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## **REPORT**

**To: Executive Committee  
Shetland Islands Council**

**26 June 2007  
4 July 2007**

**From: Head of Capital Programme and Housing Service**

**Report No: CPS-03-07-F**

**Subject: Capital Programme - Capital Programme Review Team (CPRT) - April 2007**

### **1.0 Introduction**

- 1.1 The Capital Programme Review Team (CPRT) was established to monitor existing projects and make proposals to the Council for decisions relating to the Capital programme (SIC Min Ref, 141/06).
- 1.2 The proposals within this report follow the second meeting of the CPRT on 30 April 2007.
- 1.3 This is not a progress report on committed capital projects, which will be the subject of a later report.
- 1.4 This report does look at and make recommendations on projects that remain at this stage uncommitted.

### **2.0 Link to Corporate Priorities**

- 2.1 As part of the Council's commitment to sustainability within the Corporate Improvement Plan we have undertaken to define our priorities so we can sustain the services we want to provide and help develop our economy. A key component of this is the commitment we have made to implement a Capital Programme prioritisation system and the continuation of that process.
- 2.2 This is the first in a series of periodic reports submitted from CPRT to seek approval of the proposed changes to the Capital programme regarding inclusion of new projects, budget and programming.

### 3.0 CPRT Submissions

- 3.1 CPRT heard requests for funding through the Capital programme. These requests and the recommendation from CPRT are set out and summarised below:

3.1.1 **Mid Yell Junior High School (MYJHS)** – The Services committee has already agreed to continue with a new build option for a new Junior High School in Yell with a revised cost of £7.236m at 2005 prices (Services Committee Min Ref, 50/05). This equates to £8.045m at 2007 prices. Since then the project design team has been progressing the design. CPRT were asked to consider a request for additional funding for a whole range of factors that would take the estimate for the design to £8.963m. CPRT noted that any additional funding used for MYJHS would result in another project not progressing. CPRT asked the Head of Capital Programme Service (CPS) to review costs and take a full report to Council to determine if they wish to stand by their previous decision or make a new decision. CPRT recommendation – That, CPRT review any further information prior to reporting to Council in August/ September for a revised decision;

3.1.2 **Feasibility Studies/ Advance Design of Schemes (Roads)** – There was a request to draw down £60k to prepare feasibility studies for roads. There was a further request for another £60k for the advance design of roads projects that are on the capital programme but not yet started CPRT recommendation – That:

3.1.2.1 £60k for feasibility studies for new road projects be funded from any slippage identified in the current feasibility study budget;

3.1.2.2 No allocation be made for advance design until it is time for that project to go ahead.

3.1.3 **Review of Oversund Roundabout and Environmental Works** – The roundabout project is already identified to be started this financial year (SIC Min Ref, 16/07) at a cost of £400k. Roads staff requested a further £200K to extend the scope of the scheme to include other projects planned for this area. The Sound School requires additional car parking, and both Housing and Environmental Services have projects to landscape and improve the amenity of adjacent areas. Combining all these works into a single project will reduce transportation of waste, make more use of local materials and reduce overall disruption to residents close by. Combining all the works into a single project will reduce contract and mobilisation costs compared with doing each project separately and so reducing costs into the future. CPRT recommendation – That, due to the high priority of the project, it should receive £200k from any slippage that arises:

- 3.1.4 **Replacement Power Distribution System in the Gremista Garage/Workshop Building** – The DLO manager identified a recent problem that was a high risk Health and Safety issue requiring immediate intervention or the switching off of electricity supplies to the Gremista depot. The cost of repairs was £20k. CPRT recommendation – That, the Council could not be left exposed by operating unsafely and funding for this project to be found from any slippage as a priority.
- 3.1.5 **Enabling Projects and Feasibility Studies to Support the Transport Strategy** – The Council have already identified a sum of £500k (250k remaining) to be used on the works arising from the transport strategy and fixed link to Bressay (SIC Min Ref, 16/07). The Transport service requested a sum of £325k to progress the work of the Transport strategy. CPRT recommendation – That, the £325k be funded in the following way:
- 3.1.5.1 £100k for a STAG appraisal in connection with a fixed link to Bressay from budget already agreed by Council for that project.
- 3.1.5.2 £225k from the budget already agreed by the Council for works related to advancement of the Transport Strategy.
- 3.1.6 **Education Maintenance of School Buildings** – These proposals superseded the former rolling programme by identifying with greater clarity the building maintenance requirements of the service. The total of expected works required across Shetland is £1.225m in the first year with additional amounts required in future years. This amount includes costs for the rebuild of the Mid Garth wall adjacent to the Bruce Hostel. The price obtained for the original Mid Garth wall tendering exercise was not considered value for money and as such will be retendered. The project will be readvertised w/c 11 June 2007 with commencement of works expected this summer. CPRT recommendation – That, the project be prioritised and recommended for inclusion in the capital programme for future years (see 3.2 below).
- 3.1.7 **Library Provision in Lerwick** – Council have already agreed to the provision of increased capacity to library services by refurbishing the old library and old museum building at a cost of £ 2.477m (SIC min ref 47/07). CPRT recommendation – That, the project be prioritised and recommended for inclusion in the capital programme for future years (see 3.2 below).
- 3.1.8 **Reserve Fund Property Grants** – The Council receives some funding from Communities Scotland for repairing and improving Reserve Fund Housing Grant. Prior to the Council receiving external funding the Council had funded such works themselves from capital. When the external funding was approved the Council agreed to continue funding the Reserve Fund Grant of £150k from the Capital Programme (Infrastructure Min Ref, 29/04). However, this was not prioritised during the last round of activity but £80k had been committed in the meantime.

Approval is given to commit spend which in any given year may exceed the cap but on average comes within budget (Special SIC Min Ref, 151/00).

The Head of Finance confirmed that the Council would have a responsibility to meet the committed costs. CPRT recommendation – That the £80k committed cost be met from any slippage arising in the current programme and the remaining funding request to be prioritised and added to the recommendations for inclusion in the prioritised list (see 3.2 below).

- 3.1.9 **Scord Quarry Plant Modifications** – CPRT were advised of the opportunity to reduce waste destined for landfill by increasing the use of re-cycled materials. The cost of the necessary plant modifications would be £250k with the possibility of a Scottish Executive grant of £75k if the project is completed before the end of March 2008, thus reducing the cost to £175k. CPRT recommendation – That, the project be prioritised and recommended for inclusion in the capital programme for future years (see 3.2 below).

- 3.1.10 **Asbestos Management** – CPRT were advised of concerns from the Health and Safety Executive (HSE) regarding asbestos management and the need for dedicated software to resolve the problem. This project had already been prioritised by the Council in the last CPRT report (SIC Min Ref, 40/07). CPRT recommendation - That, the SIC staff responsible for asbestos management look at meeting their immediate information requirements and response to HSE by, discussing their database requirements with other SIC staff who may have a knowledge of such databases.

- 3.1.11 **Knab Dyke** – CPRT heard a request for the virement of money from the Water based Facilities Project (Marinas) to be used for the Knab Dyke. CPRT recommendation – That:

- 3.1.11.1 Any slippage on the Marina's budget should be considered by CPRT and the Council for future re-allocation in the capital programme based on order of priority;
- 3.1.11.2 The earlier decision on the Knab Dyke remain in place (SIC min ref 40/07).

- 3.1.12 **Sumburgh Lighthouse Restoration** – Representatives of the Amenity Trust presented a report to CPRT with a request for the Council to consider part funding this project. Total cost is expected to be £3.9m with a contribution of £1.5m requested from the Council. A report is expected to be presented to Council in due course and no further action taken at this stage.

- 3.1.13 **Old Scatness – Investment in Archaeology** - Representatives of the Amenity Trust presented a report to CPRT with a request for the Council to consider part funding this project. Total cost for 07/08 is

expected to be £349k with a contribution of £234k requested from the Council. A report is expected to be presented to Council in due course and no further action taken at this stage.

3.2 The projects seeking to be added to the programme were:

- 3.2.1 Library provision in Lerwick (SIC Min Ref, 47/07);
- 3.2.2 Education Maintenance;
- 3.2.3 Scord Quarry.

3.3 CPRT scored each of the new projects in accordance with the Council's criteria (Min Ref, 48/06). The new projects were then ranked alongside other projects that are still to be programmed. The results of that scoring, as a revised list of projects awaiting commencement (in order of priority), is attached as Appendix A. The new projects are highlighted in italics.

3.4 The Council agreed to greater scrutiny by CPRT for projects within rolling programmes. The recommendations set out in 3.1.6 continue that process.

3.5 Members should note that there are many projects at feasibility and/ or option appraisal stage. These projects cannot be scored by CPRT until this information is complete. Therefore, they cannot be added to the prioritisation list at this stage. This applies to the remaining Social Work projects and projects associated with the Transport Strategy. However, as these projects progress they will be prioritised in due course and brought to Members for consideration at that point.

3.6 Should Members agree to the recommendations in this report, the adjustment in Table 1 below shows the net result:

Project	Expenditure £000 (A)	Slippage £000 (B)
A 971 Haggersta to Cova		695
Replacement for Leog		300
Waterbased Facilities (Marinas)		100
Replacement of power distribution, Gremista depot	20	
Reserve Fund Housing Grant (RFHG)	80	
Oversund Junction additional works	200	
<b>Sub Totals</b>	300	1095

**Total Slippage Available (B – A) = £795k**

3.7 The slippage that is now available would allow projects to come forward in order of priority. Members will note from Appendix A that the next project due to commence is the Schools maintenance project. The Schools service have indicated that they will be able to spend the remaining £795k within the financial year. This falls short of the £1.255m requested but it would see a sizable proportion of that work completed. Therefore, I would recommend that the £795k be allocated to the Schools maintenance project to commence the necessary works.

- 3.8 As with all Capital Projects there may be several phases. Therefore, all projects have to be managed in a flexible way to make sure that funding is fully utilised and the programme of work fits together in the most meaningful way. This means that some projects might conclude the feasibility or design phase but then have to wait for the further availability of funding to commence the construction phase.
- 3.9 Further adjustments to the capital programme will be reported to Members in due course. Similarly, progress against all projects will be reported to Members on a periodic basis.

#### **4.0 Proposal**

- 4.1 It is proposed that Executive Committee and Council:
  - 4.1.1 Confirm acceptance or amend the CPRT recommendations in 3.1 and 3.2;
  - 4.1.2 Confirm acceptance or amend the revised prioritisation recommended in Appendix A;
  - 4.1.3 Confirm acceptance or amend the bringing forward of the school projects identified in 3.7.

#### **5.0 Financial Implications**

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

#### **6.0 Policy and Delegated Authority**

- 6.1 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in Section 10.0 of the Council's Scheme of Delegations.
- 6.2 This report is submitted to the Executive Committee in terms of its remit for financial monitoring, and for them to make comments or recommendations to Council.
- 6.3 However, decisions relating to approval or variation to the Council's Capital Programme requires approval of the Council (Section 8.0 – Scheme of Delegations).

## **7.0 Conclusion**

- 7.1 This report represents the results of the latest CPRT meeting. The programme for 2007/08 has only recently begun and so the use of any slippage that may occur into the future cannot be predicted at this stage. The recommendations within this report will assist with controlling of costs, allocation of resources in the future and the provision of a sustainable capital programme into the future.

## **8.0 Recommendations**

- 8.1 It is recommended that Executive Committee and Council:
- 8.1.1 Confirm acceptance or amend the CPRT recommendations in 3.1 and 3.2;
  - 8.1.2 Confirm acceptance or amend the revised prioritisation recommended in Appendix A;
  - 8.1.3 Confirm acceptance or amend the bringing forward of the school projects identified in 3.7.

Our Ref: CPS-03-07-F/CM/RS

Date: 13 June 2007

Enclosure: Appendix A: Revised list of projects awaiting commencement





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## **REPORT**

**To: Executive Committee  
Shetland Islands Council**

**26 June 2007  
4 July 2007**

**From: Head of Capital Programme and Housing Service**

**Report No: CPS-04-07-F**

**Subject: Offer of Additional Capital Grant for 2007/08 – Use of Emergency Powers**

### **1.0 Introduction**

- 1.1 The Council has been offered additional capital grant for the financial year 2007/08. This report sets out the actions taken so far using delegated powers and recommendations for the future.

### **2.0 Link to Corporate Priorities**

- 2.1 The proposals within this report will link to the Council's corporate plan by enhancement of skills development and learning.
- 2.2 Section 2 of the corporate plan requires the Council to organise its business and administration to make sure that the community and corporate plans are implemented by finances, consistent planning and action, performance, management and communication.
- 2.3 A Council, which is organised efficiently run and sustainable, is one of our key priorities. Within the Corporate improvement plan we have pledged that the Council's capital programme will be further aligned with available funds.

### **3.0 Background**

- 3.1 In a letter dated the 2 February 2007, the Scottish Executive announced a capital grant allocation of £1.141m for Shetland Islands Council. See Appendix A.

- 3.2 The purpose and conditions of the grant state that, "*The Grant shall be used for investment in capital expenditure projects which maximise future savings to the Council (for example in ways that will enable the council to reduce its energy costs and secure improvements in their asset management planning)*". These are generally defined as "spend to save" projects.
- 3.3 Further, the projects should be undertaken between 2007/08 and all projects should be substantially complete by 31 March 2008.
- 3.4 There were no projects on the existing capital programme that fell into the categories defined in 3.2 and 3.3 above.
- 3.5 Therefore, in order to take advantage and make use of this funding new capital projects had to be identified. The Head of the Capital Programme Service invited all Heads of Service to make bids for the use of this money.
- 3.6 The projects submitted were considered by the Head of Capital Programme Service, Head of Finance, General Manager of the Charitable Trust and the Management Accountant for capital projects.
- 3.7 The criteria for consideration were:
  - 3.7.1 The project had a good chance of completion in the financial year 2007/08;
  - 3.7.2 The project would result in savings to the Council over the shortest period;
  - 3.7.3 Where possible it would be a project that would be considered for inclusion on the SIC capital programme at some point. Thus, saving the Council the cost of that investment.
- 3.8 Many of the project ideas and the financial implications had to be developed as a priority to stand any chance of achieving completion in the stipulated year. Any delay increases the risk of not achieving the spend and so losing the available funding.
- 3.9 The projects identified as having a realistic chance of completion are laid out in *Appendix B*. This list includes reserve projects that can be brought forward in the event of any slippage to ensure as much of the money as possible is spent.
- 3.10 The timing on this has been problematic in that there has not been an opportunity for the Council to formally approve these additional projects until now. All projects require to be essentially completed by end of March 2008 in order to secure the additional grants offered.
- 3.11 These timescale constraints are such that some preparation spend on the identified projects was necessary to commit to in order to stand a realistic chance of completing the tasks and securing the extra funds.

- 3.12 As a consequence the Chief Executive was requested to approve that the process on this preparatory expenditure commence, applying his emergency powers in consultation with the Convener, when elected, which he has done.
- 3.13 However this was conditional on seeking full approval of the Council to approve the final project list and with that providing sanction to complete the necessary full spend per project identified under the scheme.
- 3.14 Should Members agree to continue with these projects they will be monitored by the Capital Programme Service with periodic reporting back to the Council on progress, along with all other capital projects.

#### **4.0 Proposal**

- 4.1 It is proposed that Members:
  - 4.1.1 Note the actions taken so far to progress the use of this grant;
  - 4.1.2 Confirm acceptance or amend the spend to save projects recommended in Appendix B;
  - 4.1.3 Confirm acceptance or amend the bringing forward of the reserve projects identified in Appendix B.

#### **5.0 Financial Implications**

- 5.1 The proposals within this report make use of additional resources without the need to provide additional funding from the Council. Therefore, there are no direct financial implications from this report. The completion of the projects will result in some one off savings to the Council and some longer term reductions in revenue expenditure.

#### **6.0 Policy and Delegated Authority**

- 6.1 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in Section 10.0 of the Council's Scheme of Delegations. However, the decisions in this report require approval by Council, as per the terms of the action taken under emergency powers.
- 6.2 This report is submitted to the Executive Committee in terms of its remit for financial monitoring, and for them to make comments or recommendations to Council.
- 6.3 Shetland Islands Council Scheme of Delegations provides emergency powers allowing the Chief Executive, after consulting with the Convenor/ Vice-Convener, to take action in the event of an urgent matter requiring an immediate decision. Section 23.3 reads, "Emergency Powers, In the event of an urgent matter arising which requires an immediate decision, the Chief

Executive or his nominee, may take action on behalf of the Council, having consulted with the convenor or vice convenor whichever is appropriate and available. A report of the action taken shall be submitted to a meeting of the Council as soon as possible, but within the terms of the administrative regulations.

## **7.0 7.0 Conclusion**

- 7.1** This grant represents additional funding offered to the Council with conditions attached. In normal circumstances the projects would have been presented to the Council for consideration and approval before commencing the works. The timing of the grant offer and the Council elections prevented that routine process from happening. In the meantime, to try and ensure as much of the money as possible is spent, the project work had to be identified, organised and started as soon as possible. Members can decide to spend the money on other projects if they so wish. However, any money not spent will have to be paid back to the Scottish Executive. Should Members decide not to proceed, there may be abortive costs relating to the staff time spent on this process so far.

## **8.0 Recommendations**

- 8.1** It is recommended that the Executive Committee and Council:
- 8.1.1** Note the use by the Chief Executive of emergency powers in the circumstances to progress the use of this grant;
  - 8.1.2** Confirm acceptance or amend the spend to save projects recommended in Appendix B;
  - 8.1.3** Confirm acceptance or amend the bringing forward of the reserve projects identified in Appendix B.

Our Ref: CPS-04-07-F/CM/RS

Date: 15 June 2007

Enclosure: Appendix A: Offer letter from the Scottish Executive.  
Appendix B: List of proposed Spend to Save projects.



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## **REPORT**

**To: Executive Committee  
Shetland Islands Council**

**26 June 2007  
4 July 2007**

**From: Head of Capital Programme and Housing Service**

**Report No: CPS-04-07-F**

**Subject: Offer of Additional Capital Grant for 2007/08 – Use of Emergency Powers**

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- 3.3 Further, the projects should be undertaken between 2007/08 and all projects should be substantially complete by 31 March 2008.
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- 3.5 Therefore, in order to take advantage and make use of this funding new capital projects had to be identified. The Head of the Capital Programme Service invited all Heads of Service to make bids for the use of this money.
- 3.6 The projects submitted were considered by the Head of Capital Programme Service, Head of Finance, General Manager of the Charitable Trust and the Management Accountant for capital projects.
- 3.7 The criteria for consideration were:
  - 3.7.1 The project had a good chance of completion in the financial year 2007/08;
  - 3.7.2 The project would result in savings to the Council over the shortest period;
  - 3.7.3 Where possible it would be a project that would be considered for inclusion on the SIC capital programme at some point. Thus, saving the Council the cost of that investment.
- 3.8 Many of the project ideas and the financial implications had to be developed as a priority to stand any chance of achieving completion in the stipulated year. Any delay increases the risk of not achieving the spend and so losing the available funding.
- 3.9 The projects identified as having a realistic chance of completion are laid out in *Appendix B*. This list includes reserve projects that can be brought forward in the event of any slippage to ensure as much of the money as possible is spent.
- 3.10 The timing on this has been problematic in that there has not been an opportunity for the Council to formally approve these additional projects until now. All projects require to be essentially completed by end of March 2008 in order to secure the additional grants offered.
- 3.11 These timescale constraints are such that some preparation spend on the identified projects was necessary to commit to in order to stand a realistic chance of completing the tasks and securing the extra funds.

- 3.12 As a consequence the Chief Executive was requested to approve that the process on this preparatory expenditure commence, applying his emergency powers in consultation with the Convener, when elected, which he has done.
- 3.13 However this was conditional on seeking full approval of the Council to approve the final project list and with that providing sanction to complete the necessary full spend per project identified under the scheme.
- 3.14 Should Members agree to continue with these projects they will be monitored by the Capital Programme Service with periodic reporting back to the Council on progress, along with all other capital projects.

#### **4.0 Proposal**

- 4.1 It is proposed that Members:
  - 4.1.1 Note the actions taken so far to progress the use of this grant;
  - 4.1.2 Confirm acceptance or amend the spend to save projects recommended in Appendix B;
  - 4.1.3 Confirm acceptance or amend the bringing forward of the reserve projects identified in Appendix B.

#### **5.0 Financial Implications**

- 5.1 The proposals within this report make use of additional resources without the need to provide additional funding from the Council. Therefore, there are no direct financial implications from this report. The completion of the projects will result in some one off savings to the Council and some longer term reductions in revenue expenditure.

#### **6.0 Policy and Delegated Authority**

- 6.1 The Executive Committee has delegated authority to make decisions on all matters within its remit, and as described in Section 10.0 of the Council's Scheme of Delegations. However, the decisions in this report require approval by Council, as per the terms of the action taken under emergency powers.
- 6.2 This report is submitted to the Executive Committee in terms of its remit for financial monitoring, and for them to make comments or recommendations to Council.
- 6.3 Shetland Islands Council Scheme of Delegations provides emergency powers allowing the Chief Executive, after consulting with the Convenor/ Vice-Convener, to take action in the event of an urgent matter requiring an immediate decision. Section 23.3 reads, "Emergency Powers, In the event of an urgent matter arising which requires an immediate decision, the Chief

Executive or his nominee, may take action on behalf of the Council, having consulted with the convenor or vice convenor whichever is appropriate and available. A report of the action taken shall be submitted to a meeting of the Council as soon as possible, but within the terms of the administrative regulations.

## **7.0 7.0 Conclusion**

- 7.1** This grant represents additional funding offered to the Council with conditions attached. In normal circumstances the projects would have been presented to the Council for consideration and approval before commencing the works. The timing of the grant offer and the Council elections prevented that routine process from happening. In the meantime, to try and ensure as much of the money as possible is spent, the project work had to be identified, organised and started as soon as possible. Members can decide to spend the money on other projects if they so wish. However, any money not spent will have to be paid back to the Scottish Executive. Should Members decide not to proceed, there may be abortive costs relating to the staff time spent on this process so far.

## **8.0 Recommendations**

- 8.1** It is recommended that the Executive Committee and Council:
- 8.1.1 Note the use by the Chief Executive of emergency powers in the circumstances to progress the use of this grant;
  - 8.1.2 Confirm acceptance or amend the spend to save projects recommended in Appendix B;
  - 8.1.3 Confirm acceptance or amend the bringing forward of the reserve projects identified in Appendix B.

Our Ref: CPS-04-07-F/CM/RS

Date: 15 June 2007

Enclosure: Appendix A: Offer letter from the Scottish Executive.  
Appendix B: List of proposed Spend to Save projects.



**Appendix B****Offer of additional Capital Grant for 2007/08****Proposed projects****March 2007**

<b>Project Description</b>	<b>Capital Cost</b>	<b>Value of Savings</b>	<b>Payback Period</b>
Islesburgh CC – Replace Heating & Ventilation	£100K Estimated	£11K plus	5 years est. (complex case)
Fire Alarm and Emergency Lighting Upgrades	£75K	£7,500 p.a. saving in service agreements	10 years
Building Management Systems – 6 schools presently unfunded	£100k Estimated	£1750 per school p.a. estimated	10 years est.
Purchase of 2 No. Super Low Floor Buses (Provided to operators in return for reduction in contract costs)	£260K	£60K p.a. (net saving taking into account maintenance, depreciation, etc.)	5 years
Shore power for tugs	£100-125K (£60-70K being claimed)	£20K p.a.	5 years
Council acquisition of Quendale House	£250K	Rent presently £42,916, reducing to circa £25K p.a. post Sept 2007	Circa 10 years
Install water meters and waste control measures	£50K	£33,711 p.a.	1.48 years
Wind turbines at 4 schools	£25K estimated	£8103 p.a.	3.09 years
Install district heating – 4 buildings in LK	£60K	£9490 p.a.	6.32 years

**Reserve Projects** - to be progressed if there is slippage in any of the above

Purchase sea bed at Blacksness Pier, saving rent to Crown Estate	£150-200K estimated	£14,700 p.a.	10- 14 years est
Replace tungsten lighting with fluorescent	£50K estimated	£4k p.a.	12.5 years est.
Improved insulation – various buildings	£20K	£2K p.a.	10 years





## **REPORT**

**To: Executive Committee**

**26 June 2007**

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

**Report No: F-016-F**

**Quality of Life Funding - Outturn 2006/07 and carry forwards into 2007/08**

### **1.0 Introduction and Key Decisions**

- 1.1 This report informs Members of how the £453,928 Quality of Life funding allocated to this Council for 2006/07 was spent.
- 1.2 This report also informs Members of the current 2007/08 Quality of Life funding allocation and requests approval of unspent 2006/07 budget carry forward into 2007/08.

### **2.0 Links to Corporate Priorities**

- 2.1 This report links to the Council's corporate priorities, defined in its Corporate Plan, specifically in relation to sustainable matching of resources to community needs and priorities.

### **3.0 Background**

- 3.1 In December 2002 the Scottish Executive announced the allocation of £180 million of Quality of Life funding for local authorities. The allocation for Shetland was £455,000 for 2004/05 and £526,000 for 2005/06. A further announcement was made on Quality of Life funding in December 2004 allocating £50 million to local authorities. The allocation for Shetland is £376,000 in 2006/07 and 2007/08 (note the 2006/07 budget of £453,928 in this report included prior years carry forward of £77,928).
- 3.2 Ministers expect the use of the funds to reflect the shared central and local government priorities for improving the local environment and improving community well-being.

3.3 The Council previously approved projects being funded by the Quality of Life Initiative for 2007/08 (March 2007, CD-208 Min Ref SIC 30/07).

3.4 Details of the 2007/08 budget plus any carry forwards requested in this report is shown in Appendix 2.

#### **4.0 Quality of Life – Outturn and Carryforwards 2006/07**

4.1 A detailed list of the projects undertaken during 2006/07 and their main achievements is provided in Appendix 1. There is also a column in the appendix that shows the carry forward requested.

4.2 In previous years the Scottish Executive have approved that any underspend may be carried forward. An updated project plan must be submitted to the Scottish Executive by the end of June.

4.3 Of the £453,928 allocated to Shetland, £386,057 (85%) was spent during 2006/07, a total underspend of £67,871. Of this £5,000 has already been approved and allocated to the 2007/08 budget by report CD-208. Of the remaining £62,871, £53,173 is required to fulfil the commitments of the 2006/07 projects and the remaining £9,698 is proposed to be allocated to existing or new projects later in 2007/08.

#### **5.0 Quality of Life 2007/08 Budget**

5.1 A detailed list of projects in the current financial year is set out in Appendix 2.

5.2 For 2007/08 there is total funding of £432,110 (including £5,000 of this carryforward) for Quality of Life projects. Should the remaining carryforwards of £62,871 detailed in this report be approved the budget will rise to £494,981.

#### **6.0 Financial Implications**

6.1 Should the remaining carry forward of £62,871 from 2006/07 to 2007/08 be approved there will be an increase in the 2007/08 Quality of Life Budget from £432,110 to £494,981.

#### **7.0 Policy and Delegated Authority**

7.1 This report is being presented to the Executive Committee in terms of its remit for financial planning and monitoring, as described in Section 10.0 of the Council's Scheme of Delegations.

- 7.2 Although the proposals in this report are in line with current Council initiatives, the new funding package affects more than one service area, and determination of expenditure has not been delegated to any Committee or Officer, therefore a decision of the Council is required.

## **8.0 Recommendations**

- 8.1 I recommend that the Executive Committee recommends to the Council that it approves the 2006/07 budget carry forward of £62,871 and note the revised 2007/08 budget of £494,981.

Date: 18 June 2007  
Our Ref: QOL/HKT

Report No: F-016-F





# Shetland Islands Council

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## REPORT

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

**26 June 2007**  
**4 July 2007**

From: **Head of Finance**

### **2006/07 FINANCIAL OUTTURN** **Report No: F-017-F**

#### **1.0 Introduction**

- 1.1 The purpose of this report is to inform Members of the 2006/07 provisional outturn (this is still subject to audit) in relation to the 2006/07 revised budget.

#### **2.0 Links to Corporate Priorities**

- 2.1 This report links to the Council's corporate priorities, defined in its Corporate Plan, specifically in relation to reviewing financial performance relative to the Council's financial policies.

#### **3.0 Format of the Report**

- Section 1 - Introduction
- Section 2 - Links to Corporate Priorities
- Section 3 - Format
- Section 4 - 2006/07 Outturn compared to budget for: -
  - Support and Recharged Services
  - General Fund
  - Reserve Fund
  - Housing Revenue Account
  - Harbour Account
- Section 5 - Policy and Delegated Authority
- Section 6 - Conclusions
- Section 7 - Recommendations

## 4.0 2006/07 Outturn Compared to Budget

### 4.1 Support and Recharged Services

4.1.1 The Support Services ledger comprises the costs of Executive, Education & Social Care and Infrastructure Service, Economic Development Unit and Ports & Harbours Operations' support functions, which are ultimately recharged out to particular services and funds, leaving a zero balance. The Recharged ledger is for engineering services which is also recharged out (leaving a zero balance) to harbour and ferry services.

4.1.2 The following table compares the 2006/07 Support and Recharged Services provisional outturn against the revised budget.

Table 1 Support & Recharged Services	2006/07 Revised Budget  £'000	2006/07 Provisional Outturn (ex Comp) £'000	2006/07 Variance (ex Comp) Fav/(Adv) £'000
Employee Costs	18,050	17,066	984
Operating Costs	14,094	13,523	571
Transfer Payments	0	0	0
Income	(1,482)	(1,867)	385
Net Departmental Expenditure	30,662	28,722	1,940
Capital Financing Costs	554	267	287
Net Recharges	(31,216)	(28,988)	(2,227)
Total Net Expenditure	0	0	(0)

4.1.3 The Net Departmental Expenditure on controllable items is £1.940m less than the budget. Under employee costs the underspend £0.984m is due to vacancies and provision of staff cover for training, which did not occur as originally anticipated. Operating Costs underspend of £0.608m is mainly due to general underspending of budgets across the Council i.e. on equipment purchases (£0.156m), reduced fuel costs on the ferries due to price and efficiency savings (£0.186m), reduced training and subsistence (£0.109m). The increase in Income was mainly from the Reserve Fund contributions for graduate placements (£0.193m) and increased miscellaneous income (£0.134m) across the Council. Capital financing costs variance is due to a change in the accounting treatment of assets i.e. there is no longer notional interest charged to the revenue account.

### 4.2 General Fund

4.2.1 The table below compares the 2006/07 General Fund provisional outturn against the revised budget.

4.2.2 The budget was initially set with a requirement to utilise £11.755m from Reserves (SIC Min. Ref. 13/06) with the proviso to reduce the budgets by 5%. The purchase of ferries removed leasing charges of over £2.2m, net transfers from the Reserve



Fund £0.264m and the approved efficiency, minor and major savings of £2.6m which reduced the expected draw on balances to £7.17m.

- 4.2.3 The overall position on the 2006/07 General Fund revenue outturn is a draw on reserves of £5.781m including the one-off compensation payment of £1.824m in respect of Equal Pay. This does not include the carry forward of £0.16m for Tamil Nadu and Quality of Life projects which have been requested. The total draw required to meet this as well will be £5.941m. For information, the one-off compensation payment was paid to staff where it was alleged that some aspects of the existing pay arrangements for certain groups of staff amounted to a breach of the right for men and women to receive equal pay for like or equivalent work. The net effect of all this is that the actual draw on balances is below the revised budget by £1.231m (£1.391m less £0.16m) as set out in the remainder of this Section.

Table 2 General Fund	2006/07 Revised Budget £000	2006/07 Provisional Outturn £000	2006/07 Variance Fav/(Adv) £000
Employee Costs	52,369	52,360	9
Operating Costs	31,984	31,962	22
Transfer Payments	8,980	8,407	572
Income	(22,157)	(23,832)	1,675
<b>Net Dept Expenditure</b>	<b>71,176</b>	<b>68,897</b>	<b>2,279</b>
Capital Financing Costs	154	306	(152)
Net Recharges	20,638	19,551	1,087
One-Off Compensation Payment	0	1,824	(1,824)
<b>Total Net Expenditure</b>	<b>91,969</b>	<b>90,577</b>	<b>1,391</b>
Financed by:			
RSG/NNDR	(76,473)	(75,679)	(794)
Council Tax	(7,424)	(7,894)	470
Trading Undertakings (DLO/DSO)	(900)	(1,223)	323
Balance from Reserves	(7,171)	(5,781)	(1,391)
<b>Total General Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 4.2.4 Net Departmental Expenditure has decreased by £2.279m (excluding the Equal Pay compensation payment), over and above the budget reductions of £2.6m (already included in revised budget), indicating the effectiveness of managerial control of costs in line with Council policy. Table 3 below highlights departmentally where General Fund service budgets are being met and where budgets have been underspent or exceeded.

Table 3 General Fund Net Departmental Expenditure	2006/07 Revised Budget £000	2006/07 Provisional Outturn £000	2006/07 Variance Fav/(Adv) £000
Executive Office/ICT/Org. Development	605	288	317
Legal & Administration	211	132	80
Finance	409	579	(170)
Housing	942	298	645
<b>Sub Total Exec. Services</b>	<b>2,168</b>	<b>1,296</b>	<b>872</b>
Infrastructure Directorate	14	14	(0)
Environmental Services	6,598	6,604	(6)
Roads	5,336	5,238	97
Transport	8,076	8,087	(11)
Planning	(79)	(221)	142
<b>Sub Total Infrastructure Services</b>	<b>19,944</b>	<b>19,723</b>	<b>222</b>
Community Services Directorate	2,456	2,449	7
Community Care	10,413	10,327	86
Education	29,774	29,261	513
Children's Services	3,890	3,506	384
Criminal Justice	20	(3)	23
Lifelong Learning	2,511	2,339	173
<b>Sub Total Community Services</b>	<b>49,064</b>	<b>47,878</b>	<b>1,186</b>
<b>TOTAL</b>	<b>71,176</b>	<b>68,896</b>	<b>2,279</b>

- 4.2.5 Overall Net Departmental spending was under the revised budget by £2.279m. There is only one significant adverse variance by service (see table above, which excludes compensation payments), that being the annual bad debt write-off under Finance Services of £0.193m leading to an adverse variance in this area of £0.17m.
- 4.2.6 In Table 2, under operating costs there was a significant negative variance, that being the increase in the Fire Board requisition payments of £0.540m against revised budget under Environmental Services. A report was submitted to the Council in 2006/07 which essentially was to revise our percentage share of the Fire Board's costs from 10.76 to 9.64%. Although this was a reduction in % terms there have been additional costs incurred by the Board in relation to voluntary firemen who are now paid for duties. There was to be an equivalent increase in our GAE in line with the revised spending patterns set out by the Highlands and Islands Fire Board. This revised agreement was put in place but when it came to revising the Finance Order for 2006/07 to change GAE the Scottish Executive, who disagreed with it overruled this proposal. The effect is higher charges but no income to net off this spend. The budget was reduced in the budget reduction exercise by £0.356m on the strength of the new agreement, which accounts for a proportion of the adverse variance. However there is still additional spend of £0.184m.
- 4.2.7 Transfer payments were underspent by £0.572m, this was due to general under spending on grants to organisations across the Council.
- 4.2.8 Income has increased across services but mainly in relation to Rova Head landfill income £0.772m and additional government funding £0.216m in the areas of

Education, Sports & Leisure and Vocational Training. Rent rebate income has increased by £0.108m with additional take up of benefits.

- 4.2.9 Interest on Revenue Balances under Capital Financing costs has increased with the purchase of the ferries, which were previously leased.
- 4.2.10 Recharges in are less than budget due to tighter control of spending on the Support and Recharged ledgers as discussed in paragraph 4.1.
- 4.2.11 The reduction in Revenue Support Grant is due to the accrual of income relating to initiatives where there has been insufficient time to complete the programmes submitted to the Scottish Executive prior to the end of the financial year.
- 4.2.12 The amount of Council Tax collected is greater than anticipated due to some prior years' outstanding council tax collected in 2006/07 plus a higher percentage of the levy for 2006/07 being collected than originally budgeted for.
- 4.2.13 The contribution from the DLO is more than originally anticipated with a combination of an increase in income and reduced costs.
- 4.2.14 Carryforward amounting to £0.16m has been requested which will increase controllable expenditure in 2007/08 and consequently the draw on balances. The first is a carry forward of £0.093m to support the Tsunami Appeal work which is ongoing and the second is to carry forward £0.067m for Quality of Life funding, which is the subject of a separate report to this meeting.
- 4.2.15 In summary, a draw on reserves of £5.781m will be needed to balance the General Fund in 2006/07 and a further £0.16m in 2007/08 to fund the carryforwards; a total of £5.941m.
- 4.2.16 In the past there has been criticism of outturn overspends occurring without prior warning. Much has been achieved in identifying these issues earlier, and now the priority needs to be on ensuring that appropriate action, where required, is taken to remedy budget setting, spend control and monitoring problems as they emerge. Ongoing training of Budget Responsible Officers across the Council is raising their awareness of what their responsibilities are in terms of managing service expectations within existing budgets and clarifying what input they must seek from line management when budget overspends are identified.
- 4.2.17 The budget strategy report in September 2007 will cover the wider financial implications of the 2006/07 outturn on the General Fund.

### **4.3 Reserve Fund**

- 4.3.1 Table 4 sets out the 2006/07 Reserve Fund provisional outturn against the revised budget for both revenue and capital expenditure/income.

Table 4 Reserve Fund By Category	2006/07 Revised Budget £000	2006/07 Provisional Outturn £000	2006/07 Fav/(Adv) Variance £000
Employee Costs	1	22	(21)
Operating Costs	3,134	3,317	(182)
Transfer Payments	4,137	8,036	(3,898)
Income	0	(2,648.525)	2,649
Net Departmental Expenditure	7,272	8,725	(1,453)
Capital Financing Costs	2,207	0	2,207
Net Recharges	1,291	1,201	90
Total Net Expenditure	10,770	9,926	844
Funded by: Reserve Fund Contribution	(10,770)	(9,926)	(844)
Total Reserve Fund	-	-	-

- 4.3.2 The above table shows that the provisional outturn for the Reserve Fund is £0.844m less than the budgeted contribution. The main variances on the Reserve Fund are due to a change in the Code of Practice for Local Authority Accounting (2006), no longer can capital grants to third parties, which do not create a Council asset, be classified as capital. Any previously classified capital grants for items originally budgeted either in the Reserve Fund or General Fund capital programmes have been transferred to Reserve Fund revenue.

Table 5 Reserve Fund Net Departmental Expenditure	2006/07 Revised Budget £000	2006/07 Provisional Outturn £000	2006/07 Fav/(Adv) Variance £000
Community Care	0	(45)	45
Legal & Administration (Asset Svs)	909	883	26
Economic Development Unit	2,940.200	1,846	1,094
Finance	1,355	1,375	(20)
Housing	150	141	9
Education & Social Care (Sports & Leisure)	4	1,123	(1,120)
Ports & Harbours	1,667	2,279	(612)
Environment	0	(204.240)	204
Roads	0	16.617	(17)
Transport	0	843.007	(843)
Planning	247	467.730	(221)
Total Reserve Fund	7,272	8,725	(1,453)

- 4.3.3 As you can see from Table 5, as explained in 4.3.2 above, no budget provision was made for "capital" grants for all expenditure/income under Community Care, Sports & Leisure, Environment, Roads, Transport and Planning, totalling £4.657m which is offset by income of £2.583m leaving a net increase of £2.074m). Under Ports & Harbours a tax liability for the transfer of Shetland Towage lead to unforeseen additional expenditure of £0.6m. The underspend on Economic Development Unit was due to grants not paid as anticipated mainly for renewable energy and economic infrastructure projects.

#### 4.4 Housing Revenue Account

- 4.4.1 Table 6 below sets out the 2006/07 Housing Revenue Account (HRA) provisional outturn against the revised budget.

Table 6 Housing Revenue Account	2006/07 Revised Budget £000	2006/07 Outturn Actual £000	2006/07 Fav/(Adv) Variance £000
Employee Costs	118	89	29
Operating Costs	2,181	2,436	(255)
Transfer Payments	27	29	(2)
Income	(7,840)	(7,606)	(234)
Net Departmental Expenditure	(5,513)	(5,052)	(462)
Capital Financing Costs	5,159	5,253	(94)
Net Recharges	811	751	60
Total Net Expenditure	457	952	(495)
Funded by: Housing R & R Fund Contribution	(457)	(952)	495
Total Housing Revenue Account	0	0	0

- 4.4.2 The above table shows that the provisional outturn for the Housing Revenue Account (HRA) is above budget and results in a contribution from the Housing Repairs and Renewals Fund. An increase in the repairs and maintenance charges from the DLO and lower interest on revenue balances income has contributed to the increase in contribution from the Housing R&R Fund for the year from £0.457 to £0.952m.

#### 4.5 Harbour Account

- 4.5.1 Table 7 below sets out the 2006/07 Harbour Account provisional outturn against the revised budget.

Table 7 Harbour Account	2006/07 Revised Budget £000	2006/07 Outturn Actual £000	2006/07 Outturn Fav/(Adv) £000
Employee Costs	5,564	5,429	135
Operating Costs	1,364	1,034	330
Transfer Payments	4,298	4,428	(130)
Income	(18,099)	(15,924)	(2,175)
Net Departmental Expenditure	(6,872)	(5,032)	(1,840)
Capital Financing Costs	1,890	383	1,508
Net Recharges	4,982	4,650	332
Total Harbour Account	0	0	0

- 4.5.2 The above table shows that the main variance on the Harbour is the reduction in income mainly on the towage service of £1m where expected income levels have not been achieved. The remainder is financing income not required due to the reduced capital spend of £1.5m. Employee costs, operating costs and net recharges have reduced in line with the Council's policy of reducing costs on the harbour operations in line with reducing throughput. The overall effect of all of this is an increase over the budgeted contribution for use of capital assets to the Reserve Fund of £0.156m.

## **5.0 General Fund Reserves**

- 5.1 The key target for Council financial policy is to maintain the General Fund Reserves (Capital Fund plus Repairs and Renewals Fund plus Reserve Fund) at a minimum of £250 million. Provisional outturn results for 2006/07 give the balance on Reserves at 31 March 2007 as £287 million, £7.7 million lower than the previous year. This is a good result, and goes some way towards bringing the Reserves back into line with the "Good Case" projection reported to Council on 30 June 2005.
- 5.2 Appendix 1 is a graph of projected Reserves over the period to 2016. It shows that if current limits on the General Fund Capital Programme (£20 million per annum) and the use of Reserves in support of revenue (£5 million in 2007/08, declining to £0 in 2012/13) are met, then the Council will achieve a soft landing on its target of £250 million in 2016 (which is a useful improvement on the "Good Case" scenario).

## **6.0 Policy and Delegated Authority**

- 6.1 This report is being presented to the Executive Committee in terms of its remit for financial policy and monitoring, as described in Section 10.0 of the Council's Scheme of Delegations. The Committee may make comment to Council where necessary, but the report is presented to Council for approval.

## **7.0 Conclusions**

- 7.1 In summary this report sets out the provisional outturn position for the General Fund, Reserve Fund, Housing Revenue Account and the Harbour Account for 2006/07.
- 7.2 The General Fund has underspent by £1.391m against revised budget, which required a draw on reserves of £5.941m (including the requests for carryforward of £0.16m and Equal Pay compensation of £1.824m).
- 7.3 It is noted that the required use of our reserves for 2006/07 of £5.941m is more than required for the previous year £4.01m but much less than the original expectation of £11.7m, indicating that there has been considerable progress in reducing reliance on Reserves in line with Council policy.

- 7.4 The Reserve Fund has underspent by £0.844m. This would have been greater but due to the accounting treatment change the net "capital grants", charging to revenue instead of the capital programme, totalling £2.074m have also been met.
- 7.5 There is an increase in the draw on the Housing Repairs & Renewals Fund Housing Revenue Account to £0.952m this was mainly due to an increase in maintenance charges from the DLO and lower than expected interest on revenue balances income.
- 7.6 The Harbour Account has reduced income but this has been matched by reduced expenditure resulting in a minor increase in contribution for capital assets of £0.156m.
- 7.7 In summary across all funds the Council has under spent by £1.894m as follows: -

Table 7 All Funds	2006/07 Revised Budget £000	2006/07 Outturn Actual £000	2006/07 Outturn Fav/(Adv) £000
General Fund	7,171	5,781	1,390
Reserve Fund	10,770	9,926	844
Housing Revenue Account	457	952	(495)
Harbour Account	(4,196)	(4,352)	156
Total All Funds	14,202	12,307	1,894

## 8.0 Recommendations

- 8.1 I recommend that Executive Committee consider this report and make comment to Council where necessary. Thereafter, I recommend that the Council:
- note the Outturn as detailed in Section 4 and the effect on balances in Section 6,
  - approve the budget carry forwards on the General Fund of £0.16m as set out in Section 4;
  - note that the wider financial implications of the outturn position for 2006/07 will be addressed in the report on future budget strategy, which will be presented to Members in September 2007.

Date: 19 June 2006

Our Ref: HKT/Outturn

Report No: F-017-F







## **REPORT**

**To: Executive Committee  
Shetland Islands Council**

**26 June 2007  
4 July 2007**

**From: Head of Capital Programme & Housing Services**

**Report No: CPS-05-07-F**

**Subject: Procurement Strategy Update Report**

### **1.0 Introduction**

- 1.1. This report updates Council on progress of the Procurement Strategy project, outlines the process required to continue to progress the project and highlights the most significant current issues relating to it.
- 1.2. The report also seeks adoption of a procurement strategy (draft attached as Appendix A) and the related action plan.

### **2.0 Link to Corporate Priorities**

- 2.1 The Council's Corporate Improvement Plan includes a commitment to a corporate approach to procurement. This is to be developed by taking a consistent approach to procurement across the organisation taking account of efficiency, effectiveness, sustainability and equality issues.
- 2.2 Section 2 of the corporate plan requires the Council to organise its business and administration to make sure that the community and corporate plans are implemented by finances, consistent planning and action, performance, management and communication.
- 2.3 The proposals within this report will link to the Council's corporate plan by enhancement of skills development and learning.

### **3.0 Background**

- 3.1 In June 2005, Executive Committee approved a procurement policy (Executive Committee Min Ref, 36/05). This policy acknowledged the need to develop a Procurement Strategy for the Council. Executive Management Team (EMT) endorsement to develop the strategy followed shortly thereafter. A Procurement Strategy Project Board was established to take this forward.
- 3.2 In February 2006 a Project Initiation Document (PID) was signed off to develop a strategy. The PID also identified some pilot projects to be run in parallel to try and achieve some quick wins. The pilots would also be used to inform development of the strategy.
- 3.3 The overall objective of the PID was to implement a corporate approach to procurement for all works, services and supplies in a professional, timely and efficient manner.
- 3.4 The current position statement below is a reflection of comments from the officers responsible for progressing the strategy and pilot projects.
- 3.5 In 2005/06 Council general fund revenue expenditure on goods, works and services was approximately £23m. It can be seen, therefore, that even modest improvements measured in low percentages can have a significant effect on savings. Thus, the potential for savings is high.

### **4.0 Current Position Strategy Document**

- 4.1 The detailed development of the strategy has been subject to delay from competing priorities. The final draft is attached as *Appendix A*, for consideration by the Council. This includes the strategy itself and the action plan.
- 4.2 Initial feedback would indicate that a corporate/ collaborative approach is the way forward with built in safeguards regarding the local economy and product/ service delivery. There will need to be a high level management decision to determine whether, a main procurement unit be established within existing structures or a new central procurement function would be best placed to progress the procurement initiative and/ or tasked with review of the procurement of specific goods, works and services.

### **5.0 Current Position on Pilot Projects**

- 5.1 Five pilots were established to try and achieve some quick wins in addition to informing development of the strategy. The five pilot projects related to procurement of franking machines, paper, travel, foodstuffs and consultancy services.

5.2 The progress reported so far is set out below:

- 5.2.1 Franking Machines – Data has been collected and an initial analysis carried out. One of the findings is that some franking machines across the Council are locked into lengthy and costly leases. Release from existing leases would have to be purchased at a cost to the Council. For these reasons it was concluded that, the actual franking machines will not deliver any short-term savings if a corporate contract was progressed. However, from this research it was also concluded that franking mail at a central location of the Council might allow advantage of discounts with the Royal Mail to be taken, in order to reduce postage costs. A management decision would be required to decide which dept/ unit should be functionally responsible for this service area in order to progress further. In conclusion there is the potential for savings but no immediate savings quantified;
- 5.2.2 Paper – This has been considered alongside the review of waste paper carried out by Environmental Services as a separate exercise. Details of paper and costings have been collected. This has still to be analysed with any recommendations to follow. The work required to analyse the data and implement recommendations is estimated to take several months. This amount of work would need to be reviewed and prioritised alongside other work commitments. In conclusion there is the potential for savings but no immediate savings quantified;
- 5.2.3 Travel – This task has been completed and implemented. As proposals will make use of air discounts and reduce fees charged, there will be a saving. However, as travel is variable and largely unpredictable, the Finance service will review outturn figures to determine the level of savings achieved;
- 5.2.4 Consultancy – This pilot has established guidance for the selection of consultants. This should in turn lead to greater efficiency in terms of, first establishing if there is in-house staff available who can carry out the work, secondly meeting the criteria to determine whether a consultancy appointment is required and thirdly through standardisation of documents. This should ultimately result in some savings. However, the implementation is too recent to determine the level of what those savings might be. In conclusion there is the potential for savings but no immediate savings quantified until the outturn figures are known;

- 5.2.5 Foodstuffs - This pilot project is ongoing with actions identified. Those actions are expected to be worked through over the next couple of months and implementation has begun. This work is linked to other waste management initiatives in Environmental Services. This audit work has identified that simply changing behaviour could save up to £88k per annum. In conclusion like the results in 5.2.3 the eventual savings can only be determined by review of future outturn figures.

## **6.0 Related Procurement Issues**

- 6.1 The Procurement Strategy Project Board have responded to information requests from the Scottish Executive on behalf of the Council.
- 6.2 In August 2006 the Procurement Board met with officials from the Scottish Executive to discuss the problems and special consideration associated with procurement in a remote island location. This resulted in a communication from the Chief Executive to the Scottish Executive, highlighting the Council's concerns. A reply from the Scottish Executive's procurement directorate was received in December of last year. A copy of the Council's letter and the response are attached as *Appendices B and C*.
- 6.3 Procedures for the procurement of small contracts have been approved and implementation of a related approved contractors list (brought in from the 1 April 2007) is progressing.
- 6.4 Environmental Services have introduced a range of waste reduction measures as a result of the waste management audit see 5.2.5 above and had a report approved by Committee (Infrastructure Committee Min Ref, 02/07) regarding minimum levels of recycled content in procurement (as recommended by the Scottish Executive).
- 6.5 The review of Financial Regulations and Standing Orders has been and continues to be on hold awaiting outputs from this project. This should proceed when the outcome of this report is known.

## **7.0 Proposals**

- 7.1 It is proposed that:
- 7.1.1 Council approve adoption of the draft procurement strategy and associated action plan;
- 7.1.2 The Chief Executive or his appointed nominee are directed to use the procurement strategy to influence all services;

- 7.1.3 The Chief Executive or his appointed nominee (guided by recommendations from Finance) prepare in order of maximum benefit a list of products/ services that will be targeted and subjected to ongoing procurement review;
- 7.1.4 The Chief Executive or his appointed nominee direct and authorise key officers to carry out a best value review of procurement across the Council for each of the products/ services identified in 7.1.3 above on a rolling basis;
- 7.1.5 That the Chief Executive or his appointed nominee consider the appointment of dedicated procurement staff to carry out such reviews and implement recommendations, setting the challenge of saving an amount greater than their employee costs each financial year:
- 7.1.6 That the Chief Executive consider the structure of procurement and/ or dedicated staff within the Council and how to progress as referenced in 4.2 above and provide a further report to Council.

## **8. Financial Implications**

- 8.1 There will be savings attributed to the work completed so far. However, at this stage they cannot be quantified.
- 8.2 The potential for large-scale savings through the development of more efficient procurement practice, as referenced in 3.5 above, remains to be explored and developed across all parts of the Council.

## **9.0 Delegated Authority**

- 9.1 The Executive Committee has delegated authority to implement decisions within its remit for which the overall objectives have been approved by the Council, in addition to appropriate budget provision, including, financial planning, monitoring and policy co-ordination (Section 10 Scheme of Delegation). However, as recommendations in this report require the adoption of new or a variation to existing strategy, policy and procedures, a decision of the Council is required (Section 8.0 Scheme of Delegation).

## **10.0 Conclusions**

- 10.1 It is clear that some progress has been made and the completion of the travel and food pilots and work on small contracts procedures are achievements in their own right.

- 10.2 Where resources and workloads allow, a short focused review and implementation can be effective.
- 10.3 It is also clear that overall progress might be described as slow. Also it is proving difficult to measure the savings in the short term.
- 10.4 Without adoption of a strategy at this stage, it remains impossible to predict the effectiveness of such a strategy and the impact it will have on procurement. However, once implemented future progress can be monitored.
- 10.5 From project meetings it would seem that most of the project group have struggled to make progress and balance the objectives of the procurement board with the wider priorities of the Council. It also seems that the diverse nature of the project board, with no direct line management responsibility in all areas, competing corporate priorities and limited resource availability has all contributed to a lack of focus for this project.
- 10.6 The running of this project has identified the complexity and scale of the challenge regarding procurement across a diverse organisation, especially when considered with the Scottish Executive initiatives currently in progress, as a result of the McClelland review of public procurement. Taking all of this account, the effectiveness of this current approach has to be questioned.
- 10.7 On the other hand there remains a lot of data and experience that can still be used for the benefit of the Council. The adoption of this strategy will allow progression to the next level but it will require dedicated resources to realise its full potential.
- 10.8 As a consequence savings will be achieved but the full potential of procurement gains remains a challenge. As a result the scale of savings originally envisaged at the start of this process remain largely unrealised.
- 10.9 The appointment of dedicated procurement staff to work Council wide should generate more than sufficient savings to justify the additional cost.

## **11.0 Recommendations**

- 11.1 It is recommended that Executive Committee recommend to Council:
  - 11.1.1 Approval and adoption of the draft procurement strategy and associated action plan;
  - 11.1.2 That the Chief Executive or his appointed nominee are directed to use the procurement strategy to influence all services;

- 11.1.3 That the Chief Executive or his appointed nominee (guided by recommendations from Finance) prepare in order of maximum benefit a list of products/ services that will be targeted and subjected to ongoing procurement review;
- 11.1.4 That the Chief Executive or his appointed nominee direct and authorise key officers to carry out a best value review of procurement across the Council for each of the products/ services identified in 11.1.3 above on a rolling basis;
- 11.1.5 That the Chief Executive or his appointed nominee consider the appointment of dedicated procurement staff to carry out such reviews and implement recommendations, setting the challenge of saving an amount greater than their employee costs each financial year:
- 11.1.6 That the Chief Executive consider the structure of procurement and/ or dedicated staff within the Council and how to progress as referenced in 4.2 above and provide a further report to Council.
- 11.1.7 That authority be delegated to the Chief Executive or his appointed nominee to amend the Procurement Strategy as required subject to approval of the above recommendations.

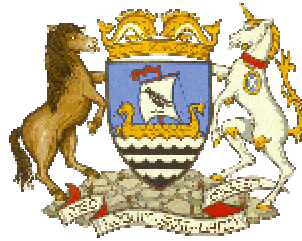
Our Ref: CPS-05-07-F/CM/RS

Date: 15 June 2007

Enclosures: Appendix A – Procurement Strategy  
Appendix B – Copy of Council's Letter to Scottish Executive  
Appendix C – Copy of Scottish Executive's Reply







**Shetland Islands Council  
Executive Services**

**Procurement Strategy  
2007 - 2010**

Document: <b>Procurement Strategy</b>	Approved:
Author: Contract Compliance Manager	Stage: Draft
Date: 5/06/2007	Version Number: V 0.3

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## 1. Introduction

### ● BUSINESS APPROACH

Shetland Islands Council is committed to a corporate approach to procurement for all works, services and supplies to be carried out in a professional, timely and efficient manner.

Good procurement practice can in turn enhance the provision of customer-focused services to be efficient, effective and economic.

Council policies will reflect its obligations under EU/UK law, including Best Value, supporting the local economy and encouraging greater collaboration both internally and between other public and private sector organisations.

This document sets out a Procurement Strategy for Shetland Islands Council in line with the Council's agenda for procurement change. A strategy that allows good procurement initiatives to be progressed should deliver: considerable cost savings; support for local contractors, suppliers and service providers; enhance the local economy; help local business to compete for Council and other public sector business, where possible. Essentially, the strategy looks to enhance and develop good procurement practice for the benefit of all concerned.

The strategy, however, is not a mechanism to remove existing procurement and related budgetary responsibilities, nor is it a means to create a rather narrow approach to procurement activity. It does not replace all other procurement policies and procedures, but should allow a more structured approach in their application.

The Strategy builds upon the procurement policy principles approved by Council in June 2005 as taken forward by the Executive Management Team (EMT) and thereafter the Procurement Strategy Project Board. The strategy will provide a corporate procurement structure under which related policies and procedures ensure procurement activity is managed in a manner where greater efficiency, transparency and collaboration are key priorities.

The strategy will be underpinned by updating these policies and procedures bringing them together in summary form in order that they can be easily referenced by officers involved in the procurement process. In addition, procurement reviews of specific products, services and works will be formulated as directed by EMT.

Procurement activity will require to be addressed in departmental Service Plans. This coupled with procurement reviews, will be used by Service Managers to implement the concept of this strategy.

The Procurement Strategy, as a high level document, should drive the procurement process. It will act as the framework by which the Council's corporate priorities can be progressed. The strategy will provide for a coherent approach to the adoption, progression and application of procurement practices across the Council.

Effective, efficient, innovative and collaborative procurement should allow the Council to enhance the provision of goods, works and services, meeting the best value agenda that can maximise savings opportunities. Technology solutions that can improve procurement practices and accessibility in an efficient and economic manner should be progressed where the business case is established. This will require corporate leadership, increased knowledge and professionalism coupled with the need to develop a culture of continuous improvement in all procurement activities.

### PROCUREMENT STRATEGY AGENDA

The provision of an effective and measurable framework for all Procurement Policies, Procedures and Practices, that promote the Council's key priorities.

The Procurement Strategy also recognises the Council's objectives in the context of the Scottish Executive agenda on Efficient Government, and the McClelland report on Public Procurement.  
(Published March 2006)

## 1. Introduction (continued)

Prior to establishing the project board it was clear that in all but a few areas there is fragmented approach to procurement across the Council. Although steps have been taken to address this, much more requires to be progressed to take advantage of potential savings without impacting on the quality of the products, works and services procured. Standardised procurement processes progressed via a central procurement hub and/or at a co-ordinated departmental level should develop procurement expertise in terms of:

- Management Information
- Strategy and Policy Development
- Standardised Procurement Processes
- Staff Skills
- Collaboration
- Legal requirements
- Learning and continuous improvement

## 2. Context

### ● BUSINESS CASE

Project Initiation Document (PID) to develop a corporate approach to Procurement to realise:

Overall net estimated savings on direct Revenue and Capital costs;

Overall savings on overhead and administrative costs;

More efficient working practices;

Continuity of supply under longer-term corporate contracts benefiting both the Council and those it contracts with;

Opportunity to develop and train staff in good procurement practice to meet legislation, policies and procedures applying, in accordance with Best Value.

External business drivers including:

Local Government in Scotland Act 2003;

Supporting the local economy;

Use of technology, public sector collaboration and legislative compliance;

'Review of Public Procurement – the McClelland Report'.

### ✓ PROCUREMENT STRATEGIC CONTEXT (2.1)

Create a procurement service that addresses the aims of the Council's Improvement Plan, and meets the guidelines and recommendations of the Scottish Executive and the Efficient Government agenda.

Following audit recommendations, the Council agreed that a commitment be made to a corporate procurement approach. This requires actions to achieve improvements which will be effective and sustainable. The Procurement Strategy will outline a plan of action. The action plan will offer solutions to address:

- corporate priorities
- procurement principles
- procurement leadership
- accountability and governance
- procurement processes and procedures
- e-procurement
- internal and external collaboration
- identification and capture of savings
- accessibility and sustainability
- procurement education and competences

The Council's action plan, will also link to the [Review of Public Procurement in Scotland – the McClelland Report](#), where this accords with the Council's priorities including sustainability in the local economy. The McClelland report addresses issues similar to those in the Action Plan. The alignment of the Council's Procurement Action Plan to Scottish Executive and other public body initiatives should assist in progressing the Council's commitment to the modernising government agenda.

[“The authority should have a strategy for procurement and the management of contracts and contractors to ensure that it treats procurement as a key component in achieving all its objectives.”](#)  
(Ministerial guidelines - Local Government in Scotland Act 2003)

The McClelland Report clearly advocates the importance of procurement activity as a major contributor to the Councils' efforts to provide efficient government and genuine budgetary savings. It is evident that The Scottish Executive, who commissioned the Report, have already undertaken significant steps to implement its recommendations. Shetland Islands Council's Action Plan supported by this Strategy will provide the means to meet and comply with those recommendations, where appropriate.

The McClelland Report includes as a key recommendation, the need to advance procurement practices. This includes the requirement for local government to embrace new technology. With the help of such new technology, it should be possible to harness the combined buying power, where appropriate, to obtain value for money and improve service delivery. This strategy's endorsement of an Action Plan and its recognition of other national aims should achieve better local services and contribute to the effectiveness of procurement in Scotland, as a whole.

### **ACTIONS** (See Appendix 2 - Strategic Objective 2.1)

- Align implementation of the Council's Action Plan under this Strategy, with national initiatives for procurement activities, such as the McClelland Report. Highlighting synergies that should be pursued.

### 3. Governance and Accountability

#### ● BUSINESS APPROACH

The Scottish Executive, having endorsed the McClelland Report, agree the need for procurement to be given a higher priority both locally and nationally. This has led to a national agenda to raise the profile of procurement within the public sector and that it should play a contributory role in modernising government. Local government must rethink the status of procurement within the structure of the organisation.

Procurement professionals will require to be involved at earlier stages of Council plans, providing recognition and status to procurement functions, increasing accessibility thereby obtaining and using more accurate information.

#### Raising the Profile

There is now a recognition to raise the profile of procurement both nationally and locally within the public sector. The main aim is to ensure that procurement is accountable, not only to the organisation's senior management but also to the wider public which it serves.

Within the Council this will mean a more direct route to senior management and a greater involvement in the formulation of Council strategy and policy. Additionally it will entail greater communication between dedicated procurement officials, those who have limited procurement duties and of course clients and service users within the Council.

In the wider community, better consultation with suppliers, contractors and service providers is needed, especially local SMEs, to encourage positive business relationships that can benefit both the Council and the local economy.

Communication with the general public will also form part of the process to ensure that procurement is meeting the community's aspirations for service delivery and, where possible, creating sustainable growth of the local economy, ensuring equality of access, addressing environmental concerns and generally contributing to the quality of life, in accordance with the Council's Corporate Plan.

Every public sector organisation in Scotland has voiced the commitment to collaboration to obtain the maximum benefit for the *public pound*. Such collaboration will only be feasible by promoting regular and informative communication between procurement professionals across all public sectors.

#### ✓ PROCUREMENT STRATEGIC OBJECTIVE (2.2)

Develop a procurement function with an excellent communication framework at its heart. Provide the means to disseminate best practice, information and advice to all levels of the Council and its stakeholders, as well as providing a framework for reviewing, learning and sharing of knowledge.

#### ACTIONS (See Appendix 2 - Strategic Objective 2.2)

- An executive sponsor will represent the procurement service at senior management level.
- A strategic team will co-ordinate procurement activities.
- A Procurement Network will be created to provide a forum for all procurement practitioners within the Council.
- Web sites, both internal and external, will be developed to provide easy access to procurement activities.
- Collaboration will be considered and acted upon objectively in all procurement activities.

## 4. Redesigning Procurement Process

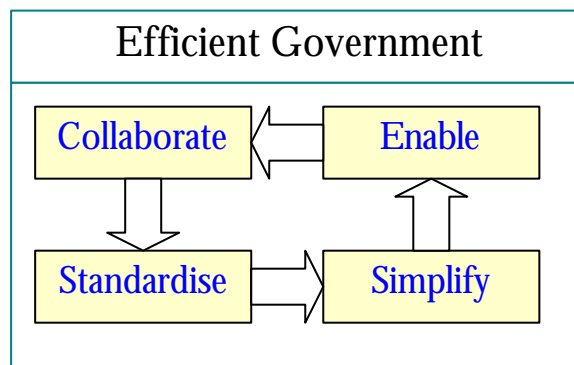
### ● BUSINESS APPROACH

Shetland Islands Council currently, operates with decentralised procurement functions, underpinned by EU directives, Council Standing Orders, Financial Regulations and various related policies and procedures. The Council now faces a major challenge to align the procurement function to benefit from current proposals and e-business opportunities.

The decentralised approach has resulted in resource duplication with various units of the Council employing differing practices for the same procurement functions. Standards of service, application of related policy and regulatory requirements can, therefore, be inconsistent and jeopardise the Council's obligations to legislative compliance.

The Council will face a major challenge in the re-design of these processes to ensure that they correspond with each other, within and across Council Resources.

There is general recognition at all levels of procurement within Scotland that there is a need to standardise procurement functions. Standardisation is being driven not only to comply with EU legislation, but also by the ongoing widespread introduction of e-technology. It is acknowledged that progress in this area will also support the efficient government initiative.



The McClelland Report and the Scottish Executive already propose standardised processes for public sector procurement. Although there is a case to standardise related processes and documentation within the Council, for obvious efficiency and service gains, this will require careful consideration in the local context when comparisons are made with wider national initiatives and system(s) in use.

The introduction of e-technology, as a key procurement tool, is essential in identifying the potential for change and effecting such change by virtue of standard software application formats. In adopting standardised processes with standard documentation, the Council will be well placed to adapt to e-business opportunities including future legislative requirements.

### ✓ PROCUREMENT STRATEGIC OBJECTIVE(2.3)

Reduce the cost of the procurement function and ensure legislative compliance through the use of corporate standard processes with appropriate tools across all Council Departments and Units.

#### **ACTIONS** (See Appendix 2 - Strategic Objective 2.3)

- Map procurement processes in relation to current legislation and e-procurement requirements.
- Standing Order Compliance be standardised and documented.
- Procurement Network will consult on Internal Collaboration and standardisation.
- Procurement Network will facilitate External Collaboration with Scottish Executive and other stakeholders.
- Standardised Procurement processes and documentation circulated via posting on procurement Web sites and Council intranet.

## 5. E-procurement

### • BUSINESS APPROACH

If electronic procurement is to be developed in the future to significantly contribute to the modernising government agenda, the Council must embrace new ways of thinking, with innovative ideas for doing business, extensive collaboration and use of new technology. It will mean providing services which enables staff, provides up to the minute procurement information, ensures contract compliance, increases internal collaboration, enables suppliers and contractors to meet the Council's obligations as Employer.

### The E-challenge – The System

Electronic (e)-procurement is not new to Shetland Islands Council. Steps have been taken in the past to progress. These now require to be reviewed in light of the e-procurement agenda now being pursued at a national level.

It is recognised that central to an improved procurement function, e-Procurement will be an essential element.

The Council's eProcurement Strategy details the business benefits and objectives in relation to Efficient Government. However, it is worth repeating here a number of key business drivers:

- Support for Standardised Processes
- Transparent Integration with the Council's Accounting Systems
- Commitment Accounting
- Automated Catalogues & Market Places
- Business Intelligence
- Improved Contract & Supplier Management

This Strategy recognises the Council's progress to date in the implementation of an integrated suite of Financial Management tools through operation of the Integra System. There is, however, a case to determine if the system(s) available are being utilised in a consistent and efficient manner.

The Procurement Strategy emphasises the business requirement to consolidate and review the lessons of the initial e-Procurement pilot.

### PROCUREMENT STRATEGIC OBJECTIVE(2.4)

Review all Procurement processes and functions to develop procurement capacity, ensure compatibility with other Council systems, provide Business Information, improve procurement controls including integration with suppliers and partners, where appropriate.

#### **ACTIONS** (See Appendix 2 - Strategic Objective 2.4)

- Present review proposals for procurement system(s) in operation across the Council to EMT.
- Prepare a detailed Business Case to support the proposals.
- Prepare a detailed implementation plan where a new approach to e-procurement is recommended.



## 6. Collaboration

### ● BUSINESS APPROACH

The Council has been party to some collaborative frameworks/contracts, mainly in supplies for some time. However, for procurement as a whole the approach has been fragmented and inconsistent and has not taken full advantage of other potential savings opportunities.

Procurement must embrace, where the case is made, all collaborative opportunities, both internally and externally and consider national frameworks, as recommended by the McClelland Report, in order to gain the benefits from a collective approach to the use of resources and spending power. Key factors to be considered, however, are the local economy, service delivery and logistics.

### ✓ PROCUREMENT STRATEGIC OBJECTIVE(2.5)

Establish a collaborative culture within the Council.  
Promote collaboration as the first factor to be considered, whether for internal or external procurement activities.

### Economies of Scale

It is now widely recognised that greater national collaboration with external partners from the public sector will:

- Aggregate spend for increased purchasing power
- Can better utilise scarce procurement skills and resources
- Spread best practice procurement
- Simplify dealing with suppliers
- Support e-procurement

It is recognised, however, that for Shetland Islands Council, steps to improve internal collaboration will require to be addressed on a greater scale than at present, before further opportunities for external collaboration are progressed.

The Council in endorsing a more corporate approach to procurement recognises that greater opportunities for more internal collaboration exist. These can be progressed in order to make the best use of the procurement expertise available, avoid duplication of effort whilst taking advantage of economies of scale. Increased internal collaboration, although requiring greater scrutiny under EU Procurement Regulations, can reduce administration costs, provide more accurate management information, support e-procurement initiatives, rationalise the supplier base and encourage standardisation of specification in accordance with related policies, such as sustainable procurement.

The Council will commit to a more consistent participation in collaborative ventures internally and at a Regional and National level, where appropriate. Procurement collaboration, must be considered not only from an efficiency gains viewpoint but also to maintain quality. Collaboration well planned and executed will encourage innovation and should produce measurable savings in monetary and efficiency terms.

### **ACTIONS** (See Appendix 2 - Strategic Objective 2.5)

- Identify existing and further internal procurement opportunities and progress options for corporate collaborative solutions.
- Actively engage in collaborative ventures with external partners, such as NHS Shetland, Trusts, Scottish Executive, other public sector bodies, where appropriate.
- Make use of existing knowledge base regarding collaboration, i.e. established frameworks and pilot procurement projects.

## 7. Savings and Benefits

### ● BUSINESS APPROACH

Shetland Islands Council, as a public sector body, is obliged to provide services to required standards, within the resources available. Increasingly as commitments and expectations rise, this can prove difficult when it is also expected that, Council expenditure should be properly controlled and managed.

The Council recognises that efficient procurement can directly benefit the expenditure issue to maintain service delivery, through provision of savings and efficiency benefits which will accrue annually, for the life of the supply contract or service provision.

### Good Procurement Benefits

Good procurement practice should realise savings in expenditure and time. Such savings can have a positive effect on overall Council expenditure that can be easily measured and accounted for. Good procurement practice will also address quality, efficiency gains, equality of opportunity and service level improvement.

In the past, these hidden benefits have been considered a *bonus*, with little attempt to quantify or value these or appreciate their significance to improved service delivery or the effect on Council funds.

The Council has identified, via the Procurement Action Plan, savings targets for the years 2007 to 2010. These particular savings will not be achieved through service level cuts or significant rises in service level charges, but by efficiency measures. It has become essential to accurately identify and quantify both monetary and efficiency benefits to justify resource requirements in order to meet savings targets.

It is essential that the Council consider and implement a Tracking system. The system will provide accountability by providing a cost base for savings verification.

The Council will review the systems already available and where appropriate consult with other local authorities and public sector bodies in developing same.

### ✓ PROCUREMENT STRATEGIC OBJECTIVE (2.6)

The provision of a Tracking system that accurately identifies and values all perceived benefits accruing from revised procurement activities, that can be measured against recognised standards and can be utilised for regular monitoring and reporting purposes.

#### ACTIONS (See Appendix 2 - Strategic Objective 2.6)

- Review internal reporting tools to identify "Tracking System", consult with the Scottish Executive and other public sector organisations, where necessary, to trial and adopt an appropriate Tracking Tool.
- Engage internally via the Procurement Network to obtain sign-up to the implementation and maintenance of the Tracking Tool.
- Develop a reporting hierarchy for the benefits identified.
- Organise appropriate "Benefits Tracking" training.

## 8. Sustainability and Transparency

### ● BUSINESS APPROACH

The Council is required to carry out its procurement activities in an objective and transparent manner. This approach is underpinned legally by the Treaty of Rome, EU Directives, Standing Orders and Codes of Conduct. The Freedom of Information (Scotland) Act 2002 also reinforces this in addition to Council procurement policy principles.

Procurement activities must address sustainability. The community is increasingly aware of the steps being taken regarding environmental sustainability. The Council is also determined to reflect the need for equality of opportunity, social improvement and employment as part of the overall well being of the community. The procurement function can form a key part in these aims.

### An Open, Objective and Transparent Agenda

In local government there is much more of a requirement to actively promote *accessibility*. This does not only apply to physical accessibility under Disability Discrimination legislation, but also better access to services or access to information held under the Freedom of Information (Scotland) Act 2002. The Council is aware of its obligations regarding access, and has enhanced its Customer Service operations, via an interactive IT website and continuation of a decentralised approach to service provision. Improved procurement services will contribute to and build upon the work carried out to date.

An improved procurement approach will contribute to the Council's objectives to provide business with easily accessible portals in order to engage with the Council. This is especially relevant for local small and medium sized enterprises (SMEs), the voluntary sector, social enterprise organisations and other minority businesses.

Procurement will also endeavour to provide greater accessibility to other Council stakeholders, whether internal or in the wider community.

The Council is also committed to a sustainable approach in all its activities. As part of this commitment, steps have already been taken under Council policy to minimise the environmental impact of its business practices. Practices range from waste disposal and environmental clean-up to the setting of minimum targets of recyclable material in paper products and construction projects.

Procurement is recognised as a major contributor to the sustainable agenda. A comprehensive strategic approach can address local needs and consider wider global responsibilities in the Council's activities.

### ✓ PROCUREMENT STRATEGIC OBJECTIVE (2.7)

Establish a Procurement culture that recognises accessibility and sustainability as the norm and promotes the Council's objectives for business and the community.

### ACTIONS (See Appendix 2 - Strategic Objective 2.7)

- Provide portals for procurement accessibility via the intranet and the external internet website.
- Liaise with the Economic Development Unit and other parties, to promote and simplify business accessibility.
- Develop a green procurement guide/toolkit
- Develop collaborative (internally and externally) procurement opportunities which fully recognise sustainable and environmental obligations.
- Provide checklists for procurement activities which allow officers to follow sustainability policies and procedures in a transparent manner.

## 9. Training and Competence

### ● BUSINESS APPROACH

The UK public sector business community has acknowledged the importance of procurement activities in order to: provide opportunities for savings; improve service delivery; ensure legislative compliance; utilise technology to modernise government; improve supply chain management and to address environmental issues such as sustainable development.

The need to equip those involved in procurement with a recognised standard of skills and abilities to achieve these benefits is now, widely accepted.

### The Professional Benefit

Procurement has traditionally been viewed as a profession that practitioners “drifted” into, as procurement duties eclipsed their original role. The relevance of good procurement and the contribution it can make to business success is now widely acknowledged, especially in the public sector. Government reports, such as the Byatt and Gershon reports in England and more recently the McClelland Report in Scotland, advocate the need to introduce greater competence through increased skill levels in the procurement function, with adequate professional training and development. The McClelland Report recommends that public sector bodies *professionalise* procurement functions, increase the status of procurement and its accountability.

These reports introduce an agenda to invest in the resources and skills of procurement staff to deliver a procurement function that has a higher priority than is current within the organisation. The McClelland Report refers to guidelines from Ministers in the Local Government in Scotland Act 2003: “The authority should have appropriate procurement expertise, guidance and training to support its procurement activity.” There is no quick fix to provide an immediate solution to this requirement. It is generally recognised that there is a shortage of competent and qualified procurement staff. The McClelland Report estimates the shortage in Scotland to be in the region of 250.

The Council recognises the need for competent staff with improved training in this field that may also offset recruitment constraints. A structured training regime is deemed necessary. Such a regime will present staff with career progression opportunities and retain existing skills and experience. The Council recognise that work is already progressing nationally, therefore, collaboration with other public sector bodies should be considered, under a training plan.

### ✓ PROCUREMENT STRATEGIC OBJECTIVE (2.8)

Develop Procurement Staff with skills and competences to the necessary professional level.

#### **ACTIONS** (See Appendix 2 - Strategic Objective 2.8)

- Identify competences via a skills audit and collate training requirements.
- Actively engage in collaboration with external partners, Scottish Executive, other public sector bodies, to implement a recognised training regime.
- Implement training programmes for staff which support Personal Development with professional qualifications, where appropriate.
- Encourage staff progression internally.

## 10. Implementation of the Procurement Strategy

### • BUSINESS APPROACH

All strategies need an executive sponsor to ensure service delivery.

The role of the Sponsor is to ensure that all elected members and senior officers understand the benefits of efficient, effective procurement for the Council.

In addition the Sponsor should lead strategic procurement development and secure commitment from all parties to establish priorities for the Procurement function and the programme of action as high profile.

The lead role in implementing the Procurement Strategy will be taken by EMT and will be driven forward in each of the Council's Service areas by an appointed procurement representative. It will be the responsibility of all Executive Directors to ensure that Service plans reflect the priority now accorded to procurement by the Council. It is recognised that in taking the Procurement Strategy forward, there will be increased pressure to effect change which may require funding to support initiatives.

The overall direction of procurement for the immediate future (3+ years) has been defined by the Procurement Strategy Project Board approved by the Executive Management Team.

In order to steer the direction of procurement activities necessary under this Procurement Strategy, the Procurement Strategy Project Board, has recommended the appointment of a small specialist team. The team will act as a steering group to ensure the strategy is implemented and that procurement reviews be undertaken by key officers. Procurement reviews will be recommended to EMT by the Head of Finance. The team will oversee the implementation of the strategy, consider funding when appropriate, assist in prioritising the programme of action and report back to the Executive Management Team.

At an operational level the programme of action will be implemented by relevant Heads of Service/Service Managers, who will report back to the specialist team. A main aid to implementation will be the establishment of a Procurement Network comprising of representatives of each Service area.

### ✓ PROCUREMENT STRATEGIC OBJECTIVE (2.9)

"The provision of a Procurement function that can combine technology and best procurement practice with effective review and learning to facilitate effective business outcomes."

#### **ACTIONS** (See Appendix 2 - Strategic Objective 2.9)

- The Procurement Strategy Project Board will disband after approval of the strategy by EMT and Council.
- EMT will approve an executive sponsor and a specialist team to implement the Procurement Strategy as well as establishing a Procurement Network to assist Heads of Service. This will be developed and meet monthly, initially, to drive implementation and act as a forum for procurement activities generally.
- EMT guided by recommendations from the Head of Finance will approve a list of products/services that will be subject to procurement review.
- The Specialist Team will monitor implementation of the strategy and procurement reviews and report to the executive sponsor. The Action Plan will be in the form of a Traffic Light update report.

**APPENDIX 1a**

1 Procurement Review Checklist

Managers and Staff are asked to note the requirements of the Procurement Strategy when implementing a Procurement Solution. The checklist is as follows,

Ref	Procurement Checklist
1	Is there an existing contract for the goods, work or service in place within your Service?
2	Is there an existing contract for the goods, work or service in place within Shetland Islands Council?
3	Is there an existing contract for the goods, work or service in place with collaborative partners, e.g. OGC?
4	Is there an opportunity, via the Procurement Network, to collaborate, either internally or externally
5	Is there a requirement to procure according to the EU Procurement Regulations? (Check Contract Compliance)
6	Will the procurement conform to Council Standing Orders Relating to Tenders and Contracts?
7	Is there a requirement to conduct an Environmental Impact Assessment?
8	Is there a need to consult other user groups?
9	Will the procurement allow for Racial Equality, Equal Opportunities, Sustainability requirements?
10	Is there a requirement for Tenderer Selection and a Tender Evaluation Model?
11	Is there a requirement for an Alcatel standstill period under EU Regulations?
12	Is there value in conducting the procurement process electronically – by e-tender or e-auction?
13	Will the procurement provide a solution compatible with the SIC e-procurement system?
14	Will the procurement provide a solution compatible with the SIC purchasing card strategy?

2 Business Justification

Managers and staff are also asked to note, in preparing their Procurement Business Case, the high level business justification to meet Best Value requirements,

Ref	Business Justification
1	Does the procurement solution improve client and user satisfaction?
2	Does the procurement solution increase service level provision?
3	Does the procurement solution provide measurable benefits in efficiency or cash savings?
4	Does the procurement solution improve the quality of service provision?
5	Does the procurement solution increase accessibility to prospective service providers?
6	Does the procurement solution increase accessibility to service users?
7	Does the procurement solution offer sustainable improvements?
8	Does the procurement solution offer e-business advantages?
9	Does the procurement solution offer the Best Value option?



**APPENDIX 1a**

3. Procurement Tender Process Checklist

Ref	Check	Note
1	Checked for an existing contract for the proposed procurement	If not, you should refer the procurement to your line manager, your Service procurement representative, the Procurement Network, the Strategic Procurement Team.
2	Verified there is a budget/fund available for the procurement and the procurement process.	If not, you should refer the procurement to your line manager or your Service procurement representative.
3	Evaluated the possibilities of a collaboration	If not, discuss with your Service procurement representative and the Strategic Procurement Team
4	Evaluated the Council's legislative obligations for the procurement – the requirement to meet EU Regulations, especially aggregation rules, and Council Standing Orders	If not consult your line manager, your Service procurement representative and Contract Compliance/Legal.
5	Where EU Regulations apply decided upon type of tender process – open, restricted, competitive dialogue, negotiated, etc.	If not, consult your Service procurement representative, the Strategic Procurement Team and Contract Compliance/Legal.
6	Identified the need for, and conducted a consultation – either a user group consultation or an Environmental Impact Assessment (EIA) consultation.	If not, consult your line manager regarding a user group consultation. For an EIA consultation you must consult the SIC Environmental Health Section.
7	Considered an electronic tender option, either e-tender or e-auction.	If not, consult your Service procurement representative or the Strategic Procurement Team and ICT.
8	Considered Council policy and other legal obligations relating to your tender, for example the level of sustainability, equality of access, Race Equality provision.	If not, consult your Service procurement representative, the Strategic Procurement Team, Waste Management and Contract Compliance/Legal.
9	Arranged for adequate advertising for prospective tenderers via a selection process or use of the Council's approved list.	If not, consult your line manager, your Service procurement representative or the Strategic Procurement Team and Contract Compliance.
10	Considered the procurement and contract "fit" with the Council's e-procurement or purchasing card system.	If not, consult your Service procurement representative, the Strategic Procurement Team and IT services.
11	Formed a working group to prepare tendering exercise and related documentation.	If not consult your line manager, technical staff, users, your Service procurement representative, or the Strategic Procurement Team and Contract Compliance.

**APPENDIX 1b**

**Procurement Principles**

**1. Procurement exercises must achieve the statutory requirement of Best Value**

This includes the objectives of efficiently acquiring and delivering the appropriate goods, works and services (suitable quality) for the best price (economy) in a way which best meets the requirements of the service and the Council (effectiveness).

**2. Promotion of a competitive local market in goods, works and services**

There should be a prejudice in favour of local sourcing of goods, works and services in order to support the local economy and to encourage competitiveness within it, wherever possible.

**3. Low overheads**

Procurement processes should minimise SIC overheads (whether storage facilities or administrative burdens), which implies just-in-time delivery, probably by local suppliers, with the simplest possible internal charging arrangements (probably annual recharging).

**4. Quick and measurable savings**

There is an imperative (set by the Chief Executive) to get early benefits to justify this approach, which requires the measurement of the existing baselines and to monitor results accurately against those baselines.

**5. Environmental sustainability**

The pursuit of good environmental outcomes implies a prejudice in favour of local supplies with low transport costs, low waste and good recyclability.

**6. Volume Purchasing**

Consideration requires to be given to volume purchasing and procuring centrally on a corporate basis, whilst supporting the local economy as detailed in 2 above.


**7. Simplicity in Operation**


It is essential that those who will use the procurement methods established, find them easy to learn and operate with minimum administrative effort, no duplication and less documentation, whilst maintaining the integrity of the process.

**8. Communication**


Must underpin the whole process throughout, involving all stakeholders with advice of relevant Council officers at key stages.





Strategic Objective	Rationale	Who	Action	When
 <b>2.1</b> Create a procurement service that addresses the aims of the Council's Improvement Plan, and meets the guidelines and recommendations of the Scottish Executive and the Efficient Government agenda.	<ul style="list-style-type: none"> <li>▪ Implement strategy with high level support</li> <li>▪ Raise visibility and importance of procurement</li> <li>▪ Improve internal communication and collaboration</li> <li>▪ Create a strategic centre for information and advice</li> </ul>	EMT via an executive sponsor Head of Organisational Development Head of Finance Specialist Procurement Team Procurement Network ICT Unit	<ul style="list-style-type: none"> <li>▪ Align implementation of the Council's Action Plan under this Strategy, with national initiatives for procurement activities, such as the McClelland Report. Highlighting synergies that should be pursued.</li> </ul>	Ongoing to 2008


Strategic Objective	Rationale	Who	Action	When
 <b>2.2</b> Develop a procurement function with an excellent communication framework at its heart. Provide the means to disseminate best practice, information and advice to all levels of the Council and its stakeholders, as well as providing a framework for reviewing, learning and sharing of knowledge.	<ul style="list-style-type: none"> <li>▪ Raise awareness and importance of procurement</li> <li>▪ Improve internal communication and collaboration</li> <li>▪ Improve external Collaboration and communication</li> </ul>	Executive sponsor Head of Finance Specialist Procurement Team Heads of Service Service Managers Procurement Network ICT Unit	<ul style="list-style-type: none"> <li>• An executive sponsor will represent the procurement service at senior management level.</li> <li>• A strategic team will co-ordinate procurement activities.</li> <li>• A Procurement Network will be created to provide a forum for all procurement practitioners within the Council.</li> <li>• Web sites, both internal and external, will be developed to provide easy access to procurement activities.</li> <li>• Collaboration will be considered and acted upon objectively in all procurement activities.</li> </ul>	<p>July 2007</p> <p>Ongoing to 2010</p> <p>July 2007</p> <p>August 2007</p> <p>Ongoing 2010</p>


Strategic Objective	Rationale	Who	Action	When
<input checked="" type="checkbox"/> <b>2.3</b> Reduce the cost of the procurement function and ensure legislative compliance through the use of a corporate standard processes with appropriate tools across all Council Departments and Units.	<ul style="list-style-type: none"> <li>Improve business information re; procurement processes</li> <li>Apply consistent standards</li> <li>Ensure legislative compliance</li> <li>Review and embed Council policies</li> </ul>	Specialist Procurement Team Head of Finance Head of Legal and Administration Procurement Network ICT Unit Manager	Map procurement processes in relation to current legislation and e-procurement requirements. Standing Order Compliance be standardised and documented. Procurement Network will consult on Internal Collaboration and standardisation. Procurement Network will facilitate External Collaboration with Scottish Executive and other stakeholders.	Ongoing to 2009
			Standardised Procurement processes and documentation circulated via posting on procurement Web sites and Council intranet.	
<input checked="" type="checkbox"/> <b>2.4</b> Review all Procurement processes and functions to develop procurement capacity, ensure compatibility with other Council systems, provide Business Information, improve procurement controls including integration with suppliers and partners, where appropriate.	<ul style="list-style-type: none"> <li>Establish the Council at the business and technology forefront of the Efficient Government agenda.</li> <li>To automate the Procure to Pay process</li> <li>Reduce costs and introduce greater efficiency in the procurement process</li> </ul>	ICT Unit Manager Head of Finance e-Procurement Project Group Internal Customers Technology Partners Specialist Procurement Team External Stakeholders – suppliers, service providers	Present review proposals for procurement system(s) in operation across the Council to EMT.	December 2007
			Prepare a detailed Business Case to support the proposals.	December 2007
			Prepare a detailed implementation plan where a new approach to e-procurement is recommended.	Ongoing from January 2008

Strategic Objective	Rationale	Who	Action	When
 <b>2.5</b> Establish a collaborative culture within the Council. Promote collaboration as the first factor to be considered, whether for internal or external procurement activities.	<ul style="list-style-type: none"> <li>▪ To challenge the inefficiencies associated with disparate procurement.</li> <li>▪ To address recommendations of the McClelland Report</li> <li>▪ To ensure compliance where aggregation rules apply</li> <li>▪ To obtain Best Value</li> <li>▪ To address audit recommendations regarding corporate tendering.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Head of Finance</li> <li>▪ Specialist Procurement Team</li> <li>▪ Heads of Service</li> <li>▪ Procurement Partners –NHS Shetland, Scottish Water, Trusts, OIC, Scottish Executive, OGC, other public sector bodies</li> </ul>	Identify existing and further internal procurement opportunities and progress options for corporate collaborative solutions.	December 2007
			Actively engage in collaborative ventures with external partners, such as NHS Shetland, Trusts, Scottish Executive, other public sector bodies, where appropriate.  Make use of existing knowledge base regarding collaboration, i.e. established frameworks and pilot procurement projects.	Ongoing from July 2007  Ongoing

Strategic Objective	Rationale	Who	Action	When
 <b>2.6</b> The provision of a Tracking system that accurately identifies and values all perceived benefits accruing from revised procurement activities, that can be measured against recognised standards and can be utilised for regular monitoring and reporting purposes.	<ul style="list-style-type: none"> <li>▪ To accurately monitor and report benefits accrued.</li> <li>▪ To adopt a model which allows easy comparison both internally and with other public bodies.</li> <li>▪ Introduce consistency of approach to savings monitoring</li> <li>▪ Create the basis for a benchmarking network</li> </ul>	<ul style="list-style-type: none"> <li>▪ Head of Finance</li> <li>▪ ICT Unit Manager</li> <li>▪ Specialist Procurement Team</li> <li>▪ Procurement Network</li> </ul>	Review internal reporting tools to identify "Tracking System", consult with the Scottish Executive and other public sector organisations, where necessary to trial and adopt an appropriate Tracking Tool.	July– December 2007
			Engage internally via the Procurement Network to obtain sign-up to the implementation and maintenance of the Tracking Tool.	Ongoing from July 2007
			Develop a reporting hierarchy for the benefits identified.	July 2007
			Organise appropriate "Benefits Tracking" training.	Jan 2008

Strategic Objective	Rationale	Who	Action	When
 <b>2.7</b> Establish a Procurement culture that recognises accessibility and sustainability as the norm and promotes the Councils objectives for business and the community.	<ul style="list-style-type: none"> <li>▪ To embed the Council's sustainability policy in the procurement process</li> <li>▪ To improve accessibility to procurement for the community</li> <li>▪ To reflect the Councils commitment to the environment.</li> <li>▪ To fulfil legislative obligations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Head of Environment &amp; Building Services</li> <li>▪ Head of Community Development</li> <li>▪ ICT Unit Manager</li> <li>▪ Specialist Procurement Team</li> <li>▪ Procurement Network</li> </ul>	Provide portals for procurement accessibility via the intranet and the external internet website.	By July 2007
			Liaise with the Economic Development Unit and other parties, to promote and simplify business accessibility. Develop a green procurement guide/toolkit. Develop collaborative (internally and externally) procurement opportunities which fully recognise sustainable and environmental obligations.	Ongoing to December 2007  Ongoing to December 2007
			Provide checklists for procurement activities which allow officers to follow sustainability policies and procedures in a transparent manner.	By July 2007

Strategic Objective	Rationale	Who	Action	When
 <b>2.8</b> Develop Procurement Staff with skills and competences to the necessary professional level.	<ul style="list-style-type: none"> <li>▪ To meet the recommendation of the McClelland Report (now endorsed by the Scottish Executive)</li> <li>▪ To apply improvement to the delivery of procurement services</li> <li>▪ To identify and address skills gap</li> <li>▪ Participate in national initiative to raise procurement standards</li> <li>▪ Motivate and empower staff</li> <li>▪ Reinforce the Council commitment to Personal Development</li> </ul>	<ul style="list-style-type: none"> <li>▪ Head of Organisational Development</li> <li>▪ Train Shetland</li> <li>▪ Specialist Procurement Team</li> <li>▪ Procurement Network</li> <li>▪ Procurement Partners OIC, Trusts, Shetland Enterprise, Scottish Executive</li> </ul>	<p>Identify competences via a skills audit and collate training requirements.</p> <p>Actively engage in collaboration with external partners, Scottish Executive, other public sector bodies, to implement a recognised training regime.</p> <p>Implement training programmes for staff which support Personal Development with professional qualifications, where appropriate.</p> <p>Encourage staff progression internally.</p>	<p>September 2007</p> <p>By December 2007</p> <p>Ongoing from July 2007</p> <p>Ongoing</p>

Strategic Objective	Rationale	Who	Action	When
 <b>2.9</b> "The provision of a Procurement function that can combine technology and best procurement practice with effective review and learning to facilitate effective business outcomes."	<ul style="list-style-type: none"> <li>▪ To establish the Council as a centre of procurement excellence</li> <li>▪ Deliver measurable procurement performance</li> <li>▪ Enhance relationships with suppliers and procurement partners</li> <li>▪ Deliver identifiable savings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Executive sponsor</li> <li>▪ Head of Finance</li> <li>▪ ICT Unit Manager</li> <li>▪ Head of Legal and Administration</li> <li>▪ Head of Organisational Development</li> <li>▪ Specialist Procurement Team</li> <li>▪ Procurement Network</li> <li>▪ Customers and suppliers</li> </ul>	<p>The Procurement Strategy Project Board will disband after approval of the strategy by EMT and Council.</p>	By July 2007
			<p>EMT will approve an executive sponsor and a specialist team to implement the Procurement Strategy as well as establishing a Procurement Network to assist Heads of Service. This will be developed and meet monthly, initially, to drive implementation and act as a forum for procurement activities generally.</p>	July 2007
			<p>EMT guided by recommendation from the Head of Finance will approve a list of products/services that will be subject to procurement review.</p>	Ongoing from July 2007
			<p>The Specialist Team will monitor implementation of the strategy and procurement reviews and report to the executive sponsor. The Action Plan will be in the form of a Traffic Light update report.</p>	Ongoing to 2010
				July 2007 with quarterly reporting.



### Appendix 3 – Service Planning Example

**Procurement Action Plan 2007-08:** Maintenance Services

[This should detail procurement actions to be undertaken during 2007-08]

<b>Budget (£)</b>	<b>Description of work/service/supply</b>	<b>Officer Involved</b>	<b>Procurement Options (refer to procurement c/list)</b>	<b>Start/ Completion Date</b>
75,000	New equipment	A.N.Other	Consider collaboration	June 07 / Jan 08
150,000	Maintenance testing	A.N.Other	Tendering exercise under EU Regulations.	Aug 07 / Feb 08

Note: Start /Completion dates refer to the procedure to be followed. Allowance will require to be made for appropriate lead in time subject to the procurement procedures applying, advice to be sought from Legal & Contract Compliance.

#### Appendix 4 - Pilot Projects Summary

<u>Goods/Work/Service</u>	<u>Lead Officer / Contact details</u>	<u>Review conclusions &amp; Recommendation</u>
1. Travel	Head of Finance	Standardise procurement process, with simple transactions being booked by in-house staff (usually on-line), and complex transactions being booked by one of the local travel agents (after quotes are obtained from both). Savings estimated in the range £(29,000-210,000) per annum. Actual results to 31 March 2007 to be reported in July 2007.
2. Franking Machines	Contract Compliance Manager	Centralise a franked mail service for Lerwick based depts//units and target discounts to save on "clean mail" postage expenditure.
3. Supply of Foodstuffs	Waste Services Manager	Ongoing
4. Supply of Paper	Head of Legal and Administration	Ongoing
5. Consultancy Services	Senior Capital Projects Manager	Ongoing (See also Internal Audit Report - Contracts Investigation Follow up)

## Appendix 5

### **Review of Public Procurement in Scotland John F. McClelland (March 2006)**

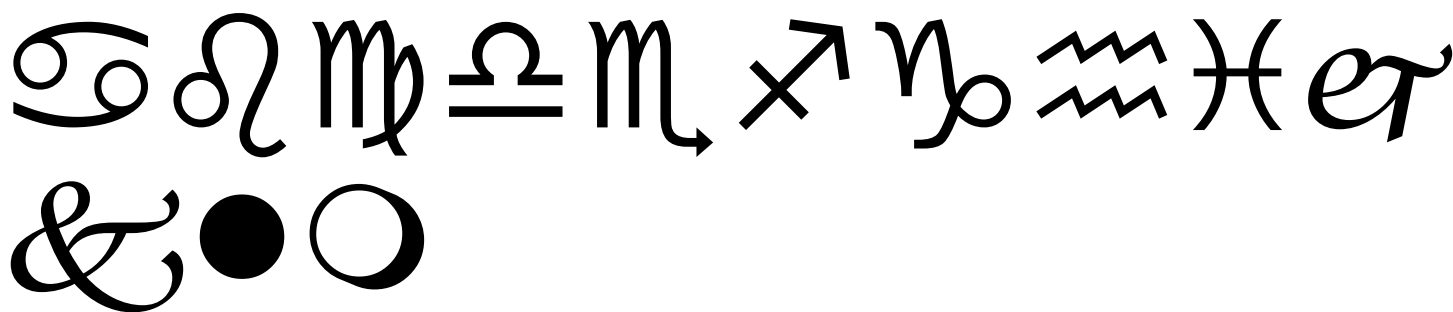
#### **Highlight of Review Conclusions**

- Some progress made to date but not consistently across the whole public sector
- Specific good work has created some “islands of excellence”
- Urgent action required to on governance issues
- Higher priority needed for procurement
- Action also required on resources and skills. Some investment is necessary
- Attention to basic practices essential to deliver already targeted financial savings
- More leadership needed from centre with policy being mandatory
- New approaches and supplier charter are required to address significant concerns held by suppliers
- Advanced procurement practices have to be pursued
- More collaboration also needed
- New “Commodity Centres of Expertise” – a vital step
- Achievement of superior performance will deliver Best Value and long-term savings above current targets
- Direction understood – missing ingredient is conviction to implement. A Procurement Reform Board is proposed in support of this. Ministerial support is a prerequisite.

A copy of the report is available on the Scottish Executive website: [www.scotland.gov.uk](http://www.scotland.gov.uk)

<http://www.scotland.gov.uk/Resource/Doc/96269/0023302.pdf>





Finance and Central Services Department  
Scottish Procurement Directorate

Victoria Quay  
Edinburgh EH6 6QQ

Mr Morgan Goodlad  
Chief Executive  
Shetland Isles Council  
Executive Services Department  
Town Hall  
Lerwick  
Shetland  
ZE1 0HB

Telephone: 0131-244 3522  
Fax: 0131-244 3666  
Barry.graham@scotland.gsi.gov.uk  
<http://www.scotland.gov.uk>

Your ref: MHG/AMA  
Our ref:

22 December 2006

Dear Morgan

### **Shetland Isles Council – Development of a Procurement Strategy**

I refer to your letter of 14 October 2006 covering the above subject. Please accept my apologies for the delay in responding.

I have discussed with Nick Bowd, Director of Procurement, a number of issues raised by your team following our visit in August and we have also considered the items raised in your letter. Our response is set out in the following paragraphs.

John McClelland conducted this review on his own; there was no supporting team as such. As a result he was not able to meet every stakeholder. He did meet with COSLA and SOLACE in order to listen to the views of key representatives of local authorities and he has taken their views on board. In addition there is quite a significant local authority representation on the Reform Board including COSLA. Since my visit I have discussed with Nick your team's concerns about the particular problems facing remote island communities and both us are sympathetic to your view on problems increased collaboration could bring to the Shetland Islands. I expect that, increasingly, I will meet with the Directors of the Centres of Procurement Expertise covering Health, Local Authorities, Higher and Further Education etc. I will urge them to listen to your team's concerns on these issues.

The Scottish Executive Website includes, on the front page, a link to the Scottish Procurement Directorate internet site. On the SPD site there is a link to Reform of Public Procurement in Scotland. This site has details of the Reform Board, Board members, minutes of meetings etc. In

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addition we are increasing our communication activity and we hope stakeholders will notice an improvement on this aspect of the programme.

One of the points we stress repeatedly is that when setting up national contracts this should not automatically result in contracts with single suppliers. We envisage that a large number of these contracts will be multi-supplier arrangements and some with a regional emphasis. Scottish Procurement Directorate appreciates that this reform programme should not disadvantage small and medium enterprises. SPD have been working with The Federation of Small Business in Scotland for some time now, pre-dating the review of public procurement, and are introducing a number of measures to remove barriers to doing business with the public sector. We are also developing a portal to be used by Scottish contracting authorities and we hope local suppliers will make the most of the opportunities that such a facility will offer.

We agree that Best Value and for that matter Value for Money does not mean lowest unit cost. Evaluation criteria has to be carefully considered especially as there are limitations on what we can take into account when deciding the basis of awarding business.

A number of organisations have already submitted bids to Efficient Government. I am not aware of any EG bids or other bids you are preparing. We would be happy to discuss such matters, e.g. how we could help with eProcurement Scotland implementation.

Nick and I would like to continue our engagement with you and we could link up via videoconference in January. I will make contact with you after our return to the office in the New Year. We will also include Ian Burdon from our side. Ian Burdon is the programme sponsor for eProcurement Scotland.

I hope all your team have an enjoyable festive break and look forward to making contact soon.

Yours sincerely

Barry Graham  
Head of Procurement Operations

cc: Nick Bowd  
Paul McNulty  
Ian Burdon  
Nikke Bell

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## **REPORT**

**To: Executive Committee**

**26 June 2007**

**From: Head of Organisational Development**

**Report No: CE-10-F**

### **Gender Equality Scheme**

#### **1 Introduction**

- 1.1 The Equality Act 2006, amended the Sex Discrimination Act 1975 to place a statutory duty on public authorities, when carrying out their functions, to have due regard to the need to eliminate unlawful discrimination and harassment and to promote equality of opportunity between men and women.
- 1.2 The Council is required to publish a Gender Equality Scheme (GES). This outlines the way in which the Council will ensure implementation of the Act over the next three years. The first GES is required to be published by the 29<sup>th</sup> of June 2007.

#### **2 Link to Corporate Priorities**

- 2.1 The Council's Corporate Plan 2004-2008, includes the priority:  
'Shetland will benefit from everyone having the same chances to make their fullest contribution in every field. The Council will do this by ensuring there is no discrimination in any of our services and by promoting equal opportunities at all times.'

#### **3 Background to Legislation**

- 3.1 The Act places a general duty on the Council to have regard when carrying out all of their functions to the need to:
- Eliminate unlawful discrimination on grounds of gender
  - Promote equality of opportunity
- 3.2 Councils must identify which of its policies and functions are relevant to the general duty and prioritise these for more detailed assessment and set out arrangements for:

Agenda Item No. 06 - Public Report

- Monitoring policies for any adverse impact on the promotion of gender equality
- Assessing and consulting on the likely impact of proposed policies
- Publishing the results of assessment, consultation and monitoring
- Ensure that the public have access to information and services
- Training employees on issues relevant to the general duty.

3.3 The Council is also required to set out arrangements for gender monitoring of existing employees and applicants for jobs, promotion and training. In addition as an employer of more than 150 people the Council is also required to monitor all employees in relation to:

- Training received
- Those who benefit or suffer detriment from performance appraisal
- Involvement in grievance procedures
- Involvement in disciplinary procedures
- Leaving the Council's employment for any reason.

#### **4 Proposal**

4.1 The Gender Equality Scheme, including outcomes for the next year, will be published by the 29th of June 2007, to comply with the requirement to publish the GES, see Appendix A.

4.2 The strategy contains a Gender Action Plan. This identifies the actions required for the next year. The Action Plan will be updated on an annual basis and this will be reported back to Council.

4.3 Key objectives for the next year include:

- Improving data collected
- Childcare provision
- Public transport in rural areas

4.4 Organisational Development will be responsible for ensuring implementation of the Action Plan for the Council.

#### **5 Financial Implications**

5.1 There will be an impact on resources to ensure successful implementation of the Action Plan to comply with the statutory requirements. At this stage this has not been quantified, but it is anticipated that this will be found within existing resources.

#### **6 Policy and Delegated Authority**

6.1 The Executive Committee has authority to consider matters in relation to Policy Co-ordination. However the duty to produce a GES has not been delegated to any Committee or officer and requires to be determined by the Council.



## **7 Conclusions**

7.1 This Report sets the revised statutory duties prescribed under the Equality Act 2006.

7.2 The Report contains a GES for approval, as required under the Equality Act 2006.

## **8 Recommendations**

8.1 I recommend that the Executive Committee recommend that the Council approve the GES, as outlined in Appendix A.

Date: 14 June 2007

Ref: AKS/

Report No: CE-10-F



## Shetland Islands Council Gender Equality Scheme



June 2007

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## **INTRODUCTION**

The Gender Equality Duty (GED) is the biggest change to sex equality legislation since the Sex Discrimination Act came into force over 30 years ago. The GED is intended to address the fact that, despite 30 years of individual legal rights to sex equality, there is still widespread discrimination and gender inequality. One reason for this is that policies and procedures of public authorities can often appear neutral but have a significantly different effect on women and men – often contributing to greater gender inequality. Individual legal rights have not been enough by themselves to change this.

The Equality Act 2006 amends the Sex Discrimination Act 1975 by placing a statutory duty on all public authorities, when carrying out their functions to have due regard to the need:-

- To eliminate unlawful discrimination and harassment.
- To promote equality of opportunity between men and women.

This general duty applies to all public bodies, including Shetland Islands Council (“the Council”) and came into effect on 6<sup>th</sup> April 2007.

Therefore, the GED applies to the Council's service provision, policy making, employment matters and in relation to enforcement or any statutory discretion and decision making.”

## **WHAT IS THE COUNCIL?**

Shetland Islands Council is a local authority established under the Local Government etc. (Scotland) Act 1994 and has its principle offices at the Town Hall, Lerwick, Shetland, ZE1 0HB.

The main functions of the Council are detailed in Appendix A.

In particular, the Council has responsibility for the following:-

### **Schools Service**

The Schools Service is an Education Authority under the Education (Scotland) Act 1980 and has a duty to secure that there is for their area adequate and efficient provision of school education. The Schools Services manages 34 schools, which is made up of 2 high schools, 7 junior high schools with primary and nursery departments and 25 primary schools.

### **Shetland College**

Shetland College is a non-incorporated college governed by a Board of Management consisting of 9 members, 6 of whom are appointed by the Council. Shetland College is a partner college within the UHI Millennium Institute and as an unincorporated college the responsibility for Further Education is vested in Shetland Islands Council.

### **Zetland Transport Partnership (ZetTrans)**

ZetTrans was established in December 2005 following the introduction of the Transport (Scotland) Act 2005. ZetTrans consists of a Board comprising of 6 members, 4 of whom are appointed by the Council. ZetTrans has the responsibility for the development and delivery of the Regional Transport Strategy. ZetTrans has no direct employees. At officer level, the Council's Transport Service provides the service delivery functions of ZetTrans. Operational funding for ZetTrans is secured from the Council, with support from the Scottish Executive.

## **WHAT ARE OUR DUTIES?**

The GED aims to eliminate unlawful discrimination and harassment and to promote quality of opportunity between men and women. To help the Council deliver this general duty, there are also a number of specific duties which must be adhered to:-

To prepare and publish a gender equality scheme, showing how it will meet its general and specific duties and setting out its gender equality objectives. This document is the Council's Gender Equality Scheme and it is also intended to cover the Schools Service, Shetland College and ZetTrans who each have an individual duty to prepare and publish their own gender equality scheme.

All public authorities in Scotland must be able to evidence progress towards eliminating discrimination, as well as promoting equality between women and men. This requires public bodies to analyse which of their activities (employment, policy-making, service delivery, regulatory etc) could make a difference to gender equality, and to prioritise action to achieve clear outcomes.

To support progress in delivering the general duty, there is also a series of 'specific duties', which apply to listed public authorities, as specified in the Order made by Scottish Ministers. These set out the exact steps those authorities should take to help them meet the general duty. The specific duties require listed bodies to

- Gather information on how their work affects women and men, boys and girls
- Consult employees, service users, trade unions and other stakeholders such as parent's groups and the local community
- Assess the different impact of policies and practices on both sexes and use this information to inform their work
- Identify priorities and set gender equality objectives
- Plan and take action to achieve those objectives
- Publish a gender equality scheme, report annually and review progress every three years
- Publish an equal pay statement (for listed bodies with 150+ staff) and report on progress every three years.

## STATEMENT OF COMMITMENT TO GENDER EQUALITY

The Council is committed to fulfilling the duties imposed on it under the amended Sex Discrimination Act 1975 and working towards gender equality.

Shetland's community statement contains the following statements:

- We'll seek to create fulfilling, well-paid jobs for all, whatever their talent
- Foster confident, thriving communities across Shetland
- Promote justice and equality, here and overseas
- Expand knowledge, extend opportunities and improve access

The Community Plan priorities and targets contains the following:

'To make sure we are all able to enjoy living in Shetland as fully as possible:

**We will continue to improve quality of life: ranking in the top 5% on a European stage as well as decreasing inequalities**

**Shetland already ranks highly in Scotland for social welfare, health and safety. However, we are aiming to be high ranking on an international stage. We also recognise that not everyone in Shetland shares this good experience'**

The Council's Corporate Plan 2004-2008, includes the priority:

'Shetland will benefit from everyone having the same chances to make their fullest contribution in every field. The Council will do this by ensuring there is no discrimination in any of our services and by promoting equal opportunities at all times.'

And a Council commitment to: 'Treat employees fairly, courteously and consistently.'

The Council's Gender Equality Scheme forms part of the Council's Equality and Diversity Strategy.

There are a number of existing Council policies and procedures, which have an impact on the scheme. These are:

- Equality & Diversity Policy
- Flexible Working Policy
- Maternity Leave Policy (which includes paternity leave)
- Parental Leave & Time Off for Dependents Policy
- Employee Review and Development
- Job Evaluation



**ORGANISATIONAL RESPONSIBILITY FOR THE SCHEME**

Within the Council, responsibility for the Scheme lies with the Head of Organisational Development.

Responsibility for the Education authority lies with the Head of schools.

Responsibility for Shetland College lies with the Principal.

Responsibility for Transport lies with Head of Transport, ZetTrans.

## **OUR GENDER EQUALITY OBJECTIVES**

### **Childcare**

Consultation has evidenced a lack of childcare provision locally, and where childcare is available it can be prohibitively expensive and/or in the wrong place, leading to transport issues.

Recent research into deprivation and social exclusion in Shetland<sup>1</sup> analysed the results by gender. The two main issues were around childcare and transport:

‘Gender was significant in relation to female carers: of those carers who participated, all were women. Having family responsibilities augmented people’s inability to access opportunities and added to financial pressures. They were isolated on a daily basis because they did not have access to a car or the partner had the only vehicle to access employment. This was compounded by lack of childcare or access to childcare. Many were wholly reliant upon the goodwill of others, augmenting feelings of dependence. Conversely, others spent spare time driving others around to access opportunities.

Seven women were unable to work because they were looking after family members. However, women were more successful at participating in learning and obtaining qualifications, although there was a desire to access more learning opportunities, but were unable to due to family commitments.’

The Council has recently undertaken research on how people from black and ethnic minorities access services<sup>2</sup>, including any barriers that prevent them from doing so. When the results were analysed by gender, the main issues raised were a lack of childcare provision and a lack of transport at suitable times.

### **Transport**

Recent consultation has indicated that a lack of transport in rural areas exacerbates geographic isolation from both job opportunities and from community activities/events. The consultation shows that that is particularly an issue for women.

The Regional Transport Strategy consultation was carried out during 2005, in order to inform Shetland’s Regional Transport Strategy. One of the main issues raised regarding bus provision was:

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<sup>1</sup> Deprivation and Social Exclusion in Shetland, 2006

<sup>2</sup> Black and Ethnic Minority Inclusion, 2007

‘numerous examples were highlighted where buses do not serve the needs of the local population or where buses only suit the requirements of “9 to 5” workers in Lerwick.

There was support for the shopper’s services that have been implemented across Shetland and an extension to the shopper’s bus network was thought to be a good idea.’<sup>3</sup>

### **Gender Balance Within the Workforce**

Information gathered on the Council workforce indicates that a gender balance has yet to be achieved in regard to under represented areas of the Council workforce and under represented areas of decision-making bodies.

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<sup>3</sup> Regional Transport Strategy Consultation, 2005

## **HOW WILL WE GATHER INFORMATION?**

Information collected regarding the Council workforce is detailed in Appendix B.

A number of recent consultation exercises have provided information on how council services disproportionately affect one gender –

Shetland the Long Range Forecast, 2004, was a Shetland wide consultation asking people in Shetland what they would like their community to look like in the future.

Deprivation and Social Exclusion in Shetland took place in 2006. This piece of research intended to develop understanding of social exclusion and deprivation in Shetland.

Research into Black and Ethnic Minority Inclusion in Shetland took place in 2007 and the results were also disaggregated by gender. The research looked at how people from black and ethnic minorities accessed services and opportunities within their communities and established any barriers that people felt prevented them from accessing service and opportunities.

Further information regarding the impact of gender on service delivery will be gathered through the Equality Impact Assessment process.

Results from Council consultation exercises will be disaggregated by gender.

Information gathered will be analysed and used to monitor progress. This will be reported in our Annual Report on the Gender Equality Scheme.

## **ASSESS THE IMPACT ON GENDER EQUALITY ON POLICIES AND PRACTICES**

Shetland Islands Council's equality impact assessment tool was developed to be a single assessment tool for all the six main equality strands. It was developed in conjunction with NHS Shetland and is designed to be used both retrospectively and during the development of a policy or strategy.

All service plans for 2007/08 have been equality impact assessed and also include an action to assess all current policies. In addition to this, an assessment has been carried out of the degree or weight of relevance to the general duty and to determine the order in which policies should be equality impact assessed.

Policies and strategies assessed to be category 1 are top level strategic documents.

Category 2 policies and strategies are those which are the next stage down from category 1 documents and have also been assessed as directly affecting either the general public or employees.

Category 3 policies and strategies are those which have not been assessed as having a direct impact on the general public or employees.

Category 1 documents will be assessed by the end of 2007 and category 2 and 3 documents will be assessed by the end of 2008. For strategies currently under review, this will happen as part of the review process.

A table of Council strategies and their weighting is attached at Appendix C.

New policies will be assessed as an integral part of the development of the policy and any equality impact will be required to be reported to the relevant Council committee.

## **CONSULTATION**

The Gender Equality Scheme was sent out to all Heads of Service and Union members for consultation. It was also placed on the Council's webpage for members of the public to comment on.

Use was also made of recent consultation exercises where the results highlighted gender specific issues.

During the life of the scheme consultation will be focussed on specific services issues, to ensure that there are not gender specific barriers to people accessing and receiving a Council service.

## **HOW WILL WE PROMOTE THE SCHEME, PUBLISH RESULTS OF ASSESSMENTS, CONSULTATION AND MONITORING?**

The Gender Equality Scheme will be available on the Internet at  
<http://www.shetland.gov.uk/equalopportunities/documents.asp>

Hard copies will also be available from:

Policy Unit  
Town Hall  
Lerwick  
t: 01595 744510  
e: [policy@shetland.gov.uk](mailto:policy@shetland.gov.uk)

The scheme will also be publicised through the Council's internal Intranet and regular Equality Circular.

Results and outcomes of any assessments, consultation and monitoring will be reported as part of the Annual Report to the Gender Equality Scheme. The annual reports will then be published and promoted in the same ways as the scheme itself.

## **ACCESS TO THE SCHEME**

Copies of the scheme can also be made available in large print, Braille or on audio tape.

Copies can also be translated into different languages, on request.

## **TRAINING**

Equality and Diversity training is available to all Council employees through Train Shetland. This training is publicised through Train Shetland's website and through the Council's email system.

## **HOW CAN INTERESTED PARTIES CONTACT US?**

John Smith, Head of Organisational Development  
Town Hall  
Lerwick

## GENDER ACTION PLAN

Action	Timescale	Responsibility	Outcome/ Indicator
<b>Monitoring &amp; Evaluation</b>			
Publish Equal Pay Statement	September 2007	Head of Organisational Development	Equal Pay Statement published
Review Recruitment and Selection procedures to ensure no gender related barriers exist and identify and introduce appropriate measures	October 2007	Human Resources Manager	Any gender related barriers identified
Review Disciplinary and Grievance procedures to ensure no gender related barriers exist and identify and introduce appropriate measures	August 2007	Human Resources Manager	Any gender related barriers identified
Promote Remote Working and Flexible Working policies and practices to encourage work life balance	March 2008	Head of Organisational Development	Increase in number of staff adopting remote or flexible working
Ensure appropriate monitoring systems are in place to meet general and specific duties, including employee records for staff with caring responsibilities, flexible working requests and transgender employees	April 2008	Head of Organisational Development	Increased knowledge of the workforce
Ensure exit interviews are available to all maternity leavers	April 2008	Human Resources Manager	Any gender related barriers identified
Build on existing information systems to ensure full and required data is gathered re student population and college workforce	June 2008	Principal, Shetland College	Any gender related barriers identified
<b>Energising the Organisation</b>			



Action	Timescale	Responsibility	Outcome/ Indicator
To ensure all Heads of Service are aware of the Gender Equality Duty and cascade down to staff	April 2008	Head of Organisational Development	Increased knowledge of the Gender Equality Duty
Ensure that current Equality and Diversity Training is reviewed and developed to include Gender Equality Duty	April 2008	Human Resources Manager	Training continues to be relevant
Organise LGBT training and workshops for main stakeholders of Gender Equality Scheme through the Equality Network and Stonewall Scotland	April 2008	Head of Organisational Development	Increased awareness of LGBT issues in service delivery
Ensure all staff are aware of the Council's Gender Equality Scheme	April 2008	Head of Organisational Development	Increased awareness of the Gender Equality Scheme
Promote gender balance on decision-making bodies	April 2008	Head of Organisational Development Principal, Shetland College	Decision-making bodies more closely reflecting the gender profile of the population
All current and proposed policies and practices will be equality impact assessed	March 2008	Head of Organisational Development Principal, Shetland College	Any gender related barriers identified
Consider including a standard heading within all new reports to Council – "Equalities and Human Rights"	October 2008	Head of Organisational Development	All Council reports including a statement on equalities
<b>Involving Communities</b>			
Contact Service Managers to provide information on how they can consult with their service users about the Gender Equality Duty	September 2007	Head of Organisational Development	Any gender related barriers identified

Action	Timescale	Responsibility	Outcome/ Indicator
Ensure results of any consultation exercises are disaggregated by gender	March 2008	Head of Organisational Development	All consultation results disaggregated by gender
Establish appropriate consultation mechanisms, including an equalities committee	June 2008	Principal, Shetland College	Ongoing consultation on gender issues
<b>Service Delivery</b>			
Contact Service Managers to provide information on how the Gender Equality Duty will impact on their service	September 2007	Head of Organisational Development	Increased awareness of the Gender Equality Scheme in service planning
Seek to increase numbers of male and female students taking up courses in which their gender has been traditionally under-represented	June 2008	Principal, Shetland College	Increased numbers of students enrolling on courses in which their gender has been traditionally under-represented
<b>Reporting &amp; Review</b>			
We will report to the Council an updated action plan every year	June 2008	Head of Organisational Development	
We will ensure that these reviews take into account the views of communities, employees, trade unions and Members	Ongoing	Head of Organisational Development	

Within Shetland, responsibility for childcare services lies with the Shetland Childcare Partnership. Their current action plan follows

Within Shetland, responsibility for public transport services lies with ZetTrans. Their current action plan follows the childcare action plan.

<b>Shetland Childcare Partnership                      Action Plan   2007/08</b>						
<i>Working together to support and develop services, which meet the needs of children, young people and families, in Shetland.</i>						
<b>Task</b>	<b>Strategic Objective</b>	<b>Action</b>	<b>Time scale</b>	<b>Priority</b>	<b>Lead Party</b>	<b>Outcome</b>
<b>Workforce Development</b>						
Recruitment of childcare workers	1256	1.Continue to promote childcare as a profession	On-going	1	SCP/SIC /College / Jobcentre Plus	
Promoting registered provision	1256	<b>1.Continue to support providers and staff to register and maintain registration with Care Commission and Scottish Social Services Council</b>	On-going On-going	1 1	SCP/SIC ED/SW SCP	
Training audit	1256	1.Continue to carry out annual training audit	On-going	1	SCP	
SVQ training	1256	1.Continue to contribute to fees and support candidates 2.Continue to provide Early Years Assessor 3. Work in partnership with Shetland College and other training providers 4. Annual event to celebrate achievements of candidates	On-going On-going Nov. 07	1 1 1	SCP/SEC/SIC SCP, Shetland College SCP	
Leadership and Management Training And other accredited Training	1256	1.Continue to support candidates to undertake qualifications at management level	On-going	1	SCP/SEC	
Other training	1256	1.Continue to provide cross sectoral	On-going	1	SCP	

		unaccredited training 2.Link in where possible to other training courses – best value 3. Develop use of professional staff in the childcare sector to enable deliver of training in specific initiatives (e.g.) ArtsPlay Shetland	On-going  June 07 – On-going	1  1	SCP/other agencies SCP / SPP	
Access to Training	1256	Support range of methods and timing for delivery of training				
<b>Promotion &amp; Marketing</b>						
Shetland Childcare Partnership	123456	Design and provide website Linked to Community Portal	Sep 07 July 07	1 1	SCP SCP	
Newsletter	123456	1.Resurrect quarterly newsletter 2.Electronic version of newsletter to be available on line 3.Update mailing list for newsletter	Sep 07 Sep 07  Sep 07	1 1  1	SCP SCP  SCP	
Information to parents and carers	12456	1.Update Early Years Directory 2.Maintain current lists of childcare providers 3.Populate and maintain the new online Information Service 4. Promote the value of using Registered Childcare	Apr 07 On-going  On-going  On-going	1 1  1  1	SPP SCP/SIC SW  SCP	(at printers)
Children and Families Day		Facilitate this event	Sept 07	1	SCP	

<b>Developing Partnerships and Networking</b>						
Childcare Cluster Groups	12	1.Continue to deliver training and provide opportunities for childcare providers to meet in cluster groups	Sep 07	2	SCP / Educ.	
Community childcare networks Nationally	1256	2.Invite parents, employers, community and education representatives to the Support Networks 3. Continue membership of Northern Network of Partnership Officers and contact with Scottish Executive and other appropriate agencies	Dec 07	3	SCP	

<b>Childcare Provision</b>						
Gap areas	123456	1.Continue to work with partners to improve childcare provision in Whalsay, Northmavine and other areas where need has been identified	On-going	1	SCP / SIC	
Feasibility Study into Pre-school Provision	123456	<b>1.Complete the study focussing on Lerwick</b> <b>2.Action outcomes – Report to SIC</b> <b>3. Consider Phase 2 – the rest of Shetland</b>	June 07 Sept. 07 Sept.– Dec 07	1 1	SCP SCP	
Pre-school Provision	123456	<b>1.Support pre-school providers in particular the voluntary sector</b> <b>2. Work with volunteers to support the development of management skills</b> <b>3. Support groups and private providers to deliver services and identify solutions that respond to local priority needs</b> <b>4. Support Providers through exit strategies where required</b> <b>5. Continue to part fund and support Shetland Pre-school Play Ltd through Service Level Agreement</b>	On-going	1	SCP / SIC / SPP  SCP / SIC SCSS	
Out of School Care	123456	<b>1.Continue to manage and part fund the Out of School care Services at Islesburgh, Ness and Kidzone</b> <b>2. Continue to fund the post of Out of School Care Development Worker</b> <b>3.Work with Partners to maintain and improve quality of the service</b>	On-going	1	SCP	
Breakfast Club Service		<b>1.Work with Education Service to bring forward Report to SIC</b>	Autumn 07			

		<b>2. Work with Partners to ensure continuation of funding for the service till Report is concluded</b>				
Childminders	123456	<b>1.Continue to support new Childminders with advice and start up grants 2.Continue to support Shetland Childminding Group through Service Level Agreement</b>	On-going	1	SCP	
			Annually	1	SCP	
Grant Aid  Funding	123456	<b>1.Enhance childcare provision among childcare providers by programme of grants in line with criteria which meet required accountability for the public £. 2.Support all providers to investigate and implement sustainable development 3.Encourage employer involvement and contribution towards childcare</b>	Annually	1	SCP	
			On-going On-going	2 2	SCP/SEC/SIC SCP/JCP/SIC /SEC	
Additional support needs provision	123456	<b>1.Continue to support provision of childcare workers for those with additional needs 2.Continue to provide support for additional staff or equipment in relation to the provision of ASN childcare for</b>	On-going (as needs basis)	1	SCP/SIC ED	
			On-going (as needs basis)	1	SCP/SIC ED	
Secondary age children	123456	<b>1.Continue to explore appropriate childcare for children in this age group 2.Continue to fund initiatives for young people in need, in partnership with other agencies</b>	2007 – 08	2	SCP/SIC SYS	
			2007 – 08	2	SIC/SYIS	
Childcare workforce agency	1256	<b>1.Continue to explore solutions to meet identified childcare needs out with existing childcare providers' opening times</b>	Dec 07	3	SCP	

Transport						
Pre-school transport initiative	2456	<b>1.Continue to support parents in accessing pre-school provision on demonstration of need, which meets the criteria of the scheme</b> 2.Criteria updated and circulated to parents currently using service and to all agencies involved in the process 3.Meeting with Health Visitors to update on criteria	On-going	1	SCP	
			June 07	1	SCP	
			Aug 07	1	SCP	
Playworker	123456	<b>1.Continue to visit providers in conjunction with Play Van visits and on specific projects</b> 2.Work on action plan for remainder of Playworker's time	On-going	1	SCP	
			June 07	1	SCP	
Employment Family Friendly Working						
Childcare Voucher Scheme	123456	1.Continue to support publicity on childcare voucher scheme 2.Encourage employers to “buy” into this scheme and other similar schemes	On-going	1	SCP	
			2007 – 08	2	SCP/JCP/SE C	
Family Friendly Working	123456	<b>1.Support agencies in promoting family friendly working</b>	2007 – 08	2	SCP	



<b>Health and Well-being</b>						
Healthy Eating	16	<b>1.Continue to promote Adventures in Foodland and healthy eating in Childcare Services</b>	2007 – 08	2	NHS/SCP	
		2.Support delivery of Nutritional Guidelines and attend meetings of this group	2007 – 08	2	NHS/SCP	
Health Promoting Schools Group		<b>1.Out of School Development Worker continue as member of this group</b>	2007-08			
		<b>2.Meet costs of advisor to support Partner Providers to achieve Health Promoting status</b>	Dec 07		SCP /Ed.	
Oral Health	16	<b>1.Continue to encourage oral health at all childcare services</b>	2007 –08	2	NHS/SCP	
Physical Activity	16	<b>1.Support Active Schools in project work in childcare settings</b>	Jun – Dec 07	2	SCP/SIC (Active Schools)	
		<b>2.Encourage staff to develop active sports in their settings following active schools visits</b>	On-going	2		
		<b>3.Identify further training needs in active sports</b>	2007 – 08	3	SCP/SIC (Active Schools)	
Child safety	16	<b>1.Continue to work with other agencies to promote child safety</b>	On-going	2	SCP/SIC / Child Prot. Training Comm. SCSS.	
<b>Social &amp; equality issues</b>						
Equality and Inclusion	1256	<b>1.Continue to promote equality of access to childcare and to employment in childcare</b>	On-going	1	SCP / SIC	
		<b>2. Continue to work with partners to enable children, young people and</b>	On-going	1	SCP / SIC	

		<b>families in Shetland, equal access to services</b> 2. Support work with Fathers, Fatherhood and Childcare	June 07 – ongoing	1	SCP / SIC	
<b>Shetland Childcare Partnership – Partnership Working</b>						
Promotion of SCP	123456	<b>1. Continue to raise awareness of the role of the SCP</b> 2. Continue to increase membership as appropriate to ensure wide breadth of knowledge, experience and services 3. Provide regular information to members, ensuring clarity of roles and responsibilities 4. Where appropriate, provide opportunities for Continuing Professional Development, for members 5..Continue to liase closely with our MP and MSP and Scottish Executive, on childcare issues	On-going  On-going  On-going	1  1  1	SCP  SCP  SCP	
Sub-groups	123456	1. Continue to operate the three sub-groups - Finance, Training and Childcare ensuring all areas of Partnership work are covered	On-going	1	SCP	
Executive Committee	123456	<b>1. Continue to operate an Executive Committee made up of the three Chairpersons from the sub-groups, Chair and Vice-chair of the Partnership and 1 – 2 local councillors to cover all business of the Partnership</b> 2. Reports to each Executive Committee	On-going	1	SCP	

		from Chairs of Sub-groups and from the Co-ordinator	On-going	1	SCP	
Full Partnership Meeting	123456	<b>1.Continue to hold two full partnership meetings per year to cover all business and additional key speakers on specific issues</b>	On-going	1	SCP	
		<b>2.Reports of all business to be distributed to members prior to meetings</b>	On-going	1	SCP	
Operation of partnership	123456	<b>3.Continue to hold an AGM in the month of May</b>	May 2007	1	SCP	
		<b>1.Continue to provide and fund the post of Co-ordinator (Partnership Officer) and ensure the roles and responsibilities are reflected in the evaluation of the post</b>	May 07	1	SCP	
		<b>2.Continue to provide and fund the post of Childcare Development Worker – ensure that roles and responsibilities, are reflected in the evaluation of the post</b>	May 07	1	SCP	
		<b>3. Fund the new post of Admin. Officer</b>	June 07	1	SCP	
		<b>4. Recruit to new post of Admin Officer, made necessary by re-structuring of SCP in May 06</b>	July 07	2	SIC	
		<b>5. Evaluate the posts of Childcare Development Worker and Childcare Partnership Co-ordinator due to changes in job profiles</b>	Sept. 07	1	SIC	
		<b>6.Establish the above posts to ensure continuity of the Partnership work in Childcare, post March 2008</b>	On-going		SCP	

		<b>7. Provide opportunities for Continuing Professional Development for SCP staff</b>				
Service Level agreements	123456	<b>1. Review Service Level Agreements annually</b> <b>2. Consider making grants subject to Service Level Agreements, where possible.</b>	Annually Mar 08	2	SCP/ Providers	
Accommodation	7	<b>1. Short term solutions to staff operating within the Bruce Family Centre</b> <b>2. Long term solution to locate SCP staff within new build, with other relevant services</b>	Apr – Jun 07  2007 – 08	1  3	SCP/Bruce Family Centre SIC (SW)/SCP	
Representation on other groups	123456	<b>1. Continue to be an active representative on the following groups: Children &amp; Young People's Service Planning Group; Childcare Strategy Group; Active Schools Group; Nutritional Guidelines Group; Out of School Care Association; Child Protection Training Committee and other groups as required</b>	On-going	1	SCP	
<b>Strategy</b>						
Evaluation of Partnership	123456	<b>1. Continue to evaluate the Partnership using a self evaluation process</b> 2. Establishing the Partnership – roles and responsibilities post March 2008	Annually  Oct 07	1  2	SCP  SCP	

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Childcare Strategy Group	123456	<b>Meets quarterly to ensure co-ordinated approach to childcare issues</b>	Quarterly	2	SCP / Educ / SW	
Annual Review of strategy	123456	1.Review the action plan annually 2.Review the strategic objectives to ensure they are in keeping with current issues	Apr – May 07/08	1	SCP	



## **Appendix A: Core Functions**

### **Education and Social Care –**

#### Schools –

- To educate young people aged 3-18 to reach their full potential

#### Library & Information –

- To provide books, large print books, music Cds, talking books, open learning packs, newspapers and talking newspapers
- To provide free access to the Internet and a broad range of software
- To provide free access to a range of reference materials
- To provide promotional activities
- To provide a library service to schools

#### Adult Learning –

- To provide a range of adult learning programmes to help adults and young people achieve their potential

#### Sport & Leisure Services –

- To manage sports and leisure facilities
- To deliver a programme of sports activities
- To deliver the Active Schools programme
- To provide outdoor education and deliveries
- To administer a variety of grant aid schemes

#### Train Shetland – Vocational Training –

- To act as a managing agent for the Government Funded Training Programmes of Skillseekers and Modern Apprenticeships

#### Train Shetland – Short Courses –

- To develop and provide quality short courses locally to meet the need of both the SIC and external customers

#### Integrated Children's Services –

- To provide an integrated care service for children and young people in Shetland.

#### Criminal Justice –

- To supervise offenders in the community in order to increase community safety and protect the public
- To work with offenders on community sentences or post-release supervision to reduce current levels of re-offending

#### Community Care –

- To provide a care service to older people, people with dementia, physical disabilities, mental health problems, sensory impairments, learning difficulties, children with disabilities or a disabling illness, people with HIV/AIDS and people who are terminally ill

Inclusion –

- To provide a universal youth work service delivered through a network of 10 youth centres provided in partnership with local communities and groups

Community Work –

- To provide up to date information and advice on all issues concerning voluntary organisations in a way that best suits the organisation
- To develop the skills and confidence needed for communities to engage and exercise power and influence, and to achieve their outcomes
- To engage with communities and other stakeholders across Shetland to identify, plan and meet their needs
- To provide community transport in the form of self drive community minibuses located throughout mainland Shetland

**Infrastructure –**

Planning –

- To prepare, maintain, review and implement the Structure Plan and Local Plan, which set out the framework for development and area regeneration
- To undertake wide consultation and resulting negotiations on new development proposals
- To ensure that new building work achieves national standards relating to the health, safety, welfare and convenience of people in and around buildings
- To look after our very rich heritage of buildings, landscapes, plants and animals

Roads –

- To ensure that all roads, footways, streetlights, traffic signals, culverts and bridges are inspected and maintained

Ferries –

- To own and operate a fleet of ferries providing lifeline services between the mainland and other islands

Transport –

- To provide local bus services on behalf of ZetTrans
- To provide internal air services and management of associated airport infrastructure
- To provide transport services for all other statutory functions within the Council, such school and social work transport
- To manage the Council fleet
- To administer the Council's function as licensing authority for taxi and private hire care licensing



Trading Standards –

- To check businesses for compliance with Trading Standards legislation
- To educate and inform locally based businesses and consumers
- To register and license locally based businesses
- To enforce Trading Standards legislation
- To maintain Shetland's standard weights and measures and provide a metrological service

Environmental Health –

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

Waste –

- To audit Council services and buildings with regard to environmental performance
- To promote waste prevention within the Council, households and the business community
- To provide a range of disposal and recovery options
- To monitor and coordinate activities related to the cleaning of litter and graffiti and maintaining public areas to a high environmental standard

Burial Grounds –

- To provide a grave digging service for all funerals in Shetland
- To maintain all 62 yards
- To maintain records of all yards

Cleansing –

- To provide an integrated waste management service from the point of collection through to safe disposal or recycling

Building Services –

- To provide a catering service to schools and Social Care clients

- To provide a cleaning service to all Council schools, offices, public buildings and toilets
- To provide a building maintenance service for all Council properties

### **Executive**

#### Committee Services –

- To manage, coordinate and administrate all Council and Committee meetings, and their related sub-committees and forums
- To administrate all Scottish Parliament, Westminster Parliament, Shetland Islands Council and Community Council elections
- To implement and comply with the Data Protection Strategy, Policy and relevant legislative requirements
- To implement and comply with the Records Management Strategy, Policy and relevant legislative requirements, including the Freedom of Information (Scotland) Act 2002

#### Registration Services –

- To collect and process accurate information from the public to enable an event to be registered, to produce an accurate permanent record, and to ensure that no events remain unregistered

#### Legal Services –

- To provide a legal service to all Council departments

#### Asset Services –

- To manage the Council's assets
- To provide land and seabed surveys to facilitate works in the capital programme

#### Emergency Planning –

- To prepare a Community Risk Register (CRR)
- To prepare and produce emergency plans and procedures
- To provide advice to businesses and voluntary organisations

#### Safety and Risk –

- To provide a corporate approach to the management of risk across all Council services

#### Human Resources –

- To recruit and retain high quality people to meet the Council's present and future needs
- To build on and improve fair employee relations strategies

#### Policy –

- To initiate, coordinate and facilitate partnership working initiatives
- To develop Council wide corporate strategies based on need, and prepare mechanisms to deliver those strategies

- To promote and ensure the incorporation of best value principles and management practices throughout the Council
- To develop performance management systems at all levels of the Council

ICT Unit –

- To provide and ICT service for all parts of the Council

Finance –

- To provide financial management information and advice
- To maintain the General Ledger of the Council's Financial Management System (Integra)
- To manage the Council's cash flow
- To provide a payroll, pensions and payments service
- To conduct audit investigations, as directed
- To collect local taxes due
- To process claims for Council Tax Benefit and Housing Benefit in Shetland

Housing –

- To provide general needs, temporary, supported and sheltered accommodation
- To provide a strategic overview of housing provision in Shetland

Capital Programme –

- To manage the range of individual projects within the Council's Capital Programme on behalf of service users
- To manage the Council's aspirations and to deliver a sustainable Capital Programme

Economic Development Unit –

- To provide a research and development function
- To invest in a variety of projects and economic sectors
- To provide a marketing function

Ports and Harbour Operations –

- To maintain a service to board and land pilots to/from vessels and for running moorings from ships to the shore dolphins
- To maintain a towage service for tankers berthing at and sailing from the Sullom Voe oil terminal
- To assist the oil terminal in any marine related activity

**Appendix B: Gender profile of staff**

As at 4 April 2007 the Quarterly Joint Staffing Watch Survey for Shetland Islands Council shows the number of staff at **3,719** and the total number of FTE as **2,425**. This is broken down into **987** male and **2,732** female staff, or **25.21%** male and **74.79%** female, of which **187** are part-time male and **2,005** part-time female. Posts such as Social Care Workers, Cooks and Cleaners are predominantly part-time female staff, which explains the high percentage of part-time female staff. The total number of staff records, including relief and supply staff, on the Council's payroll is **5,494**.

The various staff groups can be broken down as follows:

<b>Staff Group</b>	<b>Male</b>	<b>Female</b>
APT&C	24.26%	75.74%
Chief Officials	89.47%	10.53%
Manual Workers	26.43%	73.57%
Craft Operatives	100%	0%
Teachers	23.36%	76.64%
Lecturers	41.43%	58.57%
Instructors	25.68%	74.32%

The Council has arrangements in place to support the caring responsibilities of employees through the provision of childcare vouchers and various policies including maternity provisions, flexible working, adoption leave and parental leave. There are currently **43** employees who take part in the childcare voucher scheme. However, the data on employees could not be broken down into those with caring responsibilities as there are currently no measurements in place to record such information.

**Analysis of Recruitment Practice and Promotion Rates**

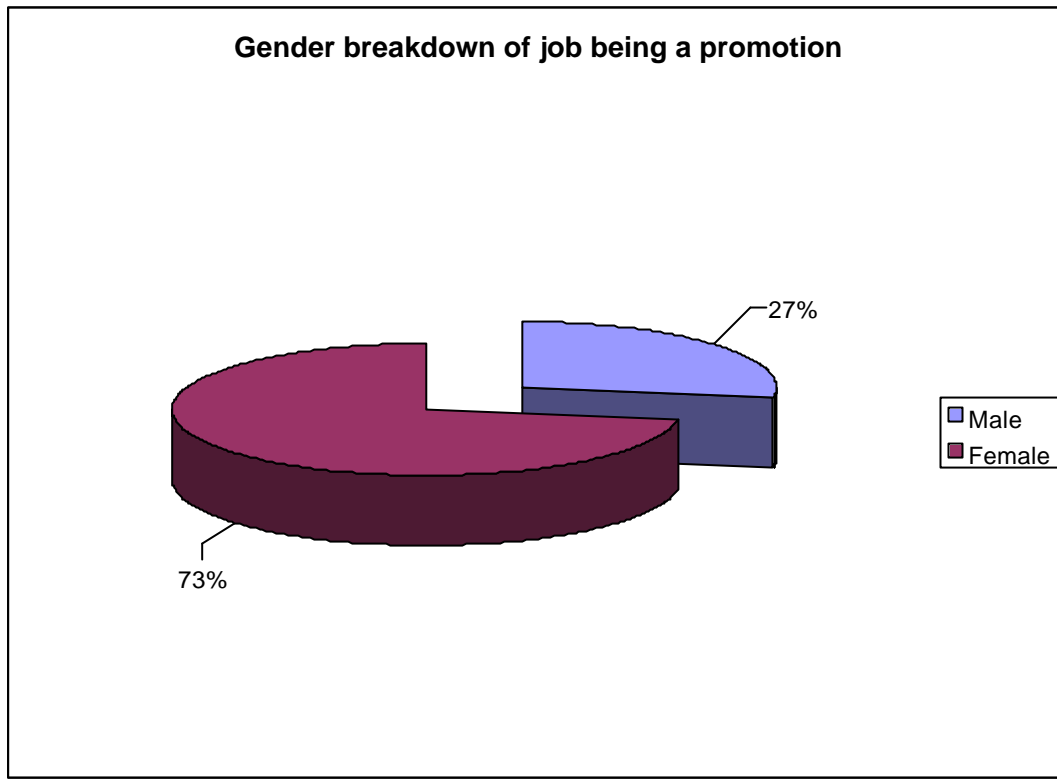
All **job applicants** are asked to complete an Equal Opportunities Monitoring form, which is not seen by the selection panel. Successful candidate details are logged on an equal opportunities database. This database is used solely for the purpose of data analysis.

A total of **1,788** monitoring forms from people applying for jobs with the Council were logged for 2006/07. Departments did not specify which stage of recruitment applicants reached on **25** forms.

As well as identifying the applicants gender, the form asks three relevant questions; "Would this job be a promotion for you?", "Do you have any children under 16 who rely on you for care?" and "Do you have any sick or elderly relatives who rely on you for care?" With regards to promotion out of **1,503** records, **1,274** were undisclosed, **91** said yes it would be a promotion for them and **138** said no it would not be a promotion. The question on promotion was only added to the monitoring form at the end of 2006, which is why there are a high number of undisclosed responses.

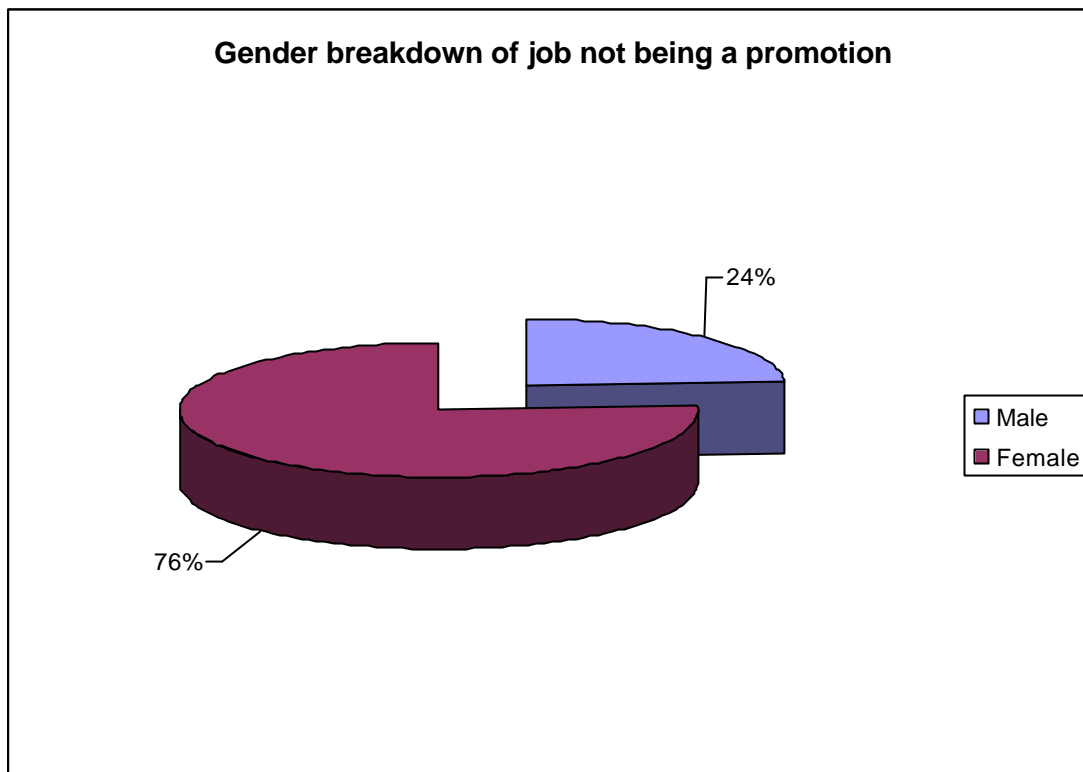
The data can then be broken down into gender and whether the job applicants had caring responsibilities.

Chart A



As shown on Chart A above, of the **91** applicants who said yes it would be a promotion, **66** were female and **25** were male. **63** said they had no children under 16 and **28** said that they did. **85** had no elderly relatives to care for, **5** did have caring responsibilities and **1** was undisclosed.

Chart B



Of the **138** applicants who said no it was not a promotion, **105** were female and **33** male, as shown on Chart B. **75** had no children under 16, **58** did have caring responsibilities and **5** were undisclosed. **133** had no elderly relatives, **4** did have to care for elderly relatives and **1** was undisclosed.

The information in Charts A and B above would imply that applicants with caring responsibilities do not believe they will be discriminated against applying for a promotion, as only **7** people did not disclose this information. The low level of non disclosure implies a confidence in the fairness of the Council's recruitment procedure.

The annual salary change details report compares last year's salary level with this year's salary level and highlights possible promotions for employees. Out of **5,568** records, **2,781** were a possible promotion and **2,787** were not. There are a high number of records as employees have an employee number for each post held. This information was then broken down into the staff groups of male and females who were promoted and those who remain status quo.

Chart C

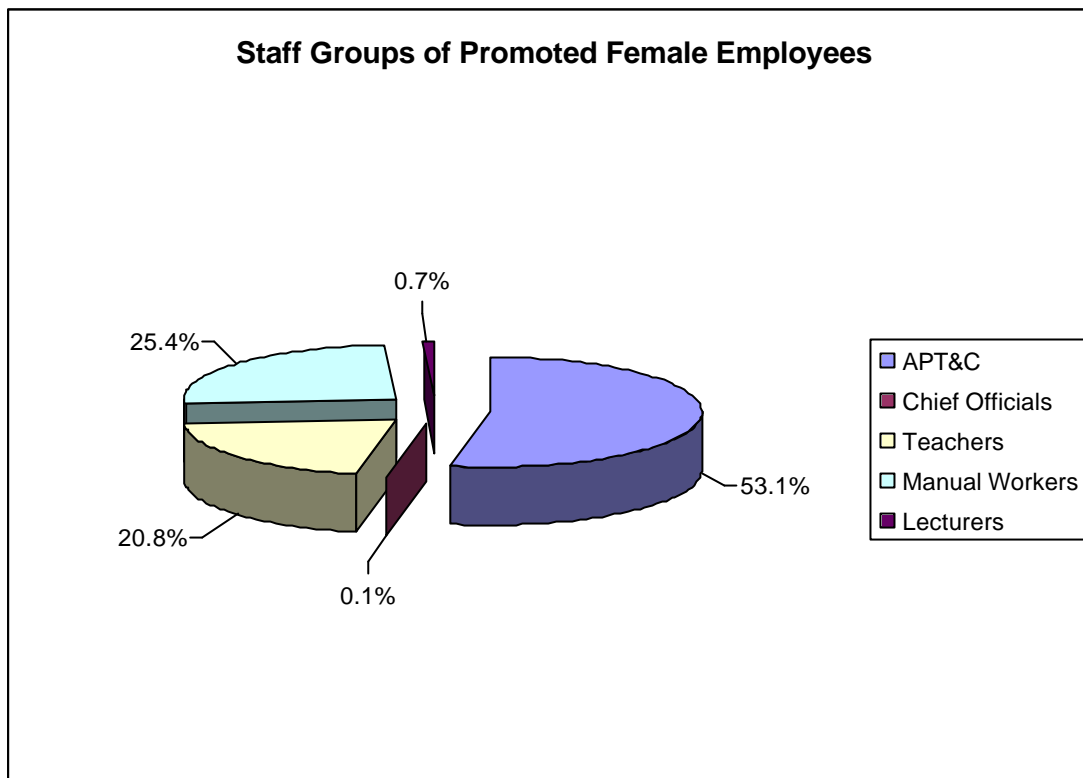
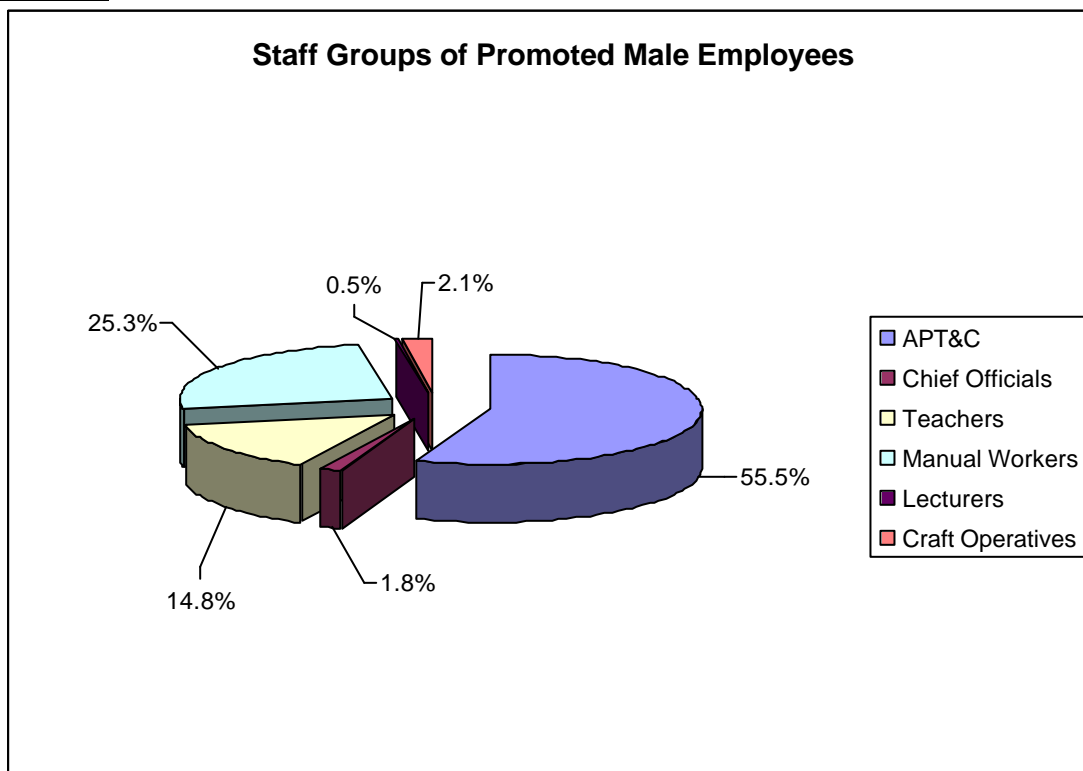


Chart D



The breakdown of promoted male and female employees can be illustrated in Charts C and D above. For male and female APT&C and Manual Workers the breakdown is quite even. Promoted male APT&C employees is **55.5%**

and for females **53.1%**. Similarly promoted female Manual Workers is **25.4%** and for males **25.3%**. This would indicate that there is no discrimination in respect of promotion between female and male APT&C and Manual Workers. However if you compare this with the gender breakdown of the staff groups the picture is quite different. If the ratio of APT&C staff is **25%** male and **75%** female it would imply that a greater number of male APT&C employees are promoted to females i.e. **55.5%** of APT&C male employees are promoted out of an overall **25%** male breakdown but for females only **53.1%** are promoted out of an overall **75%** breakdown. The same can be said for Manual Workers. Teachers also have a similar breakdown. The promotion of Chief Officials is in line with the Statutory Performance Indicators of the top earners in the Council with **1.8%** of males being promoted and only **0.1%** of females. There are currently no female Craft Operatives in the Council.

Chart E

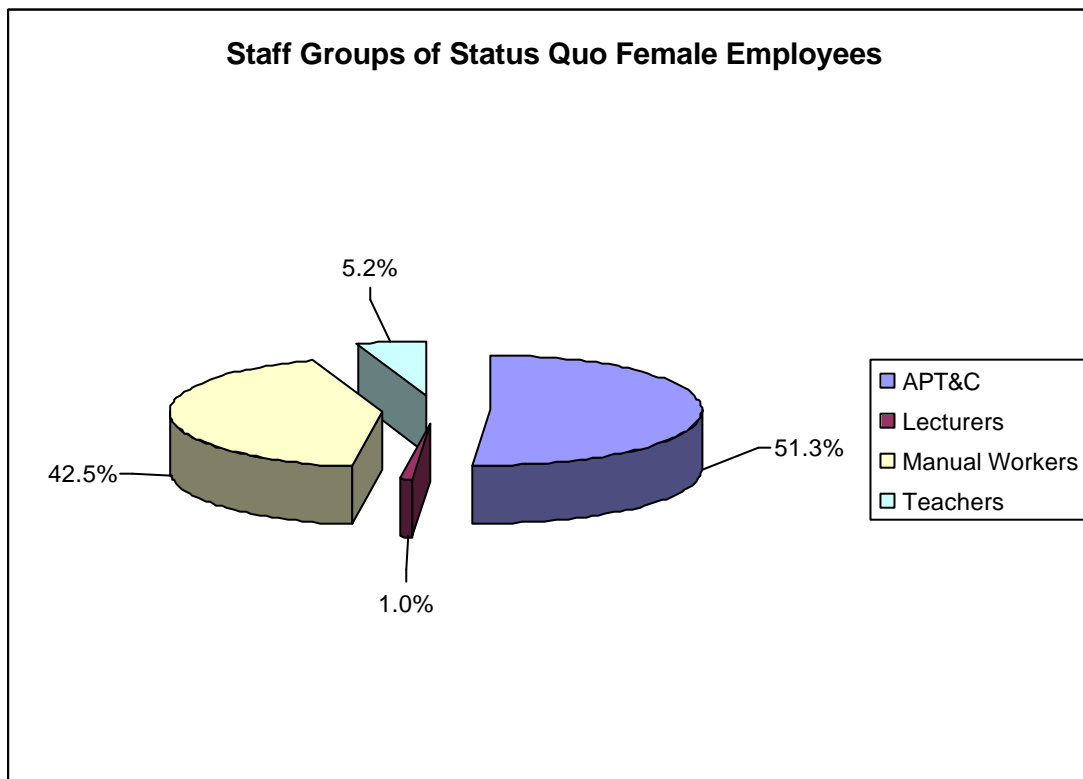
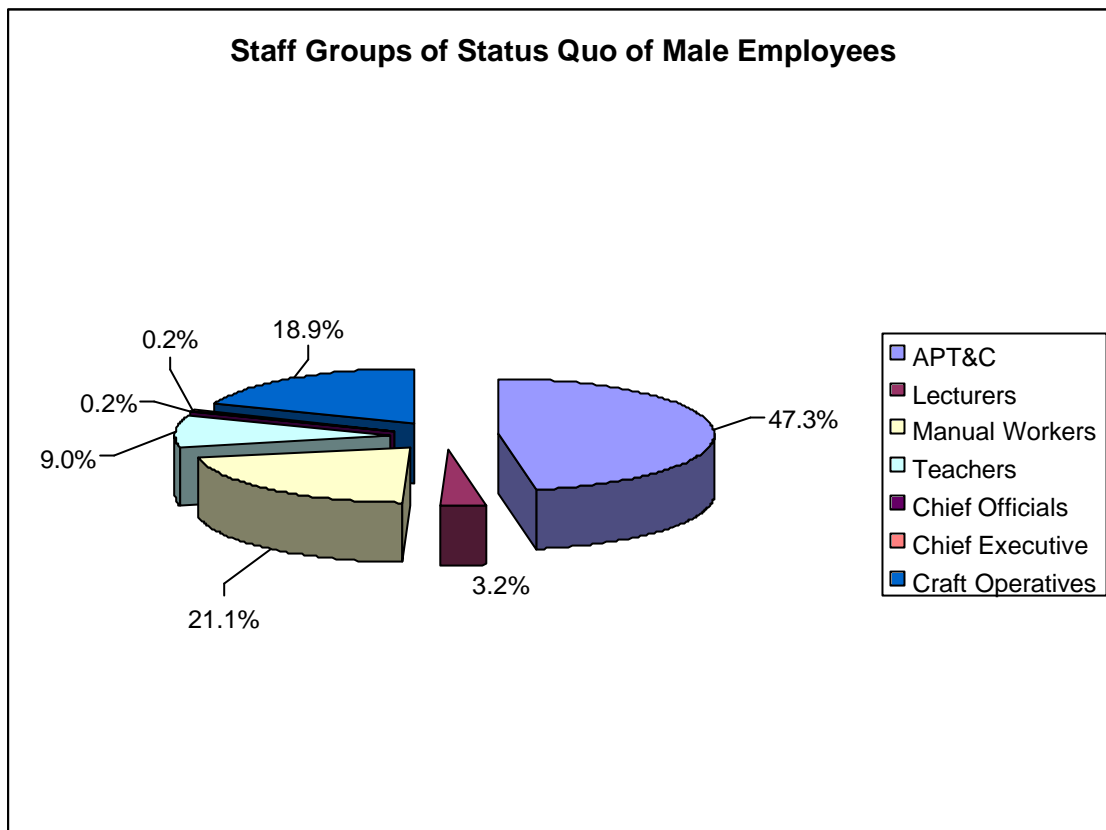




Chart F

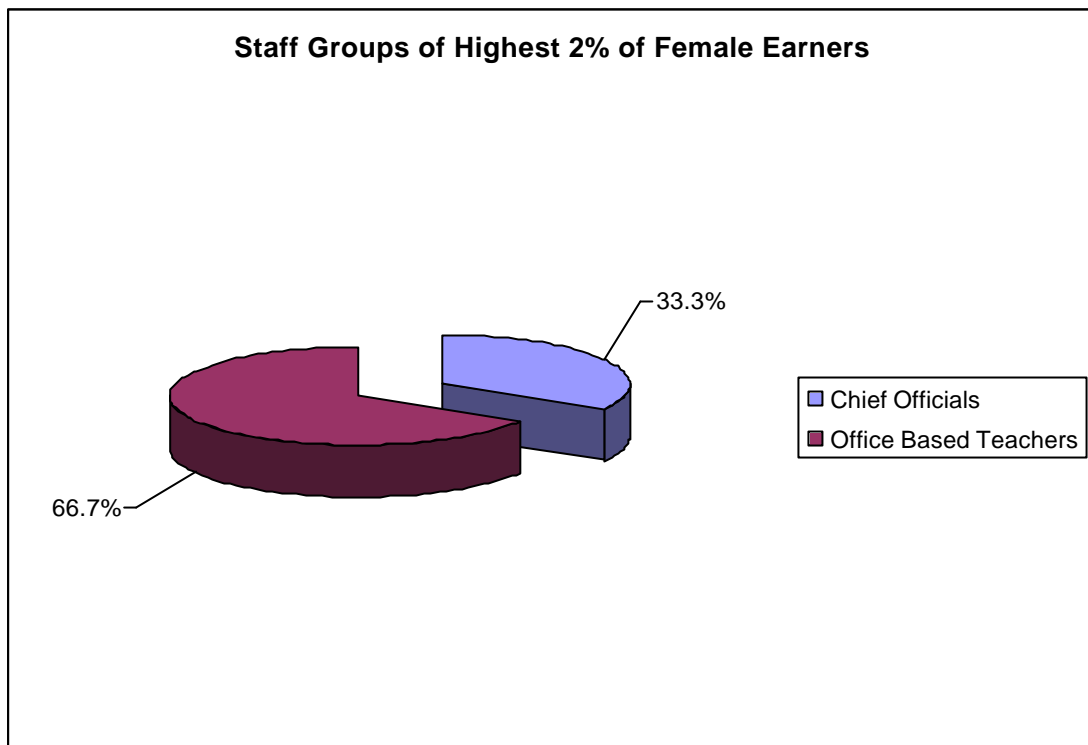


Charts E and F above show the breakdown of staff groups who were not promoted. Again the split is fairly even between male and female APT&C employees with **51.3%** of females and **47.3%** of males remaining the same. There is a significant difference between Manual Workers with **42.5%** of females not being promoted compared to **21.1%** of males. The reason for this apparent gender gap is due to the nature of the work and pay structures attached to the post as opposed to their status i.e. as Road Workers gain more skills they can move up a grade whereas Cooks and Cleaners are on a fixed point. Please note that this analysis includes members of staff who are temporarily acting up. It should also be noted that **738** female and **139** male records are not included in this analysis because they were only employed this year so there are no records to compare this years salary level to last years salary level.

**Distribution of Women and Men in the Workforce by Seniority and by Types of Work**

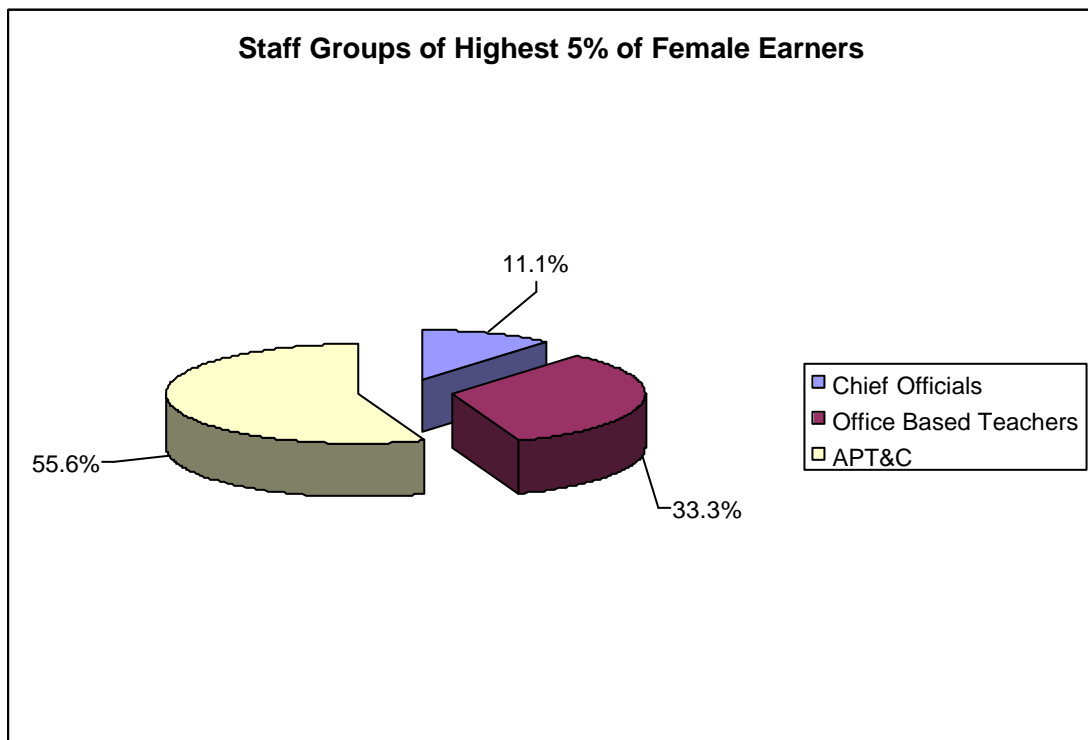
Statutory Performance Indicators show the highest paid 2% and 5% of earners among council employees. A total of **52** employees are in the highest 2% of which **6** were women i.e. **11.5%**. Of these 6, **33.3%** were Chief Officials and **66.7%** were Office Based Teachers, as shown in Chart G below.

Chart G



Of the top 5% of earners **14%** were women i.e. **18** out of 129 employees. Of the 18 women, **11.1%** were Chief Officials, **33.3%** were Office Based Teachers and **55.6%** were APT&C, as shown in Chart H below.

Chart H



Following the poor results of the 2005/06 Statutory Performance Indicator's, the Council's Scrutiny Committee initiated an investigation into gender balance within the Council's workforce. As stated previously, the Council regularly performs poorly against this indicator and was the lowest in Scotland for the year 2005/06. The investigation found that the underlying cause of the decline between 2004/05 and 2005/06 was the TUPE transfer of Shetland Towage which brought a significant number of additional marine staff in the top pay bracket's, all of which were male.

### **Flexible Working Take-up Rates**

The Council does not currently have a corporate system in place to collect information on flexible working take-up rates. We are now taking steps to rectify this problem so in future the Council can report accurately and consistently on flexible working. In the meantime the following information has been gathered and is shown in Table A below.

Table A

<b>Department</b>	<b>Gender</b>	<b>Status before request</b>	<b>Status after request</b>	<b>Type of request</b>	<b>No. of Staff</b>
Infrastructure	Male	Full-time	Full-time	Statutory Paternity Leave – 1 and 2 weeks	9
Housing	Female	Part-time	Part-time	Changed days worked / temporarily working from home to accommodate childminding arrangements	3
Finance	Female	Full-time	Part-time	Reduced hours	5
Finance	Female	Full-time	Full-time	Flexible working	1
Finance	Female	Part-time	Part-time	Flexible working	2
Finance	Female	Full-time	Full-time	Parental leave	1
Ports and Harbours	Female	Full-time	Part-time and Job Share	Reduced hours on return from maternity leave	2
Development	Male	Full-time	Full-time	Statutory Support Leave and Statutory Paternity Leave	1
Education	No one applied for flexible working				

Out of **5,494** records, **113** are job share and can be broken down by department as follows:

- Education and Social Care – **85%**
- Executive Services – **8%**
- Infrastructure – **7%**

The number of employees who have more than one job is shown in Table B below. Please note this data was taken on 12 June 2008 with a total of 3,853 employees.

Table B

Number of Jobs	Females	Males
1	1710	1078
2	535	110
3	210	29
4	100	10
5	47	2
6	12	1
7	5	0
8	3	0
9	1	0
Total	2623	1230

### **Analysis of Training Opportunities**

There were **2,849** training applications of which **66.27%** were female and **33.73%** were male. Of the **2,733** successful training applications (approved by managers), **69.56%** were female and **30.44%** were male.

In order to develop a corporate approach to identify and grow the take of staff to meet future business needs, the Council introduced the Management Foundation Programme and the Stretch Programme in September 2006. All employees who applied for the current programme 2006/07 were accepted. There are **10** females and **18** male participants for the Management Development Programme and for the Stretch Programme there are **3** females and **3** males.

### **Appraisals**

The Council's appraisal scheme is covered by the Employee Review and Development Policy, which aims to ensure that all staff have at least one formal appraisal per year. The number of Employee Review and Development sessions carried out in 2006/7 was **89**, of which **63** were female and **26** were male.

### **Grievance and Disciplinary Procedures**

From 1 April 2006 to 31 March 2007 there were **17** incidents reported through the Council's disciplinary procedure. A total of **82%** were male, **12%** were female and **6%** were mixed sexes involved in the same incident. The departmental breakdown of disciplinary incidents is as follows:

- Infrastructure – **35%**
- Executive Services – **12%**
- Education and Social Care – **53%**

A total of **13** incidents were reported through the Council's grievance procedure, **77%** were male and **23%** were female. Education and Social Care had **69%** of incidents and Infrastructure had **31%**.

### **Reasons for Leaving**

The gender breakdown of the reasons for leaving the Council is shown on Charts I to J below. This has been separated into full-time, part-time and job share records. It should be noted that this data is on the number of jobs and not the number of individuals. Out of **1,175** records, **926** were female (Charts I to K) and **249** were male (Charts L and M).

**Chart I**

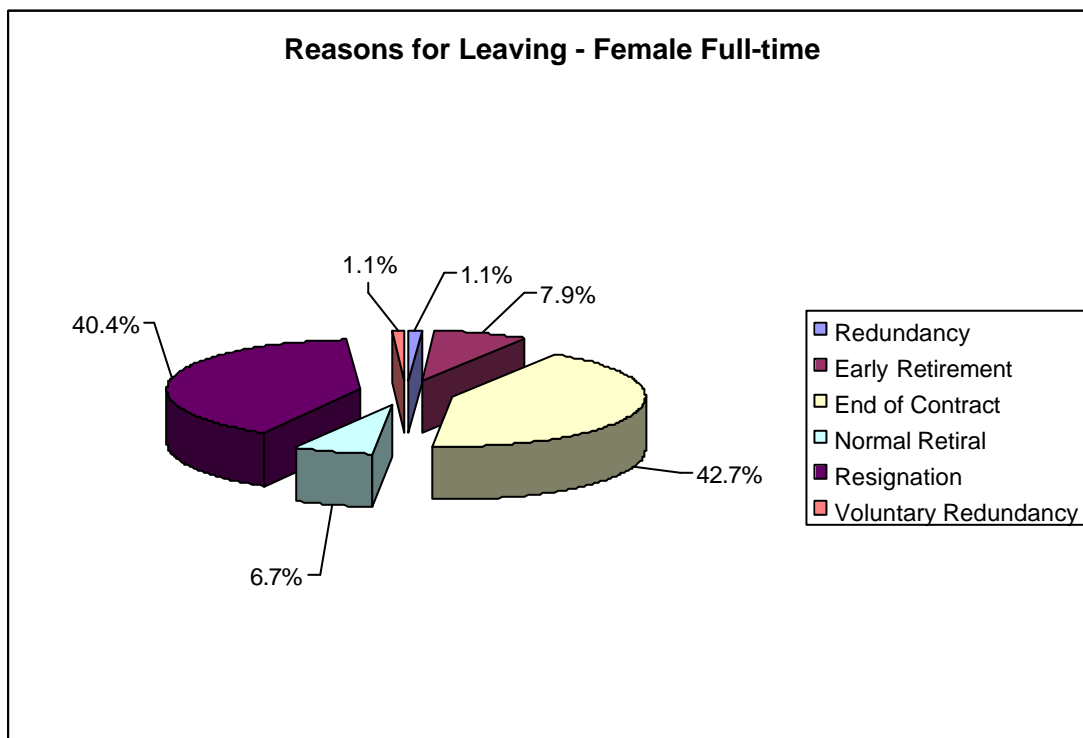


Chart J

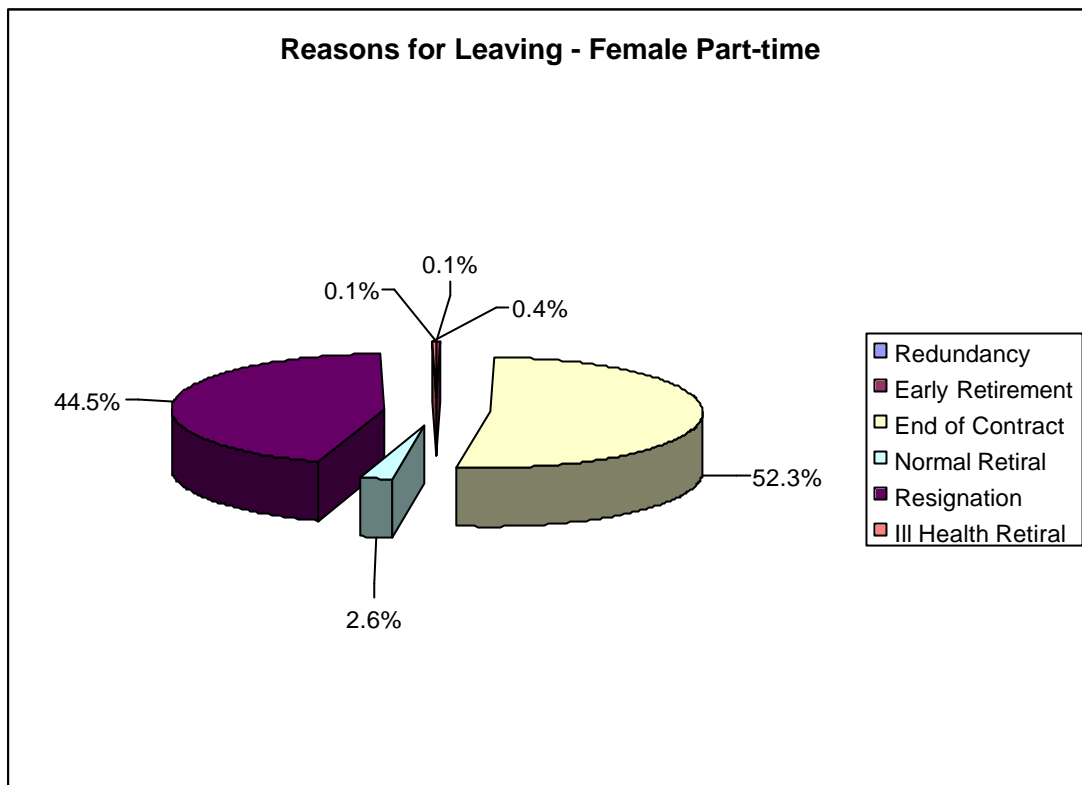
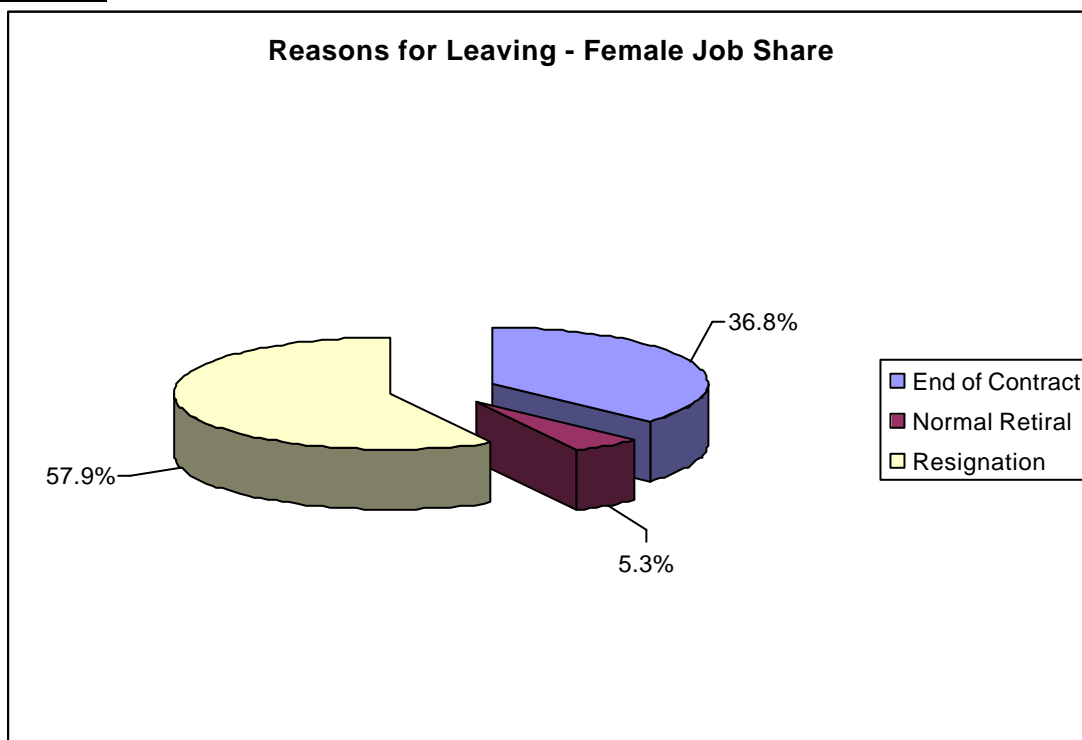


Chart K



The two main reasons for female full-time and female part-time employees leaving their job is because their contract has ended or they resigned. The data also reveals that while the number of resignations is between 40-46% for both genders and for both part-time and full-time, the number of resignations

for female job share holders is nearly 60%. This would suggest that further investigation is required into why female job share holders are resigning as it would indicate that job shares are not working.

Chart L

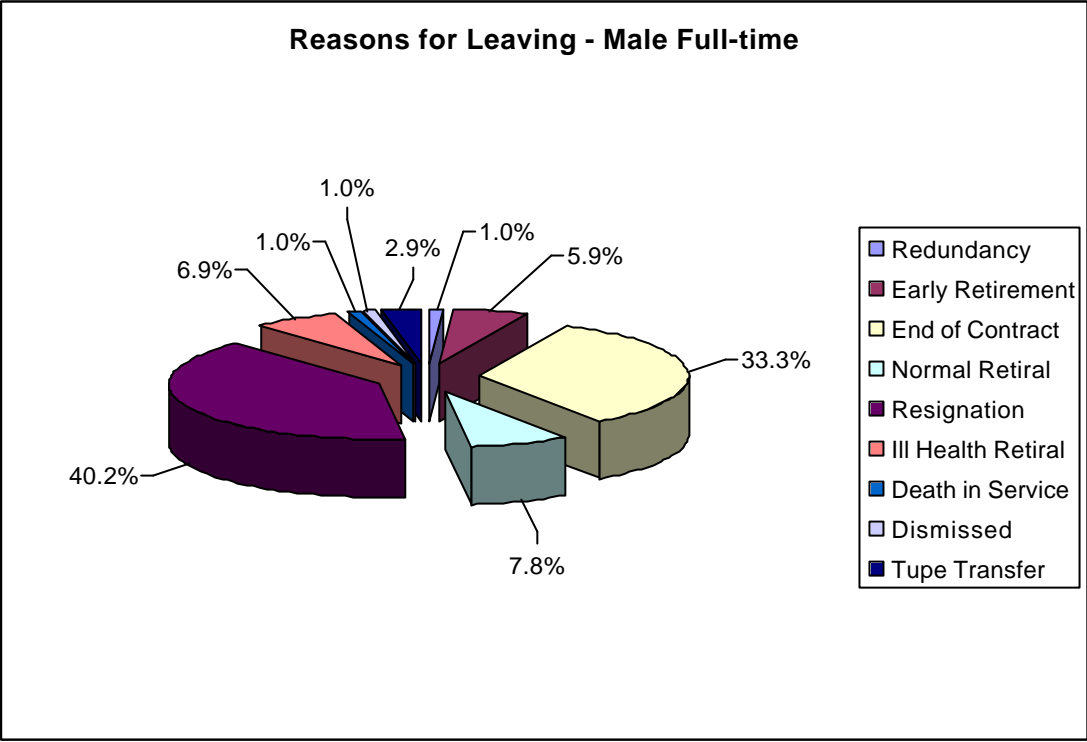
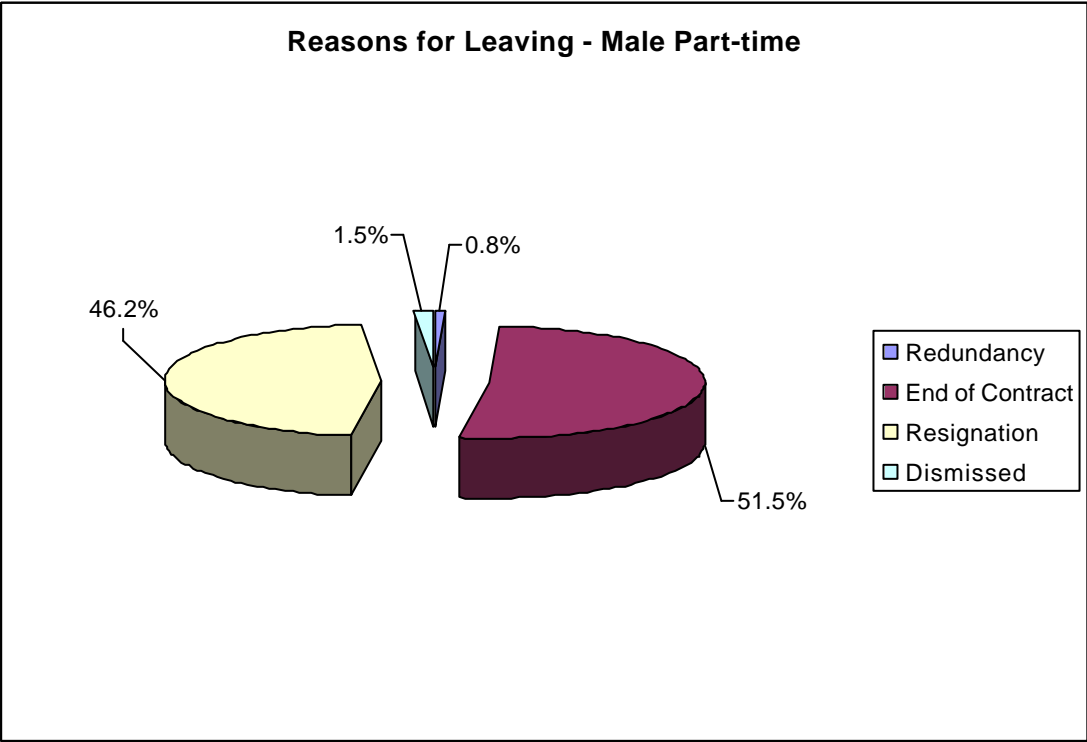


Chart M



Charts L and M show male employees are in line with female employees with the two main reasons for leaving their job being end of their contract or resignation. The only reason for job share male employees leaving their job is due to end of contract.

### **Redundancy**

Out of the staff made redundant last year **50%** were male and **50%** were female. It would not be appropriate to state the number of employees involved, as it may be possible to identify these employees because of the small numbers involved.

### **Prevalence of Harassment and Sexual Harassment of Staff**

There have been no reported incidents of sexual harassment of staff in the last financial year. **20%** of incidents reported through the Council's grievance and disciplinary procedures were harassment and bullying cases, all of which were male employees. The outcome of **67%** of these incidents was dealt with by formal procedures and the other **33%** through informal counselling/mediation.

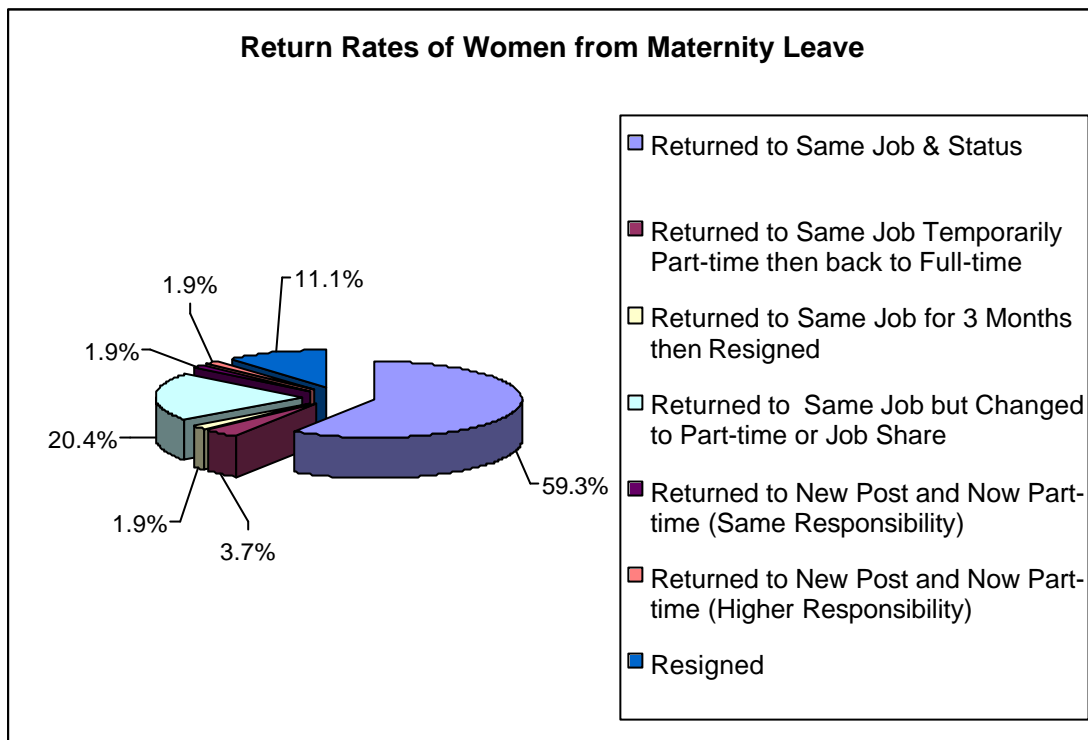
This would suggest that further investigation is required into whether or not there are any barriers for female employees when raising a complaint of harassment and bullying. Further investigation should also be made into where disciplinary action has been taken against an employee whether or not they are in a management/supervisory position. The male dominance in this area may be caused by the fact there are a greater number of male managers.

### **Return Rates of Women on Maternity Leave**

In the last financial year a total of **54** women were on maternity leave.



Chart N



As illustrated in Chart N above **59.3%** of women returned to the same job and status and **20.4%** returned to the same job but went from full-time to part-time or job share. A total of **1.9%** returned to the same job for 3 months before resigning and **11.1%** resigned upon their return. The number of women resigning upon their return would warrant investigation to see if this is high compared to other local authorities. **3.7%** returned to the same job temporarily part-time but went back to full-time. **1.9%** returned to a new post of the same responsibility on a part-time basis and only **1.9%** returned to a job of a higher responsibility.

### **Issues and Barriers affecting Transsexual Staff**

Currently no data available.

### **Women and Men engaged in Decision and Policy Making Issues**

A gender breakdown of those involved in decision and policy-making issues affecting Council employees can be seen in Table C below.

Table C

Committee	Male	Female
Council Members	19	3
Employees Joint Consultative Committee	21	2
Local Negotiating Committee for Teaching Staff	13	3
Shetland College Lecturers Joint Consultative Committee	5	3

Shetland College Lecturers Local Negotiating Committee	5	3
Executive Management Team	4	1

Table C clearly shows the high number of males involved in Council decision and policy-making issues. This is not a reflection of the gender balance of Council employees, however these committees are a mixture of Council Members and Union Representative all of whom are elected by constituents and employees respectively. There continues to be a need to address the gender balance in those who actually put themselves forward for election as Council members and Union Representatives.





### Appendix C: Functions and Policies Relevant to the Duty

Strategy	Plan	Work Programme	Purpose	Lead Service within SIC	Category
Corporate	Corporate Plan 2004-2008				1
		Complaints Procedure	To ensure people have an easily accessible, straightforward means of making formal representations to the Council which offer prompt action and speedy resolution of complaints		2
		Corporate Styles and Standards	Guidelines for the corporate style for letters, reports etc		2
Children's Services Plan			To redesign services to children to provide an integrated service across Shetland	Social Work	1
	Education Improvement Plan		Local Improvement Plan, based on the 5 national priorities.	Education	2
		HMIE Action Plan	Response to the HMIE report on the Education Service December 2001.	Education	2
		School Strategic Plan	Forms part of statutory duty from 2000 Act. Sets out 3 year strategic intention.	Education	2

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		Quality Assurance Policy	2000 Act – Authority to secure improvement in the quality of education in their schools.	Education	2
		Devolved School Management	Review of Devolved School Management Working Group Report October 2001.	Education	2
		Access Strategy	The Education (Disability Strategy and Pupils' Educational Records) Bill requires the development of an accessibility strategy to improve access to education for pupils with a disability	Education	2
		Active Schools Local Implementation Plan		Community Development	2
	Early Education and Childcare Action Plan 2000-2004		Links with Children's Services Plan	Social Work	2
		Pre-School Report	Inform Council as to the pre-school provision required for the following academic year.	Education	2
	Shetland Child Protection Action Plan		To take forward points raised in local and national audit reviews.	Social Work	2
		Shetland Child Protection Annual Report	Review progress and activity of CPC, to provide information on the incidence of known child abuse	Social Work	2

			during the year and to outline the work planned for the next year.		
Health and Community Care Plan 2005-2008			Setting out key health and community care priorities and detailed actions to meet in line with the aims of 'Our National Health – A Plan for Action, A Plan for Change'.	Social Work	1
	Disability Strategy		To determine strategic direction and priorities for physical, sensory and learning disability services.	Social Work	2
	Older People's Strategy		To redesign service for older people, taking account of increasing levels of need.	Social Work	2
Joint Health Improvement Plan			Jointly agreed plan to improve the health of the local population and address health inequalities	Environmental Services	1
	Sports Development Strategy		Sport and leisure provision across Shetland.	Community Development	2
Community Safety Strategy			To identify the key priorities in relation to community safety.	Community Services	1 <b>Complete</b>
	Anti-Social Behaviour Strategy		Sets out how anti-social behaviour will be dealt with, within the Community Safety Strategy	Housing	2 <b><u>Complete</u></b>
	Road Safety Plan		Inform Executive of strategy to deal with road safety.	Legal & Admin	2
	Criminal Justice Strategic Plan		Development of criminal justice services. Provides information on	Social Work	2

			current services and the intentions for future development.		
Equality and Diversity Strategy			To identify the key priorities in relation to equality and diversity	Organisational Development	1 <b>Complete</b>
Local Housing Strategy			Strategic housing plan for Shetland – assessing housing needs, housing conditions and putting in place mechanisms to address these across all tenures over a 5 to 10 year period.	Housing	1 <b>Complete</b>
		Allocations Policy	Sets out the way in which applications for SIC Housing will be dealt with and how allocations will be carried out.	Housing	2
		Void Management Procedures	Sets out how void management will happen.	Housing	2
	Supporting People Strategy		Plan for the provision of housing support services to meet the needs of vulnerable people and to encourage independent living.	Housing	2
	Tenant Participation Strategy		Sets out the Council's Social Care (Led By) strategy for involving tenants and resourcing tenant participation to comply with the terms of the Housing Scotland Act 2001.	Housing	2
	Homelessness Strategy		Sets out the Council's Social Care (Led By) strategy for preventing	Housing	2



			and tackling homelessness to comply with the terms of the Housing Scotland Act 2001.		
Cultural Strategy			Provides the basis for promoting and engaging with cultural activities and cultural values. The fundamental aim is to identify key cultural development opportunities and point towards actions which can lead to successful developments.	Community Development	1
	Arts Strategy		Established a framework within which SIC and Arts Trust could work in partnership for promotion of arts across Shetland.	Community Development	2
	Community Learning and Development Strategy		Details of community learning and development provision to be made across Shetland and local areas in line with the national priorities of achievement through learning for adults, young people and through building community capacity.	Community Development	2 <b>Complete</b>
		Literacy Action Plan	Detailed strategy for addressing the literacy needs of the residents of Shetland.	Community Development	2 <i>Currently under review</i>
Economic Strategy – Shetland 2012			This strategy is currently under review and is expected to be completed spring/summer 2006.	Economic Development Unit	1 <i>Currently under review</i>
Environmental			This strategy is currently under	Environmental	1

Strategy			development.	Service	<i>Currently under development</i>
	Area Waste Plan		Provide an area waste plan for Shetland and Orkney for the next 20 years.	Environmental Service	2
		Integrated Waste Management	Provide local Waste Management Plan to include collection, disposal, recycling and litter.	Environmental Service	2
		Litter Prevention Plan	Improve litter management and prevention.	Environmental Service	2
Structure Plan			Provides advice at a strategic level; plan aims to balance need for development and infrastructure against protection for the built and natural environment in the interest of established communities.	Planning Service	1 <i>Currently under review</i>
	Local Plan		Works in tandem with the Structure Plan and pursues a strategy based on sustainable development of land in Shetland; provides framework for subsidiary action or regeneration plans, e.g. Lerwick	Planning Service	2
Regional Transport Strategy			This strategy is currently under review.	Environmental Service	1 <i>Currently under review</i>
<b><u>Personnel</u></b>					
	<b><u>Conduct</u></b>	Code of Conduct for Employees	The Council has a duty to ensure that its employees avoid conflict of	Personnel Service	

			interest with their primary responsibility to the Council		
		Disciplinary Procedures Policy	Disciplinary rules and procedures are necessary for promoting fairness and order in the treatment of individuals and in the conduct of employee relations	Personnel Service	2 <b>Complete</b>
		Electronic Communications Policy	Highlights to Council employees the advantages of electronic communications, but also to recognise their responsibility to make appropriate use of these facilities	Personnel Service	2
		E-mail Guidelines	Guidelines for using email responsibly	Personnel Service	2
		Grievance Procedures	The effective resolution of grievances is an essential part of maintaining good employee relations	Personnel Service	2
		Harassment and Bullying at Work Policy	To provide a working environment where all employees are treated with dignity and respect	Personnel Service	2
		Preventative Policy on Violence at Work	To minimise the risk of physical and verbal abuse to any Council employee	Personnel Service	2
		Procedure for Authorisation of Covert Human Intelligence	Authorisation procedure for using a source or allowing or conducting an undercover operation	Personnel Service	2

		Sources			
		Procedure for Authorisation of Covert Surveillance	Authorisation procedure for conducting covert surveillance	Personnel Service	2
		Reporting Concerns at Work Policy	Procedure for reporting concerns about misconduct	Personnel Service	2
		Strategy for the Prevention and Detection of Fraud and Corruption	Provides a framework for Internal Audit's work on fraud and corruption	Personnel Service	2
		Substance Misuse Policy	To ensure services delivered by the Council are not affected by the inappropriate conduct of employees due to substance misuse	Personnel Service	2 <b>Complete</b>
	<i>Employee Development</i>	Payment of Professional Fees Policy	Guidelines for the payment of professional fees for Council employees	Personnel Service	2
		Strategic Training and Management Development Policy	To ensure that all employees are given the opportunity to continue to develop their professional or technical training	Personnel Service	2 <b>Complete</b>
	<i>Employee Exits</i>	Early Retirement Policy	Sets out the provisions applying if a pensionable employee retires early	Personnel Service	2
		Employment of Staff Over Retirement Age	Sets out the guidelines for employing staff over retirement age	Personnel Service	2
		Redeployment	To ensure redeployment is carried	Personnel	2

		Policy	out in a sensitive manner and minimises the impact on both the employee concerned and the service	Service	
		Redundancy Policy	Sets out the way in which potential redundancy situations should be handled	Personnel Service	2
	<i>Health and Wellbeing</i>	Absence Management Policy	To ensure effective management of absence	Personnel Service	2 <b>Complete</b>
		Ill Health Capability Policy	Guidelines for dealing with situations in which employees may be unable to perform their duties due to ill health	Personnel Service	2 <b>Complete</b>
		Ill Health Retirement Policy	Guidelines for retirement on the grounds of ill health	Personnel Service	2
		Phased Return to Work Policy	Designed to encourage employees who have been on long-term sick leave, to return to work as soon as they are able and is also committed to achieving this in a flexible way	Personnel Service	2
		Smoking Policy	Sets out the Council's no smoking policy	Personnel Service	2
		Mental Health and Wellbeing Policy	Covers people who may be suffering from a brief period of mental ill-health or stress related condition, as well as those with a severe or enduring mental disorder	Personnel Service	2
	<i>Recruitment and</i>	Career Grading	To increase the effectiveness of	Personnel	2

	<i>Selection</i>	Policy	recruitment by widening the pool of potential applicants and so increasing the likelihood of filling the vacancy	Service	
		Disclosure of Criminal Record and Employment of Ex-Offenders	To ensure the Council is complying with legislation	Personnel Service	2
		Disclosure Information - Policy on the Secure Handling, Use, Storage and Retention of Disclosure Information	To ensure the Council is complying with legislation	Personnel Service	2
		Employment of Disabled People Policy	The Council seeks to employ the most suitable applicant for each vacancy that arises, regardless of any physical or mental impairment	Personnel Service	2
		Equality and Diversity Policy	A commitment to ensure no employee or job applicant receives less favourable treatment on grounds of gender, age, disability, race, ethnicity, marital status, sexual orientation, and religious belief	Personnel Service	2
		Flexible Relocation	Relocation package for new employees	Personnel Service	2

		Package			
		Internal Secondment Policy	Describes what secondment is and provides the information necessary to help managers create and set up a secondment opportunity	Personnel Service	2
		Recruitment and Selection Policy	The Council recognises that fair recruitment practice is good recruitment practice and is committed to achieving equality of opportunity in the recruitment and selection of staff	Personnel Service	2
		Staff Temporarily Undertaking Higher Duties Policy	Guidelines for staff temporarily undertaking higher duties	Personnel Service	2
	<i>Weather</i>	Adverse Weather Conditions	Sets out guidelines during adverse weather conditions	Personnel Service	2
	<i>Work-Life Balance</i>	Adoption Leave Policy	Guidelines for employees adopting	Personnel Service	2
		Compassionate Leave Policy	A facility for recognising and dealing with exceptional circumstances where special leave may be required	Personnel Service	2
		Flexible Working	Guidelines for employees applying for flexible working	Personnel Service	2
		Maternity Provisions for Staff	Guidelines for employees requiring maternity provisions	Personnel Service	2
		Job Share Policy	Guidelines for applying for job	Personnel	2

			share	Service	
		Parental Leave and Time Off for Dependents Policy	Guidelines for parental leave and time off	Personnel Service	2
		Service in Non-Regular Armed Forces	Guidelines for employees serving in the non-regular armed forces	Personnel Service	2
		Special Leave Policy	Guidelines for special leave arrangements	Personnel Service	2
		Winding Down Policy	Guidelines for teachers wishing to reduce their hours	Personnel Service	2
Asset & Properties Unit		Disposal of Surplus Property Policy	Guidelines for the disposal of a Council property that is surplus to requirements	Legal & Admin Service	3
		Disposal of Surplus Moveable Assets Policy	Guidelines for the disposal of moveable Council assets that are surplus to requirements	Legal & Admin Service	3
		Working for External Bodies Policy	Guidelines for employees providing expertise to external bodies	Legal & Admin Service	3
		DDA Prioritisation System	System to prioritise works in the DDA capital-rolling programme to help enable the Council to comply with its obligations under the DDA.	Legal & Admin Service	2
Committee Services		SIC Administrative Regulations 2003	Constitution for the Council	Legal & Admin Service	3
		Standing Orders Relating to	Standing orders for the supply of goods or materials or for the	Legal & Admin Service	3



		Tenders and Contracts	execution of works or for the provision of services		
		Financial Regulations	A framework for the proper financial administration of the Council	Legal & Admin Service	3
	Data Protection Policy		Guidelines to ensure the Council complies with legislation	Legal & Admin Service	2
		Protocol for Sharing Personal Information	Guidelines for sharing information about an individual between partner agencies	Legal & Admin Service	2
	Freedom of Information Act Publication Scheme		Guidelines for complying with legislation	Legal & Admin Service	2
Finance Service		Debtor's Policy	Guidelines for collection of sundry debts	Finance Service	2
ICT Unit	ICT Strategy		Aligns the use and application of ICT with the Council's aims and objectives	ICT Unit	3
Internal Audit		Internal Audit Charter	Guidelines for Internal Audit procedures	Finance Service	3
Safety & Risk	Health & Safety Policy		To protect and promote the health, safety and welfare of its employees at work and members of the public	Legal & Admin Service	2
		Display Screen Equipment Policy	Guidelines to ensure the safe use of display screen equipment	Legal & Admin Service	2
		Risk Management Policy	Guidelines for the risk management process	Legal & Admin Service	2





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## **REPORT**

**To: Executive Committee**

**26 June 2007**

**From: Project Manager**

### **DV030-F VIKING ENERGY: BOARD REPRESENTATION**

#### **1.0 Introduction**

- 1.1 Viking Energy Limited (VEL) is the company established to represent the Council's interests in windfarm development in Shetland.
- 1.2 Development of a large-scale windfarm in Shetland, given the scale of Shetland's wind resource, represents an economic opportunity of considerable magnitude.
- 1.3 VEL signed a partnership agreement with Scottish & Southern Energy (SSE) on 19 January 2007 in Busta House. Viking Energy is now effectively a single project.
- 1.4 Steps are continuing to merge what were two parallel development projects into a single business entity: Viking Energy Partnership (VEP). A single business entity, by creating critical mass and economies of scale, provides a further step towards creating a world-class business investment opportunity for this community based on a world-class wind resource. It also provides a step forward in achieving an affordable electricity interconnector between Shetland and the UK grid. Some background information on the project is attached as Appendix 1.
- 1.5 This report concerns the decision of former SIC Councillor Drew Ratter to step down from the Board of VEL and consequently from the Board of VEP. Mr Ratter was Chairman of both businesses. Mr Ratter announced his resignation at the last VEP Board meeting with a date effective from one which suited all parties, that being the date of today's meeting.

- 1.6 It is proposed that the Council's interests in VEL and VEP continue to be represented at Board level by its remaining directors, Alastair Cooper and Bill Manson.
- 1.7 It is further proposed that a replacement director is appointed in the next Committee cycle. This will coincide with the tabling of reports on the future ownership of VEL and ownership of its 50% participation in VEP.
- 1.8 More importantly it will allow a process to take place first which will inform Members about all aspects of the Viking Energy project. The first part of this will be a short presentation during the Economic Development Unit's Open Day for Members on 28 June 2007.
- 1.9 Thereafter, Members should be provided with a comprehensive briefing paper on Viking Energy, prior to the next Committee cycle. Also a financial workshop will be organised which will explain Viking Energy's business case in greater depth. Again, this workshop is expected to be organised prior to the next Committee cycle.
- 1.10 Finally, the Executive Committee is asked to note Viking Energy's thanks to Drew Ratter.

## **2.0 Viking Energy Ltd – Company Structure**

- 2.1 The Council's vehicle for representation on the VEP Board is via VEL.
- 2.2 Ninety percent of VEL's share capital is owned by Shetland Islands Council. Ten percent is owned equally between the four directors of Shetland Aerogenerators Ltd.
- 2.3 On 09 May 2006, the Executive Committee (Minute Reference 19/06) nominated three directors to the Board of VEL who, in turn, continue to represent VEL's interests on the Management Board of VEP. The Partnership Agreement permits three named representatives from each side a seat on the VEP Board. Each side ultimately has a single vote and Board decisions require unanimity.
- 2.4 On 30 March 2005 Councillors Drew Ratter and Bill Manson and the Chief Executive or his appointee(s) were approved by the Council as the team to negotiate the terms of a Memorandum of Understanding (MOU) between VEL and SSE (Ref. 68/05). At a special meeting of Shetland Islands Council on 6 July 2005 the Council endorsed the signing of the MOU by Councillors Ratter and Manson (Ref. 122/05).
- 2.5 The Chief Executive's appointee, referred to in 2.4 has been Alastair Cooper. The Executive Committee agreed that Councillors Drew Ratter and Bill Manson, together with Alastair Cooper, should be the

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Council's nominees on the Board of VEL. Until VEL begins to trade, directorships remain on an expenses only basis.

- 2.6 Those three directorships on the VEL Board were approved to continue initially for two years or until a decision was made not to proceed with the project any further. It was decided that if the project continues to progress then the directorships should be renewed. It was noted that retention of the three directors would maintain project continuity and retain the knowledge, high level contacts and expertise they had built up.
- 2.7 Strategic decisions on the ownership of the Council's stake in VEL and VEP are likely to be tabled in the next cycle. It is appropriate that a report on Drew Ratter's replacement is tabled in the next cycle.

### **3.0 Link to Council Priorities**

- 3.1 The Viking Windfarm project is a key pillar in the Council's plan to develop a renewable energy sector in Shetland and obtain a connection to the national electricity grid.
- 3.2 Sustainable Economic Development and Economic Diversification are priorities in the Council's Corporate Plan and are an exact fit with the development aims of this project and this economic sector.

### **4.0 Proposals**

- 4.1 That the Committee notes Drew Ratter's resignation with effect from 26 June 2007.
- 4.2 That the Committee notes that Alastair Cooper and Bill Manson continue to represent the Council's interests in VEL and VEP at Board level.
- 4.3 That the Committee notes that a report on Councillor appointments will be brought to the next cycle.
- 4.4 That the Committee notes that a special finance workshop on Viking Energy should be organised prior to the next cycle.
- 4.5 That the Committee notes that a comprehensive briefing paper on Viking Energy will be circulated to all Council Members prior to the next cycle.
- 4.6 That the Committee notes Viking Energy's thanks to Drew Ratter for playing a pivotal role in taking the project forward and wishes him well in his new role as Chairman of the Crofters Commission.

### **5.0 Financial Implications**

- 5.1 No significant financial implications arise directly from this report. The wider Viking Windfarm project and any ongoing partnership with

SSE have considerable financial implications. These will be reported for decisions as they arise.

## **6.0 Policy and Delegated Authority**

- 6.1 The work to implement the Viking Windfarm project and support Viking Energy Ltd is being done in relation to the following Economic Development Policy:

Encouraging the development of a renewable energy sector in Shetland including ancillary manufacturing and maintenance. The policy was adopted as part of the Economic Policy Statement by the Executive Committee on 9 December 2003 (Min. Ref. 161/03) and by the Council on 17 December 2003 (Min. Ref. 161/03).

- 6.2 The Executive Committee has delegated authority to deal with project specific issues, leaving the Council free to deal with broad strategy and planning considerations (SIC Min.Ref. 135/03).

## **7.0 Conclusions**

- 7.1 This report seeks approval for practical steps regarding the Council's representation on the Board of VEL and VEP.
- 7.2 It also "flags up" when Members can expect more details on the project.

## **8.0 Recommendation**

- 8.1 That the Committee approves the proposals in Sections 4.1 to 4.5 of this report.
- 8.2 That the Committee notes Viking Energy's thanks to Drew Ratter as outlined at Section 4.6 of this report.

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## Appendix 1

### Background Information

- 1 The business case for the proposed Viking Windfarm is underpinned by Government renewable energy targets and by the fact the Government has incentivised the market for renewable electricity. The renewable obligation requires an increasing percentage of electricity generation to come from renewable sources over time. The Government has guaranteed that the obligation will continue out to 2027. It is expected that as the value of the obligation tapers off over time, carbon trading will ensure “green” energy maintains a premium price. The business case should also be underpinned by achieving long-term arrangements to sell the power through a Power Purchase Agreement (PPA). A PPA provides a guaranteed window of income to a project.
- 2 The wind resource in Shetland is of a magnitude that, subject to obtaining an economic connection to the national electricity grid, a very substantial business opportunity should be the result.
- 3 A conservative estimate combining expected market value and expected electrical output suggests the partnership might achieve a turnover in excess of £127 million per annum from a 600MW windfarm. The expected electrical output, in excess of 2.3 Twh, could supply around 25% of Scotland’s household electricity demand.
- 4 Whilst the exact economics of the interconnector cable are not yet known, initial estimates suggest that potential profit, before depreciation and tax (but after accounting for interest and capital repayments) for each partner could be in excess of £18m per annum. This figure is based on a prudent estimate of electrical output from the turbines and a realistic figure for charges to use an interconnector cable. The usage charges currently suggested by National Grid would render the Viking Windfarm uneconomic. However, these are based on historical, ball-park capital cost estimates which are more than double the latest considered forecasts. Also, the introduction of competition in developing the connection may well drive capital costs down further. Finally, the Government has retained a power out to 2024 to “cap” island transmission charges to an economic level. The project’s development remains dependent on the outcomes of sustained lobbying and initiatives to reduce transmission charges. Obtaining planning consent for the windfarm should provide huge momentum to achieving change on connection issues and charges.
- 5 Subject to future agreement by the Shetland Charitable Trust, it is currently suggested that the project will eventually sit under its auspices to maximise tax efficiency on this returning financial benefit to Shetland.



- 6 In addition to these potential profits the project will provide upwards of 200 construction jobs, upwards of 55 full time equivalent jobs, community benefit payments and ground rents. (Ground rents are payable to landowners. Where land is in crofting tenure these payments are split 50:50 between the landowners and crofting tenants. A significant landowner in the proposed development site is the Council's own Busta Estate). Depending on how the project is procured and constructed, there could also be significant local supply chain opportunities such as component manufacture e.g. blades and/or subcontracted construction work.
- 7 The Viking Windfarm project now constitutes a core part of the Council's plans for the future economic well-being of Shetland.
- 8 Bringing VEL and SSE together into a single business unit, VEP, was a significant step in making this great potential a reality.
- 9 It is also worth noting that the Viking Windfarm would have very positive environmental impacts. Conservative estimates suggest that a reduction of over 2 million tonnes in CO<sub>2</sub> emissions would result from displacing equivalent thermal generation. To put that in context that represents around 5% of Scotland's entire CO<sub>2</sub> output. DEFRA figures for CO<sub>2</sub> emissions suggest that Shetland's domestic carbon footprint is 3.6 tonnes per person. When industrial activity (including Sullom Voe) is accounted for this rises to 30.6 tonnes per person. A population of 22,000 therefore translates to 79,200 tonnes (domestic) and 673,200 tonnes (industrial & domestic) of CO<sub>2</sub>.
- 10 The Viking windfarm would wipe out Shetland's domestic carbon footprint 25 times over. It would wipe out Shetland's combined domestic and industrial carbon footprint 3 times over.
- 11 H.M. Treasury recently published the Stern Review on the Economics of Climate Change. Its conclusions include the following:-
  - There is still time to avoid the worst impacts of climate change, if we take strong action now.
  - Climate change will affect the basic elements of life for people around the world – access to water, food production, health and the environment. Hundreds of millions of people could suffer hunger, water shortages and coastal flooding as the world warms.
  - The costs of stabilising the climate are significant but manageable, delay would be dangerous and much more costly.
  - The risks of climate change can be substantially reduced if greenhouse gas levels can be stabilised.

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- The power sector around the world would need to be at least 60% decarbonised by 2050 for atmospheric concentrations to stabilise.