service delivery and their opening hours.
54	Sports & Leisure	Neil Watt	Delete 2 FTE Seasonal Sports Coaches posts	Implement		5,474		This would have an impact on service delivery as the Council would provide limited summer holiday sport and leisure activities for young people across Shetland.
55	Sports & Leisure	Neil Watt	Delete 1FTE seasonal gardener post	Assess		13,124		This would have an impact on the parks and playing fields service and mean that sportsfields, parks and gardens could not be maintained to the same standard as in previous years.
56	Sports & Leisure	Neil Watt	Reduce cleaners hours	Assess		8,000		This would have an impact on the general cleanliness of the Islesburgh Complex. Either a number of PT staff will have to have their hours reduced or one PT post would have to be deleted. This would require consultation with existing staff and unions.
57	Sports & Leisure	Neil Watt	Reduce existing full time financial/clerical post to a part time post - 50% reduction in hours	Assess		12,516		This option will have an impact on service delivery but it is thought that other staff in the section can assume some of the duties of this post. The existing post holder and unions would have to be consulted about future employment options of the existing postholder.
					-	1,274,803	-	
58	Adult Services	Christine Ferguson	ILP savings salaries and allowances	Assess		140,000		Services will be redesigned to cope with increasing numbers within existing resources
59	Adult Services	Christine Ferguson	Learning disability short breaks salary savings and reduced standby	Assess		103,000		Services will be redesigned to cope with increasing numbers within existing resources
60	Adult Services	Christine Ferguson	Delete dedicated Local Area Co-ordinator role	Assess		35,800		Service would be offered as an integral part of care co-ordination through the With You For You assessment process and developing community capacity with 3rd sector partners.
61	Mental Health	Christine Ferguson	Annsbrae mental health support services-SSCW post deleted	Implement (Vacant Post)		33,500		Vacant post deleted. Revised procedures for supervision, management and admin to create efficiencies.
62	CC Resources	Christine Ferguson	Intensive Support Service savings	Implement		12,000		May affect response times and flexiblity
63	CC Resources	Christine Ferguson	Taing House reduced stand by and call out + efficiencies	Implement		5,000		May affect response times and flexiblity



64	CC Resources	Christine Ferguson	ET House reduced stand by and call out + efficiencies	Implement		7,000		May affect response times and flexibility
65	CC Resources	Christine Ferguson	Montfield Support Services reduced stand by and call out + efficiencies	Implement		11,500		May affect response times and flexibility
66	CC Resources	Christine Ferguson	Care at Home reduction of 20% anticipated due to reablement programmes and Telecare	Assess		850,000		Improved independence and outcomes for customers at home. Risk of unmet needs.
67	CC Resources	Christine Ferguson	North Haven salary savings	Assess		57,000		Improved independence and outcomes for customers at home. Risk of unmet needs.
68	CC Resources	Christine Ferguson	Overtonlea salary savings	Assess		73,000		Improved independence and outcomes for customers at home. Risk of unmet needs.
69	CC Resources	Christine Ferguson	Fernlea salary savings	Assess		9,000		Improved independence and outcomes for customers at home. Risk of unmet needs.
70	CC Resources	Christine Ferguson	Nordalea savings	Assess		49,000		Improved independence and outcomes for customers at home. Risk of unmet needs.
					-	1,385,800	-	
71	Capital Programmes	Robert Sinclair	Additional Income Generation	Implement		14,000		
72	Capital Programmes	Robert Sinclair	Service Re-design - removal of 2 FTE	Assess		100,338		Reduction in workload capacity
73	Capital Programmes	Robert Sinclair	Leave one post vacant	Implement (Vacant Post)		35,116		Minimum impact in short term
74	Capital Programmes	Robert Sinclair	Efficiencies/ reductions to operating budgets	Implement		55,395		
75	Capital Programmes	Robert Sinclair	Reduced lease payments	Assess		41,457		
76	Finance	Hazel Sutherland	Revenues - non renewal of 1.5 FTE temporary contracts	Review			34,552	Potential impact on speed of service response. Reduction of 1.5 FTE temporary post; slight inconvenience to customers through lunchtime closure of Cashiers Service.
77	Finance	Hazel Sutherland	Carry out In-house the Shetland Development Trust audit	Review			32,000	Savings on fees currently paid to external consultants. Will mean additional workload for staff in Accountancy; to be addressed through re-prioritising workload.
78	Finance	Hazel Sutherland	Non-recruitment to part time post	Implement		9,000	7,000	Reduction of 0.5 FTE part time post; addressed by re-prioritisation and reallocation of existing workload.
79	Finance	Hazel Sutherland	Remove overtime (Revenues)	Review			13,700	Reallocation of workload; potential impact on speed of response at peak times.
80	Finance	Hazel Sutherland	Reduce operating costs	Implement		5,000	5,000	Minimum impact.
81	Finance	Hazel Sutherland	Increased income (SHEAP)	Implement		1,100		Reflects volume of transactions.
82	Finance	Hazel Sutherland	Reduce CAB SLA by 10%	Implement		3,500	3,500	Potential impact on number of cases and speed of response.
83	Finance	Hazel Sutherland	Switch to on-line subscriptions	Implement		500		No service impact.
84	Finance	Hazel Sutherland	Expenditure - non renewal of 1.0 fte temporary contract	Review			23,704	Potential impact on speed of service response.
85	Finance	Hazel Sutherland	Reduce overtime (Expenditure)	Review			5,500	Reallocation of workload; potential impact on speed of response at peak times.
86	Finance	Hazel Sutherland	Move from Post to E-mail	Implement		5,000	15,000	Feedback from "Ways to Save" scheme, which suggests staff, Council Tax payers and service users will accept formal communication by email.
87	Finance	Hazel Sutherland	Voluntary application of 35 hours per week	Implement		5,000		Minimum impact on services.
88	Finance	Hazel Sutherland	Service re-design following Financial / Human Resources / Administration Review	Review			72,000	The Financial / Human Resources / Admin Review seeks to make the Council's business process more efficient. By the end of the project, it is envisaged that up to 3 FTE posts will be able to be removed as the systems and procedures will be more efficient, with less duplication and errors than at present.

89	Governance & Law	Jan Riise	Reduction in operating budgets	Implement		60,136		Additional impact on staff is unquantifiable but can be contained within service / this reduces operational budgets below the minimum required.
90	G&L	Jan Riise	Service reviews in all three areas of Governance & Law	Review		20,000		This may amount to greater than £20,000 but this will only be fully quantified once the reviews are undertaken.
91	Governance & Law	Jan Riise	Removal of vacant posts	Implement (Vacant Post)		43,761		This will impact on the performance of services - does not immediately impact service but will impact in the future.
92	Governance & Law	Jan Riise	Increase in income	Implement		1,800		Little anticipated impact
93	Human Resources	Denise Bell	Removal of vacant temporary posts	Implement (Vacant Posts)		88,062		Not renewing these posts will mean the remaining staff will take on work required for corporate projects and priorities over and above service delivery to service users.
94	Human Resources	Denise Bell	Reduction in operating budgets	Implement		1,104		Impact on staff will reduce training and development to improve performance.
95	ICT	Stuart Moncrieff	Deletion of ICT Operations Supervisor Post	Implement		33,669		Completed
96	ICT	Stuart Moncrieff	Charging for ICT for Shetland Recreational Trust	Implement		30,000		This is a new service which is in the process of being set up for SRT. Charging to begin from 1st April 2012. Although this is a new income stream to the Council, this also results in savings on current costs of the Trust.
97	ICT	Stuart Moncrieff	Charging for ICT for NHS Shetland - no further info provided	Assess		20,000		This is a new service which is in the process of being set up for NHS. Charging to begin from 1st April 2012.
98	ICT	Stuart Moncrieff	Charging for ICT for Mareel	Assess		5,000		Awaiting opening of Mareel. Will be an increase to the existing arrangements for delivering ICT to Shetland Arts.
99	ICT	Stuart Moncrieff	Corporate Server Virtualisation project energy costs (spend-to-save) - 2013/14	Review			27,000	Project to be initiated in 2012/13
100	ICT	Stuart Moncrieff	Move store admin to BSU (deletion of ICT Assistant Post) - 2013/14	Review			20,000	Project to be initiated in 2012/13
101	ICT	Stuart Moncrieff	Virtualised client/ remote support (deletion of 2 x ICT Posts) Spend to save 2013-14	Review			50,000	Project to be initiated in 2012/13
102	ICT	Stuart Moncrieff	Removal of Corporate ICT Analysts SS "Job Redesign" additional grade to Grade K from L	Assess		6,451		Rationalisation of ICT Analyst job descriptions will be carried out as part of service redesign process following appointment of ICT Team Leader posts.
103	ICT	Stuart Moncrieff	Review budget estimates for 2011/12	Implement		14,285		Completed
					-	599,674	308,956	
104	Economic Development	Douglas Irvine	Cut across support budgets, training, travel, subsistence, consultants, etc..	Implement		5,000		
105	Economic Development	Douglas Irvine	Shetland Development Trust, return of capital from investments.	Assess		1,000,000	500,000	Reduced resources for investment in large scale economic development projects.
106	Economic Development	Douglas Irvine	Reduce Grant Schemes, inc NAFC Marine Centre, SSQC, SAT	Assess		217,853		These reductions should be achieved without an impact on service delivery.
107	Transport Planning	Michael Craigie	Cut across support budgets, training, travel, subsistence, consultants, etc..	Implement		16,148		
108	Transport Planning	Michael Craigie	Vehicle repair & maintenance	Implement		23,391		
109	Transport Planning	Michael Craigie	Transport hired and contracted services	Assess		49,440		
110	Transport Planning	Michael Craigie	Education/SRT Transport	Assess		13,250		
111	Transport Planning	Michael Craigie	Foula Ferry Contract	Implement		151,795		
112	Transport Planning	Michael Craigie	SIC contribution to Zetrans	Implement		38,940		
113	Community Planning	Vaila Simpson	Cut across support budgets, training, travel, subsistence, consultants, etc..	Implement		18,040		

114	Community Planning	Vaila Simpson	Review location of remote community work offices	Assess		10,000		
115	Housing	Anita Jamieson	Cut across support budgets, training, travel, subsistence, consultants, etc..	Implement		11,500		
116	Housing	Anita Jamieson	NASSO, reduce training on dealing with sex offenders	Implement		10,000		
117	Housing	Anita Jamieson	Support grants to other bodies	Implement		2,888		Removal of grant funding, notice given
118	Housing	Anita Jamieson	Hjaltland Housing accommodation service	Implement		19,249		Removal of grant funding, notice given
119	Housing	Anita Jamieson	Sheltered Housing Furniture replacement	Implement		1,000		Applies only to communal areas
120	Housing	Anita Jamieson	Furnished tenancies scheme	Implement		10,000		Impact on tenancy sustainment for homeless clients
121	Housing	Anita Jamieson	Sheltered housing relief staff	Implement		28,296		Current pilot project to alter how relief staff are deployed
122	Housing	Anita Jamieson	Outreach temp staff	Assess		50,000		Staff are linked to internal SLA - impact on Service in SLA
123	Planning	Iain McDairmid	Delete planning post	Assess		57,382		
124	Shetland College/Train	David Gray	Train Shetland operational efficiencies	Implement		33,098		
125	Shetland College/Train	David Gray	Shetland College Property Costs reduce by 10%	Implement		50,000		
					-	1,817,270	500,000	
126	Directorate	Phil Crossland	Reduction of various supplies and services expenditure.	Implement		8,050		Most of these savings have already been identified and budgets are currently underspent.
127	Directorate	Phil Crossland	Deleting part-time administration assistant post and reducing temporary cover for staff leave.	Implement (Vacant Post)		26,122		Currently Vacant post
128	Directorate/ Ferry Operations	Phil Crossland	Remove budget for Service Review Team.	Assess		14,471	123,700	The programme of service reviews is scheduled for completion during 2012/13 financial year and after this there will be no ongoing requirement for a Directorate service review team. 3 staff on temporary contracts and one member of staff on secondment.
129	Env Hlth & Trdg Stds	Maggie Dunne	Reductions across Env & Standards budgets	Implement		23,085		Reductions in staff training, equipment, travel, subsistence, sampling, subscriptions.
130	Env Hlth & Trdg Stds	Maggie Dunne	Stop providing a paid student EHO placement post	Implement		20,661		A Training Placement is currently offered to Anderson High School pupil for work periods between their academic studies. This provides training support and competency development through their four year university course to qualify as an EHO. The training and support could still be offered but this would have to be undertaken on a voluntary basis by the individual student.
131	Env Hlth & Trdg Stds	Maggie Dunne	Remove Neighbourhood Support Worker Van	Implement		1,894		As dog warden vans would be available weekends and evenings the Neighbourhood Support Workers van will be returned to the FMU.
132	Environment & Trans Ops	Stephen Cooper	Contractual Increase in the sale of heat from the Waste to Energy Plant to SHEAP	Assess		200,782		No impact on service provision.
133	Environment & Trans Ops	Stephen Cooper	General efficiencies across Waste and Energy Budgets	Implement		13,500		No impact on service provision.
134	Environment & Trans Ops	Stephen Cooper	Reduction in Fuel, Water and Electricity across the Council ( of this £4k relates to HRA/ Harbour)	Implement		33,256		Requires behavioural change across the Council, environment and energy team do Council wide audits and educational campaigns.
135	Environment & Trans Ops	Stephen Cooper	Spend to Save - Electricity (of this £28k relates to HRA/Harbour) Improved energy efficiency of the Council's assets.	Review		92,268		Spend to Save, subject to approval and works programmed to deliver target savings.
136	Environment & Trans Ops	Stephen Cooper	Reduce Refuse Storage and Skip Equipment	Implement		1,121		Reduce refuse storage and skip equipment purchase/repair/maintenance by 10%. Impact : Less storage areas for wheeled bins / refuse sacks.
137	Environment & Trans Ops	Stephen Cooper	Reduce Number of Cleansing Summer Students	Implement		11,956		Reduce number of Cleansing Summer Students from 4 to 2.



138	Environment & Trans Ops	Stephen Cooper	Disposal of Assets - Energy Savings	Review			99,691	Dependent on the disposal of the following assets. Old Lower Gym, King Harald Street Offices, Old Infant School Offices, Garthspool, IT Centre Offices, OIL Offices, 91/93 St. Olaf Street Offices, 92 St. Olaf Street Offices, 2&4 Bank Lane Offices.
139	Environment & Trans Ops	Stephen Cooper	Cross Training and Redeployment of Trade Operatives - Electricians/Painters/Joiners	Assess			20,000	Develop a multi skilled workforce
140	Environment & Trans Ops	Stephen Cooper	Cross Training and Redeployment of Trade Operatives - Transfer portable appliance testing duties	Assess		20,000		Transfer portable appliance testing duties to caretakers, handymen and the like. Specific to the Schools and Social Work Estate. The in-house workforce will be reduced to compensate. Package of savings will result in 5 less staff.
141	Environment & Trans Ops	Stephen Cooper	Review overtime arrangements for transport operations.	Assess		31,000	30,000	Amend working arrangements at Tingwall Airport and Garage to reduce non contractual overtime.
142	Environment & Trans Ops	Stephen Cooper	Reduce reliance on contractors at FMU garage caused by staff at Tingwall	Assess		15,000		Amended working arrangements at Tingwall reduces the need for contractors covering for garage staff deployed at airport.
143	Ferry Operations	Ken Duerden	Delete 2 vacant posts for Bluemull Sound deckhands.	Implement (Vacant Posts)		74,025		2 Bluemull Sound deckhands posts have been vacant since 2007 when crew reduced to 4 per shift. Kept budgeted in case fares reinstated.
144	Ferry Operations	Ken Duerden	Reduce number of deckhands attached to "Bigga" by one.	Assess		37,013		There are currently 6 Deckhand posts attached to the "Bigga" over 3 shifts. The service can be provided with 5 posts, the process to implement this reduction has commenced.
145	Ferry Operations	Ken Duerden	Manage sea staff holidays to reduce overtime.	Implement		50,000		There is an opportunity to reduce sea staff overtime by being more proactive when authorising requests for leave. This will save overtime costs for crew to relieve those on leave. Savings split, Whalsay £25K, Bluemull £10K, Bressay £10K and Yell £5K.
146	Ferry Operations	Ken Duerden	Create Route Master (Whalsay)	Assess		12,000		Create Route Master (Whalsay) to control sea staff costs of 3 Whalsay based ferries as one unit. Costs difference between Senior Master and Route Master is £8K per year. Savings could be £20K per year. Net savings of £12K per year.
147	Ferry Operations	Ken Duerden	Increase income by selling advertising	Implement		10,000		Use VMS signs and space on vessels for advertising
148	Ferry Operations	Ken Duerden	Saving on maintenance for new ticket machines	Assess			45,000	Spend to save initiative to replace ticket machines with new lower cost maintenance machines and potential to increase revenue security.
149	Ferry Operations	Ken Duerden	Saving by different fuel delivery method	Implement		90,000		Assumes saving of 2 ppl by different procurement method based on same consumption.
150	Roads	Dave Coupe	Review of Roads Service	Review		65,000		As well as making the savings of £50k in 2011/12, it is proposed to make a further saving of £65k in 2012/13 on several Roads Management duties carried out under the various Roads Acts. These duties, and the implications of these savings may include the following: (a) not investigating any traffic management issues, except for those associated with major planning applications; (b) not investigating road safety issues in detail, unless a location has a serious accident history; (c) not providing lengthy assistance to planning applicants with regard to their plans; (d) not carrying out detailed development of future road improvement schemes if they are not likely to be built within 4 years; (e) reducing roads inspection work for the winter service and other duties. The implications for some staff may include redistribution of work (for example between roads inspectors and foremen), redeployment, retirement or redundancy. Introducing additional charges for a number of services will also be considered.

151	Roads	Dave Coupe	Revised method of Street lighting Maintenance Inspection	Assess		20,000		This work is under review at present, with the aim of making a significant reduction in costs. Although the inspections may be much less frequent, this is not expected to result in a significantly poorer service.
152	Roads	Dave Coupe	Move Salt store to Scord Quarry to allow hiring of 1 less loading shovel	Implement		10,000		This change will produce savings from utilisation of the Scord loading shovel rather than hiring, and from the harbour dues being to the Scalloway Harbour rather than the Lerwick Port Authority. There will be no impact on the service from this change.
					-	881,204	318,391	
153	All	Chief Executive	Management Review: Stage 1	Review		350,000	350,000	
154	All	CMT	Reduce Non-contractual/Non Terms & Conditions Overtime	Review		250,000	250,000	
155	All	Helen Budge	Centralise Functions & Rationalise Administration	Review		250,000	250,000	
156	All	Robert Sinclair	Procurement	Implement		450,000	250,000	
157	All	Hazel Sutherland	Eliminate Cross Charging (as necessary)	Assess		100,000	-	
158	All	Robert Sinclair	Estate Management Review	Assess		100,000	-	
					-	1,500,000	1,100,000	
					20,700	7,571,660	2,270,876	

Ref No	Service Area	Option Description	Implementation Procedure			Impacts detailed by Directors				
				Y1 - 2012/13	Y2 - 2013/14	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
				£	£					
1	Env Health & Trading Stds	Stop Out of Hours Dog Warden Service	Assess	7,370		Provision of statutory services, delivered to national standards	No Out of hours dog warden service currently one of only 2 authorities in Scotland that provide this service. Impact on police and community out of hours having to care for stray dog, may also reduce income slightly into service. Charge administration fee for dogs. 30 local authorities in Scotland do not offer a 24 hour stray dog service. Stray dogs will not be collected or returned out of office hours. Stray dogs can be taken to the Police or kept until the office opens. Saves standby costs and officers will leave vans at work reducing mileage and fuel costs.	Neutral or no discernable effect.	Neutral or no discernable effect (may reduce cost to owner)	Neutral or no discernable effect.
2	Env Health & Trading Stds	Stop Fuel Poverty Grant	Implement	145,000		To provide services to the people who are most in need - such as people on low income, people who have particular care needs.	Budget replaced by external funding from Universal Home Insulation Scheme (UHIS), to address fuel poverty and provide insulation. Non-mandatory service. Focus on lobbying for increased share of national pots to address Fuel Poverty and better targeting of measures. Majority (99%) of grants relate to Fuel Poverty caused by under-occupation (houses too large for need and income). Despite insulation/other measures, when fuel prices rise the applicant returns to Fuel Poverty so impact not sustained after grant work completed.	Overall impact likely to be negative due to potential reduction in available work for local construction industry. However may be mitigated by national funding.	Uncertain effect. Recent increase in national funding available and existing support available to reduce fuel poverty by other means.	Neutral or no discernable effect.
3	Env Health & Trading Stds	Stop Health Improvement Post	Assess	8,242		To provide services for vulnerable people and families at an early stage, to help stop problems developing later on.	Reduced ability to undertake test purchasing but could be done by reorganising existing priorities. Part-time post to deliver outcomes relating to young people stopping smoking and reducing access to cigarettes through preventing sales to underage.	Overall impact likely to be negative Removal of one part time job	Neutral or no discernable effect.	Overall impact likely to be negative disproportionate impact on young people, may be mitigated through other public health programmes.
4	Env Health & Trading Stds	Stop Neighbourhood Support Worker posts and Community Warden Service	Assess	80,025		Provision of statutory services, delivered to national standards.	Reduced ability to deliver litter/dog fouling outcomes in Service Plan, outcomes in Antisocial Behaviour Strategy and addresses underage drinking outcomes in Healthier part of SOA. Reduce support to other services such as social work (vulnerable client support), housing (vulnerable client support), youth work (midnight football, Club for 18-25 Bridges) Transport (ASB on Buses and bus station) and education (litter, bullying and cycling proficiency programmes) will also stop.	Overall impact likely to be negative due to removal of 4 part time jobs. Reduces flexibility of EH service to meet increasing service demands and ability to address community concerns about ASB impacting on community cohesion. Potential impact on business in Lerwick, if increase in anti-social behaviour. Potential overall negative impact on community safety.	Overall impact likely to be negative medium / long term negative impact, due to currently fte. Overall impact likely to be negative, early intervention activities. Provide support to most vulnerable individuals at evenings and weekends, diversionary activities to Bridges Clients and other vulnerable young people.	Overall impact likely to be negative short terms negative impact, due to potential increase in anti social behaviour leading to social exclusion.
5	Roads	Reduce Winter Service	Review	375,400		Provision of statutory services, delivered to national standards.	Reduced accessibility during snow and a requirement for drivers to drive appropriate to the conditions. It is likely that a reduction of both gritter numbers and length of road treated would be required to establish this level of reduction. It is also highly likely that this would result in redundancies, although this cannot be confirmed until the Service Review is undertaken and policy direction agreed. Care must be exercised so that there is a balanced workforce between summer and winter workloads.	Overall impact likely to be negative long term, at times of snow, due to prevention of people's ability to access work, learning and other opportunities and therefore knock on effects on private sector. Will have more effect on remote rural areas than central and urban areas. Overall impact likely to be negative due to likely reduction in jobs.	Uncertain effect, overall impact likely to be negative for those experiencing in-work poverty, due to loss of pay on days unable to access employment / learning.	Neutral or no discernable effect.
6	Roads	Reduce Grass Cutting	Implement	10,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	This will require a policy change and will restrict grass cutting to safety cuts at bends and junctions only. The end of year cut would need to be removed making it more difficult for pedestrians to use verges.	Neutral or no discernable effect.	Neutral or no discernable effect.	Neutral or no discernable effect.

Ref No	Service Area	Option Description	Implementation Procedure			Impacts detailed by Directors				
				Y1 - 2012/13 £	Y2 - 2013/14 £	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
7	Roads	A further reduction in Grass Cutting	Implement	5,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset	This will require a policy change and will restrict grass cutting to safety cuts at junctions only. Removing visibility cuts at bends would reduce forward visibility on roads and mean drivers have to drive appropriate to the conditions.	Neutral or no discernable effect.	Neutral or no discernable effect.	Neutral or no discernable effect.
8	Roads	Reduce Carriageway Resurfacing	Assess	50,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	Increased rate of deterioration of carriageway condition.Shetland is currently Ranked 25/32 for its overall road condition and 14/32 for A road condition when compared with all Scottish authorities. This position will worsen over time and increase the back log of maintenance requirements thereby increasing the need for significant capital spend in future years. Reduction in the use of construction materials and in particular bitumen coated roadstone will have an impact on the viability of the Scord quarry.Budgets have for a number of years been increased at below construction inflation levels, or more recently, been frozen.Cost of resurfacing materials have seen a 25% increase over the last 2 years which has the same effect as a 20% budget cut. This budget was reduced by 30% for this financial year. The result of this further 6% cut would be an increased rate of deterioration of the road asset and is likely that redundancies will be required within the workforce.	Overall likely to be a negative in the long term due to deterioration of asset and reduction in jobs/economic activity.	Neutral or no discernable effect.	Neutral or no discernable effect.
9	Roads	Further reductions in carriageway Resurfacing	Assess	25,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset	A further increase in the rate of deterioration in the condition of Roads and an increasing back log of maintenance requirements leading to increased need for major capital works in the future. Cuts to maintenance spend on the road asset, in particular the resurfacing budget, will impact on the viability of the Scord Quarry with reduced throughput. There will also be an increased risk of claims against the council for accident/vehicle damage as a result of roads defects which will need to be managed to minimise the risks. It is likely that further redundancies will be required within the workforce.	Overall likely to be a negative in the long term due to deterioration of asset and reduction in jobs/economic activity.	Neutral or no discernable effect.	Neutral or no discernable effect.
10	Roads	Reduce Footpath Maintenance	Implement	20,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset	This would allow for essential footway maintenance only, with no funds for reconstruction works. Many footpaths out with Lerwick are now aging and will create an increased demand for future capital reconstruction schemes using bitmac rather than stone paving. This will also lead to increased claims for trips and falls from poorer surfaces which will require appropriate policies and management to manage the risks.	Overall likely to be a negative in the long term due to deterioration of asset and reduction in jobs/economic activity.	Neutral or no discernable effect.	Neutral or no discernable effect.
11	Roads	Further reductions in Footpath Maintenance	Implement	10,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	This would only allow for prioritised essential footway maintenance works, to manage the risks of increased trips and falls from poorer surfaces and potential insurance claims. This will lead to an increased backlog of maintenance works and which will lead to a more rapid deterioration and an earlier requirement for a major capital replacement scheme.	Overall likely to be a negative in the long term due to deterioration of asset and reduction in jobs/economic activity.	Neutral or no discernable effect.	Neutral or no discernable effect.
12	Roads	Reduce Verge Maintenance	Implement	20,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	This reduction would mean only over run damage work was undertaken and it would not allow for dealing with the build up of vegetation and grit etc, preventing drainage from the carriageway. This may lead to a build up of standing water and erosion of the edge of the carriageway. This will lead an increased maintenance backlog and the need for more expensive repairs being necessary in the future. The verges would become less usable for pedestrians.	Overall likely to be a negative in the long term due to deterioration of asset and reduction in jobs/economic activity.	Neutral or no discernable effect.	Neutral or no discernable effect.
13	Roads	Further reduction in Verge Maintenance	Implement	10,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	This reduction would only allow for prioritised over run damage repairs only. This will lead to an increased backlog of maintenance works and which will lead to a more rapid deterioration and an earlier requirement for a major capital replacement scheme	Overall likely to be a negative in the long term due to deterioration of asset and reduction in jobs/economic activity.	Neutral or no discernable effect.	Neutral or no discernable effect.

Ref No	Service Area	Option Description	Implementation Procedure			Impacts detailed by Directors				
				Y1 - 2012/13 £	Y2 - 2013/14 £	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
14	Roads	Reduction in Road Markings	Implement	20,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	This would be a reduction of about 20% in current level replacement of worn lines and markings, and failed cats-eyes. This will result in more difficult night time driving conditions and a requirement for drivers to drive appropriate to the conditions.	Neutral or no discernable effect.	Neutral or no discernable effect.	Neutral or no discernable effect.
15	Roads	Further reduction in Road Markings	Implement	10,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	This would be a further reduction of about 10% in the current level replacement of worn lines and markings, and failed cats-eyes. This will result in more difficult night time driving conditions and a requirement for drivers to drive appropriate to the conditions.	Neutral or no discernable effect.	Neutral or no discernable effect.	Neutral or no discernable effect.
16	Roads	Christmas Trees and Lights	Implement	11,400		To help keep the local economy healthy. (Diversifying from Local Government employment and promoting employment in the private and voluntary sectors).	This work is not statutory function of a local authority and it would be more appropriately funded by businesses or community bodies. There may be an obligation to erect and light the 2 trees gifted to Scalloway and Whalsay from Norway.	Neutral or no discernable effect.	Neutral or no discernable effect.	Neutral or no discernable effect.
17	Roads	Retaining Wall Maintenance	Implement	10,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	Reductions in the maintenance of road structures will lead to a more rapid deterioration and an earlier requirement for a major capital replacement scheme. There is also a risk of structural failure leading to prolonged road closures and limited access to communities.	Overall likely to be a negative in the long term due to deterioration of asset and reduction in jobs/economic activity.	Neutral or no discernable effect.	Neutral or no discernable effect.
18	Roads	Bridge and Culvert Maintenance	Implement	10,000		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	This reduction in the maintenance of road structures will lead to a more rapid deterioration and an earlier requirement for a major capital replacement scheme. There is also an increased risk of structural failure leading to a prolonged closure of a road leading to a reduction in access for communities.	Overall likely to be a negative in the long term due to deterioration of asset and reduction in jobs/economic activity.	Neutral or no discernable effect.	Neutral or no discernable effect.
19	Roads	Develop a strategic parking strategy for Lerwick and introduce charges for car parking	Review	50,000	50,000	Provision of statutory services, delivered to national standards.	This would require a detailed study of both on and of street parking and would require resources from spend to save budgets to meet the costs of the study and the implementation of parking meters. This would lead to a more equal service provision through car park users paying for the costs of maintaining the asset and supporting alternative forms of transport as opposed to all council tax payers funding the provision of car parks irrespective of whether or not they are car owners. Orkney currently make an annual income of circa £100000 from 302 spaces, it is envisage that similar income levels could be generated from the appropriate introduction of parking charges within Lerwick.	Likely to be a positive medium term effect if it leads to increase employment	Neutral or no discernable effect (strategy should consider PIA)	Neutral or no discernable effect (strategy would be required to undertake a PIA)
20	Roads	Reduce the amount of street lighting	Review		25,000	Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	This would require an assessment of current street lighting and would mean switching off in excess of 30% of the 3900 street lights. The policy would also be changed to not introduce new lighting and the removal of whole sections of lighting when replacement is due if appropriate. This would have an initial capital cost of circa £50,000 for switching equipment and the upgrading of regulatory signs.	Uncertain effect, overall impact likely to be negative due to possible increase in crime, which may result in increased insurance premiums for business. Mitigation should focus on times of the day / night for street lighting.	Neutral or no discernable effect.	Neutral or no discernable effect (change in policy would require EQIA).

Ref No	Service Area	Option Description	Implementation Procedure			Impacts detailed by Directors				
				Y1 - 2012/13	Y2 - 2013/14	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
				£	£					
21	Environment & Trans Ops	Cuts to Maintenance Budgets	Review	270,147		Provision of statutory services, delivered to national standards and Maintaining the Existing Asset.	Cuts to maintenance budgets will impact upon service provision this will be by way of a Targeted Rate Reduction, as legislation and Care Commission requirements make reductions in Social Work/School Maintenance more problematic in terms of statutory compliance. No allowance is included for repairs and renewals. This includes patient handling systems such as Medicare hoists, beds and other specialist lifting equipment. The Council's Asset Strategy largely feeds its maintenance requirements. three options are available Optionl 1 - Reduce Overall Floor Area, Option 2 - Proportional Rate Reduction, Option 3 - Targeted Rate Reduction. Assumptions: Growth - When setting out these proposals we have assumed that there will be no growth in the Council's estate. i.e New building projects will not increase the Council's overall GIFA on the assumption that a corresponding level of closures will be made elsewhere to offset this. This will require a reduction of 6 FTE within the DLO.	Long term negative impact due to deterioration of asset and potential job losses.	Neutral or no discernable effect.	Neutral or no discernable effect
22	Environment & Trans Ops	Close Rural Toilets	Assess	30,380		Provision of statutory services, delivered to national standards	Less facilities in each area of Shetland, i.e. one less public toilet in each ward (except for Lerwick where two toilets were closed last year). Proposed one in each ward : Jarlshof, Bressay, Mail, Hamnavoe Burra, Sandness, Hillswick, and Uyeasound = 6 toilets at £5,000 each. May result in reduction of staff in Building Cleaning (Children's Services).	Overall impact likely to be negative, long term impact on tourism and number of jobs.	Neutral or no discernable effect	Neutral or no discernable effect
23	Environment & Trans Ops	Reduction in Street Cleansing Services	Assess	44,652		Provision of statutory services, delivered to national standards	1 less Cleansing Operative in Lerwick and 1 less in Scalloway - Scalloway to be cleaned by mobile team based from Lerwick Depot. Less frequent street cleansing - potentially more litter on the streets, rural housing areas and road verges. Less weed spraying and chewing gum removal. Less bus shelter, litter bin, dog bin and bottle bank washing and less litter bins and dog bins available to fill 2 expected retirements in 2012-13 and reduce litter and dog bins equipment - purchase/repair/maintenance by 10%.	Overall impact likely to be negative, long term impact on tourism.	Neutral or no discernable effect	Neutral or no discernable effect
24	Environment & Trans Ops	Review of domestic bulky waste collection arrangements.	Assess	65,946		Provision of statutory services, delivered to national standards	Provide 2 man crew and introduce chargeable bulky uplift service (£15 per uplift) direct from people's homes. Impact : Transport benefits for elderly and infirm and those without transport. Need to terminate two community council skip contracts and redeploy.	Unclear if 2 new jobs, no information on skip contract jobs - more information in order to assess.	Major positive as long as those on low income is not charged.	Disproportionate charging, mitigation could involve the charging policy building in concessions to low income households.
25	Environment & Trans Ops	Reduce Work Carried Out by Grounds Maintenance Contractor	Assess	9,000		Provision of statutory services, delivered to national standards	Poorer visual impression to grassed areas in Lerwick. Need to vary contractor's contract. Reduce work carried out by Grounds Maintenance Contractor by 5%. (Work already reduced by 10% in 2011-12).	Loss of earnings to private contractor; potential long term impact on attractiveness of Lerwick as a visitor destination.	Neutral or no discernable effect	Neutral or no discernable effect
26	Environment & Trans Ops	Close Viking Bus Station and Rural Freight Centre (£67,961) and Lease Bus Station for alternative uses (£12,000)	Assess	79,961		Provision of statutory services, delivered to national standards	The Viking Bus Station serves as a transport interchange, left luggage and waiting room, and it also serves the function of a rural freight centre for businesses and individuals. It is busy with deliveries and collections in the mornings, particularly on Tuesdays and Thursdays. If the Station was to close these services would be lost, unless other manned premises could undertake the tasks. Impact on certain groups of bus and freight users. Alternative options for rural fright and left luggage to be investigated.	Unclear how savings will be made. Economic impact of making small freight collections more difficult (eg security).	Overall impact likely to be negative, as the asset currently provides a place for bus users (who are often the most vulnerable) to wait, at no costs.	Neutral or no discernable effect, equality
27	Environment & Trans Ops	Review of Tingwall Airport including Opening Hours, days of operation and Air Ambulance Activity	Review	20,000	20,000	Provision of statutory services, delivered to national standards	Require closure of the airport on Saturday and 1/2 a day in the week and closing at 4pm for the darkest months of winter. Saving represents staff costs. Tingwall Airport has to have a third full time person on duty, to act as a fireman due to the Air Ambulance's use of Tingwall. The legislation is such that we cannot choose to down-man to two when the Air Ambulance is not visiting. We need to consider if it is a requirement of SIC to provide for this service or if the NHS require this service then the costs should be recovered in full. A redesign of services has the opportunity clarify the staffing arrangements.	Overall impact likely to be negative due to job loss / earning reduction. Need to understand current arrangements - life critical cases and air ambulance arrangements, patient transfer, how much happens through Tingwall and how much through Sumburgh.	Neutral or no discernable effect, if no reduction in opportunities to fly. Negative impact if this leads to a reduction in opportunities to use weather windows to fly.	Neutral or no discernable effect, equality
28	Environment & Trans Ops	Vehicle review aimed at reducing the number of vehicles in the fleet. Savings would be a combination of staff and parts savings.	Review	20,000	80,000	Provision of statutory services, delivered to national standards	Would require co-operation across the Council and may impact on the responsiveness of some services as works, etc, would have to be co-ordinated and planned to vehicle availability. So customers may well perceive a less responsive service.	Overall impact likely to be negative due to job losses (need clarify on how many).	Neutral or no discernable effect	Neutral or no discernable effect

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				Y1 - 2012/13	Y2 - 2013/14	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
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29	Ferry Operations	Comprehensive Review of ferry services	Review	765,044	697,444	Provision of Statutory Services, delivered to national standards	A thorough review of ferry services with the overarching aim of providing a sustainable inter island ferry services with an environment of reducing resources, with the aim of maximising economic growth and access to job opportunities as a priority. Review to include all routes and options and outcome to be presented to future Council meeting with a view to implementation of changes from 1 October 2012.	Needs full socio-economic impact assessment. Potential major impact.	Needs full poverty impact assessment, particularly with regard to integrated transport arrangements and charging.	Needs full equality impact assessment, understand impact on those who may be excluded.
30	Ferry Operations	Seek private sector sponsorship of cadets and cease sponsoring through ferry service	Implement	16,000		To help keep the local economy healthy. (Diversifying from Local Government employment and promoting employment in the private and voluntary sectors).	No immediate service implications. Cease sponsoring Deck and Engineer Cadets at NAFC, reducing by 4 per year for 3 years (12 in total)	Overall likely to be negative impact due to loss of 4 cadet programmes. However, by way of mitigation opportunities for private sector sponsorship.	Neutral or no discernable effect.	Neutral or no discernable effect.
31	Ferry Operations	Replace current free concessionary fares with a 50% fare charge for concessionary pass holders.	Implement	33,000		Provision of statutory services, delivered to national standards	There is no statutory requirement for SIC to grant concessionary fares on its inter island ferries. This would increase costs of travel for those who currently experience free travel. However this would be a more equitable service as currently concessionary pass does not differentiate for income level. Currently Orkney allow the option of either a limited number of free journey's per year or a 50% fare discount and they are currently reviewing this.	Overall impact likely to be negative on household income.	Positive if reassessed in line with low income (redefine concessionary categories).	Potentially positive impact if concessionary travel scheme can be targeted at those on low incomes.
32	All Services	Increased Charges for portaloos, commercial waste collection, commercial incineration, ferry fares, burials, ship sanitation water sampling.	Implement	206,679		Provision of statutory services, delivered to national standards	RPI increase in ferry fares, increase in waste incineration costs for commercial waste to reflect increases in landfill tax, increase for commercial skip and waste collection, increase in burial fees to £350 (below Scottish average). Increase costs for hire of portaloos for events and charge for water sampling on ship sanitation visits.	Overall impact likely to be negative, increased charges for businesses and community groups.	Neutral or no discernable effect	Neutral or no discernable effect
				2,438,246	872,444					
33	Children's Resources	Childcare partnership review	Implement	30,908		Economic	Currently duplication of service delivery/support to providers and inefficiencies. Key functions will be maintained therefore no negative impact. Propose Service Review. Review anticipated to result in 1FTE reduction.	Overall impact likely to be negative, one post reduced. Short term impact. Positive potential Impact on community groups / private sector providers by creating opportunities for them to grow their services and become more sustainable. Potential negative is for cost of childcare to increase for working families. Mitigation could be concessionary support for lower income families (eg vouchers and tax credits).	Neutral or no discernable effect. Families in poverty currently unlikely to be able to afford childcare. Need to develop policy direction on charging for childcare.	Neutral or no discernable effect.
34	Children's Resources	Islesburgh Out of School and Breakfast Clubs	Review		80,142	Economic	Provides quality childcare meeting corporate plan objectives. For those services we are exploring the option for the private sector to expand though outsourcing. 4.1 FTE staff potentially affected. Provided service continues, potentially no negative impact.	Overall impact likely to be negative, one post reduced. Short term impact. Positive potential Impact on community groups / private sector providers by creating opportunities for them to grow their services and become more sustainable. Potential negative is for cost of childcare to increase for working families. Mitigation could be concessionary support for lower income families (eg vouchers and tax credits).	Neutral or no discernable effect. Families in poverty currently unlikely to be able to afford childcare. Need to develop policy direction on charging for childcare.	Neutral or no discernable effect.

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				Y1 - 2012/13 £	Y2 - 2013/14 £	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
35	Children's Resources	Islesburgh Pre-school	Review		43,000	Economic	Delivers quality preschool education and care. Registered for up to 30 children. Commissioned places. For these services we are exploring the option for the private sector to expand through outsourcing. 4.3 FTE staff potentially affected. LA required to provide pre-education. Commissioned places. Provided service continues, potentially no negative impact.	Overall impact likely to be negative, one post reduced. Short term impact. Positive potential Impact on community groups / private sector providers by creating opportunities for them to grow their services and become more sustainable. Potential negative is for cost of childcare to increase for working families. Mitigation could be concessionary support for lower income families (eg vouchers and tax credits).	Neutral or no discernable effect. Families in poverty currently unlikely to be able to afford childcare. Need to develop policy direction on charging for childcare.	Neutral or no discernable effect.
36	Children's Resources	Holiday provision for children with additional support needs	Implement		82,572	Economic	Established to provide out of term support to children with substantial ASN. Service being reviewed to identify more effective and efficient provision. For those services we are exploring the option for the private sector to expand. Outsourcing should be pursued. No impact on staff - sessional work. More inclusive approach to supporting children and young people required out of term.	Uncertain effect in the medium term with potential for private sector growth	Neutral or no discernable effect, assuming those families experiencing poverty, deprivation and social exclusion are considered as part of the review.	Neutral or no discernable effect.
37	Children's Resources	Blydehaven Nursery	Review		44,901	Economic	Delivers quality preschool education and care. Registered for 12 children. Commissioned places. For those services we are exploring the option for the private sector to expand. Outsourcing should be pursued. 4.3 FTE staff potentially affected. LA required to provide pre-school education. Commissioned places. Provided service continues, potentially no negative impact. Should outsourcing be unsuccessful, Blydehaven and Islesburgh provision should be combined.	Uncertain effect in the medium term with potential for private sector growth	Neutral or no discernable effect, assuming those families experiencing poverty, deprivation and social exclusion (i.e. Those studying at Shetland College), are not negatively impacted upon.	Neutral or no discernable effect.
38	Children & Families	Service Re-design	Assess	47,918		Early Intervention	Review of GIRFEC Project Management. Reduction of 1 of 2 Independent Chairs of CPCCs and LAC Meeting. Revised GIRFEC procedures.	Overall impact likely to be negative in the short term, one post reduced (use of HR Policy)	Neutral or no discernable effect. However, effective GIRFEC process and outcomes are key to ensuring early intervention and measures to reduce and mitigate against the impacts on poverty, deprivation and social exclusion.	Neutral or no discernable effect. No impact on people's ability to access the service.
39	Children & Families	Vacancy in Children and Families	Assess	30,759		Economic	Family Support Workers support social work function, allowing social workers to focus on higher level duties. Would result in 33% reduction in support to vulnerable families and reduction in ability to provide risk reducing strategies to children on the Child Protection Register which could result in longer periods of registration and children being left in riskier situations, resulting in poorer outcomes for children. Loss of invested skills in working with substance misusing parents.	Overall impact likely to be negative in the short term, one post reduced (use of HR Policy)	Major negative impact due to value and impact on these key workers supporting families to achieve positive outcomes (move out of poverty and alleviate impacts of poverty).	Overall impact likely to be negative.
40	Children & Families	Reduction in 1.4 FTE Social Worker qualified staff in Children and Families Team	Assess	43,522	17,409	Economic	Social Work has a statutory duty to provide services relating to child protection, LAC and children in need. Any reduction on current staffing level will impact on service delivery. Impact on initial response to child protection could result in children being left at risk; upwards of 20 cases left unallocated; other Social Workers working beyond capacity increases potential for stress and sickness absence; impact on meeting statutory deadlines for reports, e.g. court reports, permanency planning; impact on Out of Hours Service; impact on early intervention and preventative work with children in need; and, in addition, social work provision from January 2012 will be affected by staff absence through maternity leave and social work placement for Trainee Social Worker.	Overall impact likely to be negative in the short term, one post reduced (use of HR Policy)	Major negative impact due to value and impact on these key workers supporting families to achieve positive outcomes (move out of poverty and alleviate impacts of poverty).	Overall impact likely to be negative.
41	Library	Redesign of School Library Service	Assess	38,061		Economic	Smaller school rolls make part time posts appropriate in these cases. Three school library post reduced by 50%.	Overall impact likely to be negative due to reduction of 1.5FTE posts.	Neutral or no discernable effect.	Neutral or no discernable effect.



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				Y1 - 2012/13 £	Y2 - 2013/14 £	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
42	Library	Introduce Loan charges for DVDs & CDs	Implement	3,000		Economic	This will be the first loan charge to be levied by the library and is likely to be unpopular and cut issue figures - however, practically all other Libraries in the UK use charges to boost income.	Neutral or no discernable effect	Neutral or no discernable effect, so long as individuals and families on low income are still able to access free of charge.	Neutral or no discernable effect.
43	Schools	Redesign of Service Delivery provision for Additional Support Needs staff in schools	Review		500,000	Equalities	Review of the Service with target saving of at least 10% of the current budget. This will lead to redundancies.	Overall impact likely to be negative some job reduction, quantity unknown at this stage. Medium term impact. No impact on other services.	Neutral or no discernable effect. Mitigation is better targeting of resources to priority needs, which could result in a more positive overall impact.	Overall impact likely to be negative resources likely to be allocated more to high end service needs, which may mean that lower level, early intervention is reduced or stopped for some groups (physical and learning disabilities). Mitigation is ensuring that mainstream staff are equipped to support all learning needs.
44	Schools	Revisit proposal 3 secondary department closures	Review		2,000,000	Equalities	This falls outwith current approved service priorities for the Blueprint - Aith, Sandwick, Whalsay and Skerries secondary pupils to Anderson High School. One secondary school for North Isles in Yell. Further school rationalisation in the secondary sector would offer significant efficiencies in service delivery. Junior High Schools currently offer a full curriculum to small numbers of pupils and this makes for a very expensive model. This will require redundancies.	Major negative socio economic impact on schools closures highlighted from previous studies. Separate studies required for each proposal.	Neutral or no discernable effect.	Uncertain effect, Full Equality Assessment required for each proposal.
45	Schools	Revisit proposal 3 primary school closures	Review		1,000,000	Equalities	This falls outwith current approved service priorities for the Blueprint. This would be the closure of Cullivoe, Burravoe, Skeld, Sandness, North Roe and Urafirth Primary Schools. Further school rationalisation in the primary sector would offer significant efficiencies in service delivery. This will require redundancies.	Major negative socio economic impact on schools closures highlighted from previous studies. Separate studies required for each proposal.	Neutral or no discernable effect.	Uncertain effect, Full Equality Assessment required for each proposal.
46	Schools	Music instruction – reduce number of musical instruments taught.	Review	71,647	51,176	Equalities	This is outwith current service priorities. This would lead to a reduction of 3FTE music instructors. To provide opportunities for private tuition. Potential reduction in the choice of instruments, e.g. to piano and fiddle only, and parents pay for anything else privately. This would lead to redundancies. The introduction of charges has not reduced the demand on places.	Some positives and some negatives. Short term negative impact for job losses. Future potential negative impact on earning potential from the creative sector in the medium / long term but mitigating factor could be to increase earning potential from private tuition.	Negative impact from option as presented due to reduction in service. Potential mitigation through distributing resources to enable young people in poverty to access music tuition.	Potential positive, as service redesign could support a life long learning approach to learning music.
47	Schools	Reduce % of pupils receiving music tuition from 40% to 25%	Review	118,240	84,457	Equalities	This is outwith current service priorities. This would lead to a further reduction of 3FTE music instructors. This links to the one above - Inequality around spread of pupils receiving music tuition and number of instruments they receive music tuition in. E.g. Some pupils receive lessons for more than 1 instrument. Consider reintroducing aptitude tests. This would lead to redundancies.	Some positives and some negatives. Short term negative impact for full time equivalent job losses. Future potential impact on earning potential from the creative sector in the medium / long term. Potential mitigating factor to increase earning potential from private sector.	Negative impact from option as presented due to reduction in service. Potential mitigation through distributing resources to enable young people in poverty to access music tuition.	Potential positive, as service redesign could support a life long learning approach to learning music.
48	Schools	Proposed Closure of Olnafirth Primary School	Assess for Consulation Stage Review for Final Decision		249,000	Equalities	Council agreed to proceed to consultation on the closure of Olnafirth primary school. Pending decision by Scottish Government - this may lead to legislative changes thereafter. Current roll of 18 pupils would move to either Mossbank, Brae or Lunnasting. Staff would be subject to a variety of transfer options.	Separate studies required for each proposal.	Neutral or no discernable effect.	Uncertain effect, Full Equality Assessment required for each proposal.
49	Schools	Reduction in support staff in schools	Assess		735,000	Equalities	Agreed as part of budget saving measures last year but only some progress made. Currently undertaking data collection/verification exercise but also awaiting direction following publication of McCormack review. Timescale unclear as yet. Locally however, considering formula based approach in line with other Scottish authorities. This will mean redundancies. This will be a significant change to the running of schools.	Overall impact likely to be negative or major negative, depending on clarity on number of redundancies.	Neutral or no discernable effect.	Uncertain affect as not clear which posts will be affected and therefore impact on learning / equalities

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50	Schools	Secondary staff hub schools staffing levels an additional reduction of 18 FTE	Assess	330,000	462,000	Equalities	The development of the hub model is a service priority. This will lead to reduced subject choice for pupils and larger classes in secondary. This is bringing the target completion date forward by 1 year and increasing the reduction in staff numbers. This would lead to redundancies.	Major negative impact due to large number of potential redundancies. In medium term, need for care to ensure that courses support employability and core skills.	Uncertain negative impact, due to higher class sizes and potentially less personal support / pastoral care.	Overall impact likely to be less opportunities for learning for young people.
51	Schools	Reduce Teacher input in Nurseries	Assess		300,000	Equalities	This is outwith current service priorities. Implementing this would bring us more in line with other Scottish local authorities in the delivery of pre-school education. Only authority in Scotland where there is full time nursery teaching input in all classes. Some teacher input would remain and required staffing ratios would be maintained by other suitably qualified Early Years staff. There is excellent pre-school settings in Shetland without teachers.	Overall impact likely to be negative.	Neutral or no discernable effect.	Neutral or no discernable effect.
52	Schools	Charge for board at Janet Courtney Hostel based on £25 per week	Implement	22,750	16,250	Equalities	This would reduce inequalities for pupils who are able to travel to school on a daily basis. Suggested by the Head Teacher group as a means of raising some income. Only applicable to the S5 & S6 cohorts. This would be means tested.	Neutral or no discernable effect.	Neutral or no discernable effect, as means tested.	Neutral or no discernable effect.
53	Schools	Depute Head Teachers to take a teaching role for 0.5 – saves 7.5 FTE	Assess		330,000	Equalities	This is outwith current priorities approved for the Blueprint. It would mean more efficient use of staff. Would save approximately 7.5 fte teachers - would lead to redundancies.	Overall impact likely to be negative due to number of potential redundancies.	Uncertain negative impact, due to potentially less personal support / pastoral care.	Neutral or no discernable effect
54	Schools	Youth Work – propose junior clubs cease to be staffed by SIC and run by volunteers	Review		150,000	Early Intervention	Aligned to national targets and contribute to early intervention work in schools. Opportunity for volunteering and increasing community capacity. This proposal came from Youth Development Workers.	Overall impact likely to be negative due to reduction in part time posts, in short term. In medium / longer term, opportunity to develop the skills of volunteers.	If services can continue under different arrangements, impact is neutral. However, due to the potential risk of failure to recruit / build capacity of volunteers in a short time frame, the impact is likely to be negative.	Neutral or no discernable effect, but care on transition to ensure continuity of service during period of change.
55	Sports & Leisure	Close Islesburgh Community Centre at 9pm on Saturday and Sunday nights instead of the existing 11pm	Implement	7,000		Economic and Carbon reduction	Minimal impact on service outcomes as reception closes at 9.00pm, café closes earlier at the weekend. Senior Youth Club would finish an hour early on Sunday evening and weekend evening room bookings would be shorter, but would still be available for groups to hire until 9.00pm. Facilities would not be available for bookings beyond 9.00pm. This would affect some groups and may raise some complaints. A PT Stewards post would have their hours reduced by 4hrs per week. The facilities would open later for special bookings, e.g. the Folk Festivals etc.	Minor negative impact through cut of a part time job.	Unable to assess without more information on users / clients groups / diversionary activity.	Neutral or no discernable effect.
				743,805	6,145,907					
56	Directorate	Support delivered in a different way by reducing commissioned services SLAs by 10% e.g. W&J Gray/COPE etc	Assess	196,877		Equity in provision of service	Care at home rather than in residential accommodation. Reduced number of bed spaces bought from W&J Gray Home. Equity in 10% budget reduction on SIC provided services and commissioned services.	Overall impact likely to be negative, some impact, short term. By way of mitigation, support can be provided to facilitate other models of service delivery (private and social enterprise).	Neutral or no discernable effect. Care needs assessment not dependent on levels of income.	Neutral or no discernable effect.
57	Adult Services	Close Banksbroo and offer individual budgets or residential care	Assess	250,000		Equity in provision of service	Change in how service is delivered for the 2 tenants involved in line with other clients (move to other care settings), this will have both a financial impact and change in quality of life. It will however, release 2 houses back into the housing stock. Significant financial impact and/or change in quality of life for 2 tenants if they move into residential care. Redundancies 2 posts assuming redeployment.	Overall impact likely to be negative for two potential redundancies.	Neutral or no discernable effect, service retained but delivered in a different way. Overall financial impact on existing tenants may be negative. Assessment will be based on national guidance for charging for care services.	Need a full equalities impact assessment to judge the balance between individual needs and mainstream service provision.

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				£	£					
58	Mental Health	Relocate/re-design Viewforth services. Relocate to Montfield upstairs initially and then relocate places over 2012/13/14 to other units (ET/Taing) and more support at home	Assess	500,000	700,000	Equity in provision of services and to National Standards	Relocation of Viewforth clients to Montfield initially, this will release Viewforth building to be able to be utilised for other purposes. Services provided initially in different locations and in different ways in future years using Telehealthcare. Supported by findings of Long Term Care Review and Dementia Redesign projects. Possible redundancies of up to 20FTE.	Major negative impact due to scale of potential redundancies.	Neutral or no discernable effect. Uncertain positive if people are able to access services at home or closer to home.	Neutral or no discernable effect. Uncertain positive if people are able to access services at home or closer to home.
59	CC Resources	Close Kantersted kitchen and use Taing/ET house kitchens for Lerwick meals on wheels and Eric Gray.	Assess	50,000		Equity in provision of services and to National Standards	More efficient use of kitchen facilities. Expect staff to be redeployed successfully.	Neutral or no discernable effect, so long as redeployment can be secured.	Neutral or no discernable effect.	Neutral or no discernable effect.
60	CC Resources	Link corridor between ET House and Taing (spend to save capital £125K)	Assess	50,000		Equity in provision of services and to National Standards	Enable more efficient use of manpower resources, while ensuring any works cause minimal disruption for clients. Possible redundancy of 1FTE manager. Revised work patterns for other staff.	Overall impact likely to be negative due to potential redundancy.	Neutral or no discernable effect.	Neutral or no discernable effect.
61	CC Resources	Create 8 additional residential care places at ET House by linking 2 wings and make savings by reducing number of residential care places elsewhere (spend to save capital £1.125M).	Assess	0	250,000	Equity in provision of services and to National Standards	Enable more efficient use of manpower resources, while ensuring any works cause minimal disruption plus relocation for some residents from other care settings. As above plus relocation for some residents from other care settings.	Overall impact likely to be negative due to potential redundancy.	Neutral or no discernable effect.	Neutral or no discernable effect.
62	CC Resources	Close Freefield	Assess	80,000		Equity in provision of services	Result in equitable service provision as this service is only available in Lerwick. Release building to be utilised fully to meet service priorities, and provide opportunities for the private or voluntary sector to meet demand.	Overall impact likely to be negative if job losses. Potential positive impact in encouraging the private and voluntary sector to meet the demand.	If services can continue under different arrangements, impact in neutral. However, due to the potential risk of failure to recruit / build capacity of volunteers in a short time frame, the impact is likely to be negative.	Neutral or no discernable effect, but care on transition to ensure continuity of service during period of change.
63	CC Resources	Close dedicated day care in older people's care settings	Assess	2,000,000		Target support to those with higher needs	High needs would be met for smaller numbers of customers through revised support plans. There would be some lower needs service reductions. Possible redundancies although expect to redeploy staff successfully in localities.	Major negative impact due to large number of potential redundancies.	If services can continue under different arrangements, impact in neutral. However, due to the potential risk of failure to recruit / build capacity of volunteers in a short time frame, the impact is likely to be negative.	Neutral or no discernable effect, but care on transition to ensure continuity of service during period of change.
64	CC Resources	Reduce / change MOW provision (frozen meals)	Assess	250,000		Equity in provision of services and to National Standards	Changed service providing meals in different ways, not a reduction in service levels. Reduced staff hours in care centre and school kitchens.	Overall impact likely to be negative due to number of hours for workers, throughout Shetland, with likely disproportionate impact in more remote/rural areas.	Neutral or no discernable effect	Neutral or no discernable effect
65	CC Resources	Integration of North Isles care using Isleshavn for short breaks and Nordalea for more permanent care for people with high/complex needs	Assess	500,000		Equity in provision of services and to National Standards	Provide short stays primarily as respite for carers to customers who have lower physical dependency making best use of the restricted facilities at Isleshavn. Higher levels of need would be met in the other care centres e.g. Nordalea in Unst and North Haven in Brae. Possible redundancies on Yell.	Overall impact likely to be negative due to the number of redundancies and the disproportionate impact on the north isles.	Neutral or no discernable effect, but need to take care over transport arrangements.	Potential negative impact if people have to travel further, distance from home/ local communities.
66	CC Resources	Reduce handypersons by 2 FTE	Assess	60,000		Efficient and effective use of resources	Integrate Infrastructure / Children's Svs / Care staff to prioritise work and work across more than one service. Possible redundancies 2FTE.	Overall impact likely to be negative due to number of redundancies.	Neutral or no discernable effect.	Neutral or no discernable effect.

Ref No	Service Area	Option Description	Implementation Procedure			Impacts detailed by Directors				
				Y1 - 2012/13 £	Y2 - 2013/14 £	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
				3,936,877	950,000					
67	Finance	Community Council Grants (10% over 2 years)	Review	11,000	13,000	This proposal will have no direct impact on any of the Corporate Priorities. It is presented as a proposal in line with the corporate priority to move towards funding services at a national standard.	The savings could come from any element of the grant (admin, environment, grants to local groups and roads). Until the consultation with the ASCC is carried out it is not possible to be specific about the service outcome.	Overall impact likely to be negative less funding overall for community based projects. No direct impact on any specific job. There may be a slight reduction in the overall available resources to private sector and voluntary groups within community council areas.	No direct impact on any individuals or families, so no direct impact on poverty. If the reduction comes from grants to local groups, this may have a marginal impact on access to services/events, which could be mitigated by community councils targeting resources differently.	Neutral or no discernable effect. Potential to target resources at those most in need.
68	G&L	Centralisation of Registration Service to Lerwick	Review	12,221	13,000	Effective and efficient use of resources	Avoidance of duplication - creation of opportunities for enhanced service provision and income	Overall impact likely to be negative, reduction of jobs outwith Lerwick. Loss of 20 retained posts - approx 1 FTE hours annually / total loss of £25k circulating in the economy. Be useful to receive information on current usage to make assessments.	Neutral or no discernable effect. No known impact - individual household loss does not exceed £1800 per annum.	Overall impact likely to be negative, centralised services may increase barriers to accessibility.
69	G&L	Insurance: service review to explore self insuring - low impact could achieve £100,000 recurring and full self insuring if accepted would net total recurring saving of £350,000 (£7k of this saving relates to Harbour/HRA)	Review	100,000	250,000	Organising ourselves better	Reduces revenue expenditure across all services, freeing up budget that could be spent on frontline services.	Neutral or no discernable impact. A significant portion of the premium spent on insurance covers the administration element that the insurer has to provide in relation to our policies. Self insurance would require up to another 3 members of staff. This would have a positive effect in that up to 3 people would secure employment and their incomes would therefore circulate within the local economy.	Neutral or no discernable effect	Neutral or no discernable effect
70	Human Resources	Services to fund any corporate training remove central budget	Implement	48,450		The Council has a range of corporate policies and legal duties to ensure staff are fully trained to fulfil managerial responsibilities.	Services may not have sufficient training budget to meet all training requirements	Neutral or no discernable effect	Neutral or no discernable effect	Neutral or no discernable effect. By targeting less experienced staff who may also be the youngest staff
				171,671	276,000					
71	Economic Development	Reduce Grant Schemes and Core funding to NAFC Marine Centre, SSQC, SAT, by 10%	Assess	419,223	332,285	These schemes and core funding are provided to help keep the local economy healthy. However there is scope for the private sector to increase contribution.	Service Outcomes should still be achieved, although likely to be reduction in number of projects supported. These savings will be made in a manner that minimises disruption to services. Ultimately savings of this scale will reduce the number of economic development projects that can be supported.	Overall impact likely to be negative, effects way in which organisations can deliver services, may hinder value added projects. Potential to rebalance funding between private and public sector. Presume no direct job losses; information should be clarified.	Neutral or no discernable effect.	Overall impact likely to be negative, potentially less training opportunities for younger people at NAFC Marine Centre.
72	Transport Planning	Reduce Transport hired and contracted services (Total budgeted expenditure on purchased bus services, including public, school, and care services = £3.5m )	Assess	249,946		Potential impact on vulnerable people and families	Potential to reduce service. Main impacts on dial-a-ride, shopper and health centre transport. Also ferry community runs. Efficiencies on other public routes, and school and care transport will be investigated to reduce impacts. May have impact on viability of some small transport operators.	Major negative impact, potential to impact on workers / learners access to job and, training. More generally, impact on ability to access other services. Likely negative impact on small transport operators.	Major negative impact, lead to increased levels of poverty, deprivation and social exclusion, likely to be most vulnerable groups and more rural / remote communities.	Major negative impact, lead to increased levels of poverty, deprivation and social exclusion, likely to be most vulnerable groups (evidenced by consultation with disadvantaged groups).

Ref No	Service Area	Option Description	Implementation Procedure			Impacts detailed by Directors				
				Y1 - 2012/13	Y2 - 2013/14	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
				£	£					
73	Community Planning	Reduce Grant Schemes to Community Groups, Voluntary organisations, inc museum & archives, by 10%	Assess	198,782		Voluntary organisations, Museum & archives and other public heritage and cultural services play an important role in quality of life in Shetland and attracting people to visit, live and work in Shetland.	Likely to effect Service Level Agreements. Discussions with services providers to minimise service reduction, e.g. reduced opening hours. Reduced funding to Voluntary, Youth, leisure and Community groups, and Museum and Archives.	Overall impact likely to be negative, less funding for community based projects and initiatives. Presume no job cuts; needs to be clarified. By way of mitigation, if the Council moved to commissioning services through service level agreements it may provide a more sustainable, less reliant funding arrangement. However, care needed on transition between cuts and building the capacity to take up contracts to earn income. Some national grant funding available.	Neutral or no discernable effect. Opportunity to better target grants schemes at those not currently able to access services.	Neutral or no discernable effect. Potential to target resources at those most in need. Need more information to ensure no disproportionate impact on younger people.
74	Community Planning	Shetland College Grant reduction. Funding for remote learning centres, subject to curriculum review to be undertaken by College, early 2011	Review		45,000	Will reduce the opportunities for people to learn in their communities	Will effect the remote learning service but difficult to quantify extent until curriculum review conducted. There is over provision of remote learning service and requires review to achieve cost effective delivery of learning in communities. Further impact on SRT likely as most of these services delivered in rural leisure centres.	Uncertain impact, likely to be negative potential for 1 FTE job loss. Impact on service provision in remote areas. Impact on revenue stream for Shetland Recreational Trust. Mitigating opportunities through use of other community venues and joined up employability pipeline (a multi agency approach to getting people into work).	Neutral or no discernable effect, as services can be provided in a different way to target those currently in poverty or social exclusion.	Neutral or no discernable effect, if no reduction in service, but would look for reassurance that services can still be locally provided. Will be an impact if people need to travel further.
75	Housing	Sheltered housing staffing, reorganise support functions along with Community Care service	Review	25,000		Arrangements to ensure support services to sheltered housing are coordinated so that there is no impact on service to vulnerable people.	Difficult to quantify - needs to be subject to review in partnership with community care. Moving towards more effective and efficient use of resources.	Neutral or no discernable effect.	Neutral or no discernable effect.	Neutral or no discernable effect.
76	Housing	Sheltered housing heating, subsidised electricity - remove subsidy	Assess	80,000		The existing arrangements do not target most in need. Review other means to combat fuel poverty for those most in need	Service Outcomes should still be achieved. Revert to sheltered tenants paying electricity bills direct, remove subsidy and target fuel poverty differently providing support where required.	Neutral or no discernable effect.	Short term negative for existing tenants but will be mitigated by using existing fuel poverty initiatives and support. Overall impact neutral as it provides a more equitable distribution of resources.	Neutral or no discernable effect, as no needs assessments.
77	Housing	Remove support grants to other bodies	Assess	37,000		Support services to vulnerable people - ensure impacts are thoroughly investigated.	This may effect service provided by the agencies effected. Impact on voluntary sector and on provision of services through SLA's for vulnerable clients. Befriending £17,000, Advocacy Shetland £12,000, Family Mediation £8,000.	Loss of economic earning potential for community groups; ability to deliver core functions. More information required for each organisation to undertake a holistic assessment of priority services, targeted at highest needs and all of public sector funding arrangements.	Full poverty impact assessment to understand impact on vulnerable client group.	Full equality impact assessment to understand impact on vulnerable client group.
78	Planning	Service restructure and reduction of conservation grants by 100%.	Assess	148,161		Heritage plays a significant part in attracting people to visit and live in Shetland	Will reduce number of heritage projects which can be supported. Reduced number of posts and reduction in conservation grants.	Overall impact likely to be negative in the short term due to reduction in posts (mitigate through HR policies, as above) likely negative long term impact on tourism due to decline in built environment.	Neutral or no discernable effect	Neutral or no discernable effect.
				1,158,112	377,285					
79	All	Reduce Non-contractual/Non Terms & Conditions Overtime	Review	250,000	250,000			Overall impact in the longer term likely to be negative due to decreased earning capacity (more likely to impact on manual workers), and less money within the economy.	SIC minimum is currently above Living Wage. If this doesn't change, then no impact.	Assume HR would undertaken EQIA

Ref No	Service Area	Option Description	Implementation Procedure			Impacts detailed by Directors				
				Y1 - 2012/13	Y2 - 2013/14	Corporate Priorities	Service Outcomes	Socio-Economic & Jobs	Poverty	Equality
				£	£					
80	All	Single Status Terms & Conditions	Review	0	2,000,000			Overall impact in the longer term likely to be negative due to decreased earning capacity (more likely to impact on manual workers), and less money within the economy.	SIC minimum is currently above Living Wage. If this doesn't change, then no impact.	Assume HR would undertaken EQIA
				250,000	2,250,000					
				8,698,711	10,871,636					

Ref No	Service Area	Lead Officer	Cost Pressures	Y1 - 2012/13 £
1	Chief Executive	Peter Peterson	Staffing for Communications Unit	(120,841)
2	SIC	Jan Riise	Insurance Premiums	(198,127)
3	Capital Programmes	Robert Sinclair	North Ness Office	(560,000)
4	Ferry Operations	Ken Duerden	Ferry Fuel Costs	(793,196)
5	Environment & Trans Ops	Stephen Cooper	Landfill Tax Rate Increase	(50,000)
6	SIC	Hazel Sutherland	Police - Montgomery Formula	(8,771)
7	SIC	Hazel Sutherland	Fire	(13,500)
8	SIC	Hazel Sutherland	Rates Increase	(444,546)
9	Governance & Law	Jan Riise	SIC Elections	(32,000)
10	SIC	Hazel Sutherland	General Revenue Grant	(909,000)
11	SIC	CMT	Pensioners Costs	(100,735)
12	Transport Planning	Michael Craigie	Indexation & Inflation on School and Social Work Transport - Bus Contracts	(687,285)
13	Environment & Trans Ops	Stephen Cooper	Electricity Price Increases	(427,025)
14	SIC	CMT	Transfers of maintenance spend from Capital to Revenue for all services.	(3,344,487)
<b>TOTAL</b>				<b>(7,689,513)</b>





<b>REVIEW OF CHARGES - EXECUTIVE OFFICE</b>
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<b>TOWN HALL CHARGES</b>	<b>2011/12 Charge £</b>	<b>2012/13 Charge £</b>	<b>Variance %</b>	<b>Vatable (Y/N)</b>
Weddings	40.00	44.00	10.00	N
Miscellaneous Functions (to 5pm)	18.00	19.80	10.00	N
Miscellaneous Functions (after 5pm)	25.00	27.50	10.00	N
Time after 1am	70.00	77.00	10.00	N
Preparation after 5pm	24.00	26.40	10.00	N

## REVIEW OF CHARGES - LEGAL &amp; ADMIN SERVICES

	2011/12 Charge £	2012/13 Charge £	Variance %	Vatable (Y/N)
<b>PROPERTY ENQUIRY CERTIFICATES</b>	100.00	100.00	0.0	N
<b>CIVIL MARRIAGES - LERWICK REGISTRATION OFFICE</b>				
<b>Approved Places – Licensing Scheme</b>				
Application for 3 year licence	195.00	200.00	2.6	N
Application for 1 day licence	195.00	200.00	2.6	N
<b>Marriage Room, County Buildings (Maximum no. 25)</b>				
<i>4 to 25 guests - Monday to Friday – 10 a.m. to 4 p.m.</i>				
Accommodation and Booking Fee	30.00	32.00	6.7	N
<i>up to 25 guests - Outwith Normal Office Hours</i>				
Accommodation and Booking Fee	58.00	60.00	3.4	N
<b>Registration Office – All Districts, except Lerwick - 4+ guests</b>				
Accommodation and Booking Fee	30.00	32.00	6.7	N
<b>Approved Places - All Districts</b>				
Administration and Booking Fee	115.00	120.00	4.3	N
<i>All booking fees include a £10 non-refundable fee</i>				
<b>LICENSING (Scotland) Act 2005 (New)</b>				
<b>(Charges below are determined by Fees Regulations or the Licensing Board)</b>				
<b>Application Type</b>				
Initial Premises Application Fee				
Category 1	200.00	200.00	0	N
Category 2	800.00	800.00	0	N
Category 3	1,100.00	1,100.00	0	N
Category 4	1,300.00	1,300.00	0	N
Category 5	1,700.00	1,700.00	0	N
Category 6	2,000.00	2,000.00	0	N
Annual Premises Licence Fee				
Category 1	180.00	180.00	0	N
Category 2	220.00	220.00	0	N
Category 3	280.00	280.00	0	N
Category 4	500.00	500.00	0	N
Category 5	700.00	700.00	0	N
Category 6	900.00	900.00	0	N
Vary Premises Licence 29(1) Substitution of manager	31.00	31.00	0	N
Vary Premises Licence 29(1) minor	20.00	20.00	0	N
Vary Premises Licence 29(1) other	50.00	50.00	0	N
Xfr by Licence Holder 33(1) with variation	75.00	75.00	0	N
Xfr by Licence Holder 33(1) with no variation	50.00	50.00	0	N
Xfr by another person 34(1) with variation	75.00	75.00	0	N
Xfr by another person 34(1) with no variation	50.00	50.00	0	N
Temporary Premises Licence 47(2)	75.00	75.00	0	N
Occasional Licence 56(1)	10.00	10.00	0	N
Extended Hours 68(1)	10.00	10.00	0	N
Personal Licence 72(1)	50.00	50.00	0	N
Replacement Personal Licence 92(1)	10.00	10.00	0	N

## REVIEW OF CHARGES - COMMUNITY CARE SERVICES

	2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	Vatable (Y/N)
<b>Social Work Establishments</b>				
<b>Permanent Residents - All Establishments</b>				
- single room per week (i)(ii)	1082	* See below		N
<b>Temporary Residents - All Establishments</b>				
- single room per week (iii)	218	231	6.0	N
<b>Financial Assessment for Temporary Residential Care</b>				
<b>Disregarded Home Commitments Allowances:</b>				
- Person Living Alone	35	36	2.6	N
- Person Sharing a Home	23	23	2.6	N
- Sheltered Housing Tenant Living Alone	23	23	2.6	N
- Sheltered Housing Tenant Sharing a Home	18	18	2.8	N
<b>Stocketgaet and Sea View Living Expenses (iv)</b>				
- Stocketgaet	71.34	74.02	3.8	N
- Seaview	90.49	97.01	7.2	N
<b>Independent Living Project</b>				
Charges for Communal Facilities per week				
- Rudda Park	15	15	0.0	N
- Arheim	15	15	0.0	N
Transition Experience Flat per night	11	11	0.0	N
<b>Day Care Meal Charges per meal</b>				
- Breakfast	1.70	2.00	17.6	N
- Main meal	2.85	3.50	22.8	N
- Tea / Light Meal	1.40	1.70	21.4	N
- Supper/Snack	1.40	1.70	21.4	N
<b>Meals on Wheels - per meal</b>	2.85	3.50	22.8	EXEMPT
<b>Social Work Premises</b>				
<b>Hourly</b> room hire rate	8.50	8.75	2.9	N
There will be an additional charge for tea/coffee/biscuits.				

**Notes:**

- \* Due to the proposals included in the budget setting report, it is necessary to review all budgets once set, to ensure that the Permanent Residents charge is set at the correct level for the year. A further report will be presented, in which this charge will be set.
- (i) Residential Charges are subject to legislation and the method of calculation is based on the full economic cost including capital charges. The Council's Equalisation of Charges policy and the subsidy from Shetland Charitable Trust to support the Rural Care Model in Shetland means that the full charge for a care place in any of the Council run care homes will be XXX per week and that anyone assessed as able to pay the full charge will be entitled to the national Free Personal Care payment of £159 per week (to be updated once national rates are agreed) so the net charge would be XXX per week.
- (ii) From 11 April 2012, those residents in permanent care with savings/assets of over £23,000 (subject to change at a national level) are responsible for meeting the full weekly cost of their care.
- (iii) The temporary residents' charge is based on the maximum income available from DWP benefits
- (iv) Stocketgaet and Sea View living expenses are charged to the tenants. The Social Work Service then pays the bills in accordance with the principles outlined in Part 4 of the Adults with Incapacity (Scotland) Act 2000

due to the disabilities of the tenants. (Note that Part 4 does not, at present, apply to those in Supported Accommodation, but we are using it as a guide to best practice).

## REVIEW OF CHARGES - COMMUNITY CARE SERVICES

## 2012/13 PRICING ARRANGEMENTS FOR INDEPENDENT SECTOR PROVIDERS

<b>Crossreach</b>	<b>2011/12 CHARGE £</b>	<b>2012/13 CHARGE £</b>	<b>VARIANCE %</b>	<b>Vatable (Y/N)</b>
Negotiated price inclusive of enhancements for all client groups	818	818	0.0	N

<b>Mainland Placements</b>	<b>2011/12 CHARGE £</b>	<b>2012/13 CHARGE £</b>	<b>VARIANCE %</b>	<b>Vatable (Y/N)</b>
Negotiated price will be on an individual basis in line with COSLA's benchmark figures.	Negotiable	Negotiable	n/a	N

## DIRECT PAYMENT RATES - COMMUNITY CARE SERVICES

<b>SERVICE</b>	<b>2011/12 Direct Payments Rate Payable £</b>	<b>2012/13 Direct Payments Rate Payable £</b>	<b>VARIANCE %</b>	<b>Vatable (Y/N)</b>
Personal Care per hour	16.23	16.18	-0.3	N
Domestic Tasks per hour (including Laundry and Meal preparation)	11.46	11.37	-0.8	N
Day Care per day – All age groups	56.80	56.80	0.0	N
Residential Short Breaks per week	503.00	503.00	0.0	N
Short Breaks at Home per hour (e.g. Crossroads)	10.33	10.33	0.0	N

**Notes:**

1. All figures are gross and amounts payable would be net of any charges that apply. If a service user opts for Direct Payments and subsequently purchases the service from the Local Authority the charge would be equal to the Direct Payment rate.
2. Calculation of Direct Payment rates for other services would be done as required to meet the agreed care plan following an individual assessment of need.
3. An additional payment would be agreed on an individual basis with service users to cover training needs e.g. moving and handling for Personal Care Assistants. Training would also be made available through Social Work.

<b>REVIEW OF CHARGES - HOUSING SERVICES</b>
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Type of Charge - Per Week	2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	Vatable (Y/N)
<b><u>Homeless Persons</u></b>				
<b>99 St Olaf Street:</b>				
- Room 1 - Occupancy Charge	42.65	44.90	5	N
- Room 2 - Occupancy Charge	42.65	44.90	5	N
- Room 3 - Occupancy Charge	42.65	44.90	5	N
- Furniture Charge	6.55	6.90	5	N
- Electricity Charge	15.15	15.95	5	N
- Service Charge	13.30	14.00	5	N
<b>Total Charge</b>	<b>77.65</b>	<b>81.75</b>	<b>5</b>	
<b>101 St Olaf Street:</b>				
- Flat 1 (2 Apt) - Occupancy Charge	57.10	60.10	5	N
- Flat 2 (2 Apt) - Occupancy Charge	57.10	60.10	5	N
- Furniture Charge	10.65	11.20	5	N
- Electricity Charge	n/a	n/a	#VALUE!	N
- Service Charge	6.65	7.00	5	N
<b>Total Charge</b>	<b>74.40</b>	<b>78.30</b>	<b>5</b>	
<b>101 St Olaf Street:</b>				
- Flat 3, Room 1 - Occupancy Charge	42.65	44.90	5	N
- Flat 3, Room 2 - Occupancy Charge	42.65	44.90	5	N
- Furniture Charge	6.55	6.90	5	N
- Electricity Charge	15.15	15.95	5	N
- Service Charge	6.65	7.00	5	N
<b>Total Charge</b>	<b>71.00</b>	<b>74.75</b>	<b>5</b>	
<b>89 St Olaf Street</b>				
- Room 5 - Occupancy Charge	57.00	60.00	5	N
- Furniture Charge	10.65	11.20	5	N
- Electricity Charge	15.15	15.95	5	N
- Service Charge	13.30	14.00	5	N
<b>Total Charge</b>	<b>96.10</b>	<b>101.15</b>	<b>5</b>	
<b>Burgh Road:</b>				
- Rooms 1 to 8 - Occupancy Charge	42.65	44.90	5	N
- Furniture Charge	6.55	6.90	5	N
- Electricity Charge	15.15	15.95	5	N
- Service Charge	13.30	14.00	5	N
<b>Total Charge</b>	<b>77.65</b>	<b>81.75</b>	<b>5</b>	
<b>12a North Road</b>				
-Flats 1 to 8 - Occupancy Charge	19.30	20.30	5	N
-Furniture Charge	6.55	6.90	5	N
-Service Charge	13.30	14.00	5	N
-Electricity in communal areas	4.25	4.45	5	N
<b>Total Charge</b>	<b>43.40</b>	<b>45.65</b>	<b>5</b>	
<b>Shared Properties</b>				
- 3 Apt / 2 units - Occupancy Charge	34.70	36.55	5	N
- Furniture Charge	6.55	6.90	5	N
- Electricity Charge	15.15	15.95	5	N
<b>Total Charge</b>	<b>56.40</b>	<b>59.40</b>	<b>5</b>	
<b>Shared Properties</b>				
- 4 Apt / 2 units - Occupancy Charge	42.65	44.90	5	N

- Furniture Charge	6.55	6.90	5	N
- Electricity Charge	15.15	15.95	5	N
<b>Total Charge</b>	<b>64.35</b>	<b>67.75</b>	<b>5</b>	
<b>Shared Properties</b>				
- 4 Apt / 3 units - Occupancy Charge	27.85	29.30	5	N
- Furniture Charge	6.55	6.90	5	N
- Electricity Charge	15.15	15.95	5	N
<b>Total Charge</b>	<b>49.55</b>	<b>52.15</b>	<b>5</b>	
<b>New Property</b>				
- 5 Apt - Occupancy Charge	<b>98.04</b>	<b>103.25</b>		
- 5 Apt / 4 units - Occupancy Charge	<b>24.51</b>	<b>25.80</b>		
- Furniture Charge	<b>6.55</b>	<b>6.90</b>		

- Electricity Charge	15.15	15.95		
- Service Charge	24.51	25.80		
Shared Properties Service Charge if applicable	13.30	14.00	5	N
Communal Electricity charge if applicable	4.25	4.45	5	N

## 2012/13 REVENUE ESTIMATES

## Appendix 5 (4)

### REVIEW OF CHARGES - HOUSING SERVICES

Type of Charge - Per Week	2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	Vatable (Y/N)
<b>General Needs Stock Used for Homeless Persons:</b>				
- 1 Apt - Occupancy Charge	42.65	44.90	5	N
- 2 Apt - Occupancy Charge	57.10	60.10	5	N
- 3 Apt - Occupancy Charge	70.85	74.60	5	N
- 4 Apt - Occupancy Charge	85.20	89.70	5	N
<b>Lerwick Chalets - Homeless Lets:</b>				
- 2 Apt - Occupancy Charge	27.20	28.65	5	N
- 3 Apt - Occupancy Charge	35.40	37.25	5	N
<b>Landward Chalets - Homeless Lets:</b>				
- 2 Apt - Occupancy Charge	24.05	25.35	5	N
- 3 Apt - Occupancy Charge	30.90	32.55	5	N
- 4 Apt - Occupancy Charge	37.70	39.70	5	N
- 5 Apt - Occupancy Charge	43.00	45.30	5	N
<b>Homeless Persons - General Needs Stock &amp; Chalets:</b>				
- Carpets and curtains (per bedroom)	2.10	2.20	5	N
- Fully furnished - sole occupancy				
2 Apt	4.75	5.00	5	N
3 Apt	6.55	6.90	5	N
4 Apt	8.65	9.10	5	N
- Fully furnished - shared units/1 Apt	2.65	2.80	6	N
- Part furnished - 2 Apt	n/a	n/a	#VALUE!	N
3 Apt	n/a	n/a	#VALUE!	N
4 Apt	n/a	n/a	#VALUE!	N
- White goods - sole occupancy	4.10	4.30	5	N
- White goods - shared units/1 Apt	2.10	2.20	5	N
- Additional Special Furnishings Charges	6.25	6.60	6	N
<b>-B&amp;B Accommodation</b>				
- Adult aged 16 or over	84.75	89.25	5	N
- Child under 16	47.30	49.80	5	N



Storage Charges - per week (storage of prperty in Gremista store)	5.00	5.25	5	N
In the event that larger properties are utilised as temporary accommodation, then the same formula as that used to calculate the rent levels will be used to calculate the charge applicable.				

## 2012/13 REVENUE ESTIMATES

Appendix 5 (4)

### REVIEW OF CHARGES - HOUSING SERVICES

Type of Charge - Per Week	2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	Vatable (Y/N)
<b><u>Caravan Site/Pitch Rents</u></b>				
Per Week				
-Hoofields (for private lets and homeless persons)	11.10	11.70	5	N
-Other (for private lets and homeless persons)	7.35	7.75	5	N
<b><u>Sheltered Housing Heating</u></b>				
Per Week				
-1 Apt	10.90	11.45	5	N
-2 Apt	14.45	15.15	5	N
-3 Apt	17.35	18.25	5	N
-4 Apt	20.10	21.15	5	N
<b><u>Oil Heating Charge for General Needs Tenants</u></b>				
<b><u>Non Trad let in Sheltered OPD Block</u></b>				
Per Week				
-1 Apt	15.90	16.75	5	N
-2 Apt	22.45	23.65	5	N
-3 Apt	25.75	27.10	5	N
<b><u>Economic Rents</u></b> Such houses and shops are on leases with fixed rental subject to review by the District Valuer/ Estates Management section at regular intervals  <b><u>Mainland Recruited SIC Staff Properties</u></b> Such houses are subject to normal HRA General Needs rents with a 25% addition				

<b>REVIEW OF CHARGES - SPORTS &amp; LEISURE SERVICES</b>
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			2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	Vatable (Y/N)
<b><u>GRJ3107 - Parks General - Jubilee Flower Park</u></b>						
<b><u>Tennis</u></b>	Hire of Court (per hour per player)	Juveniles/OAP's	1.45	1.50	3.4	Y
		Adults	2.55	2.65	3.9	Y
	Hire of Tennis Racquets (per hour)	Juveniles/OAP's	1.45	1.50	3.4	Y
		Adults	2.55	2.65	3.9	Y
	Hire of Three Tennis Balls (per hour)	Juveniles/OAP's	1.30	1.35	3.8	Y
		Adults	1.30	1.35	3.8	Y
	Court Hire to Clubs per hour	Juveniles/OAP's	7.25	7.50	3.4	Y
		Adults	15.50	16.00	3.2	Y
<b><u>Putting</u></b>	Charge for 18 Holes	Juveniles/OAP's	1.40	1.45	3.6	Y
		Adults	1.80	1.85	2.8	Y
<b><u>Draughts</u></b>	Draughts per hour	Juveniles/OAP's	1.30	1.35	3.8	Y
		Adults	1.70	1.75	2.9	Y
<b><u>Bowling</u></b>	Charge per Rink per Player per hour	Juveniles/OAP's	1.70	1.75	2.9	Y
		Adults	2.60	2.70	3.8	Y
	Hire of Bowls per hour	Juveniles/OAP's	1.35	1.40	3.7	Y
		Adults	1.75	1.80	2.9	Y
	Hire of Shoes per hour	Juveniles/OAP's	1.35	1.40	3.7	Y
		Adults	1.35	1.40	3.7	Y
	Seasonal Hire of Green to Bowling Club (Excluding use of bowls and Shoes) Per Member	Under 16 Yrs	11.00	12.00	9.1	Y
		Adults	20.00	21.00	5.0	Y
	Hire of Kitchen and Viewing Area	Juveniles	3.70	4.00	8.1	EXEMPT
		Adults	4.50	5.00	11.1	EXEMPT
<b><u>GRJ3107 - Parks General - Gilbertson Park Games Hall</u></b>						
	Hire of Gilbertson Park (For Sporting Use)	Juveniles/OAP's	9.00	9.50	5.6	Y
	Games Hall per hour (For Sporting Use)	Adults	18.00	19.00	5.6	Y
	Hire of Gilbertson Park (For General Use)	Juveniles/OAP's	7.50	8.00	6.7	N
	Games Hall per hour (For General Use)	Adults	15.00	16.00	6.7	N
	Hire of Gilbertson Park - Block Booking (10 or more)	Juveniles/OAP's	7.50	8.00	6.7	EXEMPT
	Games Hall per hour - Block Booking (10 or more)	Adults	15.00	16.00	6.7	EXEMPT
	Hire of Kitchen Facilities (Per Hour)	Juveniles	3.00	3.50	16.7	EXEMPT
	Hire of Kitchen Facilities (Per Hour)	Adults	4.50	5.00	11.1	EXEMPT
<b>GRJ3130 - Sandwich JHS Games Hall - Hire of Games Hall and Courts</b>		Proposed prices are the same as Shetland Recreational Trust facilities for 2011/12				Y
<b>GRJ3131 - Scalloway JHS Games Hall - Hire of Games Hall and Courts</b>		Proposed prices are the same as Shetland Recreational Trust facilities for 2011/12				Y

GRJ 3101 - ISLESBURGH		2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	INCLUSIVE OF VAT
<b>Room Hire Charges for Islesburgh Complex</b>					
<b>Voluntary Organisations</b>	Meetings and Activities - Session	13.50	14.00	3.7	EXEMPT
	Meetings and Activities - Extra hours after 11pm	5.00	5.50	10.0	EXEMPT
	Social Functions - Session	32.00	33.00	3.1	EXEMPT
	Social Functions - Extra hours after 11pm	13.50	14.00	3.7	EXEMPT
	Room 16 Meetings and Activities - Session	32.00	33.00	3.1	EXEMPT
	Room 16 Meetings and Activities - Extra hours after 11pm	13.50	14.00	3.7	EXEMPT
	Room 16 Social Functions - Session	68.00	70.00	2.9	EXEMPT
	Room 16 Social Functions - Extra hours after 11pm	25.00	27.00	8.0	EXEMPT
	Radio Room and Room 13 (2 hours) - Session	7.00	7.50	7.1	EXEMPT
	Radio Room and Room 13 (2 hours) - Extra hours after 11pm	5.00	5.50	10.0	EXEMPT
<b>Family Use</b>	Children Parties - Session	27.00	28.00	3.7	EXEMPT
	Social Function - Session	27.00	28.00	3.7	EXEMPT
	Social Function - Extra hours after 11pm	13.50	14.00	3.7	EXEMPT
	Room 16 Children's Parties - Session	40.00	41.00	2.5	EXEMPT
	Room 16 Social Function - Session	74.00	76.00	2.7	EXEMPT
	Room 16 Social Function - Extra hours after 11pm	31.00	32.00	3.2	EXEMPT
	Radio Room and Room 13 (2 hours)	13.50	14.00	3.7	EXEMPT
	Radio Room and Room 13- Extra hours after 11pm	13.50	14.00	3.7	EXEMPT
<b>Public Sector Organisations</b>	Meetings and Activities - Session	34.00	35.00	2.9	EXEMPT
	Meetings and Activities - Extra hours after 11pm	13.50	14.00	3.7	EXEMPT
	Social Functions - Session	67.00	69.00	3.0	EXEMPT
	Social Functions - Extra hours after 11pm	34.00	35.00	2.9	EXEMPT
	Room 16 Meetings and Activities - Session	55.00	57.00	3.6	EXEMPT
	Room 16 Meetings and Activities - Extra hours after 11pm	36.50	38.00	4.1	EXEMPT
	Room 16 Social Functions - Session	123.00	127.00	3.3	EXEMPT
	Room 16 Social Functions - Extra hours after 11pm	43.00	45.00	4.7	EXEMPT
	Radio Room and Room 13 (2 hours) - Session	17.00	17.50	2.9	EXEMPT
	Radio Room and Room 13 (2 hours) - Extra hours after 11pm	13.50	14.00	3.7	EXEMPT
<b>Commercial Sector Bookings</b>	Meetings and Activities - Session	42.00	43.00	2.4	EXEMPT
	Meetings and Activities - Extra hours after 11pm	19.25	20.00	3.9	EXEMPT
	Social Functions - Session	78.00	80.00	2.6	EXEMPT
	Social Functions - Extra hours after 11pm	39.50	41.00	3.8	EXEMPT
	Room 16 Meetings and Activities - Session	98.00	100.00	2.0	EXEMPT
	Room 16 Meetings and Activities - Extra hours after 11pm	38.00	39.00	2.6	EXEMPT
	Room 16 Social Functions - Session	134.00	138.00	3.0	EXEMPT
	Room 16 Social Functions - Extra hours after 11pm	44.00	46.00	4.5	EXEMPT
	Radio Room and Room 13 (2 hours) - Session	21.00	22.00	4.8	EXEMPT
	Radio Room and Room 13 (2 hours) - Extra hours after 11pm	19.25	20.00	3.9	EXEMPT
<b>Room Hire Notes</b>					
1. Sessions last for a period of up to 4 hours e.g.: Morning 9.00 a.m. – 1.00 p.m., Afternoon 2.00 p.m. – 6.00 p.m., Evening 6.30 p.m. – 10.30p.m.					
2. The Radio Room and Room 13 can be booked on a two hourly basis for meetings. These times are set as follows:- 9am—11am, 11am—1pm, 2-4pm, 4-6pm, 6.30-8.30pm, 8.30-10.30pm. If either of these rooms are required outside the hours printed above the charge will revert to a normal four hour session rate.					
3. A 10% discount is available for block bookings of 10 room hires or more.					
4. A 20% discount is available for large scale events which exclusively occupy the first floor or more of Islesburgh Community Centre.					
5. A 50% concession in charges is available to Senior Citizens Groups, Under 18 Groups, and Additional Support Needs Groups.					
6. Eligibility to receive 50% concession is based on an organisation's purpose and/or their target membership falling within one of the above categories.					
7. These reductions apply to voluntary sector room bookings only, not catering or equipment hire.					
8. Voluntary sector groups in receipt of the 50% reduction on room hires will not be eligible for an additional 10%/20% reduction.					
9. Organisations wishing to make block bookings for a specific room must submit their application by 30th June each year for bookings during the period 1st January – 31st December the following year.					
10. Block bookings will be confirmed by 31st July for booking during the period 1st January – 31st December the following year.					
11. Bookings for large scale events can be made at any time up to 2 years in advance of the start of the year.					
12. Room bookings for one-off meetings or activities can be made at any time up to one year in advance.					
13. Bookings requiring a set-up period will be charged the applicable room hire rate for this period.					
14. <b>Cancellations</b> of room bookings must be confirmed at least five days in advance or the full charge is payable.					
15. <b>Cancellation</b> of large scale events must be confirmed at least one month in advance or 25% of the full charge is payable.					
16. All late night functions ending at midnight or later will incur an additional hours charge for guest departure and clearing up.					
<b>Shetland Box Office</b>	Cost per ticket sold through the Shetland Box Office (new category)	2% or 0.10			

<b><u>Video Edit Facility</u></b>	People using the video edit suites are required to have completed the training course, for which the fee is £16.00 *.					
	Individual - per session*	10.00	10.50	5.0	Y	
	or for 3 sessions booked at one time*	26.00	27.00	3.8	Y	
	Commercial Users - per session*	165.00	170.00	3.0	Y	
	Other, Non -Commercial Users - per session*	86.00	88.00	2.3	Y	
<b><u>Catering</u></b>	<b>Use of kitchen and associated facilities for activities/functions within the Centre/House will be charged according to number catered for.</b>					
	Additional to room booking - Under 50 people	20.00	21.00	5.0	EXEMPT	
	Additional to room booking - 51-100 people	26.00	28.00	7.7	EXEMPT	
	Additional to room booking - over 100 people	40.00	42.00	5.0	EXEMPT	
	Kitchen hire only - Under 50 people	24.00	25.00	4.2	Y	
	Kitchen hire only - 51-100 people	31.20	33.00	5.8	Y	
	Kitchen hire only - over 100 people	48.00	50.00	4.2	Y	
<b>HOSTEL ACCOMMODATION</b>		<b>2011/12 CHARGE £</b>	<b>2012/13 CHARGE £</b>	<b>VARIANCE %</b>	<b>INCLUSIVE OF VAT</b>	
<b>Islesburgh House</b> operates as <b>Lerwick Youth Hostel</b> from 1st April to 30th September each year and is affiliated to the Scottish Youth Hostel Association.						
<b><u>Overnight</u></b>	Junior (5-15 yrs)	Per Night	14.00	14.30	2.1	Y
<b><u>Charges</u></b>	Young Adult (16 to 17 yrs)	Per Night	17.00	17.50	2.9	Y
	Senior (18 yrs & over)	Per Night	17.00	17.50	2.9	Y
	Exclusive Use Room (2 bed)	Per Night	34.00	35.00	2.9	Y
	Exclusive Use Room (4 bed)	Per Night	52.00	53.00	1.9	Y
	Exclusive Use Family Room (4 bed)	Per Night	52.00	53.00	1.9	Y
	Exclusive Room (6 bed)	Per Night	78.00	79.00	1.3	Y
	Exclusive Use Family Room (6 bed)	Per Night	78.00	79.00	1.3	Y
<b>Please note that charges for the Hostel are set a year in advance so that prices can be advertised for the year ahead, and early bookings taken.</b>						
<b><u>Winter Use</u></b>						
Over the winter, Islesburgh House provides residential accommodation to Youth, Community and school groups. Minimum charge is 10 bednights including the leader. The Hostel is not available between 20th December and 10 January each year.						
<b><u>Accommodation</u></b>						
Lerwick Youth Hostel provides self-catering accommodation. Dormitories vary in size from 2 to 12 beds. Exclusive/Family rooms are available. The Hostel is non-smoking and open to Hostel residents from 0700-2345 daily.						

<b>REVIEW OF CHARGES - ADULT LEARNING SERVICES</b>
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	2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	Vatable (Y/N)
<b><u>Adult Learning Evening Classes</u></b>				
<b>Misc</b> All Classes - No qualifying benefit	£3.00 per hour	£3.00 per hour	0	N
All Classes - Persons in receipt of benefits as listed below	£0.75 per hour	£0.75 per hour	0	N

**Notes**

Eligible benefits are: personal benefits: carer's allowance, disability living allowance, severe disablement allowance, incapacity benefit, attendance allowance, contributory employment and support allowance. If your family are on: income support, pension credit, housing benefit, income based-job seekers allowance, income related employment and support allowance, working tax credits, net income is equivalent to, or lower than the threshold for income support

Excludes Evening Classes provided by Shetland College

Some classes will incur an additional charge for materials, which is notified to learners separately

	2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	Vatable (Y/N)
<b><u>Training Courses</u></b>				
<b>Misc</b> Short Courses range in price from £50 to £250. For further details contact Short Course Manager, Fiona Stirling.				N

**Notes**

Persons on benefits may be eligible for a fee waiver.

<b>Misc</b> Minibus Hire Charge per Mile	0.90	0.94	4.4	N
Mileage Subsidy (we reimburse groups for their mileage)	0.30	0.30	-	N

## REVIEW OF CHARGES - SCHOOLS SERVICES

	2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	Vatable (Y/N)
<b><u>School Meals</u></b>				
Per Meal				
- primary pupils (increase effective from 1 August 2011)	1.90	2.00	5.3	EXEMPT
- secondary pupils (increase effective from 1 August 2011)	2.00	2.10	5.0	EXEMPT
- visitors	3.70	3.90	5.4	Y
<b><u>School Milk</u></b>				
Per Week				
- pupil	0.75	0.75	0.0	N
<b><u>Nursery</u></b>				
Bells Brae Additional Session	4.00	4.00	0.0	N
Mossbank per hour	2.20	2.70	22.7	N
<b><u>Instrumental Instruction</u></b>				
Per Annum	140.00	210.00	50.0	EXEMPT
<b><u>School Lettings</u></b>				
Per Hour				
- classroom	15.00	15.00	0.0	EXEMPT
- large meeting (e.g. school hall/gym hall)	25.00	26.50	6.0	EXEMPT
- dramatic performance	40.00	45.00	12.5	EXEMPT
Per Function				
- school hall	200.00	210.00	5.0	EXEMPT
- school hall plus large* school kitchen	250.00	260.00	4.0	EXEMPT
- school hall plus small** school kitchen	220.00	230.00	4.5	EXEMPT
- Up Helly Aa (including kitchen)	400.00	425.00	6.3	EXEMPT
Tea/Coffee Facilities (e.g. for meetings)				
- large school kitchen	70.00	75.00	7.1	Y
- small school kitchen	40.00	40.00	0.0	Y
<b><u>Sporting Activities Only</u></b>				
Anderson High School				
- Games Hall Over 18s	22.50	23.70	5.3	Y
- Games Hall Under 18s	11.25	11.85	5.3	Y
- 1 Court Gym Hall Over 18s	7.50	7.90	5.3	Y
- 1 Court Gym Hall Under 18s	3.75	3.95	5.3	Y
- Multipurpose Sports Area Over 18s	17.55	18.45	5.1	Y
- Multipurpose Sports Area Under 18s	8.80	9.25	5.1	Y
All other schools				
- Whole Games Hall Over 18s (eg Football, Netball, Volleyball)	22.50	23.70	5.3	Y
- Whole Games Hall Under 18s (eg Football, Netball, Volleyball)	11.25	11.85	5.3	Y
- Hire per Court in Games Hall Over 18s (eg Badminton, Table Tennis, Short Tennis)	7.50	7.90	5.3	Y
- Hire per Court in Games Hall Under 18s (eg Badminton, Table Tennis, Short Tennis)	3.75	3.95	5.3	Y
- 1 Court Gym Hall Over 18s	7.50	7.90	5.3	Y
- 1 Court Gym Hall Under 18s	3.75	3.95	5.3	Y
- Multipurpose Sports Area Over 18s	17.55	18.45	5.1	Y
- Multipurpose Sports Area Under 18s	8.80	9.25	5.1	Y
All schools				
- Multicourt Area	14.00	15.00	7.1	Y
Equipment				
- Trampoline ***	16.40	17.25	5.2	Y
- 2 Trampolines (on 1 court) ***	24.55	25.80	5.1	Y
Additional Charges				
- Use of car parks (eg. Car boot sales)	25.00	15.00	-40.0	EXEMPT
- TV and/or video (per hour)	7.50	8.00	6.7	Y
- Projector (per hour)	7.50	8.00	6.7	Y
- Charge for room or area not returned to original state	15.00	16.00	6.7	Y
- Charge for cleaning after function	60.00	65.00	8.3	EXEMPT
Court* refers to badminton court				
* Large schools are all secondaries plus Bell's Brae Primary and Sound Primary				
** Small schools include all primaries, excluding Bell's Brae Primary and Sound Primary				
*** In addition to to charge for hire of space				

<b><u>Hall of Residence Board &amp; Accommodation Charges</u></b>				
<b><u>- Placing Request Pupils</u></b>				
Full board				
- per week	170.00	180.00	5.9	EXEMPT
- per day	35.00	37.50	7.1	EXEMPT
<b><u>- Adults (Holiday periods only)</u></b>				
Per Day				
- dinner, bed and breakfast	54.00	60.00	11.1	Y
- bed and breakfast	36.00	40.00	11.1	Y
Hire of Conference Room - 1/2 Day	30.00	35.00	16.7	EXEMPT
Hire of Conference Room - Full Day	50.00	60.00	20.0	EXEMPT
Tea, Coffee and Biscuits (per head)	2.50	3.00	20.0	Y
Soup and Sandwiches (per head)	4.00	5.00	25.0	Y

<b>REVIEW OF CHARGES - CHILDREN'S SERVICES</b>
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	2011/12 CHARGE £	2012/13 CHARGE £	VARIANCE %	Vatable (Y/N)
<b>Blydehaven Nursery</b>				
<b>Working Parents/Carers</b>				
Per Session (9am to 1pm or 1.15pm to 5pm)	16.80	17.65	5.1	N
Per Session (9am to 1pm or 1.15pm to 5pm) with commissioned place	10.50	11.00	4.8	N
Per Day (9am to 5pm)	28.00	29.40	5.0	N
Per Day (9am to 5pm) with commissioned place	22.00	23.10	5.0	N
Per Week	110.00	115.50	5.0	N
Per Week with commissioned place	89.00	93.50	5.1	N
<b>Students</b>				
Per Session (9am to 1pm or 1.15pm to 5pm)	9.00	9.45	5.0	N
Per Session (9am to 1pm or 1.15pm to 5pm) with commissioned place	6.30	6.60	4.8	N
Per Day (9am to 5pm)	14.00	14.70	5.0	N
Per Day (9am to 5pm) with commissioned place	11.00	11.55	5.0	N
Per Week	56.00	58.80	5.0	N
Per Week with commissioned place	39.00	40.95	5.0	N
<b>Islesburgh Pre-School Group</b>				
Charge per hour outside funded place (i.e for hours from 8.45 am - 9.30 am and 12 noon - 1pm)	2.80	3.15	12.5	N
<b>Out of School Clubs</b>				
Islesburgh Out of School Club (per session)	8.10	8.50	4.9	N
Islesburgh Breakfast Club	3.50	3.70	5.7	N
Islesburgh Holiday Programme:				
- Full Day (trips additional)	15.00	15.75	5.0	N
- Half Day (trips additional)	8.10	9.30	14.8	N
Ness Out of School Club*				
- Per Hour	3.00	3.35	11.7	N
- Per Session	5.70	6.30	10.5	N
Ness Holiday Programme*				
- Full Day	13.20	15.65	18.6	N
- Half Day	7.90	8.70	10.1	N
Kidzone (Mossbank) Out of School Club* (per hour)	2.40	2.80	16.7	N
Kidzone Holiday Programme*				
- Full Day	13.20	15.65	18.6	N
- Half Day (per hour)	2.50	2.80	12.0	N
<b>Notes:</b>				
Snack is provided at all clubs at no additional cost.				
* Where transport is required for trips there may be an additional charge.				



## REVIEW OF CHARGES - INFRASTRUCTURE SERVICES - ENVIRONMENTAL HEALTH &amp; TRADING STANDARDS

	2011/12 CHARGE (ex VAT) £	2012/13 CHARGE (ex VAT) £	VARIANCE %	Vatable (Y/N)
<b><u>Health Certificates</u></b>				
<5000Kg (5 Tonnes)	55.00	60.00	9.1	N
>5000Kg (5 Tonnes)	55.00	60.00	9.1	N
Charge if less than 24 hours notice given	10.00	15.00	50.0	N
Issue copies of Certificates	10.00	15.00	50.0	N
Charges in respect of Fishery products entering Preparation/Processing establishments	1 euro per tonne	1 euro per tonne		N
Hygiene inspection charges in respect of General Landings of Fishery Products	1 euro per tonne	1 euro per tonne		N
Voluntary Surrenders of Food	150.00	150.00	0.0	N
<b><u>Pest Control</u></b>				
Pest Control Survey	30.00	35.00	16.7	N
Pest Control Survey to include treatment	75.00	85.00	13.3	N
Charge for each revisit after third visit	15.00	15.00	0.0	N
Free survey and treatment for those on means tested benefits				
<b><u>Abandoned Vehicles</u></b>				
Uplift and disposal charge (set by Statute)	300.00	300.00	0.0	N
<b><u>Civic Government Licences</u></b>				
3 year licence - fixed charge	120.00	150.00	25.0	N
Variation/Single event	45.00	50.00	11.1	N
In accordance with the provisions of the Civic Government (Scotland) Act 1982, the scale of licence fees must be sufficient to cover the expenses incurred by the licensing authority in implementing the licensing scheme.				
Issue of Statement of Facts	50.00	50.00	0.0	N
Animal Health Licences (including Pet Shops, Animal Boarding Establishments, Dog Breeding Establishments, Riding Establishments)	75.00	100.00	33.3	N
Dangerous Wild Animals Act	190.00	190.00	0.0	N
<b><u>Port Health</u></b>				
<b>SHIP INSPECTION CHARGES (set by the Association of Port Health Authorities)</b>				
<b>Gross Tonnage</b>				
Up to 1,000 (new charge for 2011/12)	70.00	Not yet known (set annually by regulations for use from 1 April)		N
1,001 to 3,000	105.00			N
3,001 - 10,000	160.00			N
10,001 - 20,000	210.00			N
20,001 - 30,000	265.00			N
Over 30,000	320.00			N
With the exception of:				
Vessels with the capacity to carry between 50 and 1000 persons	320.00	Not yet known (set annually by regulations for use from 1 April)		N
Vessels with the capacity to carry more than 1000 persons	550.00			N
Extra charges may be added for exceptional costs such as launch hire, lengthy journeys to the port or laboratories, out of hours visits and samples taken.				
<b><u>Landlord Registration (set nationally)</u></b>				
Landlord Registration (10% discount if apply on-line)	55.00	55.00	0.0	N
Property Registration	11.00	11.00	0.0	N
<b><u>Calibration or verification of weighing and measuring equipment (in line with LACORS recommendations)</u></b>				
<b>HOURLY RATE</b>				
Hourly rate for any equipment not specified in the following list (travel time will also be charged)	50.02	50.02	0.0	Y
<b>WEIGHTS</b>				
Weight	7.15	7.15	0.0	Y
Adjustment and cleaning of weights - per hour	37.13	37.13	0.0	Y
<b>NON-AUTOMATIC WEIGHING MACHINES</b>				
Range not exceeding 6 kg	27.98	27.98	0.0	Y
Range exceeding 6 kg but not exceeding 100 kg	39.80	39.80	0.0	Y
Range exceeding 100 kg but not exceeding 250 kg	50.02	50.02	0.0	Y
Range exceeding 250 kg but not exceeding 1 tonne	100.04	100.04	0.0	Y
Range exceeding 1 tonne but not exceeding 10 tonnes (forklift provided on site)	163.04	163.04	0.0	Y
Range exceeding 1 tonne but not exceeding 10 tonnes (forklift not provided on site)	205.04	205.04	0.0	Y
Range exceeding 10 tonnes (forklift provided on site)	407.61	407.61	0.0	Y
Range exceeding 10 tonnes (forklift not provided on site)	670.11	670.11	0.0	Y

<b>NON-AUTOMATIC WEIGHING INSTRUMENTS</b>				
Range not exceeding 6 kg	41.98	41.98	0.0	Y
Range exceeding 6 kg but not exceeding 100 kg	59.69	59.69	0.0	Y
Range exceeding 100 kg but not exceeding 250 kg	75.03	75.03	0.0	Y
Range exceeding 250 kg but not exceeding 1 tonne	150.07	150.07	0.0	Y
Range exceeding 1 tonne but not exceeding 10 tonnes (forklift provided on site)	244.57	244.57	0.0	Y
Range exceeding 1 tonne but not exceeding 10 tonnes (forklift not provided on site)	307.57	307.57	0.0	Y
Range exceeding 10 tonnes (forklift provided on site)	717.65	717.65	0.0	Y
Range exceeding 10 tonnes (forklift not provided on site)	1085.15	1085.15	0.0	Y
<b>NON-AUTOMATIC WEIGHING EQUIPMENT (UKAS PROCEDURE - INCLUDING DETERMINATION OF UNCERTAINTY BUDGETS)</b>				
Range not exceeding 6 kg	41.98	41.98	0.0	Y
Range exceeding 6 kg but not exceeding 100 kg	59.69	59.69	0.0	Y
Range exceeding 100 kg but not exceeding 250 kg	75.03	75.03	0.0	Y
Range exceeding 250 kg but not exceeding 1 tonne	150.07	150.07	0.0	Y
Range exceeding 1 tonne but not exceeding 10 tonnes (forklift provided on site)	244.57	244.57	0.0	Y
Range exceeding 1 tonne but not exceeding 10 tonnes (forklift not provided on site)	307.57	307.57	0.0	Y
Range exceeding 10 tonnes (forklift provided on site)	717.65	717.65	0.0	Y
Range exceeding 10 tonnes (forklift not provided on site)	1085.15	1085.15	0.0	Y
<b>MEASURING INSTRUMENTS FOR LIQUID FUEL AND LUBRICANTS (10% surcharge applicable to initial assessment of conformity under MID)</b>				
Single/multi-outlets (nozzles) - first nozzle tested (per site)	100.04	100.04	0.0	Y
Single/multi-outlets (nozzles) - each additional nozzle tested	50.02	50.02	0.0	Y
<b>ROAD TANKER FUEL MEASURING EQUIPMENT (ABOVE 100 LITRES)</b>				
Meter measuring systems - per hour (reference meter provided by submitter)	50.02	50.02	0.0	Y
Replacement dipstick (including examination of compartment)	40.02	40.02	0.0	Y
Spare dipstick	18.14	18.14	0.0	Y
<b>CALIBRATION CERTIFICATES</b>				
Basic calibration certificate	25.01	25.01	0.0	Y
Detailed results in calibration certificate	25.01	25.01	0.0	Y
<b><u>Hire of test weights</u></b>				
Weight Hire - per individual weight hired	4.73	4.73	0.0	Y
Delivery and collection of hired weights - per officer hour (plus transport costs)	37.13	37.13	0.0	Y
<b><u>Manufacture and Storage of Explosives Regulations 2005</u></b>				
License to store explosives (one year's duration)	178.00	Not yet known (set annually by regulations for use from 1 April)		N
Renewal of a licence to store explosives (one year's duration)	83.00			N
Registration in relation to the storage of explosives (one year's duration)	105.00			N
Renewal of a registration in relation to the storage of explosives (one year's duration)	52.00			N
Varying name of licensee or address of site	35.00			N
Any other kind of variation	35.00			N
Transfer of Licence or registration	35.00			N
Replacement of licence or registration if lost	35.00		N	
<b><u>Petroleum (Consolidation) Act 1928</u></b>				
Licence to keep petroleum spirit (not exceeding 2 500 litres)	42.00	Not yet known (set annually by regulations for use from 1 April)		N
Licence to keep petroleum spirit (exceeding 2 500 litres but not exceeding 50 000 litres)	58.00			N
Licence to keep petroleum spirit (exceeding 50 000 litres)	120.00			N
<b><u>Petroleum (Transfer of Licences Act 1936)</u></b>				
Transfer of petroleum spirit licence	8.00	Not yet known (set annually by regulations for use from 1 April)		N

## REVIEW OF CHARGES - INFRASTRUCTURE SERVICES - ENVIRONMENT &amp; TRANSPORT OPERATIONS

	2011/12 CHARGE (ex VAT) £	2012/13 CHARGE (ex VAT) £	VARIANCE %	Vatable (Y/N)
<b><u>Burial Charges</u></b>				
Adult	250.00	350.00	40.0	N
Children	125.00	0.00	-100.0	N
Ashes	125.00	175.00	40.0	N
Burial Ground Reservation	250.00	350.00	40.0	N
<b><u>Waste Disposal Charges Gremista</u></b>				
Minimum Charges for load < than 200kg	7.43	7.80	5.0	Y
<b><u>Standard Charges per tonne</u></b>				
Landfill (excluding landfill tax and handling charge).	37.15	39.01	5.0	Y
<b><u>Landfill Tax will be charged in addition to above (Landfill Tax (set by Legislation)</u></b>				
Non - Inert	56.00	64.00	14.3	Y
Inert	2.50	2.50	0.0	Y
<b><u>Waste Disposal Charges Gremista sorting shed</u></b>				
Minimum charge for load less than 200kg	13.40	15.00	11.9	Y
Standard charge per tonne	67.00	75.00	11.9	Y
Charge for paper bales (per tonne)	40.00	40.00	0.0	Y
Waste under contract or for which recycling, reuse and recovery markets can be found may be charged at a lower rate at the discretion of the Waste Services Manager. Such materials and good quality top soil - free or negotiated charge depending on operati				
Commercial Fridge/Freezers per unit	100.00	100.00	0.0	Y
<b><u>Waste to Energy</u></b>				
Standard charge per tonne	32.29	42.00	30.1	Y
Minimum Charge (up to 200 Kg)	6.45	8.40	30.2	Y
Hooklift Hire - per week	7.56	7.94	5.0	Y
Hooklift Hire Vehicle	38.50	40.43	5.0	Y
<b><u>Refuse Collection Service</u></b>				
<b><u>Refuse Storage</u></b>				
Household Refuse Sacks (Box of 100)	14.17	15.59	10.0	Y
Refuse Container - 370 litres	106.25	116.88	10.0	Y
Wheeled Bin - 120 litres - For Sale to Householders	21.67	23.84	10.0	Y
Wheeled Bin - 240 litres - For Sale to Householders	21.67	23.84	10.0	Y
Wheeled Bin - 360 litres - For Sale to Householders	39.58	43.54	10.0	Y
<b><u>Commercial Refuse Collections</u></b>				
<b><u>Commercial Refuse Containers - Annual Standing Charge (To recover bin cost over 3 years)</u></b>				
Wheeled Bin - 120 litres	6.96	7.66	10.1	Y
Wheeled Bin - 240 litres	6.96	7.66	10.1	Y
Wheeled Bin - 360 litres	13.05	14.36	10.0	Y
Wheeled Bin - 660 litres	63.58	69.94	10.0	Y
Wheeled Bin - 1100 litres	65.57	72.13	10.0	Y
<b><u>Commercial Refuse Containers - Collection/Disposal Charge per Uplift</u></b>				
Commercial Refuse Sack - approx 70 litres (per roll of 50 sacks)	34.58	38.04	10.0	Y
Commercial Refuse Sticker - equivalent to approx 70 litres (per roll of 50 stickers)	34.58	38.04	10.0	Y
Wheeled Bin - 120 litres	1.15	1.27	10.4	Y
Wheeled Bin - 240 litres	1.73	1.90	9.8	Y
Wheeled Bin - 360 litres	2.58	2.84	10.1	Y
Wheeled Bin - 660 litres	4.70	5.17	10.0	Y
Wheeled Bin - 1100 litres	7.67	8.44	10.0	Y
Clinical Waste Collection - per premise per week	5.24	10.48	100.0	Y
Cooking Oil Collection - per premise per week	5.24	10.48	100.0	Y
Refuse Vehicle - per hour	11.77	23.54	100.0	Y
Refuse Driver - per hour	17.96	19.76	10.0	Y
Refuse Loader - per hour	16.81	18.49	10.0	Y
Pick-Up Vehicle - per hour	10.32	20.64	100.0	Y
Pick-Up Driver - per hour	16.24	17.86	10.0	Y
Pick-Up Loader - per hour	16.24	17.86	10.0	Y
<b><u>Refuse Skips</u></b>				
Skip Hire - per day	1.06	1.17	10.4	Y
Skip Hire - per week	7.39	8.13	10.0	Y
Skip Vehicle - per hour	11.58	23.16	100.0	Y
Skip Driver - per hour	17.39	19.13	10.0	Y

<b><u>Street Cleansing Service</u></b>				
Power Washer - per hour	2.56	5.12	100.0	Y
Street Orderly - per hour	16.24	17.86	10.0	Y
Schmidt Vehicle - per hour	11.85	23.70	100.0	Y
Schmidt Driver - per hour	17.39	19.13	10.0	Y
<b><u>Esplanade Toilets</u></b>				
Cleaners Van - per hour	5.24	10.48	100.0	Y
Cleaner / Van Driver - per hour	16.24	17.86	10.0	Y
Cleaner	16.24	17.86	10.0	Y
Shower, Towel, Soap	2.50	2.75	10.0	Y
Shower	1.25	1.38	10.4	Y
<b><u>Portaloo Hire</u></b>				
Per Hire	164.83	181.31	10.0	Y
Damages	156.43	172.07	10.0	Y
<b><u>Hire of Council buses (Whalsay)</u></b>				
Hire of Council buses (Whalsay)	£1.30 per mile plus £8.40 per hr £17.00 after midnight	£1.40 per mile for all hires <b>plus</b> £11.00 per hour £16.50 per hour £20.00 per hour		N
9am to 5pm - Monday to Friday				N
5pm to 10pm - Monday to Friday <b>and</b> 9am to 10pm - Saturday				N
10pm to 9am - Monday to Saturday <b>and</b> all day Sunday				N
<b><u>Tingwall Airport - Landing Charges</u></b>				
Over 2,730kgs MTWA - per tonne or part thereof	18.00	19.00	5.6	Y
Less than 2,730kgs MTWA - per tonne or part thereof (incl out of hours landings)	15.00	16.00	6.7	Y
Annual Consolidated Landing fee - less than 2,730kgs MTWA	270.00	290.00	7.4	Y
Training Circuits (per session max 10 circuits or part thereof per sessions)	18.00	19.00	5.6	Y
Landing Supplements (per passenger)				
Charter Flights	3.15	4.00	27.0	Y
Fuel Handling Charge - per fuelling, per aircraft	n/a	10.00	100.0	Y
Baggage Handling charge - per rotation, or part thereof (inc inter-island contract)	n/a	5.00	100.0	Y
Out of Hours Indemnity Permit - Duration 12 months	n/a	36.00	100.0	Y
<b><u>Extended Opening Hours - Public, Charter and General Aviation (by arrangement)</u></b>				
Within 3 hours of published opening or closing time - per 15 minute segment	n/a	44.10	100.0	Y
Opening commencing after 3 hours of closing time and closing within 3 hours of opening time - min 3 hour charge, then by 15 minute segment thereafter	n/a	546.00	100.0	Y
<b><u>Extended Opening Hours - Air Ambulance, Search and Rescue/Medi-vac (by arrangement)</u></b>				
Within 3 hours of published opening or closing time - per 15 minute segment	n/a	30.00	100.0	Y
Opening commencing after 3 hours of closing time and closing within 3 hours of opening time - min 3 hour charge, then by 15 minute segment thereafter	n/a	360.00	100.0	Y
<b><u>Parking Charges</u></b>				
For each 24 hours or part thereof	5.37	6.00	11.7	Y
<b><u>Papa Stour, Whalsay and Unst Airstrips - Landing Charges</u></b>				
Less than 2,730kgs MTWA - per tonne or part thereof (inc Out of Hours Landings)	n/a	18.00	100.0	Y
Out of Hours Indemnity Permit - Duration 12 months	n/a	36.00	100.0	Y
<b><u>Rural Freight Centre</u></b>				
Charge per package/parcel for all items passing through the Rural Freight Centre	n/a	0.20	100.0	N
Annualised Rate 1 - Monthly, up to 1,500 items per year, <b>or</b>	n/a	22.00	100.0	N
Annual, up to 1,500 items per year	n/a	264.00	100.0	N
Annualised Rate 2 - Monthly, up to 3,000 items per year, <b>or</b>	n/a	42.00	100.0	N
Annual, up to 3,000 items per year	n/a	492.00	100.0	N
Annualised Rate 3 - Monthly, up to 4,500 items per year, <b>or</b>	n/a	58.00	100.0	N
Annual, up to 4,500 items per year	n/a	696.00	100.0	N
All items over the maximum specified for each annualised rate charged at	n/a	0.20	100.0	N
Annualised Rate 4 - Monthly, up to 4,501 items per year and over (unlimited) <b>or</b>	n/a	72.00	100.0	N
Annual, up to 4,501 items per year and over (unlimited)	n/a	864.00	100.0	N

## REVIEW OF CHARGES - INFRASTRUCTURE SERVICES - FERRY OPERATIONS

FARES TABLE WITH EFFECT FROM 1 APRIL 2012	Mainland to Bressay Mainland to Whalsay Mainland to Yell* Return Fare		Mainland to Fair Isle Mainland to Foula Fair Isle to Mainland Foula to Mainland Single Fare		Mainland to Skerries Mainland to Papa Stour Skerries to Mainland Papa Stour to Mainland Single Fare		Vatable (Y/N)
	2011/12 £	2012/13 £	2011/12 £	2012/13 £	2011/12 £	2012/13 £	
<b>Passengers:</b>							
Adults - Single	4.10	4.30	3.90	4.10	3.90	4.10	N
Adults - 10 Journey Ticket	19.60	20.60					
Adults - 20 Journey Ticket			39.20	41.20	39.20	41.20	N
Children - up to 19 years - Single	0.50	0.50	0.50	0.50	0.50	0.50	N
Children - 10 Journey Ticket	3.60	3.80					
Children - 20 Journey Ticket			3.60	3.80	3.60	3.80	N
Concessionary Pass Holders with valid SIC Pass	Free	2.20	Free	2.10	Free	2.10	N
<b>Cars &amp; Other Vehicles not exceeding 5.5m in length:</b>							
Cars & Other Vehicles & Driver - Single	9.60	10.00	18.20	19.10	4.80	5.00	N
Cars & Other Vehicles & Driver - 10 Journey	77.00	80.80					N
Cars & Other Vehicles & Driver - 20 Journey					77.00	80.80	
Motorcycle & Driver - Single	7.50	7.90	9.90	10.40	3.80	4.00	N
<b>Commercial Vehicles &amp; Driver:</b>							
5.01m - 8.00 m	24.20	25.40			12.10	12.70	N
8.01m - 12.00 m	46.60	48.90			23.30	24.45	N
12.01m - 18.00 m	65.20	68.50			32.60	34.25	N
18.00m plus - prior arrangement only - not less than	190.30	199.80			95.15	99.90	N
<b>Tankers:</b>							
up to 7.50m	43.80	46.00			21.90	23.00	N
7.51m - 10.00m	79.40	83.40			39.70	41.70	N
10.01m - 16.00 m	103.80	109.00			51.90	54.50	N
<b>Plant:</b>							
up to 7.50m	62.00	65.10			31.00	32.55	N
7.51m - 10.00m	110.90	116.50			55.45	58.25	N
10.01m - 16.00m	151.50	159.10			75.75	79.55	N

BRESSAY SEASON TICKETS	Monthly		Annual		Vatable (Y/N)
	2011/12 £	2012/13 £	2011/12 £	2012/13 £	
Unlimited foot travel	42.50	44.60	465.00	488.00	N
Up to 15 foot passenger journeys and 10 car journeys per month	91.00	95.60	996.00	1045.00	N
Unlimited foot travel and up to 20 car journeys per month	121.00	127.00	1328.00	1395.00	N

FREIGHT/PARCELS	2011/12 £	2012/13 £	Vatable (Y/N)
<b>Loose Freight Ro-Ro Services</b>			
Carton/Mail Bag (per item) - Large	1.40	1.47	Y
Carton/Mail Bag (per item) - Small	0.70	0.74	Y
<b>Freight Services - Skerries, Papa Stour, Fair Isle &amp; Foula</b>			
Bulk Cargo per Tonne (arrangement only)	10.80	11.40	Y
Carton/Mail Bag (per item) - Large	1.40	1.47	Y
Carton/Mail Bag (per item) - Small	0.70	0.74	Y
<b>Freight Services - Papa Stour, Fair Isle &amp; Foula</b>			
Carton/Parcel (per item)	0.63	0.66	Y
Gas bottle (per item)	0.70	0.74	Y
Feeding (per item)	0.40	0.42	Y
Coal (per bag)	0.70	0.74	Y
Livestock exc. Lambs & Foals (each)	0.70	0.74	Y
Freight rates for other items on request.			
<b>Parcel rates for island shops (per annum)</b>	171.00	180.00	Y
Open to island based retailers, restaurants or cafes on islands served by inter-island ro-ro ferries - to cover the cost of all small parcels placed on the ferry by supplier and picked up at the island end of the journey by the island business. This scheme applies only to parcels that are placed on the vessel by suppliers in a defined storage area and picked up at the island end by the business without incurring handling by Ferry Services staff.			



# Non Bulk Cargo Rate Guide - April 2012

## Papa Stour, Foula, Fair Isle and Skerries

**Charging for items not listed: Match as near as possible to an item below, (taking size, weight and care/time required when handling into account.)**

So far as is possible, similar rates should be applied by all crews/agents

Crew Req: This is an indication of the number of crew that may be required to carry/stow an item, and may be of assistance when pricing items not listed.

Charging Band	Description/Example of Rate	Type	ex-VAT	inc-VAT	Crew Req
2	Bale of Hay (not round bale)	Agricultural	£0.35	£0.42	1
2	Animal Feed - All Bags up to 50Kg	Agricultural	£0.35	£0.42	1
2	Straining Post/Stay	Agricultural	£0.35	£0.42	2
2	2" by 2" timber/rhone pipes - 4.8m lengths	Construction	£0.35	£0.42	1
2	Roll of Insulation	Construction	£0.35	£0.42	1
2	Corrugated Iron/Profile Sheet	Construction	£0.35	£0.42	2
2	Foal	Livestock	£0.35	£0.42	n/a
2	Lamb	Livestock	£0.35	£0.42	n/a
2	Car Tyre	Miscellaneous	£0.35	£0.42	1
2	Small/Medium Carton/Parcel (up to a scurt full)	Miscellaneous	£0.35	£0.42	1
3	Coil of Fencing Wire	Agricultural	£0.62	£0.74	1
3	Bag of Wool (100Kg)	Agricultural	£0.62	£0.74	2
3	Bag of Fertilizer	Agricultural	£0.62	£0.74	1
3	4" by 2" timber - 4.8m lengths	Construction	£0.62	£0.74	2
3	6" by 2" timber - 4.8m lengths	Construction	£0.62	£0.74	2
3	Plywood/Plasterboard (per sheet)	Construction	£0.62	£0.74	2
3	Roll of Roofing Felt	Construction	£0.62	£0.74	1
3	Bag of Cement	Construction	£0.62	£0.74	1
3	Roll of Carpet/Lino	Household	£0.62	£0.74	2
3	Ewe/Ram/Hug/Grice etc	Livestock	£0.62	£0.74	n/a
3	Empty Pallet/Crate	Miscellaneous	£0.62	£0.74	1
3	Fish Carton (per bundle)	Miscellaneous	£0.62	£0.74	1
3	Five Gallon Drum	Miscellaneous	£0.62	£0.74	1
3	Large Carton/Tea Box (a good scurt full)	Miscellaneous	£0.62	£0.74	1
3	Small Gas Bottle (25kg size)	Miscellaneous	£0.62	£0.74	1
3	Medium/Large Heavy Parcel	Miscellaneous	£0.62	£0.74	2
3	Bag of Coal	Miscellaneous	£0.62	£0.74	1
4	Per 10 Fencing Posts	Agricultural	£1.77	£2.12	1
4	Per 10 Bales of Hay	Agricultural	£1.77	£2.12	2
4	Small Cultivators	Agricultural	£1.77	£2.12	2
4	Per 10 Concrete Blocks (100 or 150mm)	Construction	£1.77	£2.12	2
4	Wash Hand Basin/Sink	Construction	£1.77	£2.12	1
4	WC	Construction	£1.77	£2.12	1
4	Radiator	Construction	£1.77	£2.12	2
4	Shower Tray	Construction	£1.77	£2.12	2
4	Small/Medium Window	Construction	£1.77	£2.12	2
4	Small Generators/Pumps	Miscellaneous	£1.77	£2.12	2
4	Push Bike	Miscellaneous	£1.77	£2.12	1
5	10' Gate	Agricultural	£3.02	£3.62	2
5	Tractor Tyre (Rear)	Agricultural	£3.02	£3.62	2
5	Large Hay/Silage Bales (black bales)	Agricultural	£3.02	£3.62	3
5	Bath	Construction	£3.02	£3.62	2
5	Door	Construction	£3.02	£3.62	2
5	Large Window	Construction	£3.02	£3.62	2
5	Bed (Single)	Household	£3.02	£3.62	2
5	Chair (Large)	Household	£3.02	£3.62	2
5	Table	Household	£3.02	£3.62	2
5	TV/Hi-Fi/Computer etc	Household	£3.02	£3.62	2
5	Calf	Livestock	£3.02	£3.62	n/a

5	Pony	Livestock	£3.02	£3.62	n/a
5	Wheelbarrow	Miscellaneous	£3.02	£3.62	1
5	40G/200L Fuel Barrel (Return Rate)	Miscellaneous	£3.02	£3.62	2
5	Large Gas Bottles	Miscellaneous	£3.02	£3.62	2
6	Per 50 Fencing Posts	Agricultural	£7.50	£9.00	2
6	Quad	Agricultural	£7.50	£9.00	3
6	Per 'Lift' of Concrete Blocks: 32 - 6" or 44 - 4"	Construction	£7.50	£9.00	2
6	Hot Water Tank	Construction	£7.50	£9.00	2
6	650 Gallon Tank (empty)	Construction	£7.50	£9.00	3
6	Garage Door	Construction	£7.50	£9.00	3
6	Cooker	Household	£7.50	£9.00	2
6	Fridge or Freezer (small)	Household	£7.50	£9.00	2
6	Three Piece Suite or Similar	Household	£7.50	£9.00	2
6	Washing Machine	Household	£7.50	£9.00	2
6	Double Bed	Household	£7.50	£9.00	2
6	Cow/Bull/Ostrich/Alpaca	Livestock	£7.50	£9.00	n/a
6	Assorted Palleted Goods	Miscellaneous	£7.50	£9.00	3
6	Small Trailer	Miscellaneous	£7.50	£9.00	3
7	Rayburn Cooker	Construction	£13.76	£16.51	4
7	Skip	Miscellaneous	£13.76	£16.51	3
7	Car - non ro-ro	Miscellaneous	£13.76	£16.51	4
7	Small Rowing Boat	Miscellaneous	£13.76	£16.51	4
Scrap	Scrap Cars, based 1.15 tonne/car	Miscellaneous	£10.92	£13.10	4
Mail	Mail Bag - Large	Mail	£1.18	£1.42	1



Commercial, Community Council and Private Charter Hire Rates 2012/13															
Effective 1st April 2012															
SIC FERRY SERVICES															
Commercial and private charter rates are not subject to VAT, unless the charter is for carriage of cargo only. Prices correct at time of publication. <b>Rates subject to change without prior notification.</b> All commercial and private charterers (chartering any vessel after 1st April 2008) shall have to sign and comply with the terms of the Council's Charter Party Agreement (example published online). <b>All rates are for the period specified and are deemed as part hour/block thereof.</b>															
Vessel	Route/Notes	Community Council & Private Hire Rate	Commercial Charter Rates												
		Per 3-hour block	First 3-hour block	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.	Hour no.
				4	5	6	7	8	9	10	11	12	13	14	15
				or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof	or part thereof
Good Shepherd	Crew working within salary	Fuel Cost Only	£176.00	£234.67	£293.33	£352.00	£410.67	£469.33	£528.00	£586.67	£645.33	£704.00	£762.67	£821.33	£880.00
Good Shepherd	Crew working at straight time	£210.00	£381.00	£508.00	£635.00	£762.00	£889.00	£1,016.00	£1,143.00	£1,270.00	£1,397.00	£1,524.00	£1,651.00	£1,778.00	£1,905.00
Snolda	4-Crew	£210.00	£381.00	£508.00	£635.00	£762.00	£889.00	£1,016.00	£1,143.00	£1,270.00	£1,397.00	£1,524.00	£1,651.00	£1,778.00	£1,905.00
Thora		£305.00	£432.00	£576.00	£720.00	£864.00	£1,008.00	£1,152.00	£1,296.00	£1,440.00	£1,584.00	£1,728.00	£1,872.00	£2,016.00	£2,160.00
Snolda	4-Crew	£305.00	£488.00	£650.67	£813.33	£976.00	£1,138.67	£1,301.33	£1,464.00	£1,626.67	£1,789.33	£1,952.00	£2,114.67	£2,277.33	£2,440.00
Snolda	To Fair Isle	£370.00	£554.00	£738.67	£923.33	£1,108.00	£1,292.67	£1,477.33	£1,662.00	£1,846.67	£2,031.33	£2,216.00	£2,400.67	£2,585.33	£2,770.00
Bigga	4-Crew	£305.00	£372.00	£496.00	£620.00	£744.00	£868.00	£992.00	£1,116.00	£1,240.00	£1,364.00	£1,488.00	£1,612.00	£1,736.00	£1,860.00
Fivla	4-Crew	£305.00	£372.00	£496.00	£620.00	£744.00	£868.00	£992.00	£1,116.00	£1,240.00	£1,364.00	£1,488.00	£1,612.00	£1,736.00	£1,860.00
Leirna		£370.00	£441.00	£588.00	£735.00	£882.00	£1,029.00	£1,176.00	£1,323.00	£1,470.00	£1,617.00	£1,764.00	£1,911.00	£2,058.00	£2,205.00
Hendra		£370.00	£441.00	£588.00	£735.00	£882.00	£1,029.00	£1,176.00	£1,323.00	£1,470.00	£1,617.00	£1,764.00	£1,911.00	£2,058.00	£2,205.00
Geira	4-Crew	£305.00	£372.00	£496.00	£620.00	£744.00	£868.00	£992.00	£1,116.00	£1,240.00	£1,364.00	£1,488.00	£1,612.00	£1,736.00	£1,860.00
Linga		£370.00	£498.00	£664.00	£830.00	£996.00	£1,162.00	£1,328.00	£1,494.00	£1,660.00	£1,826.00	£1,992.00	£2,158.00	£2,324.00	£2,490.00
Daggri		£370.00	£498.00	£664.00	£830.00	£996.00	£1,162.00	£1,328.00	£1,494.00	£1,660.00	£1,826.00	£1,992.00	£2,158.00	£2,324.00	£2,490.00
Dagalien		£370.00	£498.00	£664.00	£830.00	£996.00	£1,162.00	£1,328.00	£1,494.00	£1,660.00	£1,826.00	£1,992.00	£2,158.00	£2,324.00	£2,490.00
Daggri/Dagalien Outside Yell Sound and/or +95 pax		£440.00	£589.00	£785.33	£981.67	£1,178.00	£1,374.33	£1,570.67	£1,767.00	£1,963.33	£2,159.67	£2,356.00	£2,552.33	£2,748.67	£2,945.00
Filla		£370.00	£636.00	£848.00	£1,060.00	£1,272.00	£1,484.00	£1,696.00	£1,908.00	£2,120.00	£2,332.00	£2,544.00	£2,756.00	£2,968.00	£3,180.00
Filla	To Fair Isle	£440.00	£709.00	£945.33	£1,181.67	£1,418.00	£1,654.33	£1,890.67	£2,127.00	£2,363.33	£2,599.67	£2,836.00	£3,072.33	£3,308.67	£3,545.00
Other:		NOTE: All Community Council, Private Hire and Commercial Charter Rates EXCLUDES fuel costs. Fuel shall be charged at cost – Estimates available on request.													
Use of Daggri/Dagalien Galley	inc galley prep & use of refrigerator	£280.00	£280.00	Charters will only take place if weather permits.											
Use of Daggri/Dagalien Galley	SIC vending machines off	£350.00	£350.00	The vessel's Master has full authority throughout the charter, to commence, deviate, alter or cancel the charter depending of the circumstances of the case and with due regard for the safety of the vessel under his command. Limited liability											
In all cases the Council's liability is limited. All charters are subject to the terms and conditions, as described in the Charter Party Agreement and Council's Terms and Conditions of Carriage, as amended. Rates for 4-Crew vessels shall be higher if these vessels require 5-Crew – check at time of chartering. For charters beyond 15 hours, or for further information and detailed quotes, please contact Kevin Main on 01806 244262, or kevin.main@shetland.gov.uk															

**REVIEW OF CHARGES - ROADS SERVICES**

	2011/12 CHARGE (ex-VAT) £	2012/13 CHARGE (ex-VAT) £	Variance %	Vatable (Y/N)
<b><u>Traffic Orders &amp; Notices</u></b>				
<b><u>Road Traffic Regulation Act 1984 Section 14</u></b>				
Temporary Traffic Order or Notice to close a Road or impose any other traffic restriction made under Section 14 of the Road Traffic Regulation Act 1984.				
Temporary notice (in an emergency, not exceeding 5 days)	170.00	170.00	0.0	N
Temporary Traffic Order (up to 18 months)	280.00	550.00	96.4	N
Extension of a Temporary Traffic Order	200.00	250.00	25.0	N
Inspection charge per week or part thereof	60.00	60.00	0.0	N
Note - charges are levied using powers in the New Roads and Street Works Act and apply only to Utilities and similar.				
<b><u>Permit System and Charges</u></b>				
<b><u>New Roads and Street Works Act 1991, Section 109</u></b>				
Permission for minor road works consent to open the road for the purpose of installing or maintaining apparatus within the public road. (3 x Inspection Fee)				
Minor Works	previously single	96.00		N
Standard Works	charge of £96	176.00		N
Major Works	for all three	463.00		N
Private Apparatus Record Fee (to be applied to private apparatus installed in a public road that will not be adopted by a recognised statutory undertaker)	100.00	100.00	0.0	N
<b><u>Roads (Scotland) Act 1984, Section 56</u></b>				
Permission for minor road works consent to construct a new access, vehicular crossing or make an opening within the public road. (3 x Inspection Fee)	96.00	144.00	50.0	N
<b><u>Roads (Scotland) Act 1984, Section 58(1) and 58(2)</u></b>				
Permission to temporarily occupy a portion of the public road in connection with building operations and/or to erect staging and scaffolding:-				
Up to one week	10.50	50.00	376.2	N
Weekly charge after first week	n/a	30.00		N
<b><u>Roads (Scotland) Act 1984, Section 85(1) and 85(2)</u></b>				
Permission to place a builders skip within the public road:-				
- up to one week	10.50	25.00	138.1	N
Weekly charge after first week	n/a	15.00		N
<b><u>NR&amp;SWA Inspection Fees</u></b>				
The inspection fees we as a Roads Authority can charge Utilities when they excavate in a public Road is given in the Road Works (Inspection Fees) (Scotland) Amendment Regulations. For information, the fee from 1 April 2011 will be £32.	32.00	32.00	0.0	N
<b><u>Gritting Fees</u></b>				
Gritting fee, per occasion a gritter treats a private road, access or car park:-				
- Blacksness Pier, Scottish Water accesses, large car park	50.00	50.00	0.0	Y
- Small private roads / accesses, small car park	20.00	20.00	0.0	Y
Other private gritting not covered above will be charged at a rate based on the above list, or a charge will be calculated taking account of the scope of the work involved.				
<b><u>Scord Quarry Products</u></b>				
The price of Scord Quarry products are set separately under delegated authority to the Executive Director - Infrastructure or his nominee, and reported to Council. Prices were last increased with effect from 1 August 2010, reported to the Infrastructure Committee on 31 August 2010, Minute Ref 73/10.				
<b><u>Charge for Laboratory Testing of Construction Materials</u></b>				

<b>1 CLASSIFICATION TESTS - SOILS</b>						
1/1	Liquid Limit (BS 1377 : Part 2 : 1990 . Method 4.3)	per test	27.00	27.50	1.9	Y
1/2	Plastic Limit (BS 1377 : Part 2 : 1990 . Method 5.3)	per test	13.50	15.00	11.1	Y
1/3	Plasticity & Liquidity Index (BS 1377 : Part 2 : 1990 . Method 5.4)	per test	11.00	12.00	9.1	Y
1/4	Specific Gravity (Density Bottle) (BS 1377 : Part 2 : 1990 . Method 8.3)	per test	22.00	26.00	18.2	Y
1/5	Particle Size Distribution (Washed Analysis) (BS 1377 : Part 2 : 1990 . Method 9.2)	per test	32.50	35.00	7.7	Y
<b>2 COMPACTION TESTS - SOILS</b>						
2/1	2.5kg Rammer (for Soils to Medium Gravel Size) (BS 1377 : Part 4 : 1990 . Method 3.3)	per set	70.00	75.00	7.1	Y
2/2	2.5kg Rammer (for Soils to Coarse Gravel Size) (BS 1377 : Part 4 : 1990 . Method 3.4)	per set	70.00	75.00	7.1	Y
2/3	4.5kg Rammer (for Soils to Medium Gravel Size) (BS 1377 : Part 4 : 1990 . Method 3.5)	per set	80.00	85.00	6.3	Y
2/4	4.5kg Rammer (for Soils to Coarse Gravel Size) (BS 1377 : Part 4 : 1990 . Method 3.6)	per set	80.00	85.00	6.3	Y
2/5	Vibrating Hammer (BS 1377 : Part 4 : 1990 . Method 3.7)	per set	96.00	100.00	4.2	Y
2/6	Moisture Condition Value (BS 1377 : Part 4 : 1990 . Method 5)	per set	27.00	35.00	29.6	Y
2/7	California Bearing Ratio (BS 1377 : Part 4 : 1990 . Method 7)	per set	38.00	50.00	31.6	Y
<b>3 AGGREGATE TESTING</b>						
3/1	Relative Density & Water Absorption (BS EN 1097 :part 6 : 2000)	per test	27.00	35.00	29.6	Y
3/2	Compacted Bulk Density of Received Material (BS 812 : Part 2 : 1975)	per test	27.00	27.00	0.0	Y
3/3	Bulk Density of Received Material (BS EN 1097 : Part3 : 1998)	per test	16.50	20.00	21.2	Y
3/4	Grading of Sub-base (BS EN 933 : Part 1 : 1997)	per test	45.00	45.00	0.0	Y
3/4	Grading of Capping Layer (BS EN 933 : Part 1 : 1997)	per test	60.00	60.00	0.0	Y
3/5	Grading of Concrete Aggregates (BS EN 933 : Part 1 : 1997)	per test	32.50	35.00	7.7	Y
3/6	Flakiness Index (BS EN 933 : Part 3 : 1997)	per test	14.00	15.00	7.1	Y
3/7	Elongation Index (BS 812 : Part 105.2 : 1985)	per test	14.00	15.00	7.1	Y
3/8	Aggregate Crushing Value <b>(BS EN 1097 : Part2 : 1998)</b>	per test	53.00	55.00	3.8	Y
3/9	Ten Per Cent Fines Value (BS EN 1097 : Part2 : 1998)	per test	53.00	55.00	3.8	Y
3/10	Aggregate Impact Value	per test	21.50	25.00	16.3	Y

(BS EN 1097 : Part2 : 1998)					
<b>4 CONCRETE TESTING</b>					
4/1	Compressive Strength of Concrete Cubes (BS EN 12390 : Part 3 : 2002)(from certified cube moulds)	per cube	6.50	6.50	0.0 Y
4/2	Compressive Strength of Concrete Cubes (BS EN 12390 : Part 3 : 2002)(from cube moulds that are not certified)	per cube	8.00	8.00	0.0 Y
4/3	Compressive Strength of Concrete Cores (BS EN 12504 : Part 1 : 2000)	per core	44.00	45.00	2.3 Y
4/4	Compressive Strength of Concrete Blocks (Fibre Board) (BS 1052 : Part1 : 1999)	per block	10.50	12.00	14.3 Y
<b>5 BITUMINOUS TESTING</b>					
5/1	Binder Content & Grading (By Difference) (BS EN 12697 : Part 2 : 2002)	per test	44.00	45.00	2.3 Y
5/2	Percentage Refusal Density (BS 598 : Part 104 : 1989)	per set	195.00	200.00	2.6 Y
<b>6 FIELD TESTING - SOILS</b>					
6/1	In-Situ Density Test (Nuclear Density Gauge) (BS 1377 : Part 9 : 1990 . Method 2.5)	per hr.	34.50	40.00	15.9 Y
6/2	CBR by Clegg Impact Hammer (In-house Method)	per hr.	34.50	40.00	15.9 Y
<b>7 FIELD TESTING - CONCRETE</b>					
7/1	Cube Making (Including Workability Test) (BS EN 12390 : Part 2 : 2000)	per hr.	34.50	40.00	15.9 Y
7/2	Determination of Air Content ( BS EN 12390 : Part 8 : 2000)	per test	14.00	15.00	7.1 Y
7/3	Density of Compacted Fresh Concrete (BS EN : 12350 : Part 6 : 2000)	per test	16.00	17.00	6.3 Y
7/4	Cover Meter Survey (BS 1881 : Part 201 : 1986)	per hr.	34.50	40.00	15.9 Y
7/5	Schmidt Hammer Tests (BS EN 12504 : Part 2 : 2001)	per hr.	34.50	40.00	15.9 Y
7/6	Core Cutting	per hr.	34.50	40.00	15.9 Y
<b>8 FIELD TESTING - BLACKTOP</b>					
8/1	On-site Sampling of Blacktop (BS EN 12697 : Part 27 : 2001)	per hr.	34.50	40.00	15.9 Y
8/2	Determination of Texture Depth (BS 598 : Part 3 : 1985 . Method 7)	per test	14.00	15.00	7.1 Y
8/3	Core Cutting for PRD & Pavement Examination	per hr.	34.50	40.00	15.9 Y
8/4	Rolling Straight Edge (Spec. for Highway Works : Cl. 702)	per hr.	34.50	40.00	15.9 Y
8/5	Skid Resistance Meter (TRRL)	per hr.	34.50	40.00	15.9 Y
<b>9 TIME BASED CHARGES</b>					
9/1	Work done on a time basis will be charged per hour; as well as labour, the charge will cover the use of a vehicle, normal tools and equipment.		35.00	40.00	14.29 Y
9/2	Mileage to site will be charged at Standard Council rates.				
<b>10 OTHER TESTS</b>					

10/1 Any other tests required will either be charged at a rate based on a comparable test listed above, or a charge will be calculated taking account of equipment required and time normally taken to carry out the test. If not appropriate charges will be on a time basis.				
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**REVIEW OF CHARGES - TRANSPORT SERVICES**

	2011/12 CHARGE (ex VAT) £	2012/13 CHARGE (ex VAT) £	VARIANCE %	Vatable (Y/N)
<b><u>Inter-Island Air Services</u></b>				
Lerwick - Foula Single fare	35.00	35.00	0.0	N
Lerwick - Foula Island Resident Return fare	40.00	40.00	0.0	N
Lerwick - Skerries Single fare	30.50	32.00	4.9	N
Lerwick - Skerries Island Resident Return fare	27.00	27.00	0.0	N
Lerwick - Papa Stour Single fare	30.50	32.00	4.9	N
Lerwick - Papa Stour - Island Resident Return fare	27.00	27.00	0.0	N
Lerwick - Fair Isle Single fare	35.50	37.30	5.1	N
Lerwick - Fair Isle - Island Resident Return fare	39.50	41.51	5.1	N
<b>Note, Discounted Island resident fares are unchanged</b>				
<b><u>Taxi Licensing Charges</u></b>				
<b>In accordance with the provision of the Civic Government (Scotland) Act 1982, the scale of fees requires to be sufficient to meet the expenses incurred by the licensing authority in carrying out their function in terms of the above Act and are reviewed each year as part of the department's budgetary process.</b>				
Taxi or Private Hire Car Drivers Licence	50.00	50.00	0.0	N
Taxi or Private Hire Car Licence (grant)	410.00	410.00	0.0	N
Taxi or Private Hire Car Licence (renewal)	88.00	88.00	0.0	N
Deposit on Taxi/PHC Licence Plates	32.00	32.00	0.0	N
Vehicle Inspection	35.00	35.00	0.0	Y
Re - Test	11.00	11.00	0.0	Y
Installation of meter	35.00	35.00	0.0	Y
Check and Calibrate meter	17.00	17.00	0.0	Y
Replacement drivers I.D. Badge	5.25	5.50	4.8	N
Replacement Licence (Driver or Car)	5.25	5.50	4.8	N
<b><u>Bus Services To:</u></b>				
Sumburgh Airport	3.00	3.00	0.0	N
Sumburgh	2.60	2.60	0.0	N
Sandwick	2.00	2.00	0.0	N
Cunningsburgh	2.00	2.00	0.0	N
Walls/Skeld/Aith	2.90	2.90	0.0	N
Bixter	2.10	2.10	0.0	N
Weisdale	1.90	1.90	0.0	N
Hillswick/Mossbank/Toft	2.90	2.90	0.0	N
Brae	2.70	2.70	0.0	N
Scalloway	1.90	1.90	0.0	N
Lerwick Town Service	0.75	0.75	0.0	N
North Isles Integrated Service	4.60	4.60	0.0	N
<b>Note, Discounted multi travel tickets are available offering 20% reduction on fares</b>				
<b>The National Concessionary Travel Scheme provides Scotland-wide free bus travel for elderly and disabled persons.</b>				
<b>Also Young Persons 16 to 18 years receive one third off full adult fare on all Scotland-wide bus services</b>				
<b>Half fares are payable by children aged between 5 and 16 years old</b>				
Hire of Council buses (Lerwick)	£14.70 - £24.15 per hour	£15.44 - £25.36 per hour	5.0	N
<b><u>Disabled Parking Badge (Blue Badge) Charges</u></b>				
New Badge Issue	0.00	13.50	New	Y
Badge Renewal	0.00	13.50	New	Y
Replacement for Lost/Stolen Badge	0.00	5.00	New	Y
Fast Tracked Badge	0.00	15.95	New	Y

<b>REVIEW OF CHARGES - PLANNING SERVICES</b>
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	<b>2011/12 CHARGE £</b>	<b>2012/13 CHARGE £</b>	<b>VARIANCE %</b>	<b>Vatable (Y/N)</b>
<b>SEARCH OF RECORDS</b> First 15 minutes free, charge thereafter per hour or part thereof	78.00	80.00	2.6	Y
<b>LETTER OF COMFORT</b> Issued in respect of no appropriate documentation being available	228.00	235.00	3.1	Y
<b>SITE VISIT</b> To confirm compliance, etc, the following charge will be applicable in addition to the above (per visit)	156.00	160.00	2.6	Y
<b>PLANNING ADVERTS</b> Charge	132.00	135.00	2.3	Y
<b>NOTES</b>  Planning Fees and Building Warrant Fees are currently set by Central Government and not therefore subject to this review.  Map Extract Scheme Fees are set by Ordnance Survey and a reasonable Administration Charge will be added to recover costs.				





Service Area	Type of Maintenance	2012/13
Executive Office	Repair & Maintenance	900
	Vehicle/Plant Repair & Maintenance	3,000
<b>Chief Executive</b>		<b>3,900</b>
Directorate - Children's Svcs	Repair & Maintenance	1,000
Children & Families	Planned Maintenance	24,637
Children's Resources	Emergency Maintenance	9,075
	Planned Maintenance	105,742
	Statutory Maintenance	18,564
	Vehicle/Plant Repair & Maintenance	2,829
		136,210
Library	Emergency Maintenance	1,300
	Planned Maintenance	20,111
	Statutory Maintenance	1,907
	Vehicle/Plant Repair & Maintenance	5,000
		28,318
Schools	Planned Maintenance	1,902,354
	Emergency Maintenance	145,375
	Repair & Maintenance	182,239
	Statutory Maintenance	263,413
	Vehicle/Plant Repair & Maintenance	6,700
		2,500,081
Sports & Leisure	Emergency Maintenance	9,550
	Repair & Maintenance	199,200
	Planned Maintenance	133,310
	Statutory Maintenance	24,998
	Vehicle/Plant Repair & Maintenance	3,000
		370,058
<b>Children's Services</b>		<b>3,060,304</b>
Adult Services	Emergency Maintenance	6,350
	Repair & Maintenance	350
	Planned Maintenance	68,380
	Statutory Maintenance	35,496
	Vehicle/Plant Repair & Maintenance	1,425
		112,001
Com Care Resources	Emergency Maintenance	19,825
	Planned Maintenance	364,295
	Repair & Maintenance	850
	Statutory Maintenance	190,872
	Vehicle/Plant Repair & Maintenance	10,555
		586,397
Mental Health	Emergency Maintenance	2,475
	Repair & Maintenance	50
	Planned Maintenance	35,818
	Statutory Maintenance	12,413
	Vehicle/Plant Repair & Maintenance	1,575
		52,331
Occupational Therapy	Vehicle/Plant Repair & Maintenance	1,200
<b>Community Care Services</b>		<b>751,929</b>
Capital Programme	Emergency Maintenance	36,350
	Planned Maintenance	232,786
	Repair & Maintenance	73,584
	Statutory Maintenance	78,878
		421,598
Governance & Law	Repair & Maintenance	12,687
<b>Corporate Services</b>		<b>434,285</b>
College	Repair & Maintenance	1,920
Com Planning	Vehicle/Plant Repair & Maintenance	6,200
Housing	Repair & Maintenance	110,572
	Vehicle/Plant Repair & Maintenance	500
		111,072
Transport Planning	Vehicle/Plant Repair & Maintenance	45,000
<b>Development Services</b>		<b>164,192</b>
Env & Trans Operations	Emergency Maintenance	13,650
	Repair & Maintenance	16,624
	Planned Maintenance	115,163
	Statutory Maintenance	2,685
	Vehicle/Plant Repair & Maintenance	356,316
		504,438
Env Health & Trdg Stds	Vehicle Repair and Mainte	2,250
Ferries	Dry Dock Contractors/Parts/Sundries/Slippage	1,410,630
	Repair & Maintenance	267,560
	Vehicle/Plant Repair & Maintenance	479,000
		2,157,190
Roads	Repair & Maintenance	3,669,129
	Vehicle Repair and Maintenance	205,653
		3,874,782
<b>Infrastructure Services</b>		<b>6,538,660</b>
<b>TOTAL</b>		<b>10,953,270</b>



## Council Spending – Have YOUR say and Ways to Save – the feedback

During October and November 2011, the Council undertook to find out what people felt about the Council's spending. We did this in a number of ways:

There were public meetings held in 10 areas, attended by 419 people

People could email, write or phone in with suggestions

Staff could contribute to a "Ways to Save" Scheme. (To date 615 staff and public suggestions have been submitted through 'Ways to Save' and 'Have Your Say')

We had a meeting with Youth Voice, a group representing young people across Shetland.

People welcomed the fact that the Council was making the effort to explain the financial situation in detail. It was clear that the people of Shetland have a keen interest in the Council and how it is run, and value greatly the services which are provided.

There was general consensus across Shetland that the Council is right to hold onto the reserves, for the benefit of future generations and to earn money each year to pay for extra services. However, folk did want to understand better the likely impact of cuts on the local community, recognising that the Council plays a significant part in economic activity in the isles. We have therefore made an initial socio-economic impact assessment on all the proposed service savings, to assist Members in their decision making.

However, there is a sense that the Council is inefficient in the way it works, in some areas, and people are keen to see the Council work hard at getting better value for money from some services. Looking at services in other parts of the country and seeing how they are provided, and at what cost, is seen as a useful exercise in understanding where savings could be made.

Many people felt that they would need more detailed information on what the Council spends on each service and what that actually buys, in terms of service provision, before they could make any informed comments on where changes might need to be made. As part of our 2011-12 performance reporting we will seek to improve the level of information on costs of services provided in the community. There was quite a bit of discussion around what the key priorities for the Council should be, and that included

debates on considering the cuts from the perspective of what the Council must do (the statutory services) and what the Council has choice over (the discretionary services).

Below is a list of the recurring themes which came up through the Have YOUR Say consultation, together with a note of the work that is in hand to address them.

Staff Terms and Conditions, there was a feeling from the community that these are generous	This is being addressed through the Chief Executive's Council wide savings project, where it is estimated that £2M could be removed from terms and conditions and £0.5M from overtime. The overall pay bill is currently £91M.
The Council could do better at procurement if it took a more coordinated approach and challenged the level of specification required on jobs. Examples were given where better value for money might be secured by out-sourcing some services to the private or voluntary sector (the ferry service was mentioned a few times, for example).	<p>The budget proposals put forward include a project to secure £0.7M from the ongoing cost of procurement. This will include a focus on making sure that contract specifications are "fit for purpose" and not excessive.</p> <p>The ferry service as a whole will be looked at in the coming year, including the method of delivery.</p> <p>Securing better value for money for fuel was a particularly thorny issue. A dedicated working group has been set up to look at this issue and examine the options available to the Council.</p>
Street Lighting – both staff and the public made strong suggestions to reduce street lighting, where it is possible to do so.	There are some safety and technical issues to consider but the Director of Infrastructure has included proposals to save £25,000 per annum from the annual street lighting bill.
Yellow Vans and Other Vehicles – this has been an ongoing topic of debate with staff and the public expressing strong views about the number, size and usage of Council vans.	This has been the subject of regular reviews over the past few years, through the work of the Audit and Standards Committee. The Director of Infrastructure has included a further £100,000 per annum of savings for next year.

<p>Lots of ideas for savings on energy have been put forward, from good housekeeping to innovative capital schemes.</p>	<p>A specific energy saving project is being developed, at a cost of £250,000 where it can be demonstrated that by investment in different equipment, the capital cost can be repaid over 3 years. This is a good example of a Spend to Save initiative, where paying the capital cost upfront can reap savings year on year.</p>
<p><b>Working Across Agencies</b> Some suggestion have set out ideas to work across local agencies, such as the trusts, with the NHS and with the voluntary sector.</p>	<p>The first project of this kind is looking at closer working between the NHS, the Council and the voluntary sector, on community care services.</p>
<p><b>Make More use of ICT to save money –</b> Several suggestions have been made which suggests that the Council becomes “paper light” and to urge the Council to make more use of video conferencing for meetings and training.</p>	<p>The move to the North Ness office accommodation is providing an excellent opportunity to make sure that the use of ICT is maximised for data recording and data storage.</p> <p>We are looking to replace a number of paper-based systems in relation to expenses, sickness, etc and make enhanced use of technology to improve office systems.</p> <p>Also, all requests for travel have to be approved and staff have to explain why it is not possible to use video conferencing. Some face to face meetings will always be required and networking at a political level is invaluable to making sure Shetland’s voice is heard on Scottish, UK and European matters.</p>
<p>The level of building cleaning was commented on</p>	<p>Work is underway to ensure that cleaning is as efficient as possible and provided at the correct frequency. For next year this budget will be reduced by £200,000.</p>

Working more flexibly was a recurring theme, to encourage more flexible working whereby the workforce can be more multi skilled and able to cover anticipated future demands.	Each Director has to review any vacancy which occurs, to look to see if the work can be covered from existing staff. That may mean a different way of working, or training. We will also be looking at the opportunity provided by improved broadband and IT to identify opportunities for home based working.
People commented on the benefits of using in-house expertise first, before hiring consultants and specialist staff to undertake work.	The improvements which the Council are working through, in a short space of time, has meant that the Council has had to buy in some assistance from elsewhere. That did mean that the changes could happen quickly and good rates were secured on the services which were bought in. Now that the majority of the changes have been implemented, the Council will only need to use external expertise when work of a one-off or specialist nature, for which it is uneconomic to provide permanent staff resources, needs to be done quickly.
Various suggestions have been made on reducing grass cutting,	The Director of Infrastructure Services has reduced this budget by £15,000 for next year, which will mean a reduction to the cuts made to verges, limiting them to safety cuts at junctions only.
Some people felt that the Council could save money on recruitment and relocation, by concentrating on making better use of its own staff and by tightening up what people can claim for.	The Directors keep a tight control of recruitment, all posts being reviewed by the Vacancy Management Panel. The only jobs which can be advertised outwith the Council are those where that expertise does not exist in the workforce, or more staff with a particular skill are needed to meet service needs (e.g. in community care).

<p>As expected, comments on the Ferry Service varied. The island communities express a strong desire to retain the existing services to support the economic and social health of the communities and lifeline services. Others expressed the view that the ferry services may be more economically provided, such as reducing the overnight arrangements on Yell Sound, the cost of the Skerries Ferry being based in Whalsay and fuel costs. Some felt that better value for money could be secured from out-sourcing the service and some felt that the service could be better organised, to maximise the use of existing boats and the skills of the staff.</p>	<p>The Directors of Infrastructure and Development Services are undertaking a comprehensive review of the ferry service. This will look to make savings and efficiencies by reviewing: service levels, fare structure and the method of delivery. The target expected savings are in the region of £1.7M and the work will be reported back to Council for a decision in September 2012.</p>
<p>Ideas were put forward to make savings on training costs, through challenging the need for some training courses and from finding a more cost effective way to deliver training.</p>	<p>The Human Resources Manager Executive is leading a project to look at all aspects of identifying, organising and delivering training, including making best use of computer based learning.</p>
<p>Similar to the ferry service, the views expressed on the schools service, and specifically the number and location of schools throughout Shetland, varied. The impact on local communities from school closures was often referred to, alongside the need for a good quality education service and value for money.</p>	<p>The Director of Children's Services will update the Education Blueprint proposals, following the outcome of the Scottish Government's work on rural schools. The Scottish Government's report is due in August this year.</p>

<p>People valued the care services provided in Shetland and acknowledged the high level and good quality of service provided, as well as the fact that they are delivered locally within each community. However, many ideas were put forward as to how care might be organised in a more efficient way, especially with regard to travel times.</p>	<p>The Director of Community Care has a programme in place to look at each local area, to make sure that the services are organised in an efficient way. It is not always possible to match an individual's care needs, with the staff available, without some travel between clients living in different areas.</p>
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## General Fund Revenue Estimates 2012/13

### Appendix 8

#### Assurance Statement and Ratios

##### Legislative Framework

There are a range of safeguards in place to help prevent local authorities over-committing themselves financially. These include:

- the balanced budget requirement is set out in Section 93 of the Local Government Finance Act 1992
- legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the chief finance officer / proper officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972 and section 95 of the Local Government (Scotland) Act 1973)
- the requirements of the Prudential Code
- auditors' consideration of whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based, in the context of auditors' statutory responsibility to satisfy themselves that the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

##### Financial Indicators

At a Scottish level, a range of indicators have been developed to represent a local authority's financial sustainability and affordability of its financial plans. They also assist Members in demonstrating the effectiveness of financial management arrangements.

The indicators are set out in the Table below.

**Table 1: Financial Ratios Revenue Budget 2012/13**

Financial indicator	Comments	Estimate 2012/13
Reserves		
Uncommitted General Fund Reserve as a proportion of Annual Budgeted Net Expenditure.	Reflects the level of funding available to manage financial risk/unplanned expenditure. For this reason uncommitted balances are suggested as opposed to including committed balances also.  This would also reflect local authorities' reserves policy/budget strategy that generally refer to a target for uncommitted	2.5%  (£3M / £118M)

	reserves.  There is a risk that if committed balances are also included there is a perception that LA's are reducing expenditure on services while hoarding reserves.	
Movement in the Uncommitted General Fund Balance.	Reflects the extent to which the local authority is increasing/using its Uncommitted General Fund Reserve. Can be expressed as both an absolute value and as a percentage of the balance at the previous year-end.	£3M, no change = 0%
Council Tax		
In-year collection rate	This is included as it is perceived to reflect authorities' effectiveness in collecting debt and financial management. In reality this already has a fair amount of interest from stakeholders and including it reflects that demand.	95.5%
Ratio of Council Tax Income to Overall Level of Funding	This reflects the local authority's capacity to vary expenditure by raising council tax income, the only principal source of finance within LA control albeit restricted by the funding commitments set by the Scottish Government over the last 2 budgets.	6.8% (£8M / £118M)
Financial Management		
Actual Outturn Net Service Expenditure compared to Budgeted Net Service Expenditure  Actual contribution to/from Unallocated General Fund Balance compared to Budget	Measurement of how expenditure has out-turned in comparison to budget and is a reflection of the effectiveness of financial management. This indicator would be amended to reflect individual councils' format of budget monitoring as reported through the year.	Reviewed upon completion of Final Accounts
Debt/Long Term Borrowing		
Capital Financing Requirement (CFR)	Measurement of Prudence in relation to	Not Applicable.

for the current year  External Debt Levels for the current year	Borrowing Levels -  Borrowing Only to Invest in Capital These ratios would provide a clear trend pattern and should demonstrate that external borrowing is less than the CFR (over the medium term) providing confirmation of borrowing only for capital investment purposes. It is suggested that authorities provide these indicators for the current year only. However there would also be the opportunity to provide comment/narrative, and the estimated indicators for future years, in circumstances where external borrowing is significantly less or more than the CFR over the short term which for example may be linked to treasury mgt/borrowing strategies being employed by the authority.	
Ratio of financing costs to net revenue stream  Impact of Capital Investment on Council Tax and Weekly Rents	Affordability These ratios would compliment the assurances of borrowing only being for capital purposes with an indication of the council's ability to service the borrowing costs - it would provide the opportunity to comment in the narrative on the actual position and how the ratios fit within the authority's medium to longer term financial strategies - this for example may be of particular interest given the expectation of reducing net revenue streams over the medium term for local government.	Not currently applicable

## Identification of Risks

There are risks associated with delivering the savings over the coming year due to:

- the general economic climate
- reliance on securing returns on investments in a difficult market for equities
- there is not yet room to build in inflation proof into the long term financial reserves floor target
- the level of savings still required to be identified from future reviews and the potential for slippage and amendments to the high level proposals as the details are developed

- the potential for double counting of savings between the Council wide projects, which impact on all services, and the service specific redesign projects
- the continued affordability of the Council's policies on enhanced exit packages for voluntary redundancy and early retirement, due to the time lag in the savings being realised (up to three years in some cases)
- the impact which Scottish Government policy may have on local policy direction (for example, in transport and in schools)
- the ability to generate additional income from fees and charges, as individuals and families make choices over which services they will access (elasticity of demand).
- the growth in services in certain areas, to address new and developing needs
- high expectations within the community on service levels
- new cost pressures emerging in 2012/13 and beyond, which are not yet known about
- non domestic rates yield levels, as there is the potential for properties to be revalued downwards due to the economic situation
- national and/Scottish pay awards, which are outwith the control of the Council
- welfare reform, and the impact on levels of benefits payable, in terms of the ability of individuals and families in receipt of benefits to pay for SIC goods and services in a timely manner and the likely increased demand for related services (such as housing, community care and learning)
- pension reform, if the contribution rates into pensions need to alter significantly
- carbon tax, and any new cost pressures which may arise if the Council is not able to invest to minimise the impacts and costs
- inflation, the consumer price index is currently 5.2% but there is no provision within the Council's reserves to any increases and the Government settlement is cash limited.
- Asset Maintenance, there will be a challenge to maintain the Council's asset base in a safe and fit for purpose condition as well as reducing the number of assets held
- continued reliance on the Harbour Account to generate surpluses to pay for projects and services, if the funding is required in the future for new investment, e.g. to secure the long term future of the port of Sullom Voe

For completeness, it is worthwhile including the outstanding areas of risk identified from the recent findings from the Accounts Commission on the follow up audit of Best Value and Community Planning, as follows:

“ There remain, however, concerns about the pace and extent of change. A number of initiatives are relatively recent and consequently they are not yet fully embedded and have yet to have an impact in terms of improved service delivery or outcomes. In particular there has been limited progress in respect of community planning, the council's Audit Committee remains within the remit of the Executive, and the council is yet to establish a corporate approach to procurement. The council has made some improvements in its joint working

arrangements with trusts, but there are still concerns about the clarity of lines of accountability between the council and trusts. The council is also not yet able to demonstrate a tangible improvement in reducing its reliance on reserves.”

### **Mitigating Measures and Contingency Planning**

The following steps will be continued, or developed, to ensure that the risks identified are well managed.

- The Strategic Budget Plan to 2013/14 puts in place policy decisions to ensure that the budget is balanced within a 2 year timeframe, considered reasonable for the scale of the change
- all savings are explicitly part of the approved budget for 2012/13, including those which are subject to review
- clear accountability is in place for delivering detailed efficiency, service change, income generation and review based savings
- formal project management arrangements will be developed for all the significant reviews, each led by a Director accountable to the Chief Executive, with a representative from Finance Services being part of the project teams
- regular Budget Monitoring Reports will continue, to Executive Managers, Directors, Corporate Management Team and Committees, to monitor performance on the core budget and with delivering savings
- there is a commitment from all Directors that if savings cannot be secured from currently identified proposals, alternatives will be put forward of an equal value.

ENDS



**Shetland Islands Council – Revenue Estimates 2012/13****The Formal Resolutions Required****Recommendation**

It is recommended that to provide for the expenses foreseen in the Revenue Estimates for 2012/13, the Council RESOLVE THAT:-

- 1 they IMPOSE and LEVY the following assessments for the period from 1 April 2012 to 31 March 2013.
  - (i) **RATES**
    - (a) **THE SHETLAND ISLANDS COUNCIL DO DECERN AND ORDAIN** the whole occupiers in Shetland Islands liable for the aforesaid assessments, to make payment thereof to the Head of Finance, either by ten instalments, as near equal amounts as practicable, the first on or before 1 April 2011 and at monthly intervals thereafter, or in a single payment on or before 30 September 2012.
  - (ii) **COUNCIL TAX**
    - (a) **Council Tax:** Council Tax of £1,053.00 – Band D equivalent, on all chargeable dwellings in Shetland and to be paid by the persons liable therefor under the Local Government Finance Act 1992, as amended by the Local Government etc. (Scotland) Act 1994.
    - (b) **THE SHETLAND ISLANDS COUNCIL DO DECERN AND ORDAIN** the persons liable as described in the Local Government Finance Act 1992, in respect of chargeable dwellings referred to in paragraph (ii) (a) for the aforesaid assessments to make payment thereof to the Head of Finance, either by 10 monthly instalments, as near equal in amount as practicable, the first on or before 1 April 2012 and at intervals thereafter, or in a single payment before 1 June 2012.
- 2
  - (a) The Council adopt the following regulations with regard to the lodging and hearing of appeals against rates, in terms of Section 283 of the Local Government (Scotland) Act 1947, viz:
    - (b) persons complaining that they have been improperly charged, must lodge their appeals with the Head of Finance not later than 28 days after receipt of a rates demand note and these appeals will be heard by Council on a date to be notified to appellants. Appellants may appeal personally in support of their appeals or be represented by an agent.
  - (c) no appeal against the valuation entered in the valuation roll is competent.
- 3 The de minimis sum (used to establish whether expenditure of a capital nature should be charged to capital or revenue) for the year commencing 1 April 2012 should be set equal to £10,000.
- 4 To provide the necessary financing supplementary income from taxes, charges and grants, the Head of Finance be authorised to ask the Bank of Scotland, Lerwick Branch to advance by way of overdraft, if and when necessary, a sum not exceeding £800,000.





# **Implications of Council Savings on the Shetland Economy**

## **A Report for the Shetland Islands Council**

George A. Dyer, Ph D  
The James Hutton Institute

February 2<sup>nd</sup>, 2012

In recent years, the Shetland Island Council has faced considerable financial challenges that impose constraints on its current and future spending, including falling income from Government grants and the Council's own reserves. Accordingly, the Council has set out to secure revenue expenditure savings of £26M per annum from a starting position of £125M. The Council has already identified some £7M of efficiencies (approximately 6% of its current spending), and it intends to implement a full savings plan on an ongoing basis by 2013/14. A number of proposals for achieving efficiencies and savings are being considered, but all areas of the Council have had to look for at least a 10% reduction in ongoing costs by 2013/14.

We explored the potential implications of Council savings on the Shetland economy through two scenarios, described in the next section. Given time constraints, we were unable to incorporate survey data gathered as part of the *Shetland Input Output Study 2011* into a model of the Shetland economy. The *2011 Study* will be available shortly. On the meantime, we simulated the public-savings scenarios using a model that represents the Shetland economy in 2003. The model is based on the *Shetland Regional Accounts 2003 Final Report*.

Council spending has increased some 25% since 2003. Unfortunately, we cannot ascertain yet whether its contribution to Shetland's total output or gross domestic product (GDP) has increased or decreased since then. Thus, it must be taken into consideration that the potential implications of Council savings, reported below, could be closer to what they would have been nine years ago than today.

## A note on the methods and data used

We reconstructed the Economy-wide Multiplier model described and used in the *Shetland Regional Accounts 2003 Final Report* based on the Social Accounting Matrix (SAM) reported therein, which was constructed using survey information for the year 2003. The reconstructed model can reproduce the *Shetland 2003 Study*'s findings, which gives us confidence to apply it for our current purposes.

According to the *Shetland 2003 Study*, Council expenditure amounted to £99.8M in 2003, distributed across four "accounts" as follows: "Ports": 8.6%; "Public Administration": 46.9%; "Schools": 33.9%, and "Social Work": 10.6%. Council spending represented 100% of the budget for "Public Administration" and "Schools," but the "Ports" and "Social Work" accounts had additional (i.e., private) sources of revenue. Thus, Council expenditure represented 38 and 60% of these two accounts' budget, respectively. This fact is partly responsible for results described below.

We simulated two scenarios corresponding to 1) efficiencies of £7M per annum implemented by 2011/12 and 2) the total £26M per annum expected by 2013/14 (Table 1). Although this and other information on Council's revenue and spending is readily available, it was impossible to incorporate this data directly into the model without altering the SAM's basic structure. In order to account for growth since 2003 without introducing distortions into the model, the two scenarios were specified in percentage terms. Scenario 1 thus considers savings equivalent to a 5.6% reduction in Council spending (i.e., £7M/£125M) or 0.8% of Shetland's total output. Similarly, scenario 2 represents a 20.8% reduction in Council spending (i.e., £26M/£125M) or 2.9% of Shetland's output. Scenarios 1 and 2 both assume a uniform distribution of savings across the four Council "accounts" described above and according to spending patterns reported in the *Shetland 2003 Study* (Table 1).

*Table 1*  
*Hypothetic annual savings in SIC expenditure used as basis for scenarios*

	1)		2)	
	by 2011/12		by 2013/14	
	£M	%	£M	%
Ports	0.60	8.6	2.24	8.6
Public Administration	3.28	46.9	12.19	46.9
Schools	2.37	33.9	8.81	33.9
Social Work	0.74	10.6	2.75	10.6
Total savings	7.00	100.0	26.00	100.0

## Analysis

Simulations suggest that efficiencies of £7M per annum already entailed a 1.2% decrease in Shetland's total output in 2011/12 (Table 2). Since the efficiencies themselves represent 0.8% of this output (see above), the additional (i.e., indirect) effects of these savings amount to a 0.4% decrease in total output. Similarly, savings expected by 2013/14 could entail a 4.5% decrease in Shetland's total output, 2.9% of which would be directly attributable to public savings and an additional 1.6% to their indirect multiplier effect (which is negative) (Table 2).

*Table 2*  
*Expected percentage effect of SIC savings on aggregate statistics of the Shetland economy*

	1) by 2011/12	2) by 2013/14
Total output	-1.2	-4.5
Employment	-1.8	-6.6
(FTE losses)	-161.1	-596.9
Wage income	-1.6	-5.9
Profits	-0.7	-2.7
Household income		
Hhs w/o children	-1.4	-5.05
Hhs with children	-1.1	-4.17
Retiree Hhs	-0.1	-0.34

According to simulation results, Council savings would also entail 1.8 and 6.6% reductions in employment by 2012 and 2014, respectively. In the 2003 economy, this would represent losses of 161 and 597 FTEs, respectively. Of the latter losses, the four Council "accounts" (mentioned above) would contribute 432 FTEs, of which 422 would be directly attributable to Council savings. The rest would be associated with further decreases in the budget of the "Ports" and "Social Work" accounts via private sources.<sup>1</sup>

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<sup>1</sup> This result is partly an artifact of the type of model used, which assumes employment is a linear function of spending. As noted, numbers reported above refer to 2003 employment. Expected FTE losses in 2012 might be higher, which again is partly a consequence of model assumptions.

Changes reported above would ultimately reduce the income of households across Shetland (Table 2). The contraction for the average household would be equal to 1.4% by 2012 and 5.2% by 2014. The source of these changes is wage income and profit losses. By 2014, we would expect these two sources of income to drop by 5.9 and 2.7%, respectively (Table 2). The distribution of these reductions across household groups would be far from uniform. Household with and without children would experience above-average losses, while retiree households experience rather small changes (Table 2).

Expected changes in employment across occupations are reported in Table 3. The largest reductions in both percentage and absolute terms would be observed in the “Associate Professional and Technical” category, where we could expect 144 less FTEs, representing a 12.6% decrease with respect to pre-savings levels. The “Administrative and Secretarial,” “Professional Occupations,” “Personal Service Occupations,” and “Managers and Senior Officials” categories would also experience losses of at least 7.3%. All other categories, in contrast, would experience losses of at most 3.8%. In the case of “Skilled Trade Occupations,” this could nevertheless represent the loss of 63 FTEs.

*Table 3*  
*Expected changes in Shetland employment by 2013/14*

	Occupation Type									
	Managers & Senior Officials	Professional Occupations	Professional & Technical	Administrative & Secretarial	Skilled Trade Occupations	Personal Service Occupations	Sales & Customer Service	Process, Plant & Machine Op	Elementary Occupations	Total
%	-7.3	-8.9	-12.6	-9.7	-3.4	-8.7	-3.8	-3.8	-3.6	-6.6
FTE	-64	-79	-144	-86	-63	-55	-18	-40	-48	-597

As mentioned above, most employment losses (i.e., 72%) would be observed within the public sector. Given the model’s assumptions, losses within the Council would be distributed as follows: Ports: 32 FTEs; Public Administration: 204; Schools: 144, and Social Work: 53. The remaining 28% of employment losses, representing 165 full-time jobs, would be spread among most other sectors of the Shetland economy, except for those that are more tightly linked to industries or government outwith

Shetland, such as Oil and Gas (“Oil Terminal,” “Oil Supply Services”) and Health Services (“Health”) (Table 4). The largest losses outside the public sector would be in “Construction,” “Retail,” “Technical and Professional Services,” “Other Personal Services,” “Land Transport,” and “Accommodation,” in decreasing order.

*Table 4*  
*Expected percentage effect of SIC savings on the Shetland economy by sector*

Sector	1) by 2012		2) by 2014	
	GDP	FTE	GDP	FTE
Agriculture	-0.2	-0.4	-0.7	-1.4
Fish catching	-0.1	-0.2	0.3	0.9
Aquaculture	0.0	0.0	-0.1	-0.2
Oil terminal	0.0	0.0	0	0.0
Mining and quarrying	-1.1	-0.8	-4.0	-2.9
Fish processing	0.0	-0.2	-0.1	-0.6
Other food & drink process	-1.2	-0.6	-4.3	-2.1
Marine Engineering	-0.2	-0.3	-0.6	-1.1
Textiles and crafts	-0.1	-0.2	-0.4	-0.6
Other manufacturing	-1.3	-1.8	-4.7	-6.8
Electricity, gas & water	-1.2	-1.1	-4.5	-3.9
Construction	-1.1	-9.6	-4.1	-35.8
Wholesale	-0.9	-1.0	-3.2	-3.7
Retail	-1.0	-8.6	-3.5	-32.1
Accommodation	-0.9	-2.7	-3.5	-10.1
Catering	-1.1	-1.7	-4.2	-6.5
Ports and harbours	-2.6	-8.5	-9.7	-31.6

Table 4 (continued)

Sector	1) by 2012		2) by 2014	
	GDP	FTE	GDP	FTE
Sea transport	-1.0	-0.2	-3.8	-0.6
Land transport	-1.2	-2.7	-4.6	-10.1
Air transport	-0.8	-0.8	-3.1	-3.1
Oil supply services	0.0	0.0	0	0.0
Communications	-1.6	-2.0	-6.0	-7.6
Financial	-0.7	-0.7	-2.5	-2.6
IT/computer, real estate	-1.0	-0.4	-3.7	-1.4
Technical, professional, other	-0.8	-4.3	-3.1	-16.2
Public administration	-5.6	-54.8	-20.8	-203.5
School education	-5.6	-38.6	-20.8	-143.6
College education	-0.4	-0.6	-1.5	-2.3
Health	0.0	-0.1	-0.1	-0.4
Social work	-4.2	-14.3	-15.5	-53.1
Other personal services	-1.2	-3.8	-4.4	-14.0
Total	-1.2	-161	-4.5	-597

Employment losses are tightly linked to both the size of each sector of the Shetland economy and the contraction experienced by each of these sectors. In terms of the latter, the most depressed sectors, i.e., those experiencing a loss of at least 4% by 2014, are as follows: “Communications,” “Other Manufacturing,” “Land Transport,” “Electricity, Gas and Water,” “Other personal services,” “Other food and Drink Processing,” “Catering,” “Construction,” and “Mining and Quarrying.”

As a final caveat, it is relevant that scenario 1 remains a theoretical exercise to the extent that Council savings in 2011/12 have not taken place in a static or isolated economy, as the simulation assumes, but in a complex and highly variable context. A more realistic scenario would account for changes in world demand for locally-produced commodities, such as oil and gas, fish products or tourist services. Greater

demand for these goods and services would be satisfied primarily through an expansion of the respective sector within Shetland. Such growth would help counter reductions in public spending.

We calculated the growth required in various sectors of the Shetland economy in order to offset Council savings by 2011/12 (Table 5). According to our estimates, 9% growth in the Oil and Gas sector (“Oil Terminal”) alone or 4.7% growth in the Seafood sector (“Fish Catching” and “Aquaculture”) would suffice to prevent an economic contraction. Evidently, smaller sectors would need to grow more to have the same result. Agriculture, the Creative Industries (“Textiles and Crafts,” “IT, Computer and Real State” and “Communications”) and Tourism (“Accommodation” and “Catering”) would need to expand 33, 35 and 50%, respectively, to offset on their own the effect of Council savings. Naturally, less growth would be needed if multiple sectors expanded simultaneously. That the aggregate effect of Council savings on Shetland’s economy could be offset by sectoral growth does necessarily curtail all employment losses. It is noteworthy that the expansion of the Tourist sector is the only case associated with growth in employment. As shown in Table 6, all of these changes could also entail important adjustments in employment across occupations.

It is also important to keep in mind that models are based on assumptions and thus suffer limitations. In the case of Multiplier models, such as the one considered here, the most important assumption is that relations both within and among sectors of the economy are fixed. An implication of this fact, which was discussed already, is that employment is a linear function of spending. In our case, this has forced us to model Council savings in terms of financial outlays and observe employment losses as a (endogenous) result of these savings. Alternatives to this specification can be considered later on. Another implication of model assumptions is that particular sectors face structural constraints that limit their ability to adjust to policy and market shocks. Such adjustments could entail important changes on profits, wages and their distribution across Shetland society. Exploring these issues would require considering the indirect effect of Council savings on local prices.

Table 5

*Combined effect of SIC savings and growth of particular economic sectors*

Sector	Scenario 1		Oil & Gas sector grows 9%		Seafood sector grows 4.7%		Agriculture grows 33%		Tourism grows 50%		Creative Industries grow 35%	
	GDP	FTE	GDP	FTE	GDP	FTE	GDP	FTE	GDP	FTE	GDP	FTE
Agriculture	-0.2	-0.4	-0.1	-0.1	-0.1	-0.2	<b>33.0</b>	<b>70.0</b>	0.8	1.6	0.1	0.3
Fish catching	-0.1	-0.2	0.0	0.0	<b>4.7</b>	<b>14.4</b>	0.0	-0.1	0.0	0.0	0.0	0.0
Aquaculture	0.0	0.0	0.0	0.0	<b>4.7</b>	<b>16.8</b>	0.0	0.0	0.0	0.0	0.0	0.0
Oil terminal	0.0	0.0	<b>9.0</b>	<b>30.3</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining & quarry	-1.1	-0.8	-0.8	-0.5	-0.8	-0.6	-0.4	-0.3	-0.7	-0.5	-0.6	-0.4
Fish processing	0.0	-0.2	0.0	0.0	0.0	0.0	-0.1	-0.4	0.0	0.0	0.0	0.0
Other food proc	-1.2	-0.6	-0.3	-0.1	-0.2	-0.1	-0.4	-0.2	0.5	0.2	0.0	0.0
Marine Eng	-0.2	-0.3	0.0	0.0	3.6	6.5	-0.1	-0.2	-0.1	-0.2	-0.1	-0.2
Textiles & crafts	-0.1	-0.2	0.0	0.0	0.7	0.9	0.0	-0.1	0.0	0.0	<b>35.0</b>	<b>45.2</b>
Other manuf	-1.3	-1.8	-0.4	-0.5	-0.3	-0.4	-0.3	-0.5	-0.1	-0.1	0.3	0.4
Elec, gas/ water	-1.2	-1.1	-0.2	-0.2	-0.4	-0.3	-0.3	-0.3	0.3	0.2	-0.2	-0.1
Construction	-1.1	-9.6	-0.8	-6.7	-0.8	-7.1	-0.4	-3.3	-0.8	-6.6	-0.6	-5.5
Wholesale	-0.9	-1.0	1.7	1.9	-0.1	-0.1	0.1	0.1	4.5	5.2	-0.2	-0.2
Retail	-1.0	-8.6	0.7	6.3	0.0	0.4	0.3	2.3	-0.1	-0.5	-0.2	-1.5
Accommodation	-0.9	-2.7	0.1	0.4	-0.5	-1.5	-0.5	-1.4	<b>50.0</b>	<b>144.5</b>	-0.6	-1.6
Catering	-1.1	-1.7	0.0	0.0	-0.4	-0.6	-0.4	-0.7	<b>50.0</b>	<b>78.0</b>	-0.4	-0.5
Ports & harbours	-2.6	-8.5	0.6	2.0	-2.4	-8.0	-2.1	-7.0	-2.5	-8.2	-2.5	-8.2
Sea transport	-1.0	-0.2	-0.2	0.0	-0.2	0.0	-0.1	0.0	0.2	0.0	0.2	0.0
Land transport	-1.2	-2.7	-0.5	-1.1	-0.1	-0.3	0.1	0.3	-0.4	-0.9	-0.2	-0.4
Air transport	-0.8	-0.8	-0.4	-0.4	-0.1	-0.1	0.2	0.2	0.3	0.3	-0.1	-0.1
Oil sup services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0



Communications	-1.6	-2.0	-0.5	-0.7	-0.9	-1.2	1.0	1.3	-0.5	-0.6	<b>35.0</b>	<b>44.1</b>
Financial	-0.7	-0.7	0.8	0.8	0.1	0.1	0.5	0.5	1.3	1.3	0.6	0.6
IT, real estate	-1.0	-0.4	-0.2	-0.1	-0.1	0.0	1.5	0.5	0.8	0.3	<b>35.0</b>	<b>13.0</b>
Tech, profess, other	-0.8	-4.3	-0.3	-1.4	0.2	0.8	3.6	18.6	2.1	11.2	4.3	22.2
Pub admin	<b>-5.6</b>	<b>-54.8</b>	<b>-5.6</b>	<b>-54.8</b>	<b>-5.6</b>	<b>-54.8</b>	<b>-5.6</b>	<b>-54.8</b>	<b>-5.6</b>	<b>-54.8</b>	<b>-5.6</b>	<b>-54.8</b>
School ed	<b>-5.6</b>	<b>-38.6</b>	<b>-5.6</b>	<b>-38.6</b>	<b>-5.6</b>	<b>-38.6</b>	<b>-5.6</b>	<b>-38.6</b>	<b>-5.6</b>	<b>-38.6</b>	<b>-5.6</b>	<b>-38.6</b>
College ed	-0.4	-0.6	0.0	0.0	1.5	2.3	-0.1	-0.2	0.0	0.1	0.0	0.0
Health	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social work	<b>-4.2</b>	<b>-14.3</b>	<b>-4.1</b>	<b>-14.1</b>	<b>-4.1</b>	<b>-14.1</b>	<b>-4.1</b>	<b>-14.1</b>	<b>-4.1</b>	<b>-14.1</b>	<b>-4.1</b>	<b>-14.0</b>
Oth pers serv	-1.2	-3.8	0.1	0.2	0.1	0.4	-0.4	-1.2	-0.4	-1.2	-0.5	-1.4
Total	-1.2	-161	0.0	-77	0.0	-86	0.0	-30	0.0	117	0.0	-2

Table 6

*Expected changes in Shetland employment by 2011/12 after a 9% expansion of the Oil and Gas sector*

	Occupation Type									
	Managers & Senior Officials	Professional Occupations	Professional & Technical	Administrative & Secretarial	Skilled Trade Occupations	Personal Service Occupations	Sales & Customer Service	Process, Plant & Machine Op	Elementary Occupations	Total
%	-1.1	-1.6	-2.5	-2.0	0.0	-1.5	0.4	0.9	-0.7	-0.9
FTE	-10	-14	-29	-18	1	-10	2	9	-9	-77

# Potential Implications of Shetland Islands Council Budgets on the Local Economy

## 1. The Public Sector in Shetland

The public sector is responsible for the delivery of key services. These encompass not only public safety and health through the Emergency and Health services, but also education (school and further education), infrastructure maintenance, transport provision, regulatory services, business development, social care, environmental health and planning, among others. The nature of the public sector in rural areas such as Shetland mean that the Council is also involved in areas of direct service provision where the private sector would ordinarily be expected to take the lead role, such as childcare.

In terms of employment Shetland is heavily dependent on the public sector. Although the public sector makes up only 6% of all organisations in Shetland, it accounts for 37% of full-time equivalent jobs<sup>1</sup>. Shetland Islands Council is the dominant employer in the area, accounting for 71% of public sector employment and 26% of total employment.

In terms of the economy, public sector operations are responsible for 25.4% of Shetland's Gross Regional Domestic Product<sup>2</sup> (GRDP – the sum of all value added earned by the production of goods and services within the area), equivalent to around £86.4m. By comparison, combined fisheries output<sup>3</sup> and oil terminal operations are responsible for 20.4% and 7.5% of GRDP respectively<sup>4</sup>.

When applied to total economic output (that is economic output before the removal of costs of production), public sector operations account for 21.7%<sup>5</sup>, equivalent to around £152.6m.

## 2. Background to Public Sector Cuts

In 2009, UK public sector borrowing stood at £152bn. The UK Coalition Government's Emergency Budget in June 2010 set out steps to reduce public spending by £113bn by 2014-15, a figure which was increased by £80bn following the UK Comprehensive Spending Review (CSR).

The CSR confirmed the Scottish Government's budget settlement until 2014-15, with a reduction of approximately £1.3bn in cash terms in 2011-12 from 2010-11. Passed in February 2011, the Scottish Government's draft budget includes a pay freeze for public sector workers, a 3% efficiency savings target for public bodies and an agreement between the Government and COSLA to maintain police numbers and key education and social care commitments in return for an average 2.6% spending cut.<sup>6</sup>

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<sup>1</sup> Shetland Employment Survey 2007, SIC Economic Development Unit.

<sup>2</sup> Shetland Regional Accounts 2003; University of Aberdeen Business School and AB Associates Ltd, January 2006.

<sup>3</sup> Combined results of Fish Catching, Aquaculture and Fish Processing.

<sup>4</sup> Shetland Regional Accounts 2003; University of Aberdeen Business School and AB Associates Ltd, January 2006.

<sup>5</sup> These figures may include contributions from the voluntary and charitable sectors.

<sup>6</sup> "The implications of changing public sector budgets for rural Scotland"; Rural Policy Centre, April 2011 p.5

## **Potential Implications of Shetland Islands Council Budgets on the Local Economy**

### **3. Scottish Government Budgets**

The reduction of £1.3bn in the Scottish settlement from Westminster is made up of an £800m reduction in the capital budget and £500m in the revenue budget. Subsequent reductions are expected to reduce the Scottish Government budget by 11%, equivalent to £3.3bn at 2010 prices<sup>7</sup>.

The 2011-12 Scottish Government Budget sets out a series of reductions in spending across departments. The Local Government resource budget sees a reduction of 2.6% from 2010-11, equivalent to £286.9m, plus a cut in capital budgets of £151.4m<sup>8</sup>. Other notable reductions include Education and Lifelong Learning (10.1%, equivalent to £291.4m) and Rural Affairs and the Environment (10.5%, equivalent to £54.3m)<sup>9</sup>.

Other cuts which are likely to impact on rural areas include reductions in the budgets of SEPA, SNH and some components of the Scottish Rural Development Programme, plus a reduced budget for enterprise and tourism.

The total local government settlement to Shetland Islands Council for 2011-12 will be £94.53m in revenue and £5.94m in capital budgets. This is equivalent to a 4.2% reduction in revenue and a 17% reduction in capital budgets since 2010-11. The overall reduction in the finance settlement is 5.1% since 2010-11<sup>10</sup>.

### **4. Potential Local Impact of Cuts**

There is no systematic, scientific or statistical evidence on the specific impacts on local authorities, as these will vary between authorities and will be a mixture of economic, social, household and personal impacts depending on circumstance. This section will not speculate on specific impacts but will present risks associated with public spending cuts in rural areas, and some specific to island areas.

Rural areas are particularly vulnerable to cuts in public spending for a variety of reasons. These areas tend to be vulnerable anyway, due to lack of population density, age profiles weighted heavily towards those in retirement age, lack of access to key services, transportation issues and lack of inward investment.

One key aspect where rural areas rely heavily on the public sector is as a provider of high-quality, relatively well-remunerated jobs, particularly employment for graduates of higher education. The private sector in rural

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<sup>7</sup> "The implications of changing public sector budgets for rural Scotland"; Rural Policy Centre, April 2011 p.15

<sup>8</sup> Scotland's Spending Plans and Draft Budget, Scottish Government; Chapter 14 – Local Government, [www.scotland.gov.uk/Publications/2010/11/17091127/15](http://www.scotland.gov.uk/Publications/2010/11/17091127/15)

<sup>9</sup> Scotland's Budget Document 2010-11 and 2011/12; Budget (Scotland) Bill Supporting Document, p.3

<sup>10</sup> Scottish Government, Local Government, LGF Circular No. 14/2010, [www.scotland.gov.uk/Topics/Government/local-government/17999/LGF-Circular-14-2010](http://www.scotland.gov.uk/Topics/Government/local-government/17999/LGF-Circular-14-2010)

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areas is habitually small and generally the largest proportion of attractive employment opportunities are in the public sector. This has the effect of encouraging younger (25-49 year old) workers to remain in the area, to return after further or higher education, or to move in. This is beneficial for the private sector as these workers have greater spending power and are more likely to engage in high-value spending activities such as house-building, vehicle purchase and home improvement. A reduction in jobs such as these will disproportionately affect rural areas as there is a greater likelihood that local people will have to leave the area to find employment opportunities. This has a particularly severe impact in island communities as commuting to other areas is impossible, thus necessitating out-migration. This has a further impact on the private sector as the customer base is reduced, a particular problem where the customers who the sector is losing are those who have the most spending power.

The private sector is generally small in rural areas, but certain sectors are economically crucial (retail and construction are the largest single economic sectors by SIC<sup>11</sup> definitions in Shetland, at 9.3% and 7.8% of GRDP respectively<sup>12</sup>). However, many of these sectors are reliant on the public sector, in terms of high-value contracts (construction, retail, engineering, business services) or subsidy and grant aid (agriculture, manufacturing). It is likely that significant reductions in public sector spending will see decreased opportunities for the private sector, thus lessening the ability of the private sector to 'soak up' the impacts of public cuts, and exacerbating the impacts of the sluggish economic recovery, such as limited access to commercial finance and poor consumer confidence. This is particularly significant for island communities where the opportunities for custom are strictly limited by geography and low populations.

Given the effects of geography, sparse populations and transportation issues, service delivery in rural areas is generally more expensive than in urban areas, in terms of per capita spend. The effect is that it may be more expensive to provide social care services to 20 people in Shetland than to 200 in Glasgow City. This can lead to calculations based on determinants of 'worth' or 'value for money' leading to spending and logistical solutions which disadvantage the most vulnerable. This would include the elderly, the physically infirm, those with substance abuse problems and those on low incomes – groups of people such as these are most at risk from rationalisation of public services, particularly when living in remote or isolated areas with a low likelihood that they have access to their own transport and day-to-day contact with family and friends. Moreover, local effects from the economic downturn mean that some services are likely to be facing increases in demand at the same time as facing spending cuts, as well as the extant increases in demand which are a direct result of ageing populations, so it is possible that service delivery will suffer. In effect, services will have to deliver more with less funding, and the logical conclusion is that quality and consistency of service to individuals will be affected.

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<sup>11</sup> SIC = Standard Industrial Classification

<sup>12</sup> Shetland Regional Accounts 2003; University of Aberdeen Business School and AB Associates Ltd, January 2006.

## **Potential Implications of Shetland Islands Council Budgets on the Local Economy**

As local councils attempt to deal with a reduction in the Revenue Support Grant, efforts will be made to protect statutory budgets (education, social care, infrastructure maintenance) as far as possible to insure key services, transferring the burden of cuts to discretionary budgets. One effect of this is that business development support will be affected as this is funded purely from discretionary budgets. The ability of the Council to provide funding towards projects in the private sector which will add value to the local economy will be affected by reduced budgets. This, in turn, will mean that the private sector will be less likely to take forward such projects without grant funding to ease the cost burden and mitigate against risk, particularly in the midst of a national economic downturn with commercial lending restricted. Without expansion, the private sector runs the risk of contraction, as costs increase and local spending power remains static or decreases. This further decreases the ability of the private sector, and by extension the Shetland economy, to absorb the effects of public sector cuts.

In order to ease pressure on budgets, local authorities will look to the charitable and voluntary sectors to transfer responsibility for delivery of services, particularly some social services. This is certain to place a burden of cost and resources on these organisations, who rely to a great extent on charitable contributions (which decrease in times of economic hardship), public funding through service level agreements or grant aid (which will be affected by government and local authority budget cuts) and volunteer manpower (affected by 'volunteer fatigue' in small areas and increasing bureaucracy related to liability concerns<sup>13</sup>). Of social enterprises in Shetland, 25% are to some degree dependent on service level agreements and 32% receive half or more of their annual income from revenue grant funding<sup>14</sup>. Such public funding will be more difficult to come by with large-scale public sector cutbacks, and will make it difficult for social enterprises to continue operating at current levels, let alone take on burdens of greater responsibility. As with social services mentioned above, the sector will be faced with the task of taking on more responsibility with less money.

### **5. Direct effects of public sector cuts on the Shetland economy**

In January 2006, the University of Aberdeen Business School published the Shetland Regional Accounts, which analysed the Shetland economy based on data gathered from businesses, organisations and households in 2003.

Included in the analysis were scenarios which looked at the impacts on the local economy if conditions were applied to certain sectors, specifically decreases in revenue.

One of these scenarios – the 'local government scenario'<sup>15</sup> – looked at the effects of a £21m reduction in local government expenditure<sup>16</sup>. The effects of

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<sup>13</sup> Shetland Social Enterprise Review; Anderson Solutions, January 2011, p.39

<sup>14</sup> Shetland Social Enterprise Review; Anderson Solutions, January 2011, p.28

<sup>15</sup> Shetland Regional Accounts 2003; University of Aberdeen Business School and AB Associates Ltd, January 2006 p.56-59.

## Potential Implications of Shetland Islands Council Budgets on the Local Economy

such a reduction in spending were extrapolated from local economic data to include a reduction of 4.6% (£32.2m) in total economic output, a reduction in factor income<sup>17</sup> of 5.2% (£17.8m) and a reduction across all economic sectors of 605 full-time equivalent (FTE<sup>18</sup>) jobs (6.6%).

The following table shows where the burden of FTE jobs losses were expected to fall from the 2003 data:

Sector	FTEs	% of sector	% of total losses
Public administration	-205.8	-21.0	-34.0
School education	-145.1	-21.0	-23.9
Social work	-53.6	-15.6	-8.9
Construction	-36.3	-4.1	-6.0
Retail	-32.4	-3.6	-5.4
Ports and harbours	-31.9	-9.8	-5.3
Total above sectors	-505.1	-	-83.5

The table shows that the burden of FTE jobs losses will be borne in those sectors where public sector activity is highest – 72.1% of total losses are concentrated in public administration, school education, social work and ports and harbours. Construction and retail also have significant losses, with the assumption being that public spending will lead to less high value contracts available, and that local spending power will drop due to job losses.

The above scenario is included in this paper as purely illustrative. Great care should be taken with applying the above results to the current scenario, particularly as a £21m reduction in spending at 2003 prices does not readily equate to a £26m reduction in spending at 2011 prices, especially where such a cut is expressed as a percentage of overall economic output. The above scenario also assumes an immediate removal from the local economy of £21m in public sector spending rather than a mix of efficiency savings, redistribution of services or gradual budget cuts.

### 6. Analysis of vulnerability to negative effects of public sector cuts

While it is difficult, and arguably inadvisable, to speculate on specific impacts relating to specific budget areas, it is possible to analyze the relative vulnerability of areas through objective analysis.

In 2010, Rose Regeneration and the Rural Services Network produced a Vulnerability Index for English local authorities. This looked at certain factors related to the exposure of local authority areas to public sector cuts. The four criteria were the proportion of jobs in the public sector, the proportion of the overall population of working age, average earnings of those considered to be

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<sup>16</sup> Reductions in spending were spread across discrete economic sectors thusly: public administration, £9.85m (46.9%); school education, £7.12m (33.9%); social work, £2.23m (10.6%); and ports and harbours, £1.81m (8.6%).

<sup>17</sup> Factor income is defined as income from selling the services of factors of production; this effectively means wages or personal earnings.

<sup>18</sup> 1 FTE = 1 full-time job or 3 part-time jobs.

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resident in the areas and the proportion of those of the local population claiming Jobseekers Allowance (JSA).

The above criteria were applied to Scottish local authorities in 2011, but with weightings given to criterion (a weighting of +3 for public sector jobs and average earnings; +1 for population of working age and JSA claimants) to reflect the relative importance of certain indicators to the issue at hand.

The findings were applied to all Scottish local authorities, with areas given a ranking from 1 to 32 (1 being most vulnerable; 32 being least vulnerable). The results for Shetland are as follows:

	<b>Shetland</b>
Average Weekly Earnings	25
% Population of Working Age	15
% Population Receiving JSA	32
% Workforce in the Public Sector	28
Overall Ranking	30

The high overall ranking applied to Shetland suggests a limited vulnerability to serious economic and social impacts, in the form of further economic downturn, from public sector cuts, although it should be borne in mind that this is relative to other local authorities<sup>19</sup>.

The results were also applied to all Scottish rural local authorities, using the Randall definition based on population density, where rural equates to less than one person per hectare. Applying this definition there are 14 local authorities defined as rural. These were ranked according to the above index (with 1 being most vulnerable and 14 being least vulnerable) and the results are as follows:

<b>Local Authority</b>	<b>'Rural' ranking</b>	<b>Scottish ranking</b>
Western Isles	1	3
Argyll & Bute	2	5
Dumfries and Galloway	=3	=6
Moray	=3	=6
Orkney	5	9
Highland	6	11
Scottish Borders	7	12
East Ayrshire	8	14
Angus	9	16
South Ayrshire	10	19
Stirling	11	21
Perth & Kinross	12	27
Shetland	13	30
Aberdeenshire	14	32

<sup>19</sup> Rose Regeneration, Rural Vulnerability Index 2010



## Potential Implications of Shetland Islands Council Budgets on the Local Economy

Again, based on the above ranking only Aberdeenshire appears less vulnerable to further economic impacts from public cutbacks<sup>20</sup>.

Other indicators which denote potential vulnerability are the Scottish Indices of Multiple Deprivation (SIMD). These are statistical indicators which determine levels of deprivation in terms of certain socio-economic indices. These include crime, levels of education, access to services and public transport, drive times to work and employment levels. These indicators are calculated by data zone<sup>21</sup> and ranked out of 20, with 1 being a data zone in the 5% most deprived data zones in Scotland and 20 being in the 5% least deprived. The table below has calculated an average ranking for Shetland based on the results of the 30 data zones within the local authority area<sup>22</sup>.

	<b>Shetland</b>
Current Income	14
Employment	15
Health	13
Education, Skills and Training	13
Geographic Access to Services	2
Public Transport	4
Drive Times	2
Housing	13
Crime	15
Scottish Index of Multiple Deprivation	12 <sup>23</sup>

What the table above shows is that Shetland is considered to be among the less deprived areas in terms of indicators which relate directly to social and economic opportunities and circumstances, but is considered to experience quite severe deprivation where indicators are determined by geography and distance.

Analysis of the above ranking would suggest that economic and social circumstances in Shetland are in a favourable position to cope with potential negative effects of public sector cuts, and although there are areas where deprivation is considered to be quite pronounced, it is not located in areas which are likely to be greatly affected by reduced public finances<sup>24</sup>.

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<sup>20</sup> Rose Regeneration, Rural Vulnerability Index 2010.

<sup>21</sup> Data zones are statistical measurement areas designed to give meaningful figures for small areas, i.e. street level. These zones are designed to be small enough to give meaningful data at sub-local level, but large enough so that information is not potentially disclosive. Data zones tend to contain a minimum population of 500 residents and a maximum population of 1,000.

<sup>22</sup> Scottish Neighbourhood Statistics. [www.sns.gov.uk](http://www.sns.gov.uk)

<sup>23</sup> The statistics presented are designed to give an overall impression rather than a definitive guide to deprivation issues in Shetland. As the figures are aggregated from 30 data zones across Shetland care should be taken with any interpretation of results, as rankings can vary widely across data zones.

<sup>24</sup> Public Transport may be affected by budget cuts, but the above indicator relates to availability rather than cost, and it appears unlikely that current transport provision to remote areas will be greatly reduced.

## **Potential Implications of Shetland Islands Council Budgets on the Local Economy**

### **7. Local Factors Mitigating Negative Effects of Public Sector Cuts**

As seen above, analysis of statistical factors shows that Shetland is deemed to be less vulnerable to potential economic downturn from public sector cuts than most local authority areas in Scotland, and experiences less socio-economic deprivation than many areas. While the effects of moderate to severe public sector cuts are likely to impact on many of the indices used to make these calculations, it is reasonable to expect that Shetland has a certain amount of insulation from the impacts that will be felt in more vulnerable areas.

One factor mitigating against likely negative impacts is the extremely low unemployment rate, which currently stands at 1.2%, or 172 individuals, based on JSA claimants<sup>25</sup>. Such a low rate of unemployment can potentially be an economic drawback, as expansion projects with large manpower requirements are limited in the amount of locally-available labour that can be sourced, particularly when attempting to source skilled labour. During an economic downturn, such a low rate of unemployment means that there is an ability within the local economy to absorb negative impacts of cuts without inducing catastrophic shrinkages.

Related to the above point is the large amount of industrial and technical development either underway or planned in Shetland over the short- to medium-term. This includes, but is not limited to, the Total Gas Plant development, on- and offshore renewable energy developments, oil and gas decommissioning (in particular the upcoming Brent field decommissioning), Viking Energy and broadband expansion. These developments will not only impact on employment within Shetland, but will also encourage private sector growth in the form of new business start-ups, encourage the development of the extant workforce through the introduction of new technical expertise and training, and increase income to the public sector through rates and returns. The arguable inability of the local economy to cope with manpower requirements will lead to the encouragement of in-migration, which will impact of the local economy in terms of spend in the retail, accommodation, wholesale, transportation and business services sectors and may, ultimately, lead to population growth encouraging new house builds and private sector growth.

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<sup>25</sup> NOMIS Labour Market Statistics; Labour Market Profile – Shetland Islands, September 2011